



1



2

Revisiting Assignments

- **Stanford University v. Roche Molecular Systems, Inc., 563 U.S. 776 (2011)**
 - 'Agree to assign' vs. 'Hereby assign'
 - Court held that the title to an invention belongs to the inventor, even where the inventor is employed by a contractor working under the Bayh-Dole Act.
- May 14, 2018 revisions to rule and regulations implementing the Bayh-Dole Act obligates contractor to require its employees to assign rights in a subject invention to the contractor



3

2018 Amendments to Bayh-Dole



Rule changes effective May 14, 2018

- Goal: reduce regulatory and compliance burdens, clarify definitions, require assignments, clarify co-inventorship, simplify reporting
- Affected agreements:
 - New funding agreements executed after May 14, 2018.
 - Amended existing agreements.

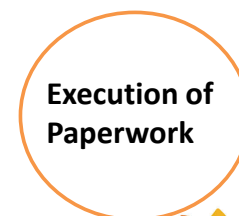
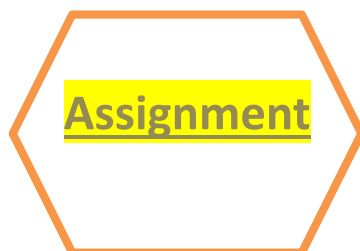


<https://www.nist.gov/tpo/bayh-dole-regulations-federally-funded-inventions>

4

Amendments to Bayh-Dole

Major change to standard patent rights clause (401.14 (f))



Must be by written agreement



5

Amendments to Bayh-Dole Rules Affecting Assignments

Before – 37 CFR 401.14(f)(2)

The *contractor* agrees to require, by written agreement, its employees... to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the *contractor* each subject invention made under *contract* in order that the *contractor* can comply with the disclosure provisions of paragraph (c), above, and to execute all papers necessary to file patent applications on subject inventions and to establish the government's rights in the subject inventions...

After – 37 CFR 401.14(f)(2)

The *contractor* agrees to require, by written agreement, its employees... to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the *contractor* each subject invention made under *contract* in order that the *contractor* can comply with the disclosure provisions of paragraph (c) of this clause, to assign to the contractor the entire right, title and interest in and to each subject invention made under contract, and to execute all papers necessary to file patent applications on subject inventions and to establish the government's rights in the subject inventions...



6

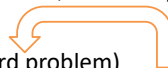
Amendments to Bayh-Dole



Stanford v. Roche 563 U.S. 776 (2011)

Court: Title to an invention belongs to the inventor, even where the inventor is employed by a contractor working under the Bayh-Dole Act.

- Aim is to clarify the issue of ultimate ownership in a subject invention created with federal funding
 - Bayh Dole act does not operate such that university ownership is automatic
- What we learned from Stanford and patent law: Outside of an agreement, ownership initially vests with the inventor.
- Assignments are important for universities. (i.e. to avoid the Stanford problem)



The amendment helps!



7

Requirement to Assign

- Obtain **active** (“hereby assigns”) assignment of rights in and to inventions upon hiring
 - **Not** a promise to assign
 - **Not** in a later agreement
 - **But a present** assignment
- Employment agreement or separate IP agreement signed at same time as employment agreement
- If no active assignment at time of hiring, obtain as soon as possible!
 - IP Agreement/Invention Assignment Agreement
 - Term of agreement – entire term of employment (retrospective)
 - Adequate consideration
Nominal consideration (e.g., \$10)
Continued employment



8

Acknowledgement and Agreement Regarding Inventions and Creation (University of Tennessee)

I acknowledge and agree that The University of Tennessee's (the "University's") Statement of Policy on Patents, Copyrights, and Other Intellectual Property (Board Policy BT0024), is part of the conditions of my employment as an employee of the University, and I agree to comply with its provisions. I also acknowledge that the University is obligated to comply with research sponsor requirements, including the Bayh-Dole Act (35 U.S.C. §§ 200-212) and its implementing federal regulations (37 C.F.R. Part 401).

As used below, "Inventions and Creations" means (1) any and all inventions, creations, and other intellectual property in which the University has ownership rights under the terms of Board Policy BT0024, and (2) any and all "subject inventions" as defined by the Bayh-Dole Act (35 U.S.C. § 202(e)).

I hereby agree to disclose promptly to the University in writing all Inventions and Creations in accordance with procedures established by the University.

I hereby assign and transfer, and agree to assign and transfer, to the University ownership, including all of my right, title, and interest, in and to all Inventions and Creations.

I hereby agree that I will not attempt to assign or otherwise transfer any right, title, or interest in any Inventions and Creations to any other person or entity without the written permission of the University.

I hereby agree to execute all appropriate documents and otherwise do all things necessary and proper to effectuate the intent of this Acknowledgement and Agreement, including providing assistance (without out-of-pocket expenses to me) for the University or its assignee (including the University of Tennessee Research Foundation ("UTRF")) to file, prosecute, defend and enforce patent applications and issued patents on any Inventions and to register, defend and enforce copyright on any Creations. If the University is unable to secure my signature as necessary to do these things (for example, if I cannot be located), I appoint the University or its assignee as my agent and attorney in fact to sign my name for those purposes.

In addition to the compensation I receive as an employee of the University, I am entitled to share in any income, under the terms of the applicable UTRF Revenue Sharing Policy, that may accrue as a result of the commercialization of any Invention or Creation covered by this Acknowledgement and Agreement.



9

Requirement to Assign

For Patent Filings

Preferred:

- Each inventor should sign a specific assignment agreement for each patent application
 - Specifically lists the patent application (e.g., by title and / or application number)
 - No question the patent at issue was transferred
 - Assignment of the specific patent application can be recorded with the US Patent and Trademark Office.



10

Patent Ownership

- Ownership of a patent gives the patent owner the right to exclude others from making, using, offering for sale, or importing the claimed invention into the patented territory
- Joint owners (e.g., two or more inventors) each have the right to make, use, offer to sell, or sell the patented invention within the patented territory, or import patented invention into the patented territory
 - Does not require consent of other owners
 - Co-owner may independently license the patent; compete
 - Co-owners must join all other co-owners in an infringement suit



11

Patent Ownership

- US patent rights are generally held by the inventors unless assigned to, for example, the university
 - Post-AIA, applicant(s) can be non-inventor: original applicant presumed to be the initial owner(s)
- State law governs assignments (contracts), with some federal input as to ownership (e.g., *Stanford University v. Roche Molecular Systems, Inc.*, 563 U.S. 776 (2011))
- Elsewhere, patent rights are generally held by the employer (for example, the university)



12

Patent Ownership – Post-AIA

- For applications filed on or after September 16, 2012, the *original applicant* is presumed to be the initial owner of an application for an original patent.
 - Non-inventor applicant must show sufficient proprietary interest
 - Assignee
 - Person to whom the inventor(s) is obligated to assign
 - Legal representative
 - Person who otherwise shows sufficient proprietary interest
 - Without further permission from the inventor
- Any patent that issues belongs to the inventor, **absent a written assignment from the inventor or inventor's estate to the entity**



13

Patent Ownership – Stanford v. Roche

- Stanford sued Roche for allegedly infringing Stanford patents for HIV diagnostics
- Roche counterclaimed it jointly owned the patents due to an agreement that a Stanford faculty member (Holodniy) signed in the late 1980s when he did research at Cetus, later acquired by Roche



14

Patent Ownership – Stanford v. Roche

- “ ‘Agree[d] to assign’ to Stanford his ‘right, title and interest in’ inventions resulting from his employment at the University” –**Promise to assign to Stanford**
- “Will assign and do[es] hereby assign” to Cetus his “right, title and interest in each of the ideas, inventions, and improvements” made “as a consequence of [his] access” to Cetus – **Actual assignment to Cetus**



15

Patent Ownership – Stanford v. Roche

The Federal Circuit held that:

- the language "agree to assign" was merely a promise to assign at some undetermined future point
- the contract language "do[es] hereby assign" was "a present assignment," giving Cetus immediate rights in Holodniy's future inventions.
- Cetus (and therefore Roche) had acquired rights to the three patents due to the agreement that Holodniy had signed with Cetus
- By the time Holodniy executed an assignment to Stanford, his rights had already transferred to Cetus and the subsequent Stanford assignment was void



16

Patent Ownership – Stanford v. Roche

- Stanford appealed to the Supreme Court, arguing that Bayh-Dole overrides normal ownership of inventions
- The majority decision (June 6, 2011), led by Chief Justice Roberts, held that:
 - U.S. patent rights have always (since 1790) initially vested in "the inventor"
 - the non-specific language of the Bayh-Dole Act 1980 did nothing to change this



17

Patent Ownership – Stanford v. Roche

Key take-away:

- Securing ownership is essential to ensuring controlling rights in and to inventions
 - Previously: best practice
 - Now: required by changes to rules of Bayh-Dole



18

“Future Assignment” – AVT v. HTC

- **Advanced Video Technologies LLC v. HTC Corp. (Fed. Cir. 2018)**
 - Question – Did AVT have standing to sue?
- **Facts:**
 - AVC filed the "parent" application to the '788 patent, in 1995
 - All 3 inventors had a contractual obligation to assign to their employer (Infochips) who, by a series of transfers, assigned to AVC
 - One inventor did not assign her rights to the claimed invention (refused to assign)
 - USPTO permitted AVC to prosecute
 - AVC filed a petition supported by Infochips' employment agreement and documents showing the chain of title culminating in AVC's purported ownership.
 - Ownership in the patent was further transferred to AVT



19

“Future Assignment” – AVT v. HTC

- AVT asserted three portions of the employment between Ms. Hsiun and Infochips:
 - a 'will assign' provision
 - a trust provision
 - a quitclaim provision



20

“Future Assignment” – AVT v. HTC

I agree that I will promptly make full written disclosure to the Company, **will hold in trust** for the sole right and benefit of the Company, and **will assign** to the Company all my right, title, and interest in and to any and all inventions, original works of authorship, developments, improvements or trade secrets which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company.

I hereby waive and **quitclaim** to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have infringement [sic] of any patents, copyrights, or mask work rights resulting from any such application assigned hereunder to the Company.



21

“Future Assignment” – AVT v. HTC

District court:

- Unconvinced that the employment agreement effected a transfer

Federal Circuit – Affirmed:

- “will assign” – merely “invoked a promise to do something in the future and did no effect a present assignment”
- “in trust” – inventor could not simultaneously assign her rights and hold them in trust for her employer
- “quitclaim” - the language “assigned hereunder” was understood to apply to Ms. Hsiun's ownership rights to any patents she had actually assigned, but that did not occur



22

“Future Assignment” – AVT v. HTC

- Patent infringement suit was dismissed
 - No proper assignment from inventor Hsiun was ever obtained
- Company would first need to bring a state law-based claim to enforce the “will assign” promise to assign of the employment agreement, and formally obtain Ms. Hsiun’s assignment



23

Present Assignment of Future Rights

“Will assign” is a promise to assign, not an actual assignment

Solution: use active language

- Agreement should indicate that the employee **not only will assign, but hereby assigns** his or her ownership interests in a future invention



24

“Future” Assignment - Example

The Collaborator **will own** the Intellectual Property Rights in the Results, and may take such steps as it may decide from time to time, at its expense, to register and maintain any protection for the Intellectual Property Rights in the Results, including filing and prosecuting patent applications for any of the Results...

- What is the legal effect of this clause from a Collaboration Agreement template?
- Will the (future) IPR automatically belong to the Collaborator without further formality or documentation?
 - Europe: could be yes
 - U.S.: likely no



25

“Future” Assignment – U.S.

- Traditionally, the inventor was required to make a patent application in the USA.
- Under amendments to 35 USC 118 made by the America Invents Act:
 - A person to whom the inventor **has assigned or is under an obligation to assign** the invention may make an application for patent
- This wording refers to “assigning” the invention, rather than granting a patent to someone who is entitled to it by virtue of, for example a collaboration agreement



26

“Future” Assignment – U.S.

- If you say “agrees to assign”, does this imply that a further assignment needs to be executed once the IP comes into existence?
- What language should you use in the contract to assign future IP?
- Will the law recognise a present assignment of IP that doesn’t (yet) exist?



27

“Future” Assignment – U.S.

- If you say “agrees to assign”, does this imply that a further assignment needs to be executed once the IP comes into existence?

Yes – this is merely a promise to assign, not an assignment

- What language should you use in the contract to assign future IP?

Active assigning language, such as “hereby assigns”

- Will the law recognise a present assignment of IP that doesn’t (yet) exist?

Yes, if actively assigned with a consideration



28

“Future” Assignment – Europe

- *KCI v Smith & Nephew* [2010] EWHC 1487 concerns an employment contract that included the following language:
 - **I hereby assign and agree to assign** to the Company all right, title and interest in all confidential information, inventions and improvements conceived or developed by me...
- Referring to section 7 of the UK Patents Act, Arnold J said (*obiter*): “In my view, this [section] must mean that it is possible to assign the legal title (and not just the beneficial interest) in an invention before it is made”.



29

“Future” Assignment – Europe

A patent for an invention may be granted

(a) primarily to the inventor or joint inventors;

(b) in preference to the foregoing, to **any person or persons who, ...by virtue of an enforceable term of any agreement entered into with the inventor before the making of the invention, was or were at the time of the making of the invention entitled to the whole of the property in it...**



30

“Future” Assignment – Europe

- This ownership entitlement could arise without the need for any separate, written assignment from the inventor or the Research Institute, and simply by virtue of the employment duties of the inventor, and the above clause in the research contract between the Research Institute and the Collaborator.



31

Patent Ownership – Rest of the World

- Priority Applicant is usually the university, as employer:
 - If you are an employee and create an invention, the first owner of your invention will be your employer, assuming:
 - the invention was made during the course of your normal duties, or
 - during the course of duties specifically assigned to you.
- This only applies if the duties were such that an invention might reasonably be an expected result. This overrides, in most European countries, contract law including clauses in an individual employment contract



32

Anatomy of an Assignment

- Under contract law, an assignment must
 - Be in writing;
 - Identify both parties;
 - Identify the asset being transferred;
 - Indicate the consideration for transfer of the asset
- In most jurisdictions, the consideration can be a sum of money or it can be by virtue of a contract of employment
 - Some jurisdictions recognize continued employment as sufficient consideration



33

Anatomy of an Assignment – Devil in the Details

- Issues can arise if entities are not precisely identified
 - Affiliates or subsidiaries
 - Exact entity name, including *punctuation* (!)



34

Anatomy of an Assignment – EPO Requirements

The EPO requires, when assigning from priority Applicant to PCT Applicant, an assignment:

1. **that is signed by both parties before the PCT filing date; and**
2. **the assignment must refer to the right to claim priority**



35

Anatomy of an Assignment – EPO Requirements

The EPO requires, when assigning from PCT Applicant to another party, an assignment:

1. **that is signed by both parties**



36

Anatomy of an Assignment – EPO Requirements

- The EPO requires the signatories for both parties to be identified, as well as, their actual signing position
- The EPO can request documentary proof of the signatory's authority to sign
- The EPO will examine whether the signatory is empowered to enter into a legally binding contract on behalf of the legal entity
- The EPO does not accept electronic signatures
- The EPO does not require witnesses or legalization



37

Anatomy of an Assignment – Take Aways

- **Both parties** should sign
- Identify the signatories for both parties and their actual signing position
- Have both parties sign before 2 witnesses (who should indicate their name)
 - US best practice: have the signatures notarized



38

Anatomy of an Assignment – Take Aways

- Indicate consideration
- Use active language such as “will assign and do[es] hereby assign”
- Ensure the assignment includes the right to claim priority



39

Anatomy of an Assignment – European Implications

- In Europe, under Article 87 EPC and Paragraph IV of the Paris Convention, priority to an earlier-filed application can be validly claimed by the priority applicant or by its successor in interest. In either case, the applicant must be someone having the **right to claim priority**.

The options are:

- always file the PCT application naming the priority applicants as the PCT applicants; or
- obtain an assignment, including the right to claim priority, from the priority applicants, before the date of filing of the PCT Application



40

Anatomy of an Assignment – European Implications

- If the US priority application is filed in the name of the inventors, the EPO requires that there be an assignment of the invention, **including the right to claim priority**, on or before the PCT application is filed
- In both the EPC and the Paris convention systems, the **decisive fact for a valid claim of priority is the status of applicant, rather than the substantial requirement [] to the subject matter of the first application**
- **In other words, who owns the right to claim priority?**



41

Anatomy of an Assignment – Who owns CRISPR in Europe

- University of California, Berkeley (UCB) ; **or** Broad Institute of MIT and Harvard
- UCB, University of Vienna and Jennifer Doudna (hereinafter UCB)
 - The first US patent application was filed on 25 May 2012 – USSN 61/652,086
 - This first US patent application identifies Jinek, Doudna, Charpentier and Chylinski as inventors; no assignee was identified
 - Jinek, Doudna and Chylinski work in UCB and Emmanuelle Charpentier now works in the Max Planck Institute
 - The inventors reported their findings in *Science* on 28 June 2012
 - A PCT Application was filed in March 2013 naming University of California, University of Vienna and Doudna as PCT Applicants



42

Anatomy of an Assignment – Who owns CRISPR in Europe

- PCT/US2013/032589 names University of California, University of Vienna and Doudna as PCT Applicants
- In the PCT Request Form, Doudna was indicated as Applicant, and Jinek, Charpentier, Chylinski, Douda Cate, Lim and Qi as Applicant and inventor
- During PCT, Doudna was changed to Applicant and inventor
- Doudna, Jinek, Chylinski, Douda Cate, Lim and Qi then assigned their rights
- Charpentier remains as a co-Applicant



43

Anatomy of an Assignment – Who owns CRISPR in Europe

- The European patent was granted as EP2800811 and has been opposed by 7 Opponents
- While there are multiple opponents to the UCB technology, the right of the PCT Applicants to claim priority has NOT been challenged
- The UCB Patent was limited during Opposition (to exclude modifying the germ line identity of a human being)
- Appeals were filed; no decision (yet)



44

Anatomy of an Assignment – Who owns CRISPR in Europe

Take away

- The approach taken – name all priority Applicants as PCT Applicants, until there is an assignment in place – was NOT challenged



45

Anatomy of an Assignment – Who owns CRISPR in Europe

- On 12 December 2012, Feng Zhan et al filed a US application in relation to CRISPR in eukaryotic cells (in plants, animals, and humans) – USSN 61/736,527
- USSN 61/736,527 lists Zhang, Cong, Habib and Marraffini as inventors and Applicants
- A PCT Application was filed on 12 December 2013 – PCT/US2013/074819
- Its PCT Request Form lists MIT as Applicant, and Zhang, Cong, Hse and Ran as Applicant and inventor
- Its PCT Request Form does not list Marraffini as inventor or Applicant
- During PCT, Zhang, Cong, Hse and Ran changed to inventor only
- During PCT, the Applicants changed to Broad, MIT and Harvard



46

Anatomy of an Assignment – Who owns CRISPR in Europe

- Eurdg#kdv#ehhg#j udqwhg#vhyhude#sdwqw/#erwk#q#X#lqg#ixursh
- [HS5.:479;](#) /#qh#r#Eurdg#v#xqgd#p hqwd#F UIVSU#sdwqw/#z dv#r#ssrvhg#e|## r#ssrqhqw#lqg#z dv#hymhg#d#r#ssrv#l#r#q#byh#d# w#h#gh#f#v#r#q#x#u#h#g#r#q# hq#w#p hq#w#r#s#ur#u#l



47

Anatomy of an Assignment – Who owns CRISPR in Europe

- If the US priority application is filed in the name of the inventors, the EPO requires that there be an assignment of the invention, **including the right to claim priority**, on or before the PCT application is filed.
- In both the EPC and the Paris convention systems, the **decisive fact for a valid claim of priority is the status of applicant, rather than the substantial requirement [] to the subject matter of the first application**



48

Anatomy of an Assignment – Who owns CRISPR in Europe

- The two earliest priority documents (12 December 2012 and 2 January 2013), amongst others, named Luciano Marraffini of Rockefeller University as an inventor-applicant
- Marraffini was not an applicant on the later patent applications and had not assigned priority rights to Broad
- Marraffini was not a PCT applicant and no evidence was submitted that Marraffini had assigned his rights to Broad before the filing date of the PCT application



49

Anatomy of an Assignment – Who owns CRISPR in Europe

Eurdg#Eujxhg#kdw#dwrqddz #kxrg#dssq#l#k#l#Fdvh/#X V#dz ,/#g#kdw#
 P dudlqqlg#g#r#w#f#r#w#l#x#w#r#w#k#h#d#w#h#l#g#l#g#y#h#w#r#g

68#X VF #, 449#5337#DZ khq#l#g#l#g#y#h#w#r#g#d#h#e|#z r#r#p#r#h#s#w#r#q#r#l#w#d/#k#h|#k#d#o#
 dssq#r#u#s#d#w#q#w#r#l#w#d#l#g#h#d#f#k#p#d#h#k#h#h#t#x#l#g#r#d#w#/#n#{f#h#s#w#l#w#k#h#z#l#h#s#u#r#y#l#g#h#g#l#w#k#l#w#
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 w#r#j#h#w#k#h#r#u#d#w#k#h#v#p#h#w#p#h/#5,#h#d#f#k#g#l#g#r#w#p#d#h#k#h#v#p#h#w#s#h#r#u#p#r#x#q#w#r#f#r#w#l#x#w#r#g#/
 r#u#6,#h#d#f#k#g#l#g#r#w#p#d#h#k#h#f#r#w#l#x#w#r#g#r#w#k#h#x#e#m#f#w#p#d#w#h#r#h#y#h#u|#f#o#l#p#r#k#h#s#d#w#q#w#



50

Anatomy of an Assignment – Who owns CRISPR in Europe

- Broad argued that Marrafini did not contribute to the later filed invention
- However, Broad did not attempt to correct the inventorship of the relevant US priority applications



51

Anatomy of an Assignment – Who owns CRISPR in Europe

The opponents argued that the EPO was bound by Article 87 EPC, in that any person who has filed a patent in a state a party to the Paris Convention, or his successor in title, shall enjoy such a priority right to the same invention for a subsequent application.



52

Anatomy of an Assignment – Who owns CRISPR in Europe

- Eur dg#r w#k#i j k#w#r#f#o l p #s u l r u w|1
- W k l v#r v v#r#i#k#i j k#w#r#f#o l p #s u l r u w|p#h d q w#k d w#z r#h|#s u l r u d u w#r f x p h q w#G 6#P d d, d q g#G 7#K z d q j, z h u h#b y d l e d#q#h o l w r q#w#o l f n#r#i#r y h o w|#d q g#o l f n#r#i#b y h q w i h#w h s
- W k h#S d w h q w#z d v#h y r n h g
- S d w h q w h#i b g#k h l u#s s h d e#d q g#k d y n#d v n h g#r u#r u p d e#f f h o u d w r q#r q#k h#d s s h d e#k h d u b j



53

Anatomy of an Assignment – Who owns CRISPR in Europe

- W k h#E r d u g#r#D s s h d e#h f l g h g#r q#9#M d q x d u l|#5 3 5 3#r#h y r n h#k h#S d w h q w
 - W k h#S d u l v#r q y n h q w r q#k k d w#j r y h u q v#k h#g h i l w r q#r#k r v h#s h u w r q v#z k r#i b g#i#s u l r u w|#D s s d f d w r q
 - W k h#o l f n#r#i#d q#d v l j q p h q w#r p#P d u d i l b l p h d q w#k d w#d e#s u l r u w|#D s s d f d q w#k d g#r w#d v v l j q h g#k h l u#s u l r u w|#i j k w
 - D q#D s s h d e#r#k h#i q o l u j h g#E r d u g#z d v#r w#i b g
 - I d b x h#r#
 - I g h q w i l|#P d u d i l b l d v#d#S F W#D s s d f d q w#r u
 - G h o w h#P d u d i l b l d v#d q#b y h q w r u s u r y h g#d w d o



54



55



56