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An important intellectual property law update from the law firm of Jackson Walker.

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Assignments Still Crucial for Employer Ownership of Inventions After Recent Supreme Court Decision

By **Jason Whitney**

On June 6, 2011, the Supreme Court, in ***Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.,*** 563 U.S. ____ (June 6, 2011), held that universities and small businesses engaged in federally funded research do not automatically own inventions made by employees performing the research. The consequence is that all entities, including universities and small businesses, must continue to meet the narrow technical requirements—discussed below—imposed by the Federal Circuit for employee invention assignments.

In the holding of the case, the Supreme Court concluded that the University and Small Business Patent Procedures Act of 1980 (the "Bayh-Dole Act") "does not confer title to federally funded inventions" on universities and small businesses or authorize them "to unilaterally take title to those inventions" from the inventors. Rather, the Bayh-Dole Act merely assures universities and small businesses that "they may keep title to whatever it is they already have." The Court's reasoning largely rested on the longstanding principle that title to inventions initially vests in an employee, not an employer:

> No one would claim that an autoworker who builds a car while working in a factory owns that car. But, as noted, patent law has always been different: We have rejected the idea that mere employment is sufficient to vest title to an employee's invention in the employer.

The Court concluded that the ambiguous language of the Bayh-Dole Act did not supplant the fundamental precept that title to inventions resides in the individual inventor.

Importantly, the Supreme Court left unaddressed the broader issues concerning assignment language raised by the Federal Circuit in the lower decision. Slip op. at *5 n.2 (noting that the Court did not grant review of the Federal Circuit's assignment interpretation). In ***Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.,*** 583 F.3d 832, 841–842 (Fed. Cir. 2009), the Federal Circuit examined two different agreements signed by the same inventor. In the earlier agreement, the inventor stated: "I *agree to assign*" the invention to a first entity, while in the later agreement, the inventor stated: "I will assign and *do hereby assign*" the invention to a second entity. The Federal Circuit held that, although no invention existed when either agreement was signed, the later "do hereby assign" language transferred legal title to the invention while the earlier "agree to assign" language did not.

To ensure ownership of employee inventions, employer assignments should always incorporate "do hereby assign" or similar language

demonstrating a present assignment. Using this assignment language is the best way for employers to make certain that they own employee inventions and patent rights.

If you have any questions regarding this e-Alert, please contact **Mark Miller** at 210.978.7751 or **mmiller@jw.com** or **Jason Whitney** at 210.978.7784 or **jwhitney@jw.com**.

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