Legal Update

HOGE FENTON
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A Present IP Assignment Trumps a Mere Promise to Assign

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Drafting Tip: An assignee of intellectual property rights should insist that the written agreement state that the assignor "hereby assigns," rather than "agrees to assign." A present assignment takes effect immediately. A promise to assign takes effect in the future, assuming it is ever consummated. There may be nothing left to assign in the future if someone else gets there first.

On October 10, 2009, the U.S. Court of Appeals for the Federal Circuit in *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.* found that Roche, the alleged patent infringer, possessed an ownership interest in certain patents for quantifying HIV in blood samples.

In 1988, Mark Holodniy, a research fellow at Stanford, signed a "Copyright and Patent Agreement" obligating him to assign his inventions to the university as follows: "I agree to assign or confirm in writing to Stanford" the inventions he might conceive. In 1989, as part of his work for Stanford, he began a series of visits to Cetus Corporation (which later entered into an Asset Purchase Agreement with Roche) relating to his research. Cetus had Holodniy sign its standard "Visitor's Confidentiality Agreement" stating that he "will assign and do[es] hereby assign to CETUS, [his] right, title, and interest in" the inventions he conceived "as a consequence of [his] access to CETUS' facilities or information…." Stanford eventually applied for three patents on inventions that Holodniy participated in developing, naming Holodniy as one of the inventors and Stanford as assignee of the patents.

Years later Stanford sued Roche, alleging that Roche's HIV detection kits infringed the three patents. The Federal Circuit ultimately determined that the invention was a consequence of what Holodniy learned during his visits to Cetus, even if he did not actually conceive of the inventions until later. Based on the Visitor's Confidentiality Agreement signed by Holodniy while at Cetus, the Federal Circuit (which, except for the U.S. Supreme Court, has the final word on patent disputes) decided that Stanford's infringement claim should be dismissed because Cetus (and later Roche) was the prior assignee of Holodniy's interest in the patents. The Federal Circuit's opinion (www.cafc.uscourts.gov/opinions/08-1509.pdf) discusses additional important aspects of its decision.

Operating Tip: Many companies today require that visitors to their sites, including scientists and engineers from other companies, sign confidentiality agreements at their reception desks before entering. But, however titled, the text of such agreements may extend beyond confidentiality to also include assignments to the host company of inventions made by the visitor as a consequence of the visit. This may result in the visitor's employer, which is compensating him or her as its employee or contractor, suddenly finding that it does not own an invention that it paid to have developed. To try to prevent such a surprise the visitor should previously have signed an agreement that makes a clear *present* assignment of rights.

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If you have questions about this or other intellectual property matters, please contact:

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