ROBINS, KAPLAN, MILLER & CIRESI L.L.P.

APaTS®
ADVANCED PATENT TRIAL STRATEGIES

Who's ~~On~~ Owns First?
Stanford University v. Roche Molecular Systems

The decision in ***Stanford University v. Roche Molecular Systems*** demonstrates the importance of sorting out the players when it comes to patent ownership and when multiple assignments of patent rights occur. Patent holder Stanford University brought an action for patent infringement against alleged infringer Roche. Stanford based its claim for patent ownership (in part) upon a written promise by one of the inventors to assign his inventions. Roche countered that it had an actual assignment from that inventor which trumped Stanford's. Though the statute of limitation had already run on Roche's ability to bring an action on ownership, Roche argued the assignment meant Stanford lacked standing. The trial court rejected Roche's claims but found the patent invalid for obviousness. Vacating that decision, the Federal Circuit remanded the case and ordered the district court to dismiss the action finding that what's on second was lack of standing.

The patents at issue covered a novel way to measure the effectiveness of antiretroviral medications in the blood of individuals with HIV. Stanford developed the test in partnership with a company that was later acquired by Roche. Stanford initially offered to license the technology rights to Roche. When negotiations failed, Stanford sued Roche for patent infringement.

Roche pled the ownership issue as an affirmative defense and as a counterclaim. The district court said the claims were time barred because the relevant statute of limitations had

already run. The Federal Circuit held otherwise, noting the well-settled rule that questions of standing can be raised at any time and are not foreclosed by, or subject to, statutes of limitations. The panel found that statutory limitations on Roche's affirmative right to claim ownership (which had clearly passed) did not apply when its ownership was raised as a challenge to Stanford's standing to sue.

Roche's ownership interest could not be refuted. Though the agreement it acquired from its predecessor had been executed *after* the one the inventor signed with Stanford, it contained an actual assignment versus the promise to assign contained in the Stanford agreement. Promises to assign (like the one held by Stanford) require an additional assignment contract in order to transfer rights. Because of its agreement, Roche could claim equitable title immediately at the moment of invention, and the inventor actually had nothing left to assign to Stanford despite his contractual obligation. Roche also automatically held legal title in the patent application at the moment it was filed, negating the inventor's subsequent assignment to Stanford during patent prosecution.

Nor could Stanford obtain the benefit of the USPTO's recordation rules which generally grant ownership to the first assignee to record when, as here, two entities claim ownership. In order to take advantage of the provision, the assignee filing must be a *bona fide* purchaser who takes without notice and pays valuable consideration. Here, the Federal Circuit found that Stanford was at least on inquiry notice of the relationship between the inventor and Roche's predecessor and the potential for a rights-transfer. As a result, Stanford's was not entitled to the priority otherwise accorded a *bona fide* first-filed assignment.

Because Stanford could not establish full patent ownership, it lacked standing to assert its claims of infringement against Roche. Thus, the district court lacked jurisdiction over Stanford's

infringement claim and also should not have addressed the validity of the patents, resulting in the Federal Circuit's order for vacation and dismissal.

Stanford underscores the importance of carefully scrutinizing ownership and standing issues before filing suit. Our advice? When it comes to answering the question "Who owns the patent in this litigation?" don't let *the guy on third*[1] be the only one with an answer.

www.rkmc-apats.com
www.rkmc.com

[1] Costello: I don't know.
Abbott: He's on third.
Please see http://www.baseball-almanac.com/humor4.shtml for a full transcript.