

What is the vow: “I do now” or “I promise I will do later”

Assignment agreements, as are commonly used in employment or consulting arrangements, attempt to address, among other things, the transfer of rights held by one party, the assignor, to another party, the assignee. Employment or consulting agreements often, either directly or indirectly, address the assignment of intellectual property (e.g., patents) developed by the employee or consultant while employed by or under contract with the Company (e.g., employer). This is of relevance since, under the US Patent laws, the inventor is the owner of the patent and every inventor has an equal, undivided interest in that patent unless and until that property (IP) interest is transferred by law (different foreign jurisdictions may have different laws). Thus, the creation of “Assignment Agreements.”

What might appear as yet another legalese without any purpose may play an important role in the faith of that IP. Is the language of the assignment one of a “present agreement” to transfer patent rights or one that is a “promises to assign in the future.”

In light of the Supreme Court of the United States decision earlier this month to hear the case of *Stanford University v. Roche (Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems)*, it may be wise for companies to review these agreements. Although this case is between giants in their own fields, the principles are still relevant to start-ups, as start-ups often engage the services of consultants (e.g., professors or university employees) or hire employees who are concurrently employed or have been employed by others, in particular, universities.

In short, in the above case, both Stanford and Roche claim ownership to patents developed by a researcher who had worked for both Stanford and Roche (or an entity which was later bought by Roche) at the same time, and each party has a strong claim to the patent rights. The outcome of the case has implications for universities that receive federal funding for research projects: Who owns the patents that result from an employee who works for two different organizations? And what effect does federal funding of the invention have on who owns the patent?

An important question, therefore, the Supreme Court is expected to answer is: What effect will Stanford’s federal funding have on the ownership of the patents? And an issue the court has to review is: What type of agreement did the researcher sign: a “present agreement” to transfer patent rights to his employer or an agreement that “promises to assign in the future.”

In this case, the Federal Circuit held that the term “agree to assign,” as used in a patent assignment clause, did not constitute an immediate transfer of the assignor-inventor’s patent rights to the assignee and that such language conveys only the intent to assign patent rights at a later, unspecified time. The holding calls to attention the importance of carefully drafting language in patent assignment agreements.

Some key points for businesses to keep in mind are:

- Have all employees who might invent something while in your employ signed an agreement to assign patents (or other IP for that matter) for such inventions to the business?
- Does the agreement cover “present assignment” or a “promise to assign in the future”?
- Who else is that employee working for?
- What other agreements has s/he signed?