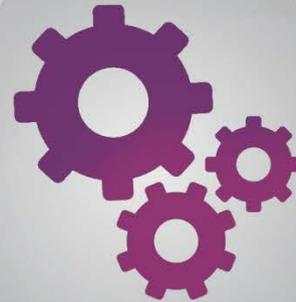
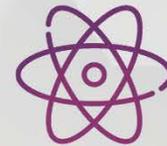
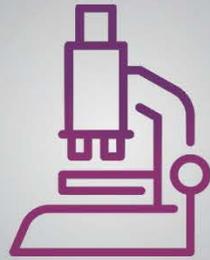


# THE PRACTICAL IP FOR NATURAL SCIENCES WEBINAR SERIES



# TOP 3 IP ISSUES

## FOR CORPORATIONS & UNIVERSITIES



THE PRACTICAL IP FOR NATURAL SCIENCES WEBINAR SERIES

# MEET THE PRESENTERS



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- Associate Director at University of Iowa Research Foundation
- Supports faculty start-up companies, develops sponsored research opportunities, and traditional patent licensing.



**Ricardo Moran** *(Ph.D., J.D.)*

- Registered Patent Attorney and Principal
- Primary focus is small molecule pharmaceuticals and management of large/diverse pharma companies.

# Overview: Challenges

1. Inventorship disputes
2. Retaining/securing rights for the company or university
3. Mining and commercializing inventions
4. Cost containment

# Inventorship Disputes

- “A **joint invention** is the product of a collaboration between two or more persons working together to solve the problem addressed.” *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1227 (Fed. Cir. 1994).
- People may be joint inventors even though they do not physically work on the invention together or at the same time, and even though each does not make the same type or amount of contribution. 35 U.S.C. § 116.
- The critical question for joint conception is who conceived, as that term is used in the patent law, the subject matter of the claims at issue. *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1460 (Fed. Cir. 1998).

# Inventorship Disputes

- The patent statute does not set forth the minimum quality or quantity of contribution required for joint inventorship. Each joint inventor, however, “must contribute in some significant manner to the conception of the invention.” *Fina Oil & Chem. Co. v. Ewen*, 123 F.3d 1466, 1473 (Fed. Cir. 1997).
- If the contribution is nothing more than “[t]he basic exercise of the normal skill expected of one skilled in the art,” that would not normally be a sufficient contribution to amount to an act of joint inventorship.
- Where the method requires more than the exercise of ordinary skill, however, the discovery of that method is as much a contribution to the compound as the discovery of the compound itself. *Falana v. Kent State Univ.*, 669 F.3d 1349, 1357 (Fed. Cir. 2012).

## Best Practices Tip

- Educate your “contributors” as to what makes (and does not make) an inventor.
- Perform your inventorship analysis early.

# Comings and Goings of Employees

- Employees come and go.
- Is there a contract in place with employee/professor?
- Does the contract spell out ownership of inventions?
- Or is there an employee manual that spells out most/all employee obligations regarding inventions made within the institution?
- How can employees be incentivized to transfer ownership to the institution?
- Who is even entitled to the incentives?
- The many dangers of not securing ownership of inventions.

# Contracts

- In the absence of a specific IP ownership clause, state and federal laws dealing with copyright and patents govern by default.
- Laws vary state-to-state.
- If employee not hired with the specific purpose of inventing something, then employee may automatically own any inventions or creations made during their employment — even if related to employer’s business.
- “Mere employment” is not enough to signal a transfer of invention ownership to an employer.
- Attempt to claim a “shop right” to the work — a non-exclusive, no-cost license to use the invention within the normal scope of their business.
- Typically awarded only when an employee (a) conceives of and (b) perfects an invention (c) during their hours of employment, (d) working with the company’s materials and appliances.

# Contracts

- Proprietary Information and Inventions Assignment (PIIA).
- This overrides the “default” patent and copyright laws that would otherwise apply.
- PIIA typically states that employee agrees to assign (transfer) and does assign all the intellectual property rights resulting directly or indirectly to the company’s product or service.
- Contract terms stipulate that any inventions employee creates on her own time, related to job are the IP of company — whether she worked on this creation on the company’s premises, using its assets, during work hours, or not.

# Contracts – Limitations

- California Labor Code stipulates that regardless of what an employment contract or PIIA says, an employee owns copyright and patent rights if invention made entirely on employee's own time.
- As long as the invention (a) does not relate to the company's business, or (b) did not result from work performed by the employee "as an employee" of the company.
- Minnesota, North Carolina, Utah, and Washington have similar law protecting employee projects outside the 9-5 bounds.

# Employee Manuals

- Might be good to educate employees about their duties concerning an employer's IP rights.
- Can help reduce disputes.
- Not a failsafe way to safeguard company's or university's intellectual property rights.
- Often better to use employee-specific written agreements for all employees who are directly engaged in inventive and creative activities.
- Better yet, conduct regular IP reviews, educate employees, "harvest" IP, and have employee assign rights to IP as soon as possible.

# Best Practices Tip

- Get assignments early! And get assignments at every step!
- The assignments of the application or the priority right must have occurred before the filing of a later application (e.g., a PCT application).
- In case of more than one joint applicants of a priority application, each applicant of the priority application must either be also applicant of the later application or have assigned the application or the priority right to one of the applicants of the later application before the later application date.
- Otherwise, you risk being in the same boat as the Broad Institute (jointly operated by Harvard and MIT).

# Invention Mining

- Educate employees on inventiveness and other considerations (e.g., inventorship).
- Conduct regular “harvesting” conversations with employees.
- Establish an incentive program for innovation and rights transfer.
- Germany, Japan, Great Britain, and Scandinavian nations set forth policies that employee should be entitled to receive appropriate compensation for innovation in addition to salary.
- Germany enacted comprehensive laws requiring employees who have created or invented a product be given suitable compensation depending on the value of the product and other conditions.

# Commercialization

- Leverage service provider contacts for introductions to potential licensees.
- Prepare patent/application summaries, including a portion illustrating how the patent estate might form a suite of complementary parts and how each part solves a certain real-life problem.

## Best Practices Tip

- Develop a rapport with your “clients.”
- Develop rapport with service providers.
- Get “out there” and develop a rapport with potential licensees.

# Cost Containment

- Cost containment among all clients has become extremely important.
- Quality control is also of paramount importance.
- Fixed fee arrangements.
  - Not all fixed-fee arrangements are created equal.
  - Oftentimes, quality suffers with fixed-fee arrangements.
- Not-to-exceed fee arrangements.
- Pay close attention to service provider invoices.
- Consider dropping/selling off applications/patents when focus/priorities change.
- Draft applications from the beginning with a global mindset.

## Best Practices Tip

- Do your homework, because not all fixed-fee arrangements are equal.
- Not-to-exceed arrangements might be better.
- Keep a close eye on cost caps.

# Overcoming the Challenges

- Inventorship disputes
  - Avoid by doing inventorship analysis early. It helps adjust expectations.
- Retaining/securing rights for the company or university
  - Get assignments early! And get assignments at every step!
- Mining and commercializing inventions
  - Develop a rapport with your “clients.”
- Fixed fee arrangements.
  - Not all fixed-fee arrangements are created equal.
  - Oftentimes, quality suffers with fixed-fee arrangements.
- Cost containment
  - Fixed-fee arrangements are great, but not all are created equal.

# QUESTIONS & DISCUSSION



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**PLEASE JOIN US FOR THE NEXT PRESENTATION**

The background features a series of overlapping hexagons in shades of gray. Several hexagons contain purple icons: a molecular structure, a lightbulb, a microscope, a gear, a DNA double helix, and a wrench. The text is overlaid on the right side of this pattern.

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**OVERCOMING LICENSING ISSUES  
FOR UNIVERSITIES**

**THURSDAY, FEBRUARY 15, 2018 @ 1:00PM (CT)**