

## Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

**SUPREME COURT OF THE UNITED STATES**

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**BOARD OF TRUSTEES OF THE LELAND STANFORD  
JUNIOR UNIVERSITY *v.* ROCHE MOLECULAR  
SYSTEMS, INC., ET AL.****CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT**

No. 09–1159. Argued February 28, 2011—Decided June 6, 2011

In 1985, a small California research company called Cetus began to develop methods for quantifying blood-borne levels of human immunodeficiency virus (HIV), the virus that causes AIDS. A Nobel Prize winning technique developed at Cetus known as PCR was an integral part of these efforts.

In 1988, Cetus began to collaborate with scientists at Stanford University’s Department of Infectious Diseases to test the efficacy of new AIDS drugs. Dr. Holodniy joined Stanford as a research fellow in the department around that time. When he did so, he signed an agreement stating that he “agree[d] to assign” to Stanford his “right, title and interest in” inventions resulting from his employment there. Holodniy’s supervisor arranged for him to conduct research at Cetus to learn about PCR. As a condition of gaining access to Cetus, Holodniy was required to sign an agreement stating that he “will assign and do[es] hereby assign” to Cetus his “right, title and interest in . . . the ideas, inventions, and improvements” made “as a consequence of [his] access” to Cetus. Working with Cetus employees, Holodniy devised a PCR-based procedure for measuring the amount of HIV in a patient’s blood. Upon returning to Stanford, he and other Stanford employees tested the procedure. Stanford secured three patents to the measurement process.

Roche Molecular Systems acquired Cetus’s PCR-related assets. After conducting clinical trials on the HIV quantification method developed at Cetus, Roche commercialized the procedure. Today, its HIV test kits are used worldwide.

The University and Small Business Patent Procedures Act of 1980

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(Bayh-Dole Act or Act) allocates rights in federally funded “subject invention[s]” between the Federal Government and federal contractors. 35 U. S. C. §§201(e), (c), 202(a). The Act defines “subject invention” as “any invention of the contractor conceived or first actually reduced to practice in the performance of work under a funding agreement,” §201(e), and provides that contractors may “elect to retain title to any subject invention,” §202(a). Because some of Stanford’s research on the HIV measurement technique was funded by the National Institutes of Health (NIH), the Bayh-Dole Act applied. In accordance with the Act’s requirements, Stanford notified NIH that it was electing to retain title to the invention and conferred on the Government a license to use the patented procedure.

Petitioner, the Board of Trustees of Stanford University, filed suit against respondents (Roche), claiming that their HIV test kits infringed Stanford’s patents. Roche responded that Holodniy’s agreement with Cetus gave it co-ownership of the procedure, and thus Stanford lacked standing to sue it for patent infringement. Stanford countered that Holodniy had no rights to assign because the University had superior rights under the Bayh-Dole Act. The District Court agreed with Stanford and held that under the Bayh-Dole Act, Holodniy had no rights to assign to Cetus. The Court of Appeals for the Federal Circuit disagreed, concluding that Holodniy’s agreement with Cetus assigned his rights to Cetus, and thus to Roche. It also found that the Bayh-Dole Act did not automatically void an inventor’s rights in federally funded inventions. Thus, the Act did not extinguish Roche’s ownership interest in the invention, and Stanford was deprived of standing.

*Held:* The Bayh-Dole Act does not automatically vest title to federally funded inventions in federal contractors or authorize contractors to unilaterally take title to such inventions. Pp. 6–15.

(a) Since 1790, patent law has operated on the premise that rights in an invention belong to the inventor. See, e.g., *Gayler v. Wilder*, 10 How. 477, 493. In most cases, a patent may be issued only to an applying inventor, or—because an inventor’s interest in his invention is assignable in law by an instrument in writing—an inventor’s assignee. See *United States v. Dubilier Condenser Corp.*, 289 U. S. 178, 187. Absent an agreement to the contrary, an employer does not have rights in an invention “which is the original conception of the employee alone,” *id.*, at 189; an inventor must expressly grant those rights to his employer, see *id.*, at 187. Pp. 6–8.

(b) Stanford and *amicus* United States contend that, when an invention is conceived or first reduced to practice with the support of federal funds, the Bayh-Dole Act vests title to those inventions in the inventor’s employer—the federal contractor. Congress has in the

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past divested inventors of their rights in inventions by providing unambiguously that inventions created pursuant to certain specified federal contracts become the Government's property. Such unambiguous language is notably absent from the Bayh-Dole Act. Instead, the Act provides that contractors may "elect to retain title to any subject invention," §202(a), defining a "subject invention" as "any invention of the contractor conceived or first actually reduced to practice in the performance of work under a funding agreement," §201(e).

Stanford contends that "invention of the contractor" means all inventions that a contractor's employees make with the aid of federal funds. That reading assumes that Congress subtly set aside two centuries of patent law in a statutory definition. This Court has rejected the idea that mere employment is sufficient to vest title to an employee's invention in the employer. Stanford's reading also renders the phrase "of the contractor" superfluous since the definition already covers inventions made under a funding agreement. Construing the phrase to refer instead to a particular category of inventions conceived or reduced to practice under a funding agreement—inventions "of the contractor," that is, those owned by or belonging to the contractor—makes the phrase meaningful in the statutory definition. And "invention owned by the contractor" or "invention belonging to the contractor" are natural readings of the phrase "invention of the contractor."

Section 202(a), which states that contractors may "elect to retain title," confirms that the Act does not *vest* title. Stanford reaches the opposite conclusion, but only because it reads "retain" to mean "acquire" and "receive." That is certainly not the common meaning of "retain," which is "to hold or continue to hold in possession or use." You cannot retain something unless you already have it. And §210(a)—which provides that the Act "take[s] precedence over any other Act which would require a disposition of rights in subject inventions . . . that is inconsistent with" the Act—does not displace the basic principle that an inventor owns the rights to his invention. Only when an invention belongs to the contractor does the Bayh-Dole Act come into play. The Act's disposition of rights does nothing more than clarify the order of priority of rights between the Federal Government and a federal contractor in a federally funded invention that already belongs to the contractor.

The Act's isolated provisions dealing with inventors' rights in subject inventions are consistent with the Court's construction of the Act. See §202(d). That construction is also bolstered by the Act's limited procedural protections, which expressly give contractors the right to challenge a Government-imposed impediment to retaining title to a subject invention, §202(b)(4), but do not provide similar protection for

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inventor and third-party rights.

Stanford’s contrary construction would permit title to an employee’s inventions to vest in the University even if the invention was conceived before the inventor became an employee, so long as the invention’s reduction to practice was supported by federal funding. It also suggests that the school would obtain title were even one dollar of federal funding applied toward an invention’s conception or reduction to practice. It would be noteworthy enough for Congress to supplant one of the fundamental precepts of patent law and deprive inventors of rights in their own inventions. To do so under such unusual terms would be truly surprising. Had Congress intended such a sea change in intellectual property rights it would have said so clearly—not obliquely through an ambiguous definition of “subject invention” and an idiosyncratic use of the word “retain.”

The Court’s construction of the Act is also reflected in the common practice of contractors, who generally obtain assignments from their employees, and of agencies that fund federal contractors, who typically expect those contractors to obtain assignments. With effective assignments, federally funded inventions become “subject inventions” and the Act as a practical matter works pretty much the way Stanford says it should. The only significant difference is that it does so without violence to the basic patent law principle that inventors own their inventions. Pp. 8–15.

583 F. 3d 832, affirmed.

ROBERTS, C. J., delivered the opinion of the Court, in which SCALIA, KENNEDY, THOMAS, ALITO, SOTOMAYOR, and KAGAN, JJ., joined. SOTOMAYOR, J., filed a concurring opinion. BREYER, J., filed a dissenting opinion, in which GINSBURG, J., joined.