

Changing University IP Policy to Support Academic Freedom and Innovation

Compulsory Assignment	University policy practice has changed to make compulsory the assignment of faculty inventions to the university. A research finding does not become less a matter of scholarship simply because it may be characterized as an invention. Academic freedom is not waived simply because a finding may be inventive. Innovation is not served by having an administrator's thumb required in every possible discovery pie.
Expansion of Scope	At the same time, university patent policies have expanded the definition of invention to include a range of intangible assets, some of which have no ownership theory, such as know-how. Policies have also made the scope of interest set forth originally for the purpose of disclosure of important assets to the university for purposes of review as same scope for the university's ownership claim.
Present Assignment	The Supreme Court in 2011 rejected university administrator arguments that the Bayh-Dole Act vested federally supported inventions with the university that hosted the research. University administrators have responded by imposing "present assignments." A present assignment purports to assign title to all future inventions that a faculty member or other participant in university research might make.
Stanford	<p><i>Patent and Copyright Agreement for Personnel at Stanford.</i> SU-18.</p> <p>1. I will disclose to Stanford all potentially patentable inventions conceived or first reduced to practice in whole or in part in the course of my University responsibilities or with more than incidental use of University resources. I hereby assign to Stanford all my right, title and interest in such patentable inventions and to execute and deliver all documents and do any and all things necessary and proper on my part to effect such assignment.</p>
Colorado	<p><i>Intellectual Property Policy on Discoveries and Patents for Their Protection and Commercialization.</i> APS 1013.</p> <p>1. As required by Regent Policy, the University shall take assignment of and shall own all discoveries in which University has an interest. Every included person(s), as a condition of employment, and every collaborator participating with an included person on a discovery, will assign and hereby does assign any legal rights that may exist in such intellectual property.</p>
Rationales	Federal law, employment, use of resources, compliance with the terms of contracts for extramural research, required to support exclusive licensing programs, necessary for the university to profit from inventions, necessary to preserve the system of technology licensing in place, and required because otherwise some inventors would be treated unfairly by not having their inventions subject to institutional claims.
Don't Hold Up	Despite the sheer number of rationales, compulsory institutional assignment of faculty scholarship is not consistent with academic freedom, the actual nature of faculty appointments and conduct of research, or with innovation and economic development.

Refuting Rationales

Federal law. Patent law places ownership of inventions with inventors. The law is based on the US Constitution, Article I, Section 8. There is no invent for hire. Under the Takings Clause of the Fifth Amendment, private property cannot be taken for a public purpose without due process and just compensation.

Employment. For patents, employment is not sufficient to vest title with the employer. The university does not employ faculty for invention purposes unless the faculty member expressly agrees to do inventive work for the university. Faculty choose what to study, how to study it, who to collaborate with, what will fund their work, and how they will disclose their work. That is not employment. . Faculty are *released* from duties to conduct sponsored research; they are not *assigned* to sponsored projects.

Use of Resources. The employer gains a shop right when its resources are used. A claim based on resources is not appropriate when resources are common, such as one's office, or the library, or university-supplied computer. A university makes a contractual commitment to a sponsor to supply resources and is compensated for doing so through direct and indirect cost accounting. Provision of such resources cannot then also be used as consideration for assignment of inventions.

Compliance. University administrators insert ownership claims into contracts but have no basis for doing so. Persuading a sponsor to accept university ownership does not make the claim legitimate with regard to inventors. This scheme is simply another way of asserting ownership without agreement with inventors. The Bayh-Dole Act does not require university ownership for federally funded work

Exclusive Licenses. Bad licensing practice does not require bad policy. Placing a requirement for future inventions to be licensed to an exclusive licensee is another form of using a contract to claim inventions one has no right to. Similarly for provisions such as first right to negotiate, right of first refusal, most favored licensee. Change practice.

Necessary for Profit. Ask for a full accounting. Universities were profitable with licensing prior to compulsory ownership policies. Indeed, their net take was much better because they operated with much lower expenses and liabilities. Bayh-Dole was passed on the success of voluntary assignment policies. Licensing patent rights for financial gain is not the only way to profit from research discoveries.

Preserve System. Compulsory institutional ownership of inventions counter-indicates innovation. Faculty scholarship is not undertaken to keep university administrators and lawyers employed. There are many ways for innovation to take place. A compulsory system suppresses a broader community of innovation resources.

Only Fair. It is unfair that inventors are not allowed to choose their preferred approach to teaching what they have discovered. It is not fair to treat all inventors and scholarship the same, nor to dictate the financial terms on which a university will take ownership. A published royalty schedule is appropriate when assignment is voluntary.

Why Corporate IP Practices Do Not Work in Universities

- Analogy with Industry** Much of present university intellectual property policy and practice is shaped by inapt analogies to practices in industry. While there are similarities, it is not possible to create an effective compulsory invention assignment policy at a university without fundamentally altering the university's open, independent, academic *raison d'être*.
- Independent Research** Federal support for faculty research is predicated on Vannevar Bush's argument that an independent research environment was necessary to gather ideas from many sources and present new ideas, designs, and technologies that challenge the established order, be that the military, medicine, or industry. To turn university research into a corporate-style industry cuts it off from its sources of new ideas and its collaborations with practitioners in the field, and all to provide an administrative convenience to patent licensing officers.
- Open Innovation** Legacy corporate practice has been mistaken for "best practice." Intellectual property law and practice have developed to serve past corporate practice, not university practice, and not even much of present corporate practice. Open innovation strategies demonstrate that a company may be innovative, and successful, without requiring strong ownership claims. Companies do not so much desire present conventional practices as these practices are forced on them by precedent and the difficulty of change. Universities, which have the greatest opportunity to develop policies and practices shaped to present research, innovation, and public needs, should be exploring this space, not adopting the most backward of company practices.
- Failure to Implement** Conventional industry intellectual property practice comprises a range of proprietary positions that work together to channel all possible intangible assets to the company for disposition. These positions include work for hire, a patent agreement, employer control of work, non-disclosure requirement, and a non-compete covenant.
- | Typical Corporate IP Practice | University Practice |
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| Work is for the benefit of the company | Faculty research is for public benefit |
| Employment means control of work | Appointment; faculty control research work |
| Scope of <i>employment</i> is work for company | Scope of <i>employment</i> is narrow |
| Non-disclosure obligation | No non-disclosure; open |
| Non-compete covenant | No non-compete for research |
- Compulsory Fails** Without non-disclosure and non-compete, faculty control their scholarly working conditions. They decide whether to work with university resources or not. They choose when and how to publish and teach their research. Inventors even decide when they have invented. Thus, even the choice of whether to disclose scholarly work as inventive rests with the faculty inventor. Compulsory assignment policies are simply incomplete, ineffective, and adversarial implementations of legacy industry practice.