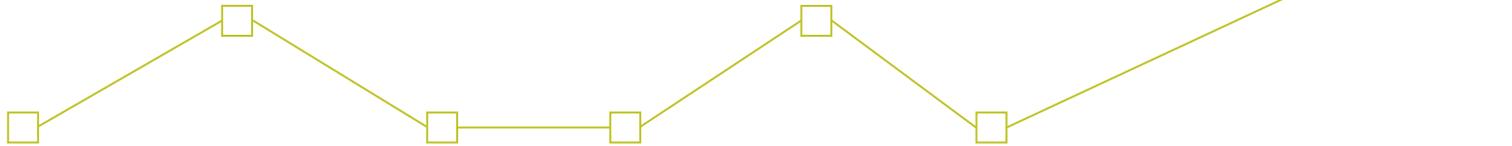


Can the Federal Government

TAKE OWNERSHIP OF YOUR PATENTS?

By Nikki Borman, Founder and President, Borman & Company



For institutions that depend on federal funding to support their research, lack of compliance with Bayh-Dole mandates can jeopardize ownership of inventions and associated patent rights. For attorneys who serve these clients in protection of intellectual property this should be a concern. Many medical research centers, universities and other nonprofits fall short in taking a disciplined approach to reporting on a history of grants that may span decades. Now, they may find themselves unable to close out grants, claim title to IP coming out of the research or apply for funds to support additional research.

Bayh-Dole

Enacted by Congress in the 1980's, the Bayh-Dole act sought to assure U.S. citizens that the dollars invested in research by NIH and other federal entities were delivering tangible benefits. To comply with the rigorous reporting requirements, these institutions, your clients, need to reconstruct the history with regard to ownership of inventions. To correct defects in title and bring the institution into compliance presents a big challenge. In May 2018, changes to the Bayh-Dole regulations took effect. Now, tech transfer offices will need to take a hard look at their compliance processes and resources to assure they meet the new reporting requirements.

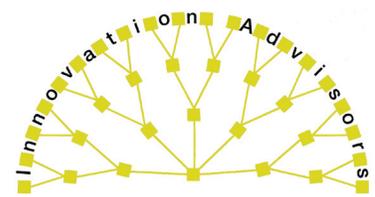
Ownership of Intellectual Property Put in Jeopardy

Failing to comply with Bayh-Dole reporting requirements can have dire consequences. If the reporting requirement for retained ownership is not filed on a timely basis then the federal government has the right to take ownership of the federally funded intellectual property. As you may be aware, this is different from march-in rights. A medical research center or university or startup that depends on federal grants can find itself without ownership of its inventions and associated patent rights. What's more, proposed changes filed in November 2016 reinforce the right of the federal government to take ownership of an invention if initial disclosure and election of title requirements are not met. Both universities and the companies that are the Licensors need to be mindful of who has been designated the lead in complying with Bayh-Dole.

Without the proper reporting in place, the federal government can put a hold on closing out grants. This impacts not only your client but also institutions collaborating on the research. Not only is further innovation stymied but your client is hit in the pocket without the ability to collect on what funds are still due on a grant. In the case of a startup that is looking to be acquired or go public down the road, uncertainty of ownership around IP can present an obstacle at a critical time.

The Pipeline for Innovation Dries Up

Bayh-Dole compliance is an issue that you, and your clients cannot ignore. If your clients are in a position where their current grants are held up, this impacts not only the patent prosecution timeline and but also any future patents to be filed. Innovation is a complex ecosystem and attorneys play an important part in safeguarding steady management and compliance so that research, collaboration and ultimately commercialization can go forward.



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