

## **FAQs - Proposed Revisions to Regents Bylaw 3.10**

### **Q: How is the Bylaw being changed?**

A: The principal change is to move from saying that patents owned by U-M “shall be the property of the university” to state that U-M employees “hereby assign” these patent rights to U-M. This is a procedural change, and does not alter the scope or definition of what patents are properly owned by U-M.

### **Q: Why are these Bylaw changes being proposed?**

A: The proposed Bylaw amendments simplify and modernize the policy in view of legal developments relating to the administrative process for assigning patent rights from inventors to U-M. These amendments do not change the scope or intent of the original Bylaw, which was drafted prior to 1978 and has remained unchanged since that time. A 2021 court decision interpreting U-M’s policy now makes it essential to recite “hereby assign” language to effect an automatic assignment of patent rights. These proposed amendments will bring the Bylaw into alignment with its long-standing goal of effecting an immediate assignment of patent rights that should be owned by U-M to U-M.

### **Q: Does the change alter the scope of patents that U-M owns?**

A: No. The proposed amendment does not alter the scope of U-M’s ownership. The amendment is procedural in nature, and only changes the steps that need to be taken in order to document U-M’s ownership in patents. Without the amendment, the inventor has a contractual obligation to assign to U-M; the assignment of patent rights takes place in separate documentation undertaken between U-M and the inventor.

### **Q: Why does an automatic assignment of rights matter?**

A: This change to Bylaw 3.10 will allow U-M to rely upon the prior automatic transfer of ownership in cases where an inventor is not available to assign patent rights.

### **Q: Will amended Bylaw 3.10 provide advantages to faculty and other employees of U-M with respect to ownership of IP?**

A: Yes. The amendment can provide a number of advantages to faculty and other inventors. A primary advantage is that U-M faculty that co-invent intellectual property with inventors that are unavailable or unwilling to execute a patent assignment to U-M will not have their inventions held back in the innovation and commercialization process. This simplified patent assignment process will permit patent filing, licensing, and commercialization to move forward unhindered by the unavailability of a co-inventor. Other advantages may include helping faculty avoid unintentionally assigning U-M rights to third parties.

### **Q: Where might an inventor be unavailable to assign to U-M?**

A: We have mainly found inventors unavailable in cases of inventors moving away and not providing contact information, passing away, or moving to employers where they appear to

believe they now have conflicting interests. These are the most common situations where inventors become unavailable to execute a separate assignment document to U-M.

**Q: Beyond those advantages to its inventors, what advantages will amended Bylaw 3.10 provide to U-M?**

A: The amendment will also facilitate compliance with corporate sponsored research agreements, federal grants and contracts, state grants and contracts, and agreements with foundation agreements. All of these entities demand that U-M perfect or procure legal ownership of patents on inventions stemming from research that they are sponsoring. Innovation Partnerships has from time to time found that U-M inventors have signed an assignment to an incorrect entity; an automatic assignment of patent rights upon the creation of an invention will prevent that mistake from having unintended negative complications.

Innovation Partnerships finds that incorrect assignment of patent rights most typically happens when a U-M inventor is collaborating with a joint inventor at another university. The rights of the U-M inventor belong to U-M, and the rights of the other inventor belong to the other university. Sometimes we agree that the other university can control patent prosecution, but an attorney from the other university, might mistakenly provide the U-M inventor with a document that assigns the patent application (a) to the other university or (b) to a wrongly stated U-M entity name (e.g., to “the Board of Regents of the University of Michigan”). If and when the mistake is recognized, it requires time and money to correct these mistakes, especially given the esoteric nature of patent assignments and related U.S. and foreign filing requirements. These types of errors can have a negative effect when the rightful owner of a patent seeks to enforce a patent against a third party in court.

**Q: What are the disadvantages to faculty or other employees of U-M with respect to ownership of IP?**

A: No disadvantages are seen, since the scope of ownership is not affected and whether U-M owns the patent rights or not is still determined based on the use of resources supporting the research underlying the patent rights. If the inventor disagrees with U-M as to the ownership of patent rights, the inventor will have a number of opportunities to raise and discuss this with Innovation Partnerships.

**Q: How do other universities handle this issue?**

A: Most universities have adopted the same “hereby assign” language in their patent policies and/or employment agreements.

**Q: Mentioned above is that a change in law is requiring a change in the Bylaw. What caused this change in law?**

A: Through the evolution of federal caselaw over the past dozen or so years, specific language is now required in order to automatically transfer legal title of patents. The latest development from the patent appeals court, which involved U-M’s policy, requires use of the term “hereby assign” in order to effect an automatic assignment of patent rights.

**Q: How specifically has the law changed?**

A: In 2005, Stanford University sued Roche Molecular Systems for patent infringement. Roche defended by arguing that it could not be liable for infringement, since Roche, too, was a co-owner of the patents, as the result of an assignment to Roche signed by an inventor that had been both a Stanford faculty member and a visiting scientist at Roche (then Cetus). Roche argued that even though Stanford had an agreement with the faculty member dated before the agreement he signed with Roche, the language that Stanford imposed on its faculty (“agrees to assign ... inventions resulting from his employment at the University”) was merely a promise to sign a future assignment agreement, and the later agreement with Roche an actual, automatic assignment (“will assign and do[es] hereby assign”). Roche won that dispute, and further developments continued over the next decade or more, culminating in a 2021 decision that determined that U-M’s policy (“shall be the property of”) did not effect an automatic assignment of patent rights, such that U-M faculty still need to sign a separate assignment agreement to complete the transfer of rights that U-M is entitled to own. These decisions have not affected the scope of intellectual property that is owned by the University. For further background on the Stanford v. Roche case, [read here](#).

**Q: Does U-M use patent assignment language in its hiring documents or employment agreements?**

A: Yes, for all new employees. Beginning on June 27, 2011, all new employees have agreed to the following language: “I agree to the following: As part of my obligations under Bylaw 3.10, I hereby assign to the Regents of the University of Michigan (‘University’) all right, title, and interest in patent rights in inventions made (e.g., conceived or first reduced to practice) by me as a University employee with the direct or indirect support of funds administered by the University (e.g., through the use of University resources or facilities) regardless of the source of such funds. ... Adherence to these terms and all Regents’ policies, as they are from time to time amended, is a condition of continued employment at the University of Michigan.” Therefore, the amended Bylaw 3.10 brings all U-M employees into the same automatic assignment process for inventions that were created with direct or indirect support of U-M funds.

**Q: Why is the language on copyright being amended?**

A: The Bylaw language on copyright is being amended to modernize the Bylaw and make it consistent with current practices. For example, (a) the Bylaw should reflect the University’s preferences with respect to transferring its copyright in scholarly works to the faculty who created those works; (b) the Committee on Patents and Copyrights has not existed for decades; (c) today it is not seen as essential that jointly owned IP be owned as agreed upon in writing in advance, as required by original Bylaw 3.10 (though still agreements in advance of joint work or that may result in joint IP can be very helpful); and (d) original Bylaw 3.10 was written prior to SPG 601.28, which addresses ownership of scholarly works.

**Q: Where are more details on ownership of copyright found?**

A: Details on ownership of copyright are found in [SPG 601.28](#).

**Q: Does the Bylaw change affect the ownership of copyrights?**

A: No, these changes do not affect the ownership of copyright.