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***PSST! WANNA BUY A BRIDGE?* IP TRANSFERS OF NON-EXISTENT PROPERTY**

Stephen T. Black*

ABSTRACT

It is common practice when hiring a researcher at a university or a laboratory to require the new employee to sign a patent transfer agreement—essentially to agree to give to the employer any inventions that the employee may conceive of during his employment. However, the nature of that pre-invention agreement—which until 1991 was universally thought of as imposing an equitable duty but not as an actual transfer of legal title to an imaginary asset—has been changed by the Federal Circuit and the U.S. Supreme Court.

This Article reviews more than 170 years of legal history dealing with transfers of non-existent assets, and argues that the concept of an “automatic” assignment in patent law rests on shaky ground. Instead, our system of IP law is much better served by a return to common law principles—both “first in time, first in right” and “you may not give what you do not own.”

Q: Are you sure it’s for sale?

A: Why else would it have a for sale sticker on it?¹

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1. See Gabriel Cohen, *For You, Half Price*, N.Y. TIMES, Nov. 27, 2005, at Q4.

INTRODUCTION

Let's start with a story about the Eiffel Tower and Victor Lustig:

In May of 1925, Lustig traveled to Paris with Dapper Dan Collins, another confidence man. While reading the newspaper one afternoon, Lustig noticed a small article in the paper that claimed that the Eiffel Tower was in great need of repair. The cost of the repair job was very prohibitive and there was a brief comment that the government was actually exploring the idea that it might be cheaper to rip it down than to repair it.

Ding!

A bell went off in Lustig's head. He decided that he would be the one to sell the rights to tear down the tower. First, he had a counterfeiter create official government stationary and personally "appointed" himself to the official position of Deputy Director General of the Ministère de Postes et Télégraphes. Then, letters were sent on the official letterhead to five different scrap iron dealers. The letters were purposefully vague and simply invited them to his hotel suite to discuss a possible government contract.

After entertaining these men for a bit at the hotel, Lustig made the surprise announcement that the government was indeed scrapping the Eiffel Tower. He noted that the tower had been built in 1889 and was never intended to be a permanent structure. He was careful to stress that this was a very controversial decision on the government's part, so the men had to keep quiet regarding the tower's demise or risk public outcry.

Four days later, all of the dealers submitted their bids. But, Lustig really didn't care who offered the highest bid, only who was the best mark. The Count had already chosen a man named André Poisson as the lucky victim. Lustig informed Poisson that he was the winner, but hinted that there was still a bit of a problem. He described the life of a public servant, one in which they were expected to dress and entertain on a lavish scale, yet

were paid a small pittance. Poisson quickly realized that Lustig was asking for a bribe and reached in his pocket and peeled off a few large bills from his pocket to secure the deal. Lustig took the bribe and gladly accepted Poisson's rather handsome offer for the tower.

After the scheme was complete, Lustig and Dapper Dan quickly drove off to the haven of Austria. They made no attempt to hide themselves and lived the life of luxury at Poisson's expense. Each day, Lustig checked the Paris newspapers for news of the rip-off. But it was to never happen. Lustig concluded that Poisson was too embarrassed for falling into Lustig's trap and had decided to eat his loss. Lustig knew he was in the clear and headed back to Paris and pulled the same exact scam with five different scrap iron dealers.²

In discussing property, or at least the type of property that is tangible, we sometimes confront the situation where the seller does not actually own the property that he is trying to sell. This may be due to fraud, a mistake (either on the part of the parties or on the part of the recording system), or subsequent legal action. In any event, the doctrine of after acquired title serves to protect the grantee of the property and the recording system.

The so-called "doctrine of after-acquired title" deals with the rights of a grantee (and his successors) who accepts a deed or other conveyance from a grantor then without title, but who thereafter acquires it. The problem asserts itself in many areas of the law: mortgages and other voluntary liens on real property, conveyances and voluntary liens by a married woman of her separate property, conveyances and liens on the homestead community property by the husband, rights of adverse possessors claiming through deeds, rights of creditors of the grantor, and the interrelation of rights of a purchaser as affected by the recording

2. *For Sale: The Eiffel Tower . . .*, USELESS INFORMATION, <http://www.uselessinformation.org/lustig/index.html> (last visited Feb. 2, 2015).

acts.³

The doctrine is frequently cited as estoppel—the grantor is not allowed to claim that she did not transfer the property on the grounds that she did not own it at the time.⁴ However, the doctrine has not been really applied in the context of intangible property. For example, it is frequently the case that a public university will have its employees—professors and other researchers—sign an agreement to transfer *future* inventions to the university.⁵

Such was the case with Dr. Holodniy and Stanford University:

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—polymerase chain reaction, or 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 a Copyright and Patent Agreement (CPA) stating that he “agree[d] to assign” to Stanford his “right, title and interest in” inventions resulting from his employment at the University.

. . . .
 . . . Holodniy’s supervisor arranged for him to conduct research at Cetus to learn about PCR. As a condition of gaining

3. Richard W. Hemingway, *After-Acquired Title in Texas*, 20 SW. L.J. 97, 98 (1966).

4. See e.g., Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., 131 S. Ct. 2188, 2192 (2011) (discussing contracts that convey future inventions).

5. See Parker Tresemer, *Best Practices for Drafting University Technology Assignment Agreements After Filmtec, Stanford v. Roche, and Patent Reform*, 2012 U. ILL. J.L. TECH. & POL’Y 347, 372 n.236 (2012) (quoting Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., 131 S. Ct. 2188, 2199 (2011)). Common language looks like this: “I will assign, and do hereby assign, to [insert university here] all rights to all inventions, copyrightable materials, computer software, semiconductor mask works, tangible research property, and trademarks (‘Intellectual Property’) conceived, invented, reduced to practice, or authored by me, either solely or jointly with others”*Id.* at 374.

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.

. . . .

Over the next few years, Stanford obtained written assignments of rights from the Stanford employees involved in refinement of the technique, including Holodniy, and filed several patent applications related to the procedure. Stanford secured three patents to the HIV measurement process.

In 1991, Roche Molecular Systems, a company that specializes in diagnostic blood screening, acquired Cetus’s PCR-related assets, including all rights Cetus had obtained through agreements like the VCA signed by Holodniy. After conducting clinical trials on the HIV quantification method developed at Cetus, Roche commercialized the procedure. Today, Roche’s HIV test “kits are used in hospitals and AIDS clinics worldwide.”

. . . .

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.⁶

This is all well and good. The *Stanford* case highlighted a problem: what happens to competing IP transfer agreements? But there was a bigger problem that the court decided to gloss over.

The District Court held that the "VCA effectively assigned any rights that Holodniy had in the patented invention to Cetus," and thus to Roche. But because of the operation of the Bayh-Dole Act, "Holodniy had no interest to assign." The court concluded that the Bayh-Dole Act "provides that the individual inventor may obtain title" to a federally funded invention "only after the government and the contracting party have declined to do so."

The Court of Appeals for the Federal Circuit disagreed. First, the court concluded that Holodniy's initial agreement with Stanford in the Copyright and Patent Agreement constituted a mere promise to assign rights in the future, unlike Holodniy's agreement with Cetus in the Visitor's Confidentiality Agreement, which itself assigned Holodniy's rights in the invention to Cetus. Therefore, as a matter of contract law, Cetus obtained Holodniy's rights in the HIV quantification technique through the VCA. Next, the court explained that the Bayh-Dole Act "does not automatically void ab initio the inventors' rights in government-funded inventions" and that the "statutory scheme did not automatically void the patent rights that Cetus received from Holodniy." The court held that "Roche possess[ed] an

6. *Leland Stanford*, 131 S. Ct. at 2189, 2192 (citations omitted).

ownership interest in the patents-in-suit”⁷

Holodniy signed the agreement with Stanford in 1988, and the agreement with Cetus in 1989.⁸ Stanford did not apply for the patents until 1992, and they were granted in 1999, 2003, and 2006.⁹ Do any of the agreements have any legal force?

This article will address the question of whether an inventor may transfer rights to patents that have yet to be developed, and will review the jurisprudence surrounding the question of transfers of future intangible property generally.¹⁰ It will conclude that the Federal Circuit and the Supreme Court have abandoned centuries of good precedent for no rational reason, and have created a legal mess in an attempt to “streamline” IP transfers.¹¹ Finally, the article will highlight some of the difficult questions now raised by the *Stanford* case.¹²

II. BASIC PRINCIPLES

“*Nemo plus juris ad alium transferre potest quam ipse habet*”—No one can transfer to another any greater right than he himself has.¹³ The assignee typically does not receive greater rights than the assignor.¹⁴ This concept has taken root in a number of different contexts, including the bankruptcy code:

[Although section 541] will include choses in action and claims by the debtor against others, it is not intended to expand the debtor’s rights against others more than they exist at the commencement of the case. For example, if the debtor has a

7. *Id.* at 2194 (citations omitted).

8. Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., C 05-04158 MHP, 2007 WL 608009 at *2, *7 (N.D. Cal. Feb. 23, 2007).

9. *Id.* at *6.

10. See discussion *infra* Part II.

11. See discussion *infra* Part III.

12. See discussion *infra* Part IV.

13. *Wasserman v. Metzger*, 54 S.E. 893, 895 (Va. 1906); see also *Ventress v. Smith*, 35 U.S. 161, 175 (1836).

14. *Wasserman*, 54 S.E. at 895.

claim that is barred at the time of the commencement of the case by the statute of limitations, then the trustee would not be able to pursue that claim, because he too would be barred. He could take no greater rights than the debtor himself had.¹⁵

Absent the tinkering of the Supreme Court in *Stanford*, Roche would have lost, by application of the doctrine of “he who was first in time was first in right.”¹⁶ Since both Cetus and Stanford’s claims came from the inventor *and both arose before the patent came into being*, we would classify both interests as equitable,¹⁷ and award the patent to Stanford.

In Adams’ Equity (6th Amer. ed.), in which are collected numerous authorities, it is said: “The prevailing doctrine in the United States is, that the purchaser of an equitable title takes it subject to all prior equities.” And the same author, referring to the leading case of *Bassett v. Nosworthy*, says: “It appears to be clear, upon the authorities both in this country and in England, that among equal equities the prior in time, whether it be original or intermediate, is the prior in right.”¹⁸

With this understanding, we need to ask if Dr. Holodniy was the original title owner?

A. *What Does an Inventor Own?*

“Our precedents confirm the general rule that rights in an invention belong to the inventor.”¹⁹

15. H.R. REP. NO. 95-595, at 367–68 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6323; S. REP. NO. 95-989, at 82 (1978).

16. *See* *Palmer v. R.R. Comm’n*, 138 P. 997, 1000 (Cal. 1914).

17. Were both equitable? Under normal common law principles, yes, a transfer of a patent that does not yet exist is treated as an assignment, and is an equitable transfer. However, the Court’s opinion does not treat both as equitable, but it is a good place to start.

18. *Briscoe v. Ashby*, 24 Va. (1 Gratt.) 454, 477 (1874) (citations omitted).

19. *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2195 (2011).

In the U.S. IP system, we accord first rights to an inventor, even if that person is employed by an entity that provides him or her with the means to invent.²⁰ “It is equally well established that an inventor can assign his rights in an invention to a third party.”²¹ In fact, we require a positive transfer for patent rights to vest in someone other than the inventor, even in hired-to-invent cases.²²

Employers have argued that this arrangement places a burden on them to police their employees and to require patent transfer agreements upon employment.²³ This argument is sound.

The Bayh-Dole Act was designed to free up federally funded research so that it could be more readily moved into the marketplace.²⁴ The Act reinforced the concept that the inventor owns the patent, regardless of what funds or resources the inventor used in reducing the patent to practice or in researching the underlying science.²⁵ Only an individual or individuals may apply for patent protection; thus, no businesses or entities may apply.²⁶

A U.S. patent application must be filed in the name of the inventors because of the intellectual property clause of the United States Constitution, which states, “The Congress shall have power . . . [t]o promote the Progress of Science and useful Arts, by

20. *But see* Joshua Simmons, *Inventions Made for Hire*, 2 N.Y.U. J. INTELL. PROP. & ENT. L. 1, 12–14 (2012) (discussing shop rights and the hired-to-invent doctrine).

21. *Leland Stanford*, 131 S. Ct. at 2195 (citing *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933)).

22. *Id.* (“[U]nless there is an agreement to the contrary, an employer does not have rights in an invention ‘which is the original conception of the employee alone.’”) (quoting *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 189 (1933)). “In most circumstances, an inventor must expressly grant his rights in an invention to his employer if the employer is to obtain those rights.” *Id.*

23. *Id.* (“*Stanford* and the United States as *amicus curiae* contend that the Bayh-Dole Act reorders the normal priority of rights in an invention when the invention is conceived or first reduced to practice with the support of federal funds. In their view, the Act moves inventors from the front of the line to the back by vesting title to federally funded inventions in the inventor’s employer—the federal contractor.” (emphasis in original) (citing Brief for Petitioner at 26–27, and Brief for United States as Amicus Curiae Supporting Petitioner at 6, *Leland Stanford* (No. 09-1159))).

24. *Id.* at 2201.

25. *Id.*

26. *Patent Ownership Basics*, NEUSTEL LAW OFFICES, <http://www.neustel.com/Patent-Ownership/Patent-Ownership-Basics.aspx> (last visited Jan. 19, 2015) (“It should be noted that a company can never be an inventor.”).

securing for limited Times to *Authors and Inventors* the exclusive Right to their respective Writings and Discoveries.”²⁷

Among competing inventors, “[p]riority goes to the first party to reduce an invention to practice unless the other party can show that it was the first to conceive the invention and that it exercised reasonable diligence in later reducing that invention to practice.”²⁸ “Conception” is itself a term of art, and refers to “a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.”²⁹ All of this leads to the conclusion that the U.S. patent system is very much focused on *individual* inventors.

Universities, corporations, and other entities that desire to obtain ownership of the IP that their employees create must do so through the mechanism of patent assignments.³⁰ This brings us back to the argument that granting first rights to the individual inventor places a burden on employers to police their employees and to require patent transfer agreements upon employment.

B. *Assignments Are Equitable Transfers*

Although a chose in action is defined as personal rights that can be claimed by action,³¹ it has never been quite clear whether patents fall into this category. On the one hand, patents are choses:

“ALL personal things are either in possession or action. The law knows no *tertium quid* between the two.” It follows from this that the category of *choses* in action is in English law enormously wide, and that it can only be defined in very general terms. . . . In its primary sense the term “*chose* in action” includes all rights which are enforceable by action—rights to

27. U.S. CONST. art. I, § 8, cl. 1–8 (emphasis added).

28. *Price v. Symsek*, 988 F.2d 1187, 1190 (Fed. Cir. 1993).

29. *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994) (internal quotations omitted); *see also* *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1577 (Fed. Cir. 1996).

30. *See Leland Stanford*, 131 S. Ct. at 2203 (citing *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933)).

31. *See* BLACK’S LAW DICTIONARY 101 (9th ed. 2009).

debts of all kinds, and rights of action on a contract or a right to damages for its breach; rights arising by reason of the commission of tort or other wrong; and rights to recover the ownership or possession of property real or personal. It was extended to cover the documents, such as bonds, which evidenced or proved the existence of such rights of action. This led to the inclusion in this class of things of such instruments as bills, notes, cheques, shares in companies, stock in the public funds, bills of lading, and policies of insurance. But many of these documents were in effect documents of title to what was in substance an incorporeal right of property. Hence it was not difficult to include in this category things which were even more obviously property of an incorporeal type, such as patent rights and copyrights.³²

However, because of the peculiar nature of the patent monopoly, it does not always behave like other choses:

It is said that the claim of an owner of a patent for damages for infringement is only a chose in action which in modern days may be so assigned that the assignee acquires full title and the right to sue at law as well as in equity without joining his assignor. This view ignores the peculiar character of patent property and the recognized rules for the transfer of its ownership and its incidents. Patent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment. This is shown by the opinion of this Court in *Waterman v. MacKenzie* It is not safe, therefore, in dealing with a transfer of rights under the patent law, to follow implicitly the rules governing a transfer of

32. W. S. Holdsworth, *The History of the Treatment of Choses in Action by the Common Law*, 33 HARV. L. REV. 997, 997–98 (1920) (citation omitted) (emphasis in original).

rights in a chose in action at common law.³³

In fact, some courts have focused on the nature of what the plaintiff has or possesses, rather than on the right of action,³⁴ while other courts sweep all rights into the category.³⁵

Why does this matter? The assignment of a chose in action or the ability to pursue rights through a cause of action depended upon equity, not the law. As a result, all assignments (and what title they “conveyed”) were equitable in nature.

Equitable title, in turn, brings with it a host of doctrines that do not apply to legal title.³⁶

The principle underlying this doctrine is stated as follows, in *Briscoe v. Ashby*, supra: “The reason of the distinction between the purchaser of a legal and an equitable interest seems to be that the protection accorded to bona fide purchasers is a departure from the general rule of jurisprudence, which holds that no man can transfer a greater right than he possesses, and regards the vendee as standing in the same position as the vendor under whom he claims. This exception was made in equity against the rights and remedies which it had called into being, and in favor of purchasers who bought in good faith and under the impression that they were acquiring the legal title. But when the purchase is of a mere equity which owes its existence to a court of chancery

33. *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 40 (1923) (citations omitted).

34. *Pan Am. Prod. Co v. United Lands Co.*, 96 F.2d 26, 27 (5th Cir. 1938) (“The phrase ‘chose in action’ is the antithesis of chose in possession and refers to a right to money or other personal property which is not in hand and can be reached and enjoyed only by an action. It is sometimes applied to the paper evidencing the right, as a note, bond, stock certificate or executory contract. The plaintiff here is not seeking to recover anything, but only to protect what he has. He is in possession. If his right is a chose, it is a chose in possession. He is trying to protect property in his possession and enjoyment, and not to recover upon a chose in action.”).

35. *Brown v. Fletcher*, 235 U.S. 589, 595–96 (1915) (“[A] chose in action embraces in one sense all rights of action.”) (quoting *Dundas v. Bowler*, 8 Fed. Cas. 28, 29 (C.C.D. Ohio 1843) (No. 4141)).

36. *Wasserman v. Metzger*, 54 S.E. 893, 895, 905 (Va. 1906). Notable doctrines that do not apply to legal title include: (1) *Nemo plus juris ad alium transferre potest quam ipse habet* (one may only transfer what one owns), (2) *Qui prior est in tempore potior est in jure* (where two equities are equal the prior equity shall prevail), and (3) equitable title negates the bona fide purchaser rule. *Id.*; *Briscoe v. Ashby*, 65 Va. (24 Gratt.) 454, 475–76 (1874).

and cannot be enforced without its assistance, the reasons for departing from the general maxim, ‘Nemo plus juris ad alium transferre potest quam ipse habet,’ is at an end, and the right acquired by the vendee is limited to that of the vendor. When, therefore, a purchaser buys an equitable estate or interest with a knowledge of its real character, and without obtaining a legal title, he can found no claim on the mere fact of the purchase and must stand or fall by the title of his vendor. So it was declared in the most unequivocal manner by [Chief Justice] Marshall, in *Shirras v. Caig* that the purchaser of an equitable title takes it subject to all existing equities. . . . In *Chew v. Barnett*, [Chief Justice] Gibson said: “When it is asserted that a purchaser for valuable consideration takes the title free of every trust or equity of which he has no notice, it is intended of a title perfect on its face; for every purchaser of an imperfect title takes it with all its imperfections on its head. It is his own fault that he confides in a title which appears defective to his own eyes, and he does so at his peril. Now, every equitable title is incomplete on its face. It is in truth nothing more than a title to go into chancery to have the legal estate conveyed, and therefore every purchaser of a mere equity takes it subject to any clog that may lie on it, whether he has notice or not.”³⁷

The *Briscoe* case dealt with the purchase of land by third parties from a trustee who never acquired legal title.³⁸ When they learned of the sale, the beneficiaries complained that the third parties could not be bona fide purchasers:

The appellant in this case cannot put himself in the high position of a purchaser for valuable consideration without notice. This court has settled that question against him. In the case of *Mutual Assurance Society v. Stone and others*, President Tucker says: “The rule is unquestionable, that he who would protect

37. *Wasserman*, 54 S.E. at 895 (citations omitted).

38. *See generally Briscoe*, 65 Va. (24 Gratt.) 454.

himself as a purchaser without notice must show himself to be a *complete* purchaser. If, therefore, either his purchase money remains unpaid, or he has not completed his title by obtaining a conveyance before he has received notice, the notice will affect him; for if he receive that notice before *both* of those acts are perfected, he ought to stop until the equity is enquired into, or he will be bound by it. Thus, although he has paid every cent of his purchase money, and the hopeless insolvency of his vendor would prevent his ever recovering it back, yet, if he has not completed his title *by getting a conveyance* prior to his notice of the prior equity *he must stop*, and will not be permitted to go on to secure himself by obtaining the legal title from the common vendor. And this is in strict consonance with justice and in strict analogy with equitable principles. It rests upon the maxim, which prevails in equity as well as at law, *Qui prior est in tempore potior est in jure*, where two equities are equal the prior equity shall prevail.”³⁹

The Federal Circuit had a confused opinion about the legal versus equitable nature of assignments. “While Stanford might have gained certain equitable rights against Holodniy, Stanford did not immediately gain title to Holodniy’s inventions as a result of the CPA, nor at the time the inventions were created.”⁴⁰ Immediately after, the Federal Circuit treated Holodniy’s second assignment as granting something more: “Therefore, Cetus immediately gained equitable title to Holodniy’s inventions.”⁴¹

Regardless of the strange nomenclature, two equitable claims should have been resolved using the first in time, first in right rule. Cetus knew or should have known of Stanford’s prior claim and contract with Dr. Holodniy, and this should not have been a hard case.

Justice Breyer’s dissent recognizes this:

39. *Id.* at 475–76 (citations omitted).

40. *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 841–42 (Fed. Cir. 2009), *aff’d*, 131 S. Ct. 2188 (2011).

41. *Id.* at 842 (citation omitted).

Dr. Holodniy executed his agreement with Stanford in 1988. At that time, patent law appears to have long specified that a present assignment of future inventions (as in both contracts here) conveyed equitable, but not legal, title. *See, e.g.*, G. Curtis, A Treatise on the Law of Patents for Useful Inventions § 170, p. 155 (3d ed. 1867) (“A contract to convey a future invention . . . cannot alone authorize a patent to be taken by the party in whose favor such a contract was intended to operate”); Comment, Contract Rights as Commercial Security: Present and Future Intangibles, 67 Yale L.J. 847, 854, n. 27 (1958) (“The rule generally applicable grants equitable enforcement to an assignment of an expectancy but demands a further act, either reduction to possession or further assignment of the right when it comes into existence”).

Under this rule, both the initial Stanford and later Cetus agreements would have given rise only to equitable interests in Dr. Holodniy’s invention. And as between these two claims in equity, the facts that Stanford’s contract came first and that Stanford subsequently obtained a postinvention assignment as well should have meant that Stanford, not Cetus, would receive the rights its contract conveyed.

In 1991, however, the Federal Circuit, in *FilmTec*, adopted the new rule quoted above—a rule that distinguishes between these equitable claims and, in effect, says that Cetus must win. The Federal Circuit provided no explanation for what seems a significant change in the law.⁴²

To examine how this change in the law happened, we turn next to the Federal Circuit’s decision in *FilmTec*.⁴³

42. Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., 131 S. Ct. 2188, 2203 (2011) (Breyer, J., dissenting).

43. *See infra* Part II.C.

C. *FilmTec*

FilmTec was founded by John Cadotte and three others in 1977.⁴⁴ Before founding FilmTec, they were employed by Midwest Research Institute (MRI), which was a non-profit research organization that, among other projects, developed reverse osmosis membranes.⁴⁵

MRI had a contract with the federal government, which provided that MRI agreed to “grant and does hereby grant to the Government the full and entire domestic right, title and interest in [any invention, discovery, improvement or development (whether or not patentable) made in the course of or under this contract or any subcontract (of any tier) thereunder].”⁴⁶

Cadotte submitted a patent application in February of 1979.⁴⁷ He left MRI in January of 1978.⁴⁸ At trial Cadotte testified that he developed the idea for his invention a month after leaving MRI.⁴⁹ However, Allied disputed this, alleging Cadotte actually formed the reverse osmosis membrane of [patent 4,277,344 (‘344 patent)] earlier.⁵⁰ Allied claimed Cadotte’s invention was conceived in July 1977 or at least by November 1977 when he purportedly introduced an improved membrane.⁵¹ Allied based this on Cadotte’s notebook entries kept during this period.⁵² “The trial judge found that ‘Cadotte’s 1977 North Star notebook entries establish that he did [while still at MRI] combine the two chemicals which are claimed in the ‘344 patent.’”⁵³

FilmTec subsequently filed an infringement action against Allied, and Allied claimed that because the MRI contract vested title in the government, FilmTec did not have standing to sue.⁵⁴ The district

44. *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1570 (Fed. Cir. 1991), *vacated sub nom.* *Filmtec Corp. v. Hydranautics*, 982 F.2d 1546 (Fed. Cir. 1992).

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.*

49. *Id.*

50. *Filmtec Corp.*, 939 F.2d at 1570.

51. *Id.*

52. *Id.*

53. *Id.*

54. *Id.* at 1571.

court granted a preliminary injunction against Allied, concluding, as a matter of law, Allied could not raise title as a defense because under the contract the government would have no more than equitable title to the patent.⁵⁵ Supporting its findings, the court stated “that the [g]overnment’s rights in an invention discovered by an employee while under contract are equitable, and are not available as a defense by the alleged infringer against the legal titleholder.”⁵⁶

On appeal, the Federal Circuit made two observations. First, the court cited *Gayler v. Wilder* to support its finding that “it is settled law that between the time of an invention and the issuance of a patent, rights in an invention may be assigned and legal title to the ensuing patent will pass to the assignee upon grant of the patent.”⁵⁷

Second, the court cited *Mitchell v. Winslow* explaining “[i]f an assignment of rights in an invention is made prior to the existence of the invention, this may be viewed as an assignment of an expectant interest.”⁵⁸ This expectant interest can be validly assigned, but at most allows an assignee to hold equitable title.⁵⁹ We will look at each observation in turn.

1. Transfers Post-Invention but Pre-Patent

In 1839, Daniel Fitzgerald came up with a way to make a fireproof safe, which he called a “Salamander safe.”⁶⁰ That same year, he agreed to transfer to Enos Wilder all rights he had, including the forthcoming patent, for \$5,000.⁶¹

‘Whereas I, Daniel Fitzgerald, of the city, county, and State of New York, have invented certain improvements in safes, which invention I call the ‘Salamander safe,’ for which I am about to make application for letters patent of United States: And whereas

55. *Id.* at 1570.

56. *Filmtec Corp.*, 939 F.2d at 1570.

57. *Id.* at 1572 (citing *Gayler v. Wilder*, 51 U.S. 477, 493 (1850)).

58. *Id.* (citing *Mitchell v. Winslow*, 17 F. Cas. 527, 531–32 (C.C.D. Me. 1843)).

59. *Id.* (citing *Mitchell v. Winslow*, 17 F. Cas. 527, 531–32 (C.C.D. Me. 1843)).

60. *Gayler*, 51 U.S. at 478.

61. *Id.* at 479–80.

E. Wilder, of New York aforesaid, has agreed to purchase from me all right and title, and interest which I have, or may have, in and to the said invention, in consequence of the grant of letters patent therefor, and has paid to me, the said Fitzgerald, the sum of five thousand dollars, the receipt whereof is hereby acknowledged:

‘Now, this indenture witnesseth, that, for and in consideration of the said sum to me paid, I have assigned and transferred to E. Wilder aforesaid the full and exclusive right to all the improvements made by me, as fully set forth and described in the specification which I have prepared and executed preparatory to obtaining letters patent therefor. And I hereby authorize and request the Commissioner of Patents to issue the said letters patent to the said E. Wilder and his legal representatives.⁶²

The patent did not issue until 1843.⁶³ There was no other assignment, and the plaintiff sued Gayler and Brown for alleged infringement of the patent.⁶⁴

Justice Taney, speaking for the Court, said, “The inventor of a new and useful improvement certainly has no exclusive right to it, until he obtains a patent. This right is created by the patent, and no suit can be maintained by the inventor against any one for using it before the patent is issued.”⁶⁵

However, the Court did recognize an inventor’s “inchoate right” to the use of his invention, which he may seek to patent.⁶⁶ The Court found that the assignment by Fitzgerald contemplated the transfer of both the inchoate right and the forthcoming patent.⁶⁷ The assignment’s language indicated that it would operate on both Fitzgerald’s perfect legal title and “imperfect and inchoate interest

62. *Id.*

63. *Id.* at 481.

64. *Id.* at 502 (Daniel, J., dissenting) (explaining the plaintiff received his “assignment from B. G. Wilder, assignee of Enos Wilder, assignee of Daniel Fitzgerald, alleged to have been the inventor of the Salamander safe”).

65. *Id.* at 493.

66. *Gayler*, 51 U.S. at 493.

67. *Id.*

which he actually possessed [T]here . . . seem[ed] to be no sound reason for defeating the intention of the parties by restraining the assignment to the latter interest, and compelling them to execute another transfer, unless the act of Congress makes it necessary.”⁶⁸

In fact, the Court seemed to think to do otherwise would be to exalt form over substance:

And when the party has acquired an inchoate right to it, and the power to make that right perfect and absolute at his pleasure, the assignment of his whole interest, whether executed before or after the patent issued, is equally within the provisions of the act of Congress.

And we are the less disposed to give it a different construction, because no purpose of justice would be answered by it, and the one we now give was the received construction of the act of 1793, in several of the circuits; and there is no material difference in this respect between the two acts. . . . Fitzgerald sets up no claim against the assignment, and to require another to complete the transfer would be mere form. We do not think the act of Congress requires it; but that, when the patent issued to him, the legal right to the monopoly and property it created was, by operation of the assignment then on record, vested in Enos Wilder.⁶⁹

This opinion raises several troubling issues. One is found in the dissent by Justice McLean. There was evidence that Fitzgerald’s safe was not the first one created, and that Fitzgerald was not the original inventor.⁷⁰ If so, then his patent would be void. If the patent were void, what becomes of the pre-patent assignment?

The majority opinion dealing with the efficiency of not requiring a second post-patent assignment, especially where Fitzgerald himself did not dispute that the assignment had been made, is certainly

68. *Id.*

69. *Id.* at 493–94.

70. *Id.* at 499.

appealing.⁷¹ But what the *Gayler* Court did not consider was the widespread use of patent transfer agreements in today's society. Can it be said that those inventors intended to transfer future patents to their employers, particularly if those patents did not result in work that was within the scope of their employment?

Fitzgerald knew of his impending patent application and of the invention he wanted to transfer.⁷² Is the same true of today's researchers?

A second issue is raised by the dissent of Justice Daniel, concerning whether the plaintiff proved that he had obtained and transferred a legal title to Enos Wilder.⁷³

A title to any specific machine which he may have constructed, and of which no person could rightfully deprive him; and a claim upon the good-will and gratitude of the community; if in truth he should have conferred upon them a benefit by the discovery and construction of his machine. . . . The mere mental process of devising an invention enters not into the nature of property according to the common law; it forms no class or division in any of its enumerations or definitions of estates or property, and is a matter quite too shadowy for the practical character of that sturdy system.⁷⁴

Justice Daniel continues his discussion, and asks whether the process of invention (the "inchoate right" spoken of by the majority) might be a chose in action.⁷⁵

But if the mere mental and invisible process of invention, apart from the specific, sensible, and individual structure, can be classed at all as property at law, it must partake of the character of a chose in action, much more so than an obligation or

71. *See generally id.* at 477–90.

72. *Gayler*, 51 U.S. at 480.

73. *Id.* at 503.

74. *Id.*

75. *Id.* at 504.

contract, the terms and conditions of which are defined and assented to by the contracting parties. To chuses in action, it can scarcely be necessary here to remark, assignability is imparted by statutory enactment only, or by commercial usage. To hold that the single circumstance of invention creates an estate or property at law, and an estate and legal title transmissible by assignment, appears to me a doctrine not merely subversive of the common law, but one which contravenes the origin and course of legislation in England in relation to patent rights, and renders useless and futile both the constitutional provision and all the careful enactments of Congress for the security and transmissibility of the same rights. . . . I hold it, then, to be true, that the circumstance of *invention* invests no such perfect estate or right of property as can be claimed and enforced at law or in equity against the *user* of the same invention, either by subsequent inventors or imitators, and that any estate or property in the mere mental process of invention must be traced to and deducible from the Constitution and the acts of Congress alone. I cannot but regard as mischievous and alarming an attempt to introduce a *quasi* and indefinite, indefinable, and invisible estate, independently of the Constitution and acts of Congress, and unknown to the rules and principles of the common law.

It is the *patent alone* which creates an estate or interest in the *invention* known to the law, and which can be enforced either at law or in equity, either by the inventor or by the person to whom, by *virtue of the statute*, he may assign his rights.⁷⁶

If the inchoate interest is not an interest that can be assigned, then what existed in 1839 that could be transferred? “Down to the act of Congress of 1837, nothing but the estate, interest, or property created or invested by the patent itself, was made assignable.”⁷⁷

76. *Id.*

77. *Id.*

The language of the law is, that ‘every patent,’ ‘the exclusive right under any patent,’ ‘the thing patented,’ may be assignable. The fact or existence of a patent is in every instance inseparable from the right given. It is this fact and this only which impresses the quality

Justice Daniel then finishes with this:

Yet still it is presumed that, until the issuing of a patent, so far is it from being true that a legal estate or title existed in such assignee, it is clear, on the contrary, that no *legal title* existed before the patent in the inventor himself, for it is the patent which constitutes his title. Of course, then, the assignee can at most hold nothing but an equity under such an assignment, which he may insist upon under this assignment against the inventor or against the government; but he has no legal title by force merely of such an assignment, and *a fortiori* he has no legal title, if the patent, notwithstanding such an assignment, is in fact issued to the inventor, but is thereby entirely excluded from all pretension to a legal title. Thus, in the case before us, the patent under which the plaintiff claims was, subsequently to the agreement between Fitzgerald and Enos Wilder, issued to Fitzgerald, the inventor, and, according to the proofs in the cause, has never been renewed to Enos Wilder, nor to any claimant under him, nor been assigned to any such claimant, but remains still in the alleged inventor, Fitzgerald. It seems to me, then, indisputable, that the legal title indispensable for the maintenance of this suit *at law* never was in the plaintiff, and that he could not maintain the action.⁷⁸

We may look at *Gayler* as simply a standing case and read it to mean that the Court will relax the issue of standing to enforce a patent when the plaintiff has held an equitable interest that subsequently could have become a legal title but for the inaction of the title holder, who thought he had done everything necessary to transfer his patent.⁷⁹

of assignability. Of course, under these provisions there could be no transfer of the legal title previously to a patent.

Id.

78. *Gayler*, 51 U.S. at 505.

79. *See generally id.*

The Federal Circuit in *FilmTec* decided that *Gayler* actually held that patents could be transferred in advance, and for that proposition *Gayler* is not as strong as the Federal Circuit wished us to believe.⁸⁰ First, such a reading is a disturbingly large departure from common law principles of property transfer. Second, the facts of *Gayler* are not as strong to suggest that in every case a pre-patent transfer works to convey legal title to an after-conceived invention.⁸¹ Third, we have other cases (and the dissents in *Gayler* itself) that would suggest that the law is otherwise.

2. *Transfers Pre-Invention*

Citing *Mitchell v. Winslow*, the Federal Circuit in *FilmTec* stated, “In such a situation [assignment prior to invention’s existence], the assignee holds at most an equitable title.”⁸² *Mitchell* was a bankruptcy case, where George and David Ropes borrowed \$15,000 from Winslow, and in exchange gave a deed to Winslow conveying all their machinery in their cutlery factory and any machinery they may acquire in the four ensuing years.⁸³

Justice Story agreed that the deed was valid as to the future property:

Upon the best consideration, which I am able to give the subject, I think it is good and valid. Courts of equity do not, like courts of law, confine themselves to the giving of effect to assignments of rights and interests, which are absolutely fixed and in esse. On the contrary, they support assignments, not only of choses in action, but of contingent interests and expectancies, and also of things, which have no present actual or potential existence, but rest in mere possibility only. In respect to the latter, it is true, that the assignment can have no positive operation to transfer, in presenti, property in things not in esse;

80. *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1572 (Fed. Cir. 1991), *vacated sub nom.* *Filmtec Corp. v. Hydranautics*, 982 F.2d 1546 (Fed. Cir. 1992).

81. *See generally id.*

82. *Id.* (citing *Mitchell v. Winslow*, 17 F. Cas. 527, 532 (C.C.D. Me. 1843)).

83. *Mitchell*, 17 F. Cas. at 529.

but it operates by way of present contract, to take effect and attach to the things assigned, when and as soon as they come in esse; and it may be enforced as such a contract in rem, in equity. Lord Hardwicke, in *Wright v. Wright*, expressly recognised this doctrine; and said, that an assignment of a contingent interest or possibility of an inheritance was equally allowable with an assignment of a possibility of a personal thing or chattel real. And he added: ‘An assignment always operates by way of agreement or contract, amounting in the consideration of this court, to this, that one agrees with another to transfer, and make good that right or interest, which is made good here by way of agreement.’ In the very case, then before him, he admitted, that the assignor had no immediate claim or demand, but a mere possibility in the property assigned, and that it was well assigned by the word ‘claim,’ which well described it, in presenti and in futuro.⁸⁴

But note the qualifications. First, this was a bankruptcy case, so the balancing analysis the court performs would be different from a patent case. Second, the court recognized that transfers of future assets must be equitable interests, and that they needed to be accompanied by a claim (and were not “automatic”).⁸⁵

Justice Story then proceeded to examine other cases, with subject matter including:⁸⁶

- Escrow (promises to convey land in the future)
- Transfers of future inheritances (including bankruptcy)
- Transfers of the freight of a future voyage
- Present and future earnings of a ship
- Assignments of the wool growing on the backs of the sheep (the future fleeces were not assignable)

84. *Id.* at 531 (citations omitted).

85. *Id.*

86. *Id.* at 531–32.

- Assignments of freights earned and to be earned on an outward and homeward voyage
- Mortgages made of a whale ship, her tackle, appurtenances, all oil, head matter, and other cargo, which might be caught and brought home in the ship on and from her then present voyage
- Tenants who contract for particular things on the property when the term of his occupation expires, which become the property of the lessor at a certain price or at a price to be determined in a certain manner (a contract to sell property not then belonging to the vendor. which a court of equity will enforce)
- Mines, where the lessee has agreed to leave engines and machinery not annexed to the freehold which shall be on the property at the expiration of the lease to be paid for at a valuation

The court concluded that “non-existing property may be the subject of valid assignment.”⁸⁷ However, that is not the same as saying that all purported transfers of non-existing property are valid. The court did recognize that a transferor may *agree* to transfer non-existing property, but that the transferee only receives an equitable interest.⁸⁸

Note that the Federal Circuit did not cite any authority for its statement that “once the invention is made and an application for patent is filed, however, legal title to the rights accruing thereunder would be in the assignee.”⁸⁹ This was not a correct statement of the law, as has been discussed above.

The purported assignment pursuant to MRI’s government contract would have occurred prior to the transfer of the patent to *FilmTec*.⁹⁰

87. *Id.* at 532.

88. *Id.* at 533.

89. *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1572 (Fed. Cir. 1991), *vacated sub nom.* *Filmtec Corp. v. Hydranautics*, 982 F.2d 1546 (Fed. Cir. 1992).

90. *Id.* at 1573.

It is not clear from the record whether that would have been an assignment pre- or post-invention.

In this case, if Cadotte granted MRI rights in inventions made during his employ, and if the subject matter of the '344 patent was invented by Cadotte during his employ with MRI, then Cadotte had nothing to give to FilmTec and his purported assignment to FilmTec is a nullity. Thus, FilmTec would lack both title to the '344 patent and standing to bring the present action.⁹¹

This is because the Federal Circuit believed that “the contract between MRI and the Government . . . expressly granted to the Government MRI’s rights in any future invention. Ordinarily, no further act would be required once an invention came into being; the transfer of title would occur by operation of law.”⁹²

The *FilmTec* court then addressed FilmTec’s claim that it was a bona fide purchaser. “It is well established that when a legal title holder of a patent transfers his or her title to a third party purchaser for value without notice of an outstanding equitable claim or title, the purchaser takes the entire ownership of the patent, free of any prior equitable encumbrance.”⁹³

Note, however, that for Cadotte to be a legal title holder capable of transferring his patent to FilmTec, there could not have been a transfer to the government, since that would have occurred by operation of law, leaving Cadotte with “nothing to give to FilmTec.”⁹⁴

This clouding of the issue involving the bona fide purchaser rule and equitable title in patents transferred before the issuance of such a patent generated a lot of confusion.⁹⁵

91. *Id.* at 1572 (citing 28 U.S.C. § 1498 (1988)).

92. *Id.* at 1573.

93. *Id.* (quoting *Hendrie v. Sayles*, 98 U.S. 546, 549 (1879)).

94. *Id.* at 1572.

95. Sean M. O’Connor, *The Aftermath of Stanford v. Roche: Which Law of Assignments Governs?*, 24 INTELL. PROP. J. 29, 37 (2011). The following explains the confusion:

The *FilmTec* court did not state whether it was basing its decision on an application of

While a “United States patent is a federal legal right, ownership of the patent is determined under the relevant state law. However, changes in patent ownership are recorded with the U.S. Patent & Trademark Office to place the public on notice of ownership interests in the patent.”⁹⁶

The concurring and dissenting Supreme Court justices in *Stanford* seemed concerned as to both the rule that federal common law governs invention assignment agreements and that rule’s distinction between assignments of future interests and obligations to assign. Their concern appears rooted in how *Stanford* lost control of Holodniy’s rights and potentially jeopardized the Government’s rights in the invention. But, when Holodniy executed the CPA, *FilmTec* had not been decided and some attorneys in California may have believed that state’s contract law provided that obligations to assign—under the “agree to assign” language—effected an immediate transfer just as present conveyances of future interests—under the “hereby assign”—did.⁹⁷

In any event, we should remember that *Filmtec* involved an appeal from a preliminary injunction granted to *Filmtec* against *Allied*.⁹⁸ That meant that on appeal, the court was looking at the facts in the light most favorable to *Allied*.⁹⁹

This was because in granting the preliminary injunction, the trial court concluded that as a matter of law even if the invention was made while *Cadotte* was employed at *MRI*, under the

state law—which normally governs contract law interpretation—or establishing a rule of federal common law. This remained murky though later decisions, until the 2008 decision in *DDB Technologies, L.L.C. v. MLB Advanced Media, L.P.* In that case, the Federal Circuit squarely held that invention assignment agreements are governed by federal common law because they are integral to the question of standing in federal patent cases.

Id.

96. *Patent Ownership Basics*, *supra* note 26.

97. O’Connor, *supra* note 95.

98. *Filmtec Corp.*, 939 F.2d at 1571.

99. *Id.*

contract the Government could have no more than equitable title to the patent, which title cannot be raised as a defense by Allied. The district court stated “that the [G]overnment’s rights in an invention discovered by an employee while under contract are equitable, and are not available as a defense by the alleged infringer against the legal titleholder.

. . . .

It is well settled in this court that a party seeking a preliminary injunction “must establish a right thereto in light of four factors: 1) a reasonable likelihood of success on the merits”

We address first the question of title to the ‘344 patent. Because of its central importance to the resolution of this case, we requested and received supplemental briefing from the parties with regard to this issue. It is important to keep in mind that the issue before us is not who should ultimately be held to have title to the patent, but whether, in view of the state of the title, it can be said that FilmTec has a reasonable likelihood of success on the merits of that issue, sufficient to warrant the grant of the preliminary injunction.¹⁰⁰

In ordering a remand, the Federal Circuit focused on two issues. First, the transfer to Filmtec must have been for bona fide consideration.¹⁰¹ That may have been a real issue if the actual transfer of the patent never happened or was dealt with in a less than formal manner.¹⁰²

Second, to qualify as a bona fide purchaser, Filmtec, which was formed by the inventor of the patent, must have been without notice of prior purchasers.¹⁰³ The court decided that Filmtec would be charged with the knowledge that the inventor had, and since the

100. *Id.* at 1570–71 (quoting *Chrysler Motors Corp. v. Auto Body Panels of Ohio*, 908 F.2d 951, 952 (Fed. Cir. 1990)).

101. *Id.* at 1574.

102. *Id.* However, the record states, “Cadotte assigned his rights in the application and any subsequently issuing patent to plaintiff-appellee FilmTec Corp. (FilmTec). This assignment was duly recorded in the United States Patent and Trademark Office.” *Id.* at 1570.

103. *Id.* at 1574.

inventor had signed the agreement transferring his rights to the Government, *Filmtec* was not in the dark.¹⁰⁴

Subject to the provisions of this title, patents shall have the attributes of personal property.

. . .

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

An interest that constitutes an assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.¹⁰⁵

So, *Filmtec* is right on the law of competing equities, since it could not claim to obtain a good title if it knew of the prior transfers. In the *Stanford* case, the competing equities claim would favor Stanford

104. *Filmtec Corp.*, 939 F.2d at 1574.

105. 35 U.S.C. § 261 (2012).

since Dr. Holodniy's prior agreement was with Stanford (this would be the case with most university researchers).¹⁰⁶ In fact, the argument could be made that Cetus was at least on inquiry notice with respect to the fact that Dr. Holodniy was visiting them from Stanford, and any reasonable player in the field would know (or be on inquiry notice to determine) that Stanford employees are required to have signed a CDA.

But *Filmtec* is also horribly wrong on the law that it is frequently cited for, which is that federal common law holds that the transfer becomes complete upon the issuance of the patent.¹⁰⁷ Prior to *Filmtec*, there was no such law. In fact, the "common law" quite clearly holds just the opposite—that purported transfers of IP not yet in existence can convey, at best, an equitable interest in the IP when (and if!) it comes into being.¹⁰⁸

The Ninth Circuit, while addressing this very issue, held:

The case of *Littlefield v. Perry* is cited in support of this doctrine. This case is very different from the one in hand. There the patentee had assigned a subsisting patent, with all future improvements thereon. Subsequently he made and patented an improvement on the same, and used it without the consent of his assignee. The assignee sued for infringement, and the court held the assignor was estopped by his deed. The case arose between the assignee and the patentee, and not two persons claiming to be the assignees of the same thing. Between the two cases there is no analogy.¹⁰⁹

D. DDB

David Barstow and his brother Daniel formed DDB to commercialize patents relating to a method for generating a computer

106. O'Connor, *supra* note 95, at 29.

107. See *Filmtec*, 939 F.2d at 1573 (citing *Hendrie v. Sayles*, 98 U.S. 546, 549 (1879)).

108. Sangeeta Puran, *Assigning Rights in Future Inventions: The U.S. Supreme Court's Decision in Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, 47 J. LICENSING EXEC. SOC'Y INT'L 206, 206 (2012).

109. *Regan Vapor-Engine Co. v. Pac. Gas-Engine Co.*, 49 F. 68, 70 (9th Cir. 1892) (citation omitted).

simulation of a live event for display on a viewer's computer.¹¹⁰ David, a computer scientist, worked for Schlumberger Technology Corporation from 1980 until 1994.¹¹¹ At the start of his employment, he entered into an employment agreement that provided that he would disclose to his employer any ideas that he might have during his employment.¹¹² The employment agreement included the following provision:

Employee agrees to and does hereby grant and assign to Company or its nominee his entire right, title and interest in and to ideas, inventions and improvements coming within the scope of Paragraph 3: a) *which relate in any way to the business or activities of [Schlumberger],* or b) *which are suggested by or result from any task or work of Employee for [Schlumberger],* or c) *which relate in any way to the business or activities of Affiliates of [Schlumberger],* together with any and all domestic and foreign patent rights in such ideas, inventions and improvements.¹¹³

During his employment with Schlumberger, David worked on software that processed data collected by sensors monitoring oil wells, and on other software development projects.¹¹⁴ He also worked on personal projects, including collaborating with his brother Daniel on software that would have collected information about a live event, such as a baseball game, and then would have relayed a simulation of that event to users' computers.¹¹⁵ That collaboration led to the applications for patents, two of which were filed and one of which was issued during David's employment with Schlumberger.¹¹⁶ Those patents were assigned to DDB.¹¹⁷

110. DDB Techs., L.L.C. v. MLB Advanced Media, L.P., 517 F.3d 1284, 1286 (Fed. Cir. 2008).

111. *Id.* at 1292.

112. *Id.* at 1287.

113. *Id.*

114. *Id.*

115. *Id.*

116. *DBB Techs.*, 517 F.3d at 1287.

117. *Id.* at 1286.

Pursuant to his agreement, David discussed this project with Schlumberger's general counsel for software matters and the director of the lab in which David worked.¹¹⁸ Both testified at trial that they knew David was working on a "baseball simulator" project, that they had discussed the project with David and also between themselves, and that they did not believe at the time that the project belonged to Schlumberger.¹¹⁹

In 2004, DDB filed a patent infringement action against Major League Baseball Advanced Media, L.P. (MLBAM),¹²⁰ a partnership formed by the club owners of Major League Baseball that is "the internet and interactive branch of the league."¹²¹ The suit alleged that MLBAM had infringed DDB's patents.¹²² In response, MLBAM approached Schlumberger to acquire any interest that Schlumberger had in the patents in suit, and in 2006, obtained all of Schlumberger's interest in the patents plus a retroactive license covering prior years.¹²³

MLBAM moved to dismiss the action for lack of subject matter jurisdiction, and the district court granted the motion, finding that the patents in suit fell within the scope of David's employment agreement.¹²⁴ The district court relied particularly on the similarity of the DDB patents to two prior patents issued to Schlumberger that named David as the inventor, and on a 1992 letter from David to his brother Daniel, which the district court interpreted as an admission.¹²⁵

The lower court held that the employment agreement provided for an "automatic assignment" of Barstow's rights and rejected DDB's statute of limitations, waiver, estoppel, and laches defenses.¹²⁶ In doing so, the Federal Circuit "relied" on three cases, *Speedplay, Inc.*

118. *Id.* at 1287.

119. *Id.*

120. *Id.* at 1288.

121. Anteneh Belayneh, *Top 10 Richest Sports Brands in the World*, The RICHEST (Apr. 7, 2014), <http://www.therichest.com/sports/top-10-richest-sports-brands-in-the-world/?view=all>.

122. *DBB Techs.*, 517 F.3d at 1288.

123. *Id.*

124. *Id.*

125. *Id.*

126. *Id.* at 1288–89.

*v. Bebop, Inc., Arachnid, Inc. v. Merit Indus., Inc., and Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*¹²⁷

1. *Speedplay*

Speedplay also relies upon *Filmtec*, arguing that the contract language created an “automatic assignment.”¹²⁸ However, it does so without any elaboration, making the Federal Circuit’s coup in the area of assignment law all the stronger, if one judges solely by number of citations.¹²⁹

2. *Arachnid*

Arachnid, decided by the Federal Circuit the same year as *Filmtec*,¹³⁰ comes to a contrary opinion. In fact, the *Arachnid* court recognized and cited to a correct statement about assignments of future patents:

Although an agreement to assign in the future inventions not yet developed may vest the promisee with *equitable* rights in those inventions once made, such an agreement does not by itself vest *legal* title to patents on the inventions in the promisee: “The *legal* title to an invention can pass to another only by a conveyance which operates upon the thing invented after it has become capable of being made the subject of an application for a patent.”¹³¹

One is left questioning why the Federal Circuit could take such differing positions in *Arachnid* and *Filmtec*.¹³² The results of this are

127. *Id.* at 1290 (citing *Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, 284 F.3d 1323, 1328 (Fed. Cir. 2002); *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 2553 (Fed. Cir. 2000); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1580–81 (Fed. Cir. 1991)).

128. *DBB Techs.*, 517 F.3d at 1290.

129. *Speedplay, Inc.*, 211 F.3d at 1253.

130. *Arachnid*, 939 F.2d at 1581; *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1568 (Fed. Cir. 1991), *vacated sub nom.* *Filmtec v. Hydranautics*, 982 F.2d 1546 (Fed. Cir. 1992).

131. *Arachnid*, 939 F.2d at 1581 (citing GEORGE CURTIS, A TREATISE ON THE LAW OF PATENTS § 170 (4th ed. 1873)) (emphasis added).

132. *Id.* at 1581; *Filmtec Corp.*, 939 F.2d at 1568.

widespread. Not only do we now have to contend with “federal common law” in the patent area, but we also have to reconcile when it supplants state law concerning the ownership and transfer of property interests, both presently existing and *in futuro*.

In fact, the *Arachnid* court cited to *Six Wheel Corporation v. Sterling Motor Truck*, which, in discussing what rights an inventor possesses, stated, “Obviously he cannot assign more than he has; and the crucial question here, to be discussed later, is how much less he can grant and still term the transfer an assignment.”¹³³

The whole idea of being able to transfer, pre-invention, rights to a patent must rest upon the notion that the inventor possesses those rights currently. This raises a multitude of property metaphysical questions:

- Who possesses the rights to inventions not yet invented?
- If I claim to be working on an invention, do I possess those future rights? What if I claim not to be working on the invention?
- If competing researchers are all racing towards an invention (electricity!¹³⁴ Light bulbs!¹³⁵ Flight!¹³⁶), do they all possess rights that they can transfer to an employer?
- Must that transfer of rights be accompanied by consideration? What of the slower inventors who do

133. *Six Wheel Corp. v. Sterling Motor Truck Co.*, 50 F.2d 568, 570 (9th Cir. 1931).

134. *War of the Currents*, PBS, http://www.pbs.org/tesla/II/II_warcur.html (last visited Jan. 19, 2015) (Edison advocated for direct current—or “DC”—technology, and Edison’s company vigorously defended its patents. However, George Westinghouse advocated for alternating current—or “AC”—technology, sought his own patented, competing system, and established Westinghouse Electric Company. Westinghouse also accumulated patents for alternating AC technologies from European inventors and licensed patents from Nikola Tesla.)

135. Lea Shaver, *Illuminating Innovation: From Patent Racing to Patent War*, 69 WASH. & LEE L. REV. 1891, 1915 (2012); Susan Funaro, *Inventors Who Lost the Race to the Patent Office*, LEGAL ZOOM (Dec. 2009), <http://www.legalzoom.com/intellectual-property-rights/patents/inventors-who-lost-race>.

136. Daniel Terdiman, *How the Wright Brothers Won the Race to Invent the Airplane*, CNET (Jul. 9, 2013, 7:57 AM), <http://www.cnet.com/pictures/how-the-wright-brothers-won-the-race-to-invent-the-airplane-pictures/>.

not get to the patent first? Must they give the consideration back?¹³⁷

3. *Rhone-Poulenc Agro (RPA)*

RPA addresses whether a sublicensee (Monsanto) can claim it was a bona fide purchaser when the original license was obtained by fraud.¹³⁸ From 1991 through 1994, RPA and DeKalb collaborated on a biotechnology project, and DeKalb obtained a license to one of RPA's patents, which it then sublicensed to Monsanto.¹³⁹ In 1997, RPA brought suit against DeKalb and Monsanto, alleging that DeKalb had acquired the license by fraud.¹⁴⁰ A jury agreed with RPA.¹⁴¹ At that point, Monsanto argued that it was not infringing because it was a bona fide purchaser.¹⁴²

On appeal, the Federal Circuit held: "In sum, the bona fide purchaser defense does not apply to non-exclusive licensees."¹⁴³ Monsanto did not obtain legal title, and therefore could not use the bona fide purchaser claim.¹⁴⁴

That means that two of the cases cited by the *DDB* court specifically deal with legal and equitable title differences and held that legal title did not spring into being, either from a pre-patent contract or from a bona fide purchaser claim.¹⁴⁵

137. *Patch v. Solar Corp.*, 149 F.2d 558, 560 (7th Cir. 1945) (quoting *Texas Co. v. Hogarth Shipping Co.*, 256 U.S. 619, 629–30 (1921)) ("It long has been settled in the English courts and in those of this country, federal and state, that where parties enter into a contract on the assumption that some particular thing essential to its performance will continue to exist and be available for the purpose and neither agrees to be responsible for its continued existence and availability, the contract must be regarded as subject to an implied condition that, if before the time for performance and without the default of either party the particular thing ceases to exist or be available for the purpose, the contract shall be dissolved and the parties excused from performing it.").

138. *Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, 284 F.3d 1323, 1325 (Fed. Cir. 2002).

139. *Id.*

140. *Id.* at 1326.

141. *Id.*

142. *Id.*

143. *Id.* at 1334.

144. *Rhone-Poulenc Agro*, 284 F.3d at 1334.

145. *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008) (citing *Rhone-Poulenc Agro*, 284 F.3d at 1328; *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574 (Fed. Cir. 1991)).

That makes the *DDB* case all the more suspect. MLBAM obtained its title of the patents only by approaching David's employer after license negotiations stalled and after David's employer had let any possible claim lie dormant for years.¹⁴⁶ In fact, David's employer had taken steps to let David know that they did not consider his outside work to belong to them.¹⁴⁷ How then could the court rationalize that the contract could create rights via an "automatic assignment"?¹⁴⁸

4. *The DDB Dissent*

Judge Newman filed a dissent, in which she took issue with "the various erroneous pronouncements of law, fact, and procedure with which this opinion is encumbered."¹⁴⁹

The panel majority acknowledges "state contract law", [sic] but announces that federal law preempts state law for employment contracts that include rights to patents, reasoning that "[a]lthough state law governs the interpretation of contracts generally, the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases" and therefore is "a matter of federal law". [sic] That is grievous overreaching, as well as contrary to law and precedent.¹⁵⁰

She continues:

State statutory and common law have long been recognized as governing the ownership of patent property. There is no conflict between the creation of the patent as a creature of federal law, and ownership of patent property governed by state law. Federal preemption of state property law is not casually invoked. Absent

146. *Id.* at 1288.

147. *Id.* at 1287.

148. *Id.* at 1288.

149. *Id.* at 1299 (Newman, J., dissenting).

150. *Id.* at 1296.

a specific act of Congress, there must be a conflict between federal and state law before the state is deprived of its authority. No statutory preemption or federal/state conflict is here postulated. There is no authority for preempting state law, no authority for eliminating state law principles of property ownership, no authority for divesting state authority to determine rights and obligations set by employment contract, no authority for rejecting the extensive state precedent of law and procedure governing these issues.

State law governing employment contract interpretation is not excised when patents are involved. Employment contracts are generally governed by the law of the state of employment, in turn founded on the common law and state policy considerations embodied in statute. The complex balance between an employer's rights to control its proprietary information and safeguard its commercial interests, and an employee's rights to use his experience for purposes outside of the employer's interests, has traditionally been subject of state law, and when dispute arises, has been subject to trial to a jury. The experience, and precedent, of state courts is extensive on these questions.¹⁵¹

Commentators have noted that the majority decision in *DDB* causes problems and represents a major shift in the law.¹⁵²

151. *DDB Techs.*, 517 F.3d at 1296–97 (citations omitted).

152. See Shannon H. Hedvat, Note, *A New Age of Pro-Employer Rights: Are Automatic Assignments the Standard?*, 13 U. PA. J. BUS. L. 817, 817–18 (2011); Ian N. Feinberg, Eric B. Evans & Andrew M. Holmes, *Consequences of the Federal Circuit's New Reliance on Federal Common Law to Interpret Patent Assignment Agreements*, 3 LANDSLIDE 24, 25 (2011). Strangely enough, the district court in *Stanford* found that there should be a difference between federally funded patents and private assignments. *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, C05-04158 MHP, 2008 WL 706251, at *2 (N.D. Cal. Mar. 5, 2008) (“Second, *Cadence* is inapplicable here as it had no relation to government funding or the Bayh-Dole Act and considered purely private assignment agreements. Third, although Judge Newman’s dissent may have some limited precedential value as Roche claims, the majority decision denying mandamus certainly has greater precedential value. Finally, *DDB* is inapplicable here as it had no relation to government funding or the Bayh-Dole Act and considered purely private assignment agreements.”). For federally funded inventions, the inventor owns the patent until it is assigned, but for all others it can be anticipatorily assigned? This makes no sense at all.

The bigger question is why some universities—including Stanford—continued using the “agree to assign” language even after *FilmTec* and, for California universities, *Shaw*. Holding aside the case where the universities might simply have remained ignorant about the state of the law, there are a few reasons why these universities may have chosen to take the risks of continuing to use the obligation to assign language. One is that the university will not know at the time of a researcher’s hire whether all, or even which, of her future inventions should be university property. Second, the university may (incorrectly) believe that it cannot take title to things that do not yet exist. Third, the university may be confusing the federal tax exempt rules prohibiting the assignment of expectant interests by the entity to others with the permissible assignment of expectant interests from an employee or contractor to the entity.¹⁵³

Following it would cause havoc with *Lucas v. Earl* (anticipatory assignments), so that for tax purposes, even if you assign a future invention, you must recognize the income when the invention is “transferred” for tax purposes.¹⁵⁴

E. Losing FilmTec and DDB

Other commentators have disagreed with the Federal Circuit’s decisions.

It would seem, therefore, that the Federal Circuit’s notion that an expectancy contract interest could transform into a legal title by operation of law, without any further act on the part of the assignor, is a fiction that flies in the face of legal and practical realities. The only way legal title in a patent can be transferred from an inventor to another party is through a written document

153. O’Connor, *supra* note 95, at 39. “Even among some IP professors there is a belief that this is prohibited under the commercial law doctrine on *nemo dat quod non habet*. This is clearly rejected by the Federal Circuit in its decisions beginning at least with *FilmTec*.” *Id.* at 39 n.54.

154. *Lucas v. Earl*, 281 U.S. 111, 114–15 (1930).

executed after a patent has issued, or after, or concurrently with, the filing of a patent application. Furthermore, it does not matter whether the employee-inventor has signed an employment agreement in which he or she has agreed to presently assign patent rights in future inventions. Legal title cannot pass to the employer until an assignment document is executed after a patent has issued or a patent application has been filed, and legal title can only be protected by recording the assignment document with the USPTO.¹⁵⁵

Moreover, consider the following:

Since *Stanford v. Roche*, the Federal Circuit has applied the same rule—that “[t]he question of whether or not an agreement provides for automatic assignment is a matter of federal law”—in *SiRF Technology, Inc. v. International Trade Commission* and *Imation Corp. v. Koninklijke Philips Electronics N.V.*

But the Federal Circuit has not been consistent in applying this rule. Indeed, in September 2010 a Federal Circuit panel, without citing a single case, unanimously applied *state* law to interpret a patent assignment agreement for purposes of standing: “[a]n assignment of a patent is interpreted in accordance with statutory and common law of contract.” . . . Thus, there are now two contemporaneous and apparently irreconcilable Federal Circuit lines of cases on whether state law or federal common law governs interpretation of assignment agreements for purposes of determining standing.¹⁵⁶

What these commentators have found is that by attempting to change long-standing principles of property law, the Federal Circuit has really just created a mess. “And despite the fact that *DDB* was

155. Ted Hagelin, *The Unintended Consequences of Stanford v. Roche*, 39 AIPLA Q.J. 335, 349–50 (2011). “The Patent Act therefore contemplates that a transfer of legal title to patents or patent applications can only be accomplished after the patent has issued or after the patent application has been filed, respectively.” *Id.* at 347; see also Feinberg, *supra* note 152.

156. Feinberg, *supra* note 152, at 25.

ignored by *Tri-Star*, the Federal Circuit's effort to create a uniform rule for determining when an assignment agreement transfers legal title and confers standing is unnecessary and creates other, perhaps irreconcilable, conflicts with state law."¹⁵⁷

We could attempt to reconcile the mess by trying to answer the question posed earlier: Doesn't awarding the original ownership of a patent to the employee-inventor present a hardship on the employer? The obvious answer is Yes. However, does that mean that the employer's hardship condones such an obvious departure from well-settled and reasoned principles of property law? And even if we believe that the reason the Supreme Court would implicitly adopt this shift in the *Roche* case is because either the parties failed to adequately brief the issue or that no one was concerned with the resulting legal mess, we still end up with a legal mess.

III. NON-EXISTENT OR AFTER ACQUIRED PROPERTY

Perhaps the most important and familiar argument for *stare decisis* is one of public legitimacy. The respect given the Court by the public and by the other branches of government rests in large part on the knowledge that the Court is not composed of unelected judges free to write their policy views into law.¹⁵⁸

The *Roche* case was not dealing with new legal principles,¹⁵⁹ even though we like to think that new technology and IP must involve new ideas. In fact, the concept of dealing with contracts for property not yet in existence is old.¹⁶⁰ We frequently start with the concept cited above that one may not transfer that which one does not own,¹⁶¹ and from there examine what happens when contracts are nonetheless made for land, money, goods or services to be acquired, made or provided in the future.

157. *Id.* at 26.

158. Lewis F. Powell, Jr., *Stare Decisis and Judicial Restraint*, 47 WASH. & LEE L. REV. 281, 286–87 (1990).

159. *See Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188 (2011).

160. *See, e.g., Mitchell v. Winslow*, 17 F. Cas. 527 (C.C.D. Me. 1843).

161. *See, e.g., Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, 284 F.3d 1323 (Fed. Cir. 2002).

A. Transfers of Land Not Yet Owned

The after-acquired property doctrine is generally raised when a person purports to convey a property right that the person does not possess.¹⁶² After obtaining the right to property, the grantor attempts to avoid the obligation under the conveyance on the grounds that the grantor did not have title in the first place.¹⁶³ An illustration of this would be a son receiving 100 acres of land in a will from his father. Before obtaining title to the land, the son conveys his interest to a friend for consideration. Regretting this conveyance once in possession of the land, the son attempts to void the contract on the ground that he did not have possession at the time the contract was formed. This doctrine is, in effect, an estoppel doctrine, which binds a grantor to his conveyance of land that he did not own, once it comes into his possession.¹⁶⁴ The intent of the doctrine is to protect innocent grantees from a grantor who conveys land he doesn't have, but acquires later, by automatically transferring that property to the grantee.¹⁶⁵ Therefore, this doctrine would force the son to fulfill his obligation to the friend under the terms of the conveyance once in possession of the property.

According to the New York Appellate Division:

An assignment of something which has no present, actual or even potential existence when the assignment is made does not operate to transfer the legal title to that thing when it does come into existence. Such an instrument, if made in good faith for a valuable consideration and not void as against public policy, operates as an executory contract to transfer such after acquired property, and creates an equitable lien thereon. But the legal title remains in the assignor. And at law that title is not transferred until either the equitable lien is enforced by judicial decree or some new act intervenes by which the assignor puts the assignee

162. 23 AM. JUR. 2D *Deeds* § 278 (2014) (listing recent cases supporting these assertions).

163. *Id.*

164. *Id.*

165. *See id.*

in possession thereof.¹⁶⁶

B. *Transfers of Money Not Yet Owned*

Williams v. Ingersoll is one of the first cases in the United States that mentions the ability to transfer personal property that the person does not yet own.¹⁶⁷ The case concerns attorneys who wanted to be paid for their services out of any money that their client might obtain from any lawsuits or proceedings.¹⁶⁸ The New York Court of Appeals noted that courts will support assignment of things that have “no present, actual or potential existence, but rest in mere possibility; not, indeed, as a present, positive transfer, operative *in presenti*, for that can only be of a thing *in esse*, but as a present contract, to take effect and attach as soon as the thing comes *in esse*.”¹⁶⁹

Therefore, the court held that, “even the assignment of freight to be earned in the future is good in equity, and will be enforced against the party from whom it becomes due.”¹⁷⁰ The court decided, like any other assignment or contract, that specific performance is required when an assignor is able to transfer the thing assigned.¹⁷¹

C. *Transfers of Goods Not Yet Owned*

Goods that are both existing and identified are “goods”; however, if they are not both existing and identified, they are considered “future goods.”¹⁷² Future goods can include goods that physically exist but are not owned by the seller and unproduced goods.¹⁷³ Article 2 of the U.C.C. explains the sale of future goods or any interest in them operates merely as a contract to sell.¹⁷⁴ Therefore, no

166. *Blumenthal v. Comm’r*, 15 B.T.A. 1394, 1396 (1929), *aff’d*, 60 F.2d 715 (2d Cir. 1932) (citations omitted) (quoting *In re Black*, 123 N.Y.S. 371, 373 (1910)).

167. *Williams v. Ingersoll*, 89 N.Y. 508, 508 (1882).

168. *Id.*

169. *Id.* at 518 (quoting JOSEPH STORY, EQUITY JURISPRUDENCE § 1040 (9th ed. 1866)).

170. *Id.* at 518.

171. *Id.* at 519.

172. Dale Joseph Gilsinger, Annotation, *What Constitutes “Future Goods” Within Scope of U.C.C. Article 2*, 48 A.L.R. 6TH 475, 475, 491 (2009).

173. *Id.* at 486.

174. *Id.* at 487.

sale can be made of future goods; it must be a contract to sell goods at a future date.¹⁷⁵ Since a seller does not have title to future goods, there can be no transfer of title at the time of contract, and thus no sale.¹⁷⁶

For example, in *In re Carman*, 399 B.R. 599, 48 A.L.R.6th 687 (Bankr. D. Md. 2009) (applying Maryland law), where a buyer contracted to purchase a custom-built boat, and where the builder failed to timely complete the boat, resold the hull to another buyer, and then filed for bankruptcy while the hull was still incapable of either self-propulsion or flotation, it was held that when the bankruptcy was filed the hull remained a “future” good with respect to the first buyer’s contract under Maryland’s version of § 2-105(1), Md. Code Ann., Com. Law § 2-105(2), because it was neither identified to the contract nor an existing boat.¹⁷⁷

In *T.B. Harms & Francis, Day & Hunter v. Stern*, the Second Circuit considered the legal effect of a contract that “‘sold, assigned, and transferred’ the right ‘to print, publish, and sell’ all compositions which [the composer] ‘might write’ during a period of five years from the date of agreement.”¹⁷⁸ The court held the sale agreement for plaintiff’s future compositions did not vest legal title in the defendants because these compositions were future goods and did not exist at the time of the agreement.¹⁷⁹ Finding there was no valid sale, the decision affirmed common law doctrine, which states, “at law one cannot transfer by a present sale what he does not then own, although he expects to acquire it.”¹⁸⁰ Therefore, while the agreement was not a legal contract of sale, it operated as an executory agreement to sell.¹⁸¹

175. *Id.* at 486.

176. *Id.*

177. *Id.* at 475.

178. *T.B. Harms & Francis, Day & Hunter v. Stern*, 229 F. 42, 49 (2d Cir. 1915), *rev’d on other grounds*, 231 F. 645 (2d Cir. 1916).

179. *Id.*

180. *Id.* (“The common-law doctrine is expressed in the maxim ‘Licet dispositio de interesse futuro sit inutilis tamen potest fieri declaratio praecedens quae sortiatur effectum interveniente novo actu.’ The

D. Transfers of Intellectual Property Not Yet Owned

There is an “idea that intellectual property is simply a species of real property rather than a unique form of legal protection.”¹⁸² “Congress, the courts, and commentators increasingly treat intellectual property . . . as a good in and of itself.”¹⁸³ However, there has not been a consistent application of the rules of real or personal property, and many courts seem to apply the legal principles haphazardly.

In *Regan Vapor-Engine Co. v. Pacific Gas-Engine Co.*, the parties entered into an agreement to “‘license, and grant and convey, each to the other, . . . all such inventions and improvements, whether patented or not, which may be hereafter made by either of us,’ in gas-engines and the mechanism by which they are operated.”¹⁸⁴

The “agreement was never recorded in the patent-office,” and the court felt that it could not be.¹⁸⁵ The court reasoned although the agreement contained language such as “grant and convey,” it was not sufficient to grant an assignment of a patent.¹⁸⁶ In doing so, “[the agreement] may be good as an agreement to sell and assign a future invention, but it cannot operate as a sale or assignment of such an invention, even when made.”¹⁸⁷

The court, continuing its analysis, looked to several treatises:

Chancellor Kent says, (2 Comm. 468:)

“The thing sold must have an actual or potential existence, and be specific or identified, and capable of delivery; otherwise

common law prevents the sale of things which the vendor has not in his possession by falling back upon the common-sense notion that if one has not a thing to sell he cannot sell it.”)

181. *Id.*

182. Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX L. REV. 1031, 1031 (2005).

183. *Id.*

184. *Regan Vapor-Engine Co. v. Pac. Gas-Engine Co.*, 49 F. 68, 68 (9th Cir. 1892).

185. *Id.* at 69.

186. *Id.*

187. *Id.* The Ninth Circuit elaborated: “No one can sell that which he hath not.” *Id.* (citation omitted). It also referenced the analogy: “A man cannot grant all the wool that shall grow upon his sheep that he shall buy afterwards, for there he hath it not actually or potentially.” *Id.* (citation omitted).

it is not strictly a contract of sale, but a special or executory agreement. But, if the article intended to be sold has no existence, there can be no contract of sale.”

Benjamin, in his work on Sales, (section 78,) says:

“In relation to things not yet in existence, or not yet belonging to the vendor, the law considers them as divided into two classes, one of which may be sold, while the other can only be the subject of an agreement to sell,—of an executory contract. Things not yet existing, which may be sold, are those which may be said to have a potential existence; that is, things which are the natural product or expected increase of something already belonging to the vendor. A man may sell the crop of hay to be grown on his field, the wool to be clipped from his sheep at a future time, the milk that cows will yield in the coming month, and the sale is valid. But he can only make a valid agreement to sell, not an actual sale, where the subject of the contract is something to be afterwards acquired, as the wool of any sheep, or the milk of any cows, that he may buy within the year, or any goods to which he may obtain title within the next six months.”

A man may make a valid agreement to sell an invention not yet made by him, but he cannot make a valid sale thereof.

Curtis on Patents (section 160) says:

“The statutes, however, which authorize the assignment of an invention before the patent has been obtained, appear to embrace only the cases of perfected or completed inventions. There can, properly speaking, be no assignment of an inchoate or incomplete invention, although a contract to convey a future invention may be valid, and may be enforced by a bill for specific performance. But the legal title of an invention can pass to another only by a conveyance which operates upon the thing invented after it has become capable of being made the subject

of an application for a patent.”

Mr. Robinson, in his work on Patents, (volume 2, § 771,) says:

“A contract for the transfer of inventions not yet in being is valid as a contract, but is not an assignment. The subject-matter of an assignment is an existing invention, not only conceived as an idea of means, but actually reduced to practice, and thus invested with the inchoate or perfected right to that monopoly which must always pass with the invention in this form of conveyance. An intended or incomplete invention rests merely in purpose and expectation. It does not clothe the proposed inventor with any special privileges, or entitle him to any special rights in the monopoly which, if his purposes were accomplished, he might be able to secure. The transfer of such future inventions is a mere executory contract, to assign them if they happen to be made.”¹⁸⁸

To the general rule that a party cannot make a valid sale of a future invention, the court recognized that there is one exception “where a patentee assigns a patent already issued, together with all future improvements thereon. It has been held that such assignments pass the title to the future improvements.”¹⁸⁹ However, the court found the exception was inapplicable because “there is no assignment of a patent, with any improvements thereon.”¹⁹⁰ The parties’ agreement was, “at most, an attempted assignment of any independent inventions to be thereafter made, by either of the contracting parties, in gas-engines.”¹⁹¹

“Attempted” assignments are certainly not the same thing as “automatic” assignments.

188. *Id.* at 69–70.

189. *Id.* at 70.

190. *Regan*, 49 F. at 70.

191. *Id.*

E. Assignments of Contract Rights

Rights arising out of contract may also be assigned, but is the assignment valid *before* the right comes into being? And when does a contract right come into being?

“Historically, all assignments of choses in action were unenforceable on the theory of conflict with rules against champerty and maintenance or because the materialism of courts precluded recognition of a conceptual transfer of rights.”¹⁹²

However, courts of equity began to recognize assignments of choses in action.¹⁹³ Subsequently, assignments became so significant that they were even recognized by courts of law, “although they initially required the assignee to sue in the name of his assignor.”¹⁹⁴ As partial assignees were prohibited from joining an action at law, their only remedies remained in courts of equity.¹⁹⁵ “In most jurisdictions, however, procedural rules are presently no obstacle to the creation of assignments enforceable at law. And the distinction between legal and equitable assignments which persists has an implication other than that originally comprehended by the terms.”¹⁹⁶

Is there a good basis for distinguishing between present and future rights? With real estate conveyances, we retain some measure of protection against future transfers of possession by the same rationale as that in favor of a Rule Against Perpetuities—that transfers of future rights may well tie up property for many, many years into the future and stymie the free movement of capital.¹⁹⁷

192. Comment, *Contract Rights as Commercial Security: Present and Future Intangibles*, 67 YALE L.J. 847, 851–52 (1958) [hereinafter *Contract Rights*].

193. *Id.* at 852.

194. *Id.*

195. *Id.* “Where this limitation on joinder continues in effect, the partial assignee’s enforcement possibilities are still so restricted; the assignment of a partial fixed sum or a fixed percentage of contractual rights is denied the status of a legal assignment.” *Id.*

196. *Id.* at 852–53.

197. *Id.* at 853–55.

The potential assignor has a present interest in payments due upon his future performance. Such a right, however, must be clearly distinguished from an expectancy—property to which a party has no enforceable claim but of which he anticipates possession at some future date. Only in a limited number of jurisdictions may an expectancy support a legal assignment. While the basis for distinguishing between present and anticipated rights is uncertain, the corollary requirement that an assigned right be identifiable has in

This argument is a valid one, particularly with respect to intangible property. Future conveyances muddy existing recording systems, and add cost to the transaction since every buyer must now guard against the possibility that the property in question may have been transferred years before it came into being.¹⁹⁸

This notion troubled some of the commentators of Article 2 of the UCC.¹⁹⁹ Property must exist before it can be transferred, does it not? Or are all transfers just a species of contract rights? In fact, “an agreement which purports to transfer goods not yet owned by the seller is a mere contract relationship, and can not operate as a present conveyance of a property interest.”²⁰⁰

A related issue is raised by the *Stanford* case.²⁰¹ “In 1991, Roche Molecular Systems, a company that specializes in diagnostic blood screening, acquired Cetus’s PCR-related assets, including all rights Cetus had obtained through agreements like the VCA signed by Holodniy.”²⁰² This actually occurred when “Roche purchased Cetus’s ‘PCR business,’ including its agreements with Stanford and its researchers, through an ‘Asset Purchase Agreement.’”²⁰³

part furnished a rationalization. The courts at common law, unsympathetic to conveyance of intangibles, determined that interests which an assignor did not possess at assignment were not susceptible to the requisite specific identification. Nonetheless, the present-future dichotomy is continued even where the requirement of identification could be fulfilled, largely in an attempt to restrict a lender’s ability to secure well into the future all available resources of the borrower.

Id.

198. *See Contract Rights, supra* note 192.

199. Jeanne L. Schroeder, *Death and Transfiguration: The Myth that the U.C.C. Killed “Property”*, 69 TEMP. L. REV. 1281, 1312–14 (1996).

200. *Id.* at 1313. “Goods must be both existing and identified before any interest in them can pass. Goods which are not both existing and identified are ‘future’ goods. A purported present sale of future goods or of any interest therein, operates as a contract to sell.” *Id.* (citing U.C.C. § 2-105(2)).

This idea of property as legal relations with respect to an external object or *res* is also included in the requirements of Article 9 and the Bankruptcy Code that a security interest cannot attach until the debtor obtains “rights in the collateral or property.” It is meaningless to speak of the property right known as a security interest without an object called collateral because the rights conveyed by the debtor to the secured party include precisely the rights to take possession, and realize value by either alienating or enjoying identifiable collateral.

Id. at 1313–14.

201. *See generally* Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., 131 S. Ct 2188 (2011).

202. *Id.* at 2192.

203. Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., 583 F.3d 832,

What assets did Cetus possess at the time? There were no patents.²⁰⁴ “In May 1992, Stanford filed the patent application to which the patents-in-suit claim priority.”²⁰⁵ On the institution of the lawsuit, Stanford was named the assignee on the three patents issued from 1999–2006.²⁰⁶

This means that Roche “bought” a future contract right to a patent that did not exist from someone who was not the inventor.

IV. PATENT LAW ON FUTURE INVENTIONS

*Roads? Where we're going, we don't need roads.
Dr. Emmett Brown, Back to the Future*

Justice Breyer’s dissent in the *Stanford* case cites the law regarding a transfer of an unknown, future invention. “[P]atent law appears to have long specified that a present assignment of future inventions (as in both contracts here) conveyed equitable, but not legal, title.”²⁰⁷

We could contrast these facts with those in *Gayler*,²⁰⁸ where the invention existed but the patent did not (yet). Obviously, employers of inventors that wish to take title to future inventions favor broad, easy to implement rules with regard to future inventions. But does that serve to make a workable legal system?

837–38 (Fed. Cir. 2009) *aff'd*, 131 S. Ct. 2188 (2011).

204. *See id.*

205. *Id.* at 838.

206. *Id.* “The ‘730 patent issued on October 19, 1999; the ‘705 patent on January 7, 2003; and the ‘041 patent on October 31, 2006, after this lawsuit began. Stanford is the named assignee of all three patents.” *Id.*

207. *Bd. Of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2203 (Breyer, J., dissenting). “A contract to convey a future invention . . . cannot alone authorize a patent to be taken by the party in whose favor such a contract was intended to operate.” *Id.* (quoting G. Curtis, A TREATISE ON THE LAW OF PATENTS FOR USEFUL INVENTIONS 155 (3d ed. 1867)). “The rule generally applicable grants equitable enforcement to an assignment of an expectancy but demands a further act, either reduction to possession or further assignment of the right when it comes into existence.” *Id.* (quoting Comment, *Contract Rights as Commercial Security: Present and Future Intangibles*, 67 *YALE L. J.* 847, 854, n.27 (1958)).

208. *Gayler v. Wilder*, 51 U.S. 477, 480 (1850).

A. *Self Help*

The Federal Circuit's decision to create federal common law that provides for the "automatic" transfer of patents that do not yet exist is another form of self-help legislation.²⁰⁹ Unlike other areas that make use of self-help remedies, however, there was not a need for another remedy. Although employers complained that the system requires them to expend greater effort to police their investment, the first in time rule actually works in this case. We would expect that a lab such as Cetus would know that a researcher might already have a contract obligating him or her to transfer any patents to their employer (in fact, we would be shocked otherwise).

That means that the lab would be on inquiry notice, and could then be in a position to negotiate a license or an option right to the patent(s) developed as a result of the research relationship. In many cases, this is a good thing, since many universities are more interested in the research potential and are less able to exploit any commercial applications of the patents that they apply for.

The *Stanford* decision, however, fundamentally altered contract and patent law.²¹⁰ "[O]nce the invention is made and [the] application for [a] patent is filed, . . . legal title to the rights accruing thereunder would be in the assignee [*i.e.*, Cetus] . . . , and the assignor-inventor would have nothing remaining to assign."²¹¹

Which brings us back to where we started (but much wiser!).

209. See Julie E. Cohen, *Copyright and the Jurisprudence of Self-Help*, 13 BERKELEY TECH. L.J. 1089 (1998); Douglas Lichtman, *How the Law Responds to Self-Help*, 1 J.L. ECON. & POL'Y 215 (2005); Edward L. Rubin, *The Code, the Consumer, and the Institutional Structure of the Common Law*, 75 WASH. U. L.Q. 11, 37 (1997); Henry E. Smith, *Self-Help and the Nature of Property*, 1 J.L. ECON. & POL'Y 69 (2005).

210. See *Leland Stanford*, 131 S. Ct. at 2203.

211. *Id.* at 2202 (quoting *Flimtec Corp.*, 939 F.2d at 1572).

The Federal Circuit held that the earlier *Stanford* agreement's use of the words "agree to assign," when compared with the later *Cetus* agreement's use of the words "do hereby assign," made all the difference. It concluded that, once the invention came into existence, the latter words meant that the *Cetus* agreement trumped the earlier, *Stanford* agreement. That, in the Circuit's view, is because the latter words operated upon the invention automatically, while the former did not.

Id. (citations omitted).

Requiring existing university employees to assign inventions to the university presents problems. Assignment by an existing employee must be supported by additional consideration beyond that provided in support of the employee's original employment contract. Before *Stanford v. Roche*, university employers could effectively claim faculty's patent rights by including patent assignment language in the university's administrative policies. The Federal Circuit held that by accepting appointment subject to those administrative guidelines, university faculty obligated themselves to abide by those guidelines, including assigning inventions to the university. It is unclear, however, whether this method remains viable in the wake of *Stanford v. Roche*.²¹²

And if additional consideration is or is not required, then there are implications for faculty compensation and taxation. The decision simply created more traps for the unwary, not a simpler self-help system.

B. *Application to Foreign Legal Systems*

Patent law in the U.S. is not practiced in a vacuum. Most, if not all, inventions rely on, and impact the global marketplace. So if the Federal Circuit's rationale and the *Stanford* case really mark a shift in U.S. patent policy, how will that policy affect the rights of inventors and employers worldwide?

The English position allows assignment of a future invention's legal title earlier than *Filmtec* would permit.²¹³ The assignee's legal remedies in enforcing his interest under the English position is unclear.²¹⁴ "[H]ow could an assignee enforce a proprietary right to something, unless and until, the invention comes into existence?"²¹⁵ Furthermore, under the English position the effect different language

212. Tresemer, *supra* note 5, at 371 (2012).

213. Puran, *supra* note 108, at 211. *Filmtec* allows "legal assignment, only once an invention is made." *Id.*

214. *Id.*

215. *Id.*

will have on the assignment of a future invention is unknown.²¹⁶ Comparing the English version of *Filmtec*, *KCI Licensing v. Smith & Nephew*, Sangeeta Puran hypothesized:

If *KCI Licensing* is accepted as allowing for legal title to pass even before the invention comes into existence, and the distinction in language is irrelevant, then it follows that such a position would actually treat the assignment to Stanford as the first and prevailing legal assignment.

If the distinction in language is relevant, and the assignment must contain “hereby assigns” language, then the assignment to Cetus would still prevail. In this scenario, for practical purposes, whether the legal assignment is effective before, or alternatively, on the invention coming into existence, may make little difference because this is effectively the same as applying *FilmTec*: the prevailing assignment will be the first assignment to use the wording blessed by the Federal Circuit.

...
If the position in the UK is the Snell principle (*i.e.* an assignment to a future invention is an equitable assignment, with at best such assignment giving rise to a beneficial interest at the time the invention comes into existence), then the position under English law is consistent with the position assumed by the dissenting Judge, Breyer, J. This would result in Stanford’s equitable interest, being first in time, prevailing over Cetus.²¹⁷

I particularly like: “It is unclear, however, to what remedy such a legal interest would entitle an assignee, in particular, how could an assignee enforce a proprietary right to something, unless and until, the invention comes into existence?”²¹⁸

Doesn’t that make the right, and the property, illusory?

216. *Id.* “The distinction between these two different forms of the assignment declaration, ‘hereby assigns’ versus ‘agrees to assign,’ was not considered in *KCI Licensing* as both types of wording were included in the assignment clause of interest.” *Id.*

217. *Id.*

218. *Id.*

C. *Impact on Patent Transfer Agreements*

Consider *Little v. Hall*, concerning an agreement assigning the rights of a manuscript not yet created.²¹⁹

The laws of the United States afford remedies, and the federal courts have jurisdiction only in favor of the “author” of a book or “his legal assigns,” or the “author or legal proprietor” of a manuscript. Of course, a book or manuscript belongs primarily under the copyright laws to the author. The plaintiffs not being the “author,” must therefore deduce from him a “legal” right and title to the book or manuscript, or else they cannot sustain their bill in the federal courts. If they can allege any other rights which have been violated, these must be asserted in the state courts, and on some general principle of equity or of law.²²⁰

If there is no book, there can be no “author.” Similarly, if there is no invention, there can be no inventor. The Federal Circuit, in attempting to ease the way for employers to safeguard their investment in research and development, have created a strange result when we begin to speak of patent transfer agreements. How do you agree to transfer all things that you might create? What incentives does that foster?

Justice Breyer raised a similar issue in his dissent concerning the different outcomes when applying the pre-*Filmtec* rule versus the *Filmtec* rule.²²¹ Initially, agreements regarding future inventions only gave rise to claims in equity.²²² After *Filmtec*, courts “adopted the new rule . . . a rule that distinguishes between these equitable claims and, in effect, says that Cetus must win. The Federal Circuit provided no explanation for what seems a significant change in the law. Nor

219. *See generally* *Little v. Hall*, 59 U.S. 165 (1856).

220. *Little*, 59 U.S. at 167–68.

221. *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2203 (2011) (Breyer, J., dissenting).

222. *Id.* “[B]oth the initial . . . agreements would have given rise only to equitable interests in Dr. Holodniy’s invention . . . Stanford’s contract came first and that Stanford subsequently obtained a postinvention assignment as well should have meant that Stanford . . . would receive the rights its contract conveyed.” *Id.*

did it give any explanation for that change in its opinion in this case. The Federal Circuit's *FilmTec* rule undercuts the objectives of the Bayh–Dole Act.”²²³ Furthermore, “the Federal Circuit’s reasoning brings about an interpretation contrary to the intention of the parties to the earlier, *Stanford* contract. And it runs counter to what may well have been the drafters’ reasonable expectations of how courts would interpret the relevant language.”²²⁴

CONCLUSION

A turn-of-the-century confidence man named George C. Parker actually sold the Brooklyn Bridge more than once. According to Carl Sifakis, who tells his story in “Hoaxes and Scams: A Compendium of Deceptions, Ruses and Swindles,” Parker—who was also adept at selling the Metropolitan Museum of Art, the Statue of Liberty and Grant’s Tomb—produced impressive forged documents to prove that he was the bridge’s owner, then convinced his buyers that they could make a fortune by controlling access to the roadway. “Several times,” Mr. Sifakis wrote, “Parker’s victims had to be rousted from the bridge by police when they tried to erect toll barriers.”²²⁵

Given the importance of IP and innovation in the modern economy, we will continue to see agreements to transfer non-existent IP proliferate. Governments, universities, and private laboratories all have an interest in continued funding of research, and at the same time, have an interest in protecting their access²²⁶ to the IP that results from their funding efforts.

To this end, the law’s approach to the types of contracts that attempt to transfer assets that do not now (and may not ever) exist is

223. *Id.* (citations omitted). Those who are aware “may be able to meet the *FilmTec* rule in future contracts simply by copying the precise words blessed by the Federal Circuit, the rule nonetheless remains a technical drafting trap for the unwary.” *Id.*

224. *Id.* (citation omitted).

225. Cohen, *supra* note 1.

226. I could have used the term “right” instead, but with IP more than any other type of asset, a shared approach to the costs and benefits has worked out to be the most workable and the most beneficial.

critical. Striking the wrong balance between the interests of employers, researchers, and users of these types of assets is costly, can undermine the purposes behind development and innovation, and can lead to even more litigation.

The current trend of the law, as evidenced by the decisions of the Federal Circuit and the Supreme Court, is ill advised. While it may seem like a good idea to allow “automatic” transfers blessed by operation of law, this system upsets the normal system of property transfer, and does so well in advance of any property actually coming into being. This in turn will lead to a confused system of title, in which investors and those who wish to utilize the IP will have to spend ever more time and resources to determine whether an inventor has executed an agreement containing sufficient language to invoke the “automatic” assignment doctrine.²²⁷

Without the “automatic” assignment doctrine, putative assignees are left with equitable title, since the Supreme Court reaffirmed that the original patent is granted to the inventor. This leaves us with only one source to which we may turn to determine who has title. Potential purchasers still must be concerned with the first in time rule, but the long-standing nature of that rule in our property system reinforces, rather than supplants, existing notions of fairness.

In the case of *Stanford v. Roche Molecular Systems*, Stanford would be in the best position at the hiring of its researchers to ask if they had any previous transfer agreements, and when researchers were lent out to third party labs, it would be then that those parties could ask the same question. Priorities to the patent can be traced back in time to the inventor.

Instead, we now have a system where each party attempts to trump with “automatic” agreements, and it is not clear when any of those automatic agreements may have been made. If a researcher were to change jobs, could an old employer’s agreement nonetheless still be effective as to any future patent or invention? In such a system, order will be hard to come by. At that point, what is the value of innovation

227. “[O]nce the invention came into existence, the latter words [do hereby assign] meant that the Cetus agreement trumped the earlier, Stanford agreement.” *Leland Stanford*, 131 S. Ct. at 2202.

and creativity? Can we put any stock in the fact that an invention belongs to an inventor, if it is also possible that the inventor may have already transferred all of her rights away?

“When it comes to victims and victimizers, perhaps the humorist Will Rogers deserves the last word. ‘They may call me a “rube” and a “hick,” he said, ‘But I’d a lot rather be the man who bought the Brooklyn Bridge than the man who sold it.’”²²⁸

228. See Cohen, *supra* note 1.