

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

AMY D. THERON,

Plaintiff,

v.

DR. HANS W. SOLLINGER,
DR. DEBRA A. HULLETT and
WISCONSIN ALUMNI
RESEARCH FOUNDATION,

Defendants.

OPINION AND
ORDER

99-C-0743-C

This is a civil action in which plaintiff Amy D. Theron contends that defendant Wisconsin Alumni Research Foundation deprived her of her property interest in the subject matter of a patent application by omitting her name as an inventor, denied her due process when it failed to provide any procedure by which she could contest inventorship and breached the fiduciary duty it owed her. She contends that defendants Hans W. Sollinger and Debra A. Hullett failed to provide her any procedures to determine the correct inventors of the subject matter of the patent application and that they are not willing to disclaim their status as named inventors. All of the defendants have moved to dismiss plaintiff's second amended complaint

for failure to state a claim on which relief could be granted. Defendant foundation contends that the complaint should be dismissed as to it because plaintiff's claim of property deprivation is not yet ripe for judicial determination and will not become so until and unless the United States Patent and Trademark Office issues a patent. In addition, it asserts, the claims of a denial of due process and breach of fiduciary duty are without legal foundation and even if they are not, all of plaintiff's claims are mooted by defendant foundation's decision to turn over to plaintiff all responsibility for prosecuting the patent. Defendants Sollinger and Hullett argue that there is no legal basis for holding them obligated to provide due process to plaintiff: they are not alleged to be decision makers with respect to the patent application process and even if they were, plaintiff does not have a property interest sufficient to implicate due process protections.

I conclude that the complaint must be dismissed as to defendant foundation because plaintiff's claims against it are not justiciable. Until and unless the patent office issues a patent on the invention claimed in the application, the issue of assignment is moot; by its actions, defendant foundation has disclaimed any interest in the assignment of the patent application. In turning over prosecution of the patent application to plaintiff, defendant foundation has mooted plaintiff's claim that it must provide procedures by which she could assert her ownership interest in the subject matter of the application. Insofar as plaintiff seeks a

determination of ownership in the subject matter, it would be premature to decide either the nature or the exclusivity of plaintiff's interest until the patent office has acted. No one can predict at this point whether a patent will issue and if it does, whether it will cover those portions of the work for which plaintiff claims credit.

As to the individual defendants, I conclude that plaintiff has failed to state a claim against them on which relief may be granted. She has alleged nothing that would indicate that these defendants have any duty to her to provide procedures by which she could challenge her omission from a patent application or that they have caused her any damages either by refusing to provide procedures or by declining to abandon any assertion of ownership in the subject matter of the patent application.

I will take up the claims against the foundation and the individual defendants separately because the factual records are different. Although the foundation and plaintiff label their briefs as directed to defendant foundation's motion to dismiss, both parties have submitted proposed findings of fact and conclusions of law as if the motion were for summary judgment. Both parties rely on their proposed facts, both have had more than an adequate opportunity to propose facts and put their opponent's proposed facts into dispute and neither will be prejudiced if I consider those facts in ruling on the foundation's motion to dismiss. For the sole purpose of deciding the foundation's motion, I find that the following facts are not disputed.

I. WISCONSIN ALUMNI RESEARCH FOUNDATION

A. Undisputed Facts

Defendant Wisconsin Alumni Research Foundation is the designated patent organization for the University of Wisconsin. Its Restated Articles of Incorporation state that it shall be operated at all times “solely in connection with the University of Wisconsin-Madison.” It is designated to receive and license new discoveries made by University of Wisconsin-Madison researchers.

The University of Wisconsin graduate school has published policies and procedures governing university research. According to the published policies, principal investigators are not to obligate the intellectual property of project staff unless such staff have signed an intellectual property agreement before beginning work. University policy requires the university to secure written agreements from all employees relating to federally funded inventions. The university’s Office of University-Industry Relations notifies defendant foundation when research that may be the subject of a patentable invention is at least partially funded by the federal government. Under university policy, the presumption is that university researchers are the owners of intellectual property rights in the products of their university research.

Plaintiff Amy D. Theron is a former employee of the University of Wisconsin-Madison who worked with defendants Hans W. Sollinger and Debra A. Hullett in a university laboratory.

On January 21, 1997, defendant foundation filed United States Patent Application Serial Number 08/786,625 with the United States Patent and Trademark Office. The application concerned an aspect of the treatment of diabetes and named as inventors defendants Hullett and Sollinger and a non-party to this action. It did not name plaintiff and its attorneys did not discuss with her their decision to omit her name.

After extensive negotiation, defendant foundation and plaintiff executed a Confidential Disclosure Agreement on March 17, 1998, under which plaintiff was permitted to review the filed patent application to determine whether she had been excluded improperly as a named inventor. Thereafter, plaintiff met with one of defendant's attorneys on two occasions and was able to persuade him that she should be a named inventor. Defendant asked her to sign a Memorandum Agreement assigning her interest in the application to defendant, as well as a declaration and a power of attorney. Plaintiff questioned her obligation to assign her interest and objected to the inclusion of defendants Hullett and Sollinger as joint inventors on the application but signed the declaration and power of attorney and returned them to defendant on December 30, 1998, after modifying some of the language in the declaration.

On July 15, 1998, defendant abandoned Application Number 08/786,625 in favor of Continuation-In-Part Patent Application, Serial Number 09/115,888, naming plaintiff as another inventor. The CIP contained nine claims. On July 22, 1998, defendant filed Patent Cooperation Treaty International Patent Application, PCT US9815189, naming four inventors, including plaintiff.

Defendant foundation told plaintiff's attorney that he should obtain information about the inventive contributions of Hullett and Sollinger directly from them. Counsel wrote to them and received a response from Assistant Attorney General for the State of Wisconsin David Flanagan, who stated that he knew of no reason why defendants Hullett and Sollinger should provide proof of inventorship to plaintiff. Later, in response to a second letter from plaintiff's counsel, he stated that he was unaware of any procedures for resolving the inventorship dispute. Counsel wrote to the Office of University-Industry Relations asking whether anyone in the office was aware of any procedures for resolving disputes about inventorship. He has not received a response to that inquiry.

Plaintiff's counsel asked the lawyer handling the patent application to provide a forum in which to resolve the disputed inventorship questions. He did not receive an answer he considered satisfactory. He asked for a copy of the prosecution file on the original application and the continuation application; the lawyer responded that inquiries should be made to

defendant foundation. Eventually, plaintiff's counsel received a copy of the prosecution files. After reviewing those files, he wrote the lawyer prosecuting the application to ask that an additional document be included in the prosecution and to object to the documents that described plaintiff as uncooperative. He was told that defendant foundation controlled the prosecution of the application. Plaintiff's counsel disagreed with this view of the prosecution and told counsel so.

In June 1999, plaintiff was asked to execute a document for filing in the patent prosecution. After making certain changes on the document, plaintiff executed it and provided it to the prosecuting lawyers.

On or about February 28, 2000, defendant foundation learned that the Patent and Trademark Office had disallowed the nine claims in CIP I (09/115,888) in an office action dated December 22, 1999. Defendant concluded that the nine claims were not likely to be patentable. On March 28, 2000, defendant filed a new continuation application claiming priority from CIP I and containing the two claims to which it believed plaintiff had contributed. Defendant specified plaintiff's address as the Correspondence Address. Defendant gave plaintiff oral authority to prosecute all of the claims from patent application 09/115,888 through the continuation and confirmed this in a written authorization on May 15, 2000. Also on March 28, 2000, defendant filed a second Continuation-In-Part, claiming priority to the

patent application. In defendant's view, the claims of CIP II contain limitations not present in the nine claims of its original patent application and are based on laboratory work done after plaintiff left her employment.

Defendant foundation takes the position that the Bayh-Dole Act requires plaintiff to assign her invention to the foundation but it has taken no action to force plaintiff to make such an assignment.

B. Opinion

When plaintiff filed her original complaint, she was asserting her rights to be named as a co-inventor and to have a say in the prosecution of the patent application. Now that defendant has amended the application to show plaintiff as a co-inventor and turned over to her the prosecution of the application, it appears that her claims are moot. However, plaintiff maintains that justiciable issues remain. First, she continues to contest her obligation to assign her interest in the invention to defendant, contending that the Bayh-Dole Act, 35 U.S.C. § 200-212, does not apply to her personally but only to the university. She maintains that the university was required to obtain an agreement from her to assign any inventions made in a laboratory that received federal funding and that because it failed to do so, it is foreclosed from requiring her to assign her interest. In any case, she adds, the work she was doing that led to

the invention was not financed by the federal government in whole or in part. Second, she argues that her property interest in the patent application and her ability to prosecute the application effectively have been affected adversely by defendant's failure to provide procedures for contesting inventorship. For example, she does not fully control the prosecution of the application because Hullett and Sollinger are still shown as co-inventors and the patent office must take their interests into consideration.

Despite plaintiff's contention that her assignment dispute is ripe for decision, I am persuaded that the matter is not justiciable. In turning over to plaintiff the prosecution of her patent, defendant foundation has evidenced its lack of interest in pursuing an assignment at this time. Therefore, deciding plaintiff's claims concerning assignment would be giving the parties nothing more than a theoretical opinion about something that may or may not happen in the future. Theoretical opinions about possible future events are not what the framers had in mind when they limited the federal courts' jurisdiction to cases and controversies. See, e.g., Thomas v. Union Carbide Agricultural Products Co., 473 U.S. 568, 580-81 (1985); GAF Building Materials Corp. v. Elk Corp. of Dallas, 90 F.3d 479, 482 (Fed. Cir. 1996). Although GAF concerned the potential infringement of a patent that had not yet issued, the holding in the case is applicable to a claim of ownership of a possible patent that has not yet been acted upon with finality by the patent office. If and when a patent issues on plaintiff's application,

plaintiff's claim that she is not required to assign her interest to defendant foundation may mature into an actual controversy.

Plaintiff's second point is that she did not have an opportunity to be heard on any of the decisions defendant foundation made about the prosecution of the patent applications. She objects to her lack of opportunity to assert her own inventorship rights in the original application. In addition, she objects to having no say in the decision to split the original application into two, both because Hullett and Sollinger remain named inventors on the two claims that defendant foundation has turned over to her for prosecution and, as I understand it, because she is not included in the prosecution of the remaining claims. In part, her claim is a lack of due process: she believes that either the university or the defendant foundation has an obligation to provide procedures that researchers can utilize if they disagree with defendant foundation's patent prosecution decisions. She does not limit her claim to this, however. She wants the court to determine the inventorship, presumably on both the 09/115,888 application and the claims defendant foundation is prosecuting separately.

As with her first claim, plaintiff is seeking an advisory opinion. Unless and until the patent is granted, it is not possible to determine with any accuracy what role she or the other named inventors played in any patentable portion of the subject of the application. Therefore, any determination of inventorship would be a non-binding opinion.

As to the claim of lack of due process protections, plaintiff has not alleged facts sufficient to show that defendant foundation would be held to have acted under color of state law in this respect. See, e.g., Leahy v. Board of Trustees of Community College Dist. No. 508, 912 F.2d 917, 921 (7th Cir. 1990) (private defendant acts under color of state law for purposes of § 1983 when it is willful participant in joint action with state or its agents). A willful participant is one that acts as a state instrumentality, performs traditionally exclusive sovereign functions or is compelled or even encouraged by the state to make the decisions challenged by the plaintiff. See id. (citing Musso v. Suriano, 586 F.2d 59, 62-63 (7th Cir. 1978)). Merely listing the areas in which defendant foundation takes actions on behalf of the university is not enough to show that it is acting as a state instrumentality when it undertakes patent application prosecution, or that it is performing traditionally exclusive sovereign functions or has been compelled by the university to make the decisions it does on patent application prosecution. Plaintiff cites Burton v. Wilmington Parking Auth., 365 U.S. 715, 725 (1961), as authority for the proposition that “color of state law” can be shown merely by alleging that the private entity is a joint participant with the state entity in a common enterprise. As defendant foundation points out, this broad definition is no longer accurate. See, e.g., American Mnfrs. Mutual Ins. Co. v. Sullivan, 526 U.S. 40, 57 (1999) (“vague 'joint participation' test embodied in” Burton has been refined in later cases; “privately owned enterprises providing services that the State

would not necessarily provide, even though they are extensively regulated, do not fall within the ambit of Burton”) (quoting Blum v. Yaretsky, 457 U.S. 991, 1011 (1982)). Moreover, even if plaintiff’s allegations were sufficient to suggest state action by defendant foundation, the foundation mooted any issue relating to its asserted failure to provide plaintiff a forum for her concerns about the way in which the patent has been prosecuted when it turned over to her the prosecution of the patent application. Plaintiff’s remedies lie with the patent office now, not with defendant.

Finally, there is no discernible basis for plaintiff’s claim that even a state actor would be required to provide procedures for contesting the manner in which it prosecutes patent applications. Plaintiff has cited no case law or statute that would impose such a duty upon any entity and she has not explained any reason for doing so. It is the patent office and the courts that make binding decisions about patents and their ownership; universities, private companies and foundations do not. All applicants for patents have a significant interest in getting the inventorship question correct because mistakes in inventorship can affect the validity of a patent if they are not corrected promptly and shown to be the result of inadvertent error rather than intent. It is another thing altogether to think that applicants have the authority to make binding decisions on inventorship.

Even if I were not convinced that plaintiff’s complaint does not raise a case or

controversy at this time, I would decline to exercise jurisdiction over plaintiff's assignment, inventorship and due process claims against defendant foundation. Federal courts have discretion to decline to hear requests for declaratory judgment, such as this one. See Wilton v. Seven Falls Co., 515 U.S. 277 (1995) (in declaratory judgment actions, standard for declining to exercise jurisdiction is discretionary and not exceptional circumstances standard set out in Moses H. Cone Memorial Hosp. v. Mercury Construction Co., 460 U.S. 1, 14 (1983)); International Harvester Co. v. Deere & Co., 623 F.2d 1207, 1210 (7th Cir. 1980). In the absence of any showing by plaintiff that she is suffering an injury at present and in the absence of any persuasive showing that defendant foundation has a constitutional obligation to provide procedures for persons like plaintiff to contest the way in which defendant prosecutes patent applications, I see no reason to entertain plaintiff's complaint against defendant foundation at this time.

Plaintiff has a third claim, which is that defendant owes her a fiduciary duty under state law and, for that reason, should disclose to her the records relating to the patent application. She has not advanced any persuasive reason why defendant would stand in the position of a fiduciary to her and would therefore have a duty to disclose confidential records. I am aware of no law that imposes a fiduciary duty on a person or entity prosecuting a patent application toward any person who claims to be an inventor of the subject matter of the patent. Moreover,

because I am not exercising jurisdiction over plaintiff's federal law claims against this defendant, it is proper to decline to exercise jurisdiction over this state law claim. See United Mine Workers v. Gibbs, 383 U.S. 715 (1966).

II. HANS W. SOLLINGER AND DEBRA A. HULLETT

A. Allegations of Fact

From the allegations of the second amended complaint, I find that plaintiff has fairly alleged the following.

Plaintiff Amy L. Theron is a resident of the state of Wisconsin. Defendants Hans W. Sollinger and Debra A. Hullett are employees of the University of Wisconsin who reside in the state of Wisconsin.

Plaintiff is an inventor of the subject matter of United States Patent Application No. 09/115,888, entitled "Treatment of Diabetes with Synthetic Beta Cells." Plaintiff developed this invention while she was an employee of the University of Wisconsin. The patent application was filed by defendant foundation.

Defendants Sollinger and Hullett claim to be inventors of the subject matter of the same patent application and are named as co-inventors on the application. They have assigned their interest in the subject matter of the patent application to defendant foundation and have

received a sum of money in return, together with a promise to pay a percentage of any royalties that the patent produces. These defendants have refused to provide plaintiff any procedure to determine the correct inventors of the subject matter of the patent application and they are not willing to disclaim their status as named inventors. They have refused to provide any information that would justify their claims of inventorship.

Correction of inventorship in the patent office requires consent by an inventor to be deleted from a patent application.

B. Opinion

In her complaint, plaintiff demands judgment against defendants Sollinger and Hullett declaring whether they are co-inventors of the subject matter of the patent application; determining that they denied her due process rights by excluding her as an inventor, initially on any part of the patent application and later, on a substantial part of the application; declaring that plaintiff is entitled to the benefits of the contract of assignment between defendants Hullett and Sollinger and defendant foundation; and determining that defendants Hullett and Sollinger are liable to plaintiff for plaintiff's compensatory damages and for punitive damages.

As I concluded in addressing plaintiff's claims against defendant Wisconsin Alumni

Research Foundation, it would be premature to determine the correct inventorship of the subject of the patent application before the patent office takes final action on the application. Without a determination of inventorship, there is no basis for determining whether defendant foundation acted improperly in entering into a contract of assignment with the individual defendants. As to plaintiff's claim that defendants Hullett and Sollinger owed her due process, plaintiff has failed to cite any law that would impose upon employees an obligation to provide such protections in circumstances such as these in which plaintiff has not even shown that Sollinger and Hullett were decision makers with respect to the patent application.

I conclude that plaintiff's claims relating to inventorship against defendants Hullett and Sollinger are non-justiciable because they raise no actual case or controversy until and unless a patent issues. I conclude that plaintiff's claim that these defendants denied her due process is without legal or factual foundation. Accordingly, I will grant defendants' motion to dismiss.

ORDER

IT IS ORDERED that the motion of defendant Wisconsin Alumni Research Foundation to dismiss plaintiff Amy D. Theron's complaint against it for lack of jurisdiction is GRANTED. FURTHER, IT IS ORDERED that the motion of defendants Hans W. Sollinger and Debra A. Hullett to dismiss Amy D. Theron's complaint against them is GRANTED for lack of

jurisdiction and for failure to state a claim on which relief may be granted. The clerk of court is directed to enter judgment for defendants and close this case.

Entered this 20th day of July, 2000.

BY THE COURT:

BARBARA B. CRABB
District Judge