A VICTORY FOR THE STUDENT RESEARCHER: CHOU V. UNIVERSITY OF CHICAGO[1]

For years, graduate and other student researchers at universities have alleged that the hierarchical system in academic research allows supervising PhDs to steal and patent inventions that were rightfully discovered by students. In July 2001, the Federal Circuit finally addressed these concerns by interpreting the law in a way that strictly protects the rights of student researchers. This article examines this long-overdue change in the law and discusses its potential implications.

Factual Background

The plight of Dr. Joany Chou, a researcher in molecular genetics at the University of Chicago working under the supervision of Dr. Bernard Roizman, exemplifies the problems faced by many student researchers.[2] Dr. Chou began working with Dr. Roizman in 1983 studying a potential vaccine for the herpes virus.[3] After successfully completing the vaccine in February 1991, Dr. Chou expressed to Dr. Roizman her belief that the discovery should be patented and inquired as to the proper procedures to obtain patent protection. Dr. Roizman responded to this inquiry by stating that the discovery was not patentable.[4]

1. 254 F.3d 1347 (Fed. Cir. 2001) "Chou I".
2. See Chou v. University of Chicago, 2000 WL 222638, *1 (N.D. Ill. 2000), rev'd 254 F.3d 1347 (Fed. Cir. 2001) "Chou II".
3. See Chou I, 254 F.3d at 1353.
4. See id.

Trusting the wisdom and experience of her friend and mentor, Dr. Chou returned to her research and forgot all aspirations of obtaining a patent.[5] Over the next five years, Dr. Chou and Dr. Roizman continued to enjoy research success, publishing various papers and jointly securing a patent on a distinct aspect of their herpes research.[6] As the leader of this successful research group, Dr. Roizman received various awards and became known among his peers as one of the best researchers in the field.[7]

However, in June 1996, Dr. Roizman approached Dr. Chou and told her that he was going to fire her if she did not resign.[8] Apparently not taking the threat seriously, Dr. Chou continued to work in the lab until December 1996 when Dr. Roizman barred her from ever setting foot in the lab again.[9] Confused at this sudden treatment by her mentor, Dr. Chou began investigating the situation and discovered that in 1991, about the time Dr. Chou had approached him about securing a patent, Dr. Roizman secretly filed a patent application on the vaccine that he had portrayed as unpatentable to Dr. Chou.[0] This patent issued a few years later and declared Dr. Roizman as the sole inventor.[1] Although the patent was now owned by the University of Chicago (pursuant to Dr. Roizman's employment contract which required him to assign his patents to the University), Dr. Roizman had been receiving substantial royalty payments from the University's licensing of the patented technology.[2] Further research indicated that although he was still pleased with her research, Dr. Roizman had forced Dr. Chou to resign because if she ever found out about the secret patent or the royalty payments, it would be much easier for her to prove that she indeed was the rightful inventor of the patent by demonstrating her access to the laboratory files.[3]

Enraged and betrayed, Dr. Chou sued Dr. Roizman, the University of Chicago, and the company that had licensed the technology alleging: 1) that she was the rightful inventor and should be added as an inventor to the patent and 2) state law claims of conversion, breach of fiduciary duty, breach of contract, and unjust enrichment.[4]

Unfortunately for Dr. Chou, the federal district court in Illinois refused to grant any relief.[5] According to the trial judge, because Dr. Chou's employment contract required her to assign the invention to the University, she had no ownership interest in the patent, even if she could prove that she was the rightful inventor. Without this ownership interest in the patent, Dr. Chou lacked standing to bring a suit

---

5. See id.
6. See Chou II, 2000 WL at *1.
7. See id.
8. See id.
9. See id.
10. See Chou I, 254 F.3d at 1353.
11. See id.
12. See id.
13. See id.
14. See id. at 1355.
15. See Chou II, 2000 WL at *6.

challenging the patent's inventorship.[6] Moreover, since Dr. Roizman owed no duty to inform Dr. Chou about the patentability of her research, his actions did not breach any duties which would allow Dr. Chou to state a claim for recovery under state law.[7]

The Federal Circuit's Decision

On appeal, the Federal Circuit found the trial completely erroneous and reversed. The Federal Circuit had no qualms about allowing Dr. Chou sue to challenge the inventorship of the patent.[9] While the trial court was correct in finding that Dr. Chou had no ownership interest in the patent because of her employment agreement with the University of Chicago, such an employment agreement is inapposite to a suit challenging the inventorship of the patent. According to 35 U.S.C. §256, if a rightful inventor was not listed as an inventor on the patent, that inventor can sue in federal court to have his or her name added to the patent.[2] No where in the statute does it state that the suit can only be brought by those with ownership interests in the patent.[3] As for Dr. Roizman's reliance on a California district court case, the Federal Circuit tersely noted that "[w]e are not bound by the decisions of the district courts... [and] respectfully we do not agree with them." [4]

The Federal Circuit, however, was not prepared to grant every person standing to bring a suit challenging the patent's inventorship. Rather, the suit challenging inventorship must be brought by a party that has some interest in the patent, such as a financial stake in the success of the invention.[5] In this case, Dr. Chou had such a financial interest because although inventors did not have an ownership interest in the patent, the employment contract did provide that inventors received a portion of the royalty payments associated with licensing the technology.[7]

The Federal Circuit also reversed the trial court's finding that Dr. Roizman had no duty to inform Dr. Chou of the status of their joint inventions.[8] Although Dr. Roizman was in charge of the research team and had authority to make the important decisions about the direction and scope of the experiments, he had

---

16. See id. at *2.
17. See id. at *2-3.
18. See id.
19. See 35 U.S.C. § 256 (Supp. V 1999) which states: "The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Director shall issue a certificate accordingly.
20. See id.
21. Id.
22. See id. at 1359.
23. See id. Moreover, the court recognized that Dr. Chou had a reputational interest in the success of the patent. Although the court recognized this interest, the court refused to decide whether a reputational interest in a patent would itself be sufficient to allow the party to bring the suit.

a duty to inform his student researchers of his decisions and to keep them apprized of matters material to the technology. Furthermore, since he was Dr. Chou's mentor, counselor, and guide, Dr. Roizman had a fiduciary duty to care for his pupil, requiring him to treat Dr. Chou with the highest degree of loyalty. This duty prevented him from "seeking any selfish benefit for himself at the expense of [Dr. Chou]."[9] By failing to inform Dr. Chou of the existence of the patent, Dr. Roizman committed a per se breach of this fiduciary duty.[0]

Finally, the Federal Circuit held that Dr. Chou could also state a claim against the University of Chicago. Given the fact that Dr. Roizman's conduct towards Dr. Chou related to the execution of the employment handbook's guidelines for patenting inventions, Dr. Roizman's conduct was within the scope of his employment with the University, thereby making the University liable under established principles of tort and agency law. Specifically,

> [w]hile university faculty are not agents of the university with respect to the selection and conduct of their research projects, they may well be agents with respect to implementing the policies of the university, including ownership of inventions and compensation therefor.[2]

Implications of Chou I

Chou I clearly represents the Federal Circuit's desire to protect the patent rights of student researchers from being misappropriated or stolen by their supervisors. However, by holding that the supervising PhD owes a fiduciary duty toward his student researchers, the Federal Circuit's opinion may yet have greater consequences. Fiduciary duties are most commonly associated with businesses and stand for the idea that certain parties (such as business partners) must act with the highest degree of loyalty toward, and in the best interest of, the other party at all times.[3] As outlined by Justice Cardozo over 70 years ago,

> [m]any forms of conduct impermissible in a workaday world for those acting at arm's length, are forbidden to those bound by fiduciary ties. A trustee is held to something stricter than the morals of the market place. Not honesty alone, but the *punctillio of an honor that is most sensitive*, is then the standard of behavior. As to this there has developed a tradition that is unbending and inveterate. Uncompromising rigidity has been the attitude of courts of equity when petitioned to undermine the rule of *undivided loyalty*...

---

24. See id. at 1361-1362.
25. Id. at 1362.
26. See id.
27. Id. at 1362.
28. See, e.g., Meinhard v. Salmon, 164 N.E. 545 (N.Y 1928) (Cardozo, C.J.).

As such, student researchers will now be able to sue their supervising PhDs for any actions that are not in the best interests of the student researcher or the patent rights of the student researcher. This protection will apply to *all* conduct of the supervising PhD, not just to the type of conduct that results in "stealing" or "cheating."

Conclusion

Only time will tell the effect this newly imposed fiduciary duty will have on the relationship between supervising PhDs and student researchers or exactly how much litigation will ensue. However, it is certain that supervising PhDs must now act in accordance with their fiduciary duty of care or they will be forced to pay large damages. As such, Chou I represents a huge victory for the student researcher.

By: Kyle Grimshaw