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**Presentation at AUTM Meeting on Madey v. Duke University**

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Published Date: 02/05/2005

AUTM Session C5

Madey v. Duke Update

February 5, 2005

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## Madey v. Duke (307 F.3d 1351 Fed. Cir. 2002)

Use of patented laser equipment to further the alleged infringer's legitimate business was not exempt.

Court of Appeals for the Federal Circuit:

“.....major research universities....often sanction and fund research projects with arguably no commercial application whatsoever. However, these projects unmistakably further the institution's legitimate business objectives, including educating and enlightening students and faculty participating in these projects.... These projects also serve, for example, to increase the status of the institution and lure lucrative research grants, students and faculty.

In short, regardless of whether a particular institution or entity is engaged in an endeavor for commercial gain, so long as the act is in **furtherance of the alleged infringer's legitimate business** and is **not solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry**, the act does not qualify for the very narrow and strictly limited experimental use defense. Moreover, the **profit or non-profit status of the user is not determinative**.

## Madey v. Duke Federal Circuit Opinion—cont.

... the district court attached too great a weight to the non-profit, educational status of Duke, effectively suppressing the fact that Duke's acts appear to be in accordance with any reasonable interpretation of Duke's legitimate business objectives. On remand, the district court will have to significantly narrow and limit its conception of the experimental use defense. The correct focus should not be on the non-profit status of Duke but on the legitimate business Duke is involved in and whether or not the use was solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry. “

## Potential Effects?

- Universities may be forced to bear substantial administrative and financial costs
- The money diverted into such uses as patent searches, licensing, or litigation will no longer be available for actual research.
- Chilling effect on research

## AAMC, AAU, and COGR Workshop (September 2003)

- Current and Future Implications of *Madey*
- Participants from 30 universities, including research officials, general counsels, technology transfer officials, faculty, deans, and government

## Pre-Workshop Questionnaire

- Time period surveyed, FY 02 and 03
- Sought information about patent infringement claims, demands to license technology, characteristics of demands, barriers to changing campus practices
- Data were consistent with, though inconclusive about, an increase in assertions that universities are infringing patented technologies
- Workshop consensus: still too soon to take action, need more data over a longer period of time...

## AAAS/SIPPI Survey

In association with AAMC, AAU, COGR, and NASULGC, SIPPI has fielded a survey of approximately 75 universities to discover:

- Baseline (2003) for patent infringement claims against researchers for research uses of patented technology
- Whether there is increase over 18 mos. in number of infringement claims/requests/demands to license technology allegedly used in university research
- Whether or not patent searches are being undertaken as a consequence of the Madey decision
- Whether or not research practices/directions have changed as a consequence of Madey



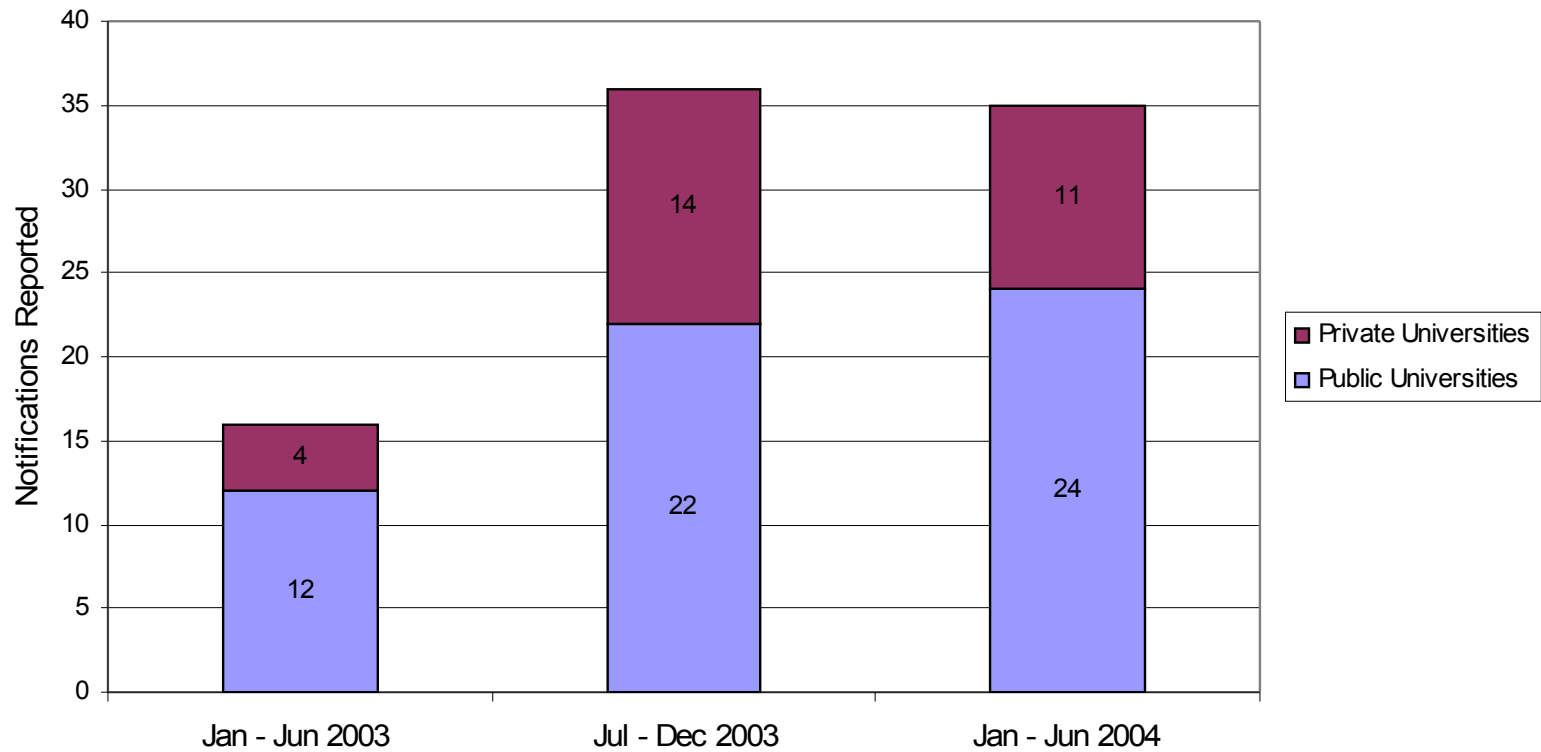
## SIPPI Survey (cont.)

- 76 participating institutions representing largest research institutions
- Confidentiality assured
- 3 data collection points over 18 months:
  - First data set analyzed (Sept. 2004)
  - Second data set now being analyzed
- An initial report will be released Feb. 2005

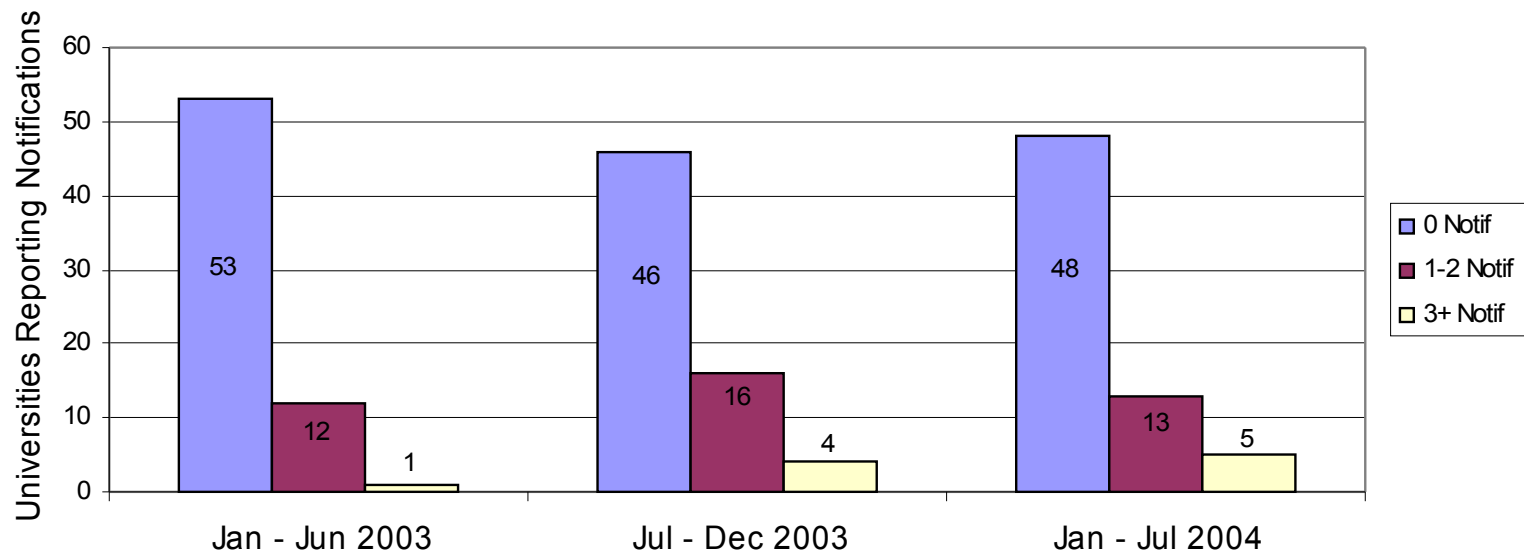
Resulting data and report may help institutions to better access:

- Risk exposure
- Calibrate responses
- Need for changing their practices
- Need for legislation
- Need for a statutory research exemption

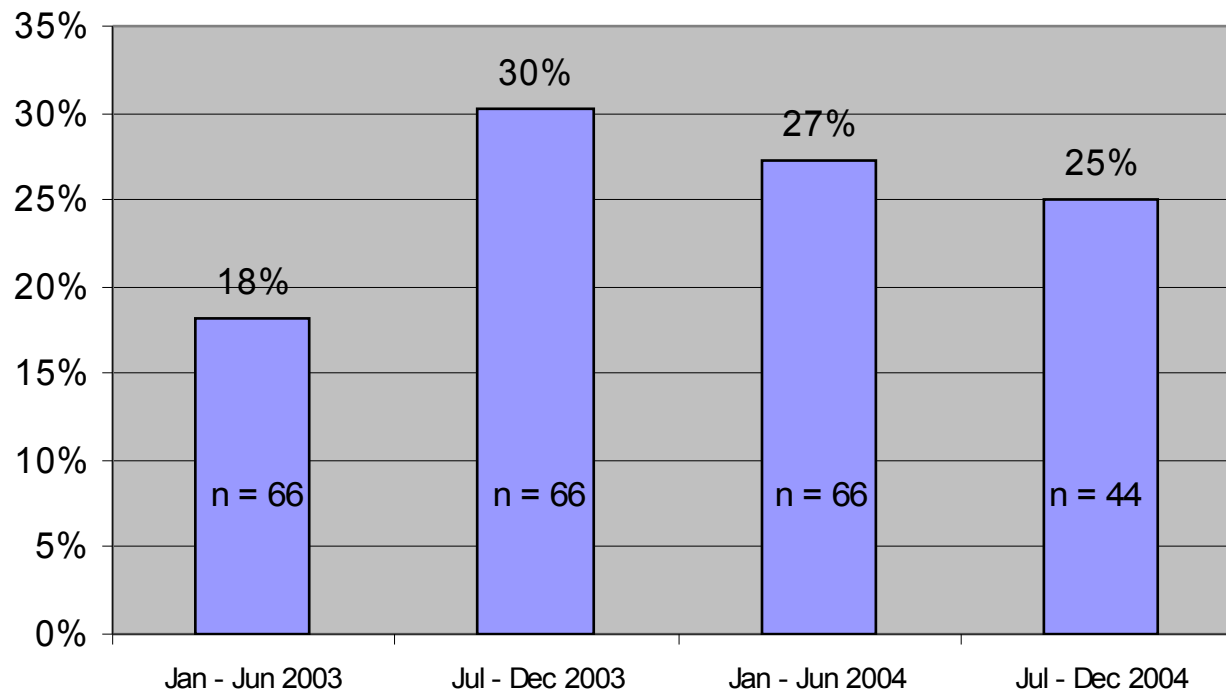
## Total Notifications Received by All University Respondents



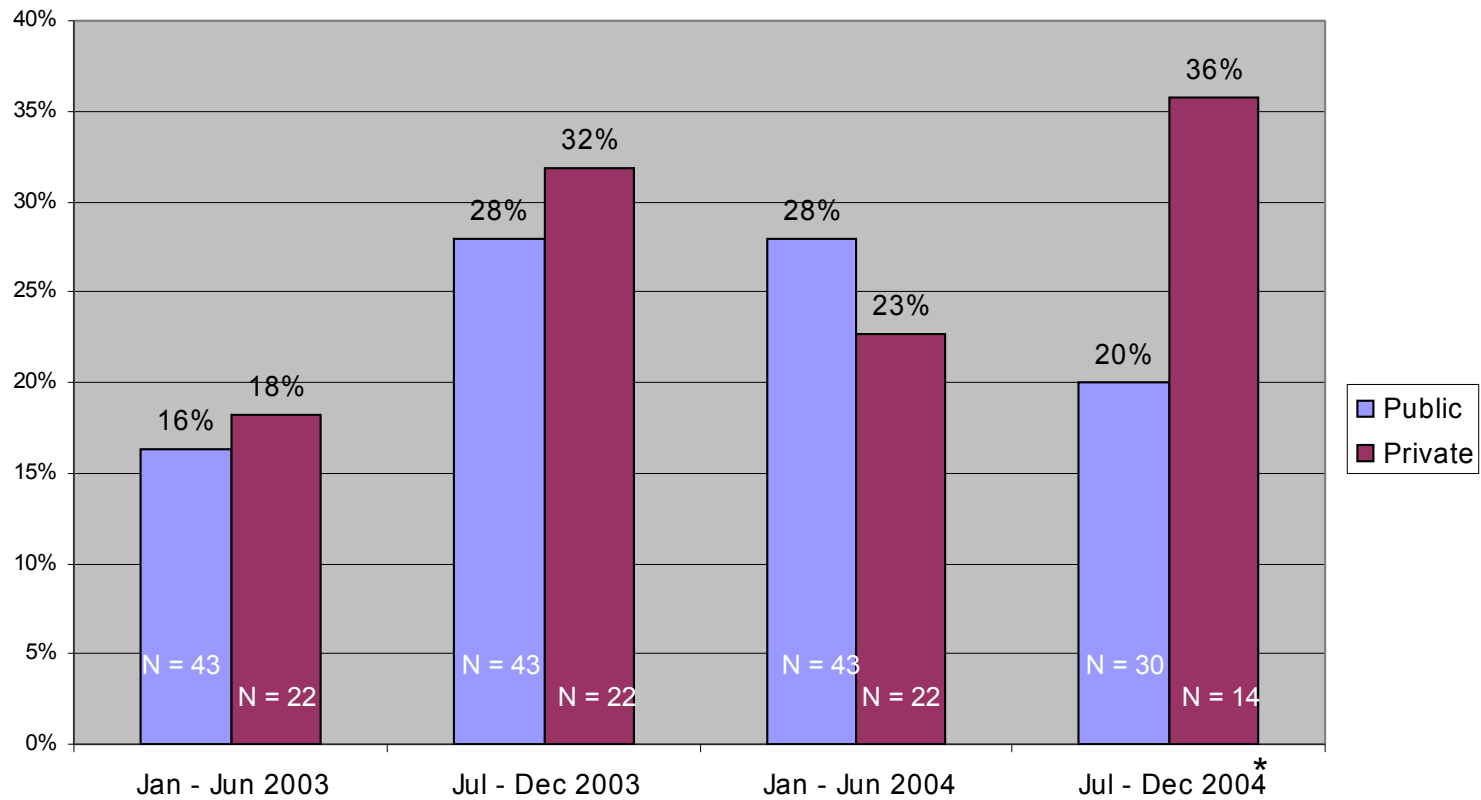
### Number of Universities Reporting Notifications



### Percent of Sampled Universities That Received Infringement Notifications

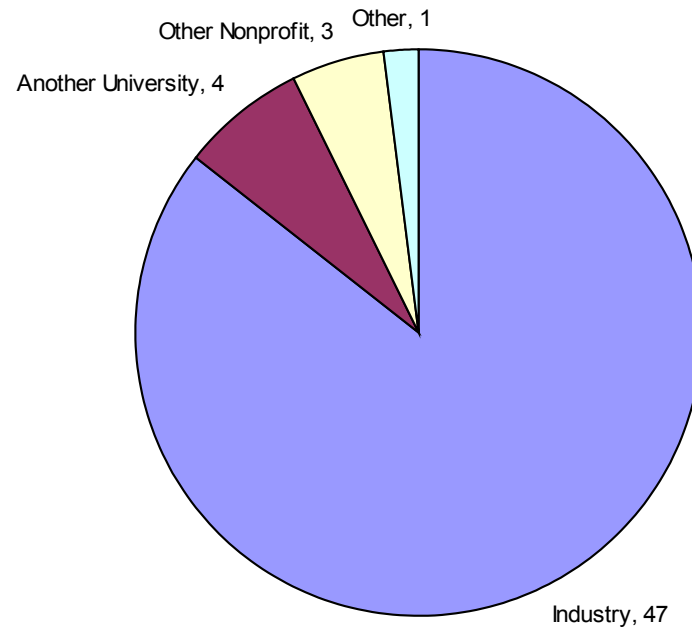


### Percent of Public and Private Universities That Received Notifications



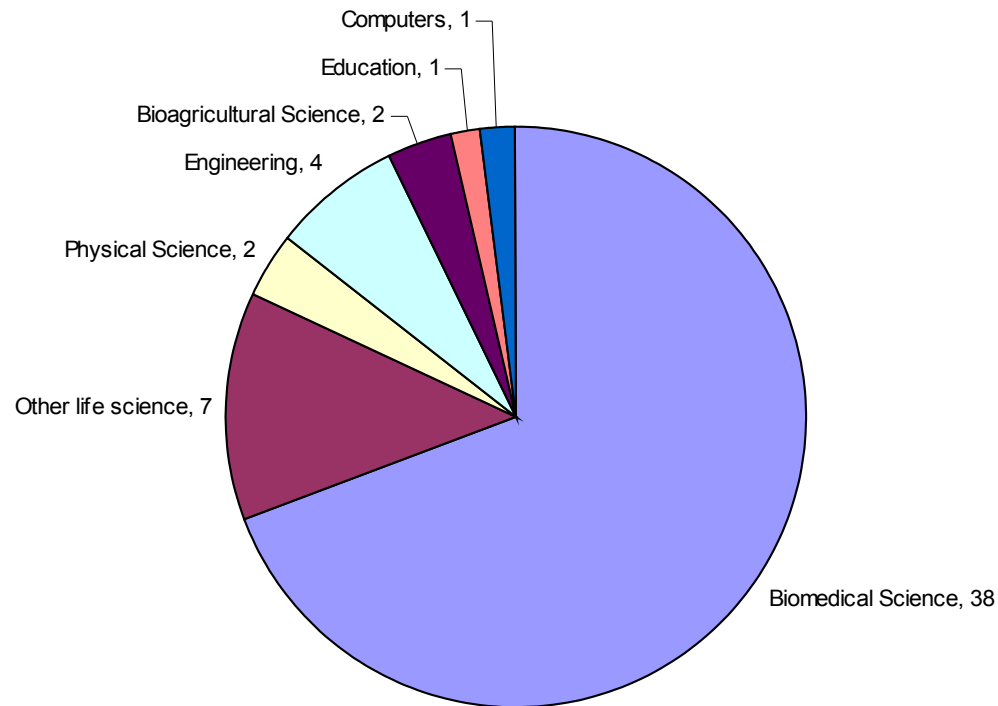
\*Data collection incomplete for Jul - Dec, 2004

### Source of Notifications Received in 2004\*



\*Based on partial data for Jul. - Dec. 200

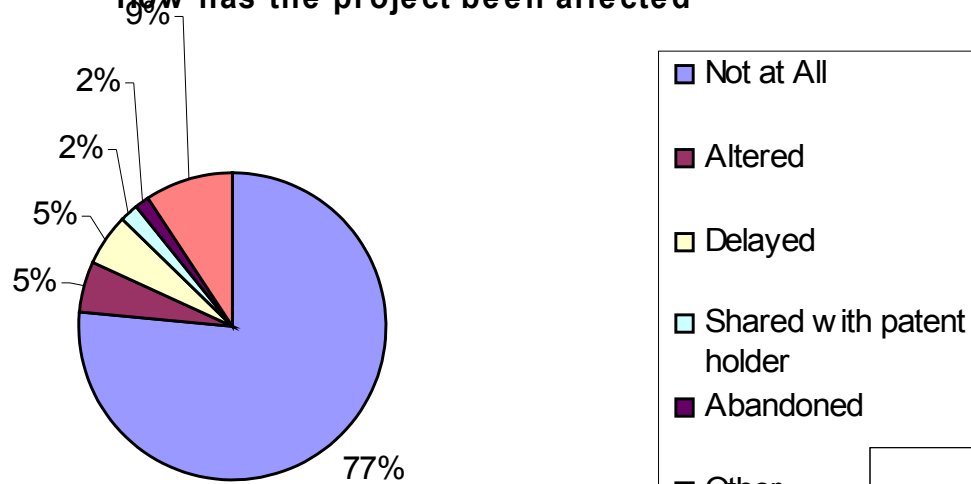
### Scientific Field of Notifications Received in 2004\*



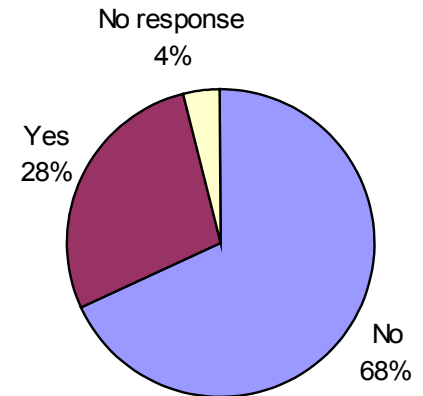
\*Based on partial data for Jul. - Dec. 2004



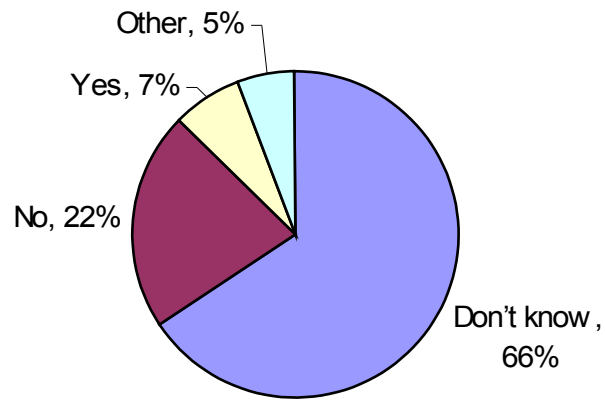
How has the project been affected



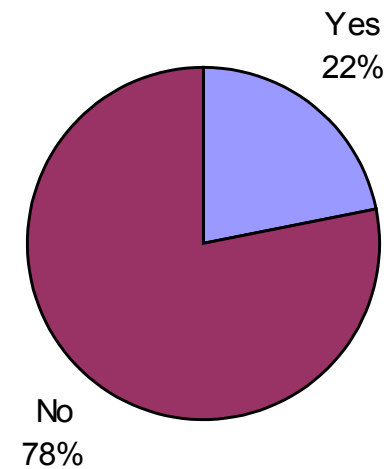
Has your institution incurred significant costs due to this claim?



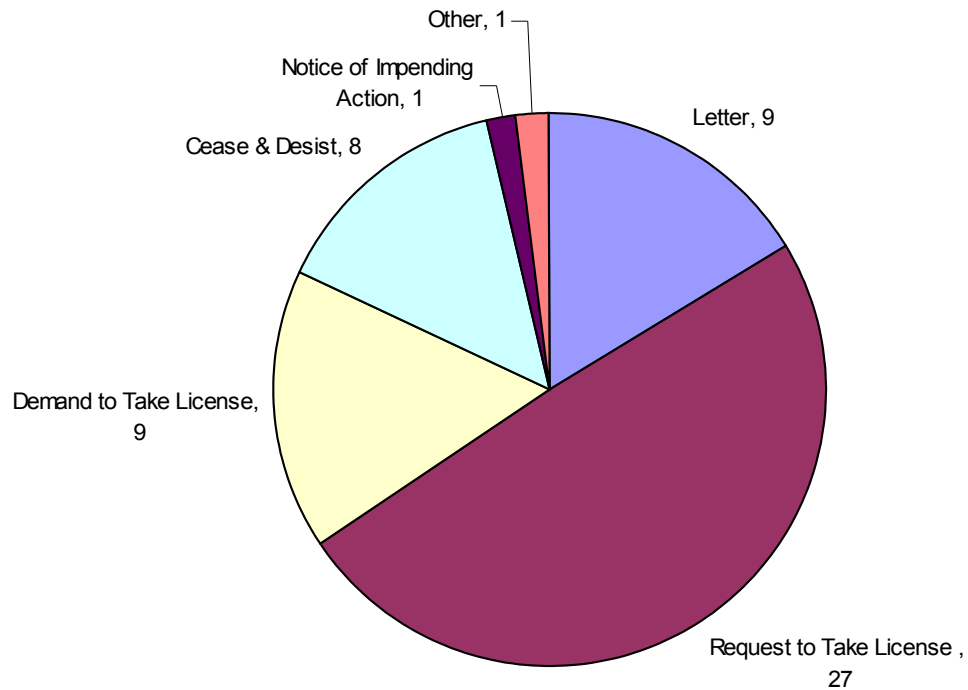
### Had background research been conducted



### Has a licensing agreement resulted



### Type of Notifications Recieved in 2004\*



\*Based on partial data for Jul. - Dec. 200

## Preliminary Findings

- Increase in notifications in '03 reported by 9/03 workshop participants supported by data
- Level of notifications appears relatively steady overall since '03 (for institutions in our sample)
- Data suggests some impact both in terms of costs incurred by institutions and on research
- Madey effect??