

## Importance of Proper Patent Assignment Language



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The Federal Circuit's February 13, 2008 decision in *DDB Technologies LLC v. MLB Advanced Media LP* is a preliminary ruling in a patent infringement suit brought by the inventors of a computer simulation method against the interactive media subsidiary of Major League Baseball. Embedded amid a tangle of complex jurisdictional and discovery issues is the question of whether federal or state law applies to the construction of an agreement to assign a patent. The critical distinction, the court held, is whether the agreement creates an automatic assignment of the patent as soon as the invention comes into being, or merely an obligation to assign the patent in the future. In the former case, legal title is transferred to the assignee immediately by operation of law, whereas in the latter, the assignee acquires only a right to enforce the assignor's promise. The court concluded that federal law should determine the question of automatic assignment versus promise to assign. If the contract is adjudged to be a mere promise to assign, then the provisions of that contract will be interpreted under whatever state law applies.

This case underlines the importance of drafting patent assignment agreements as self-executing *present* assignments of patent rights rather than promises to assign such rights in the future. There have always been good reasons for taking this approach. It avoids the difficulties of forcing compliance and minimizes the chance that the obligation to assign can be repudiated as an executory contract in bankruptcy. The *DDB* decision adds another compelling reason to be sure there is a present assignment: avoiding the complexities of deciding which state's law will apply to the assignment agreement and then predicting the result.

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