

## The NDA Controls: Inventorship and Ownership Are Two Very Different Things

*SiOnyx LLC v. Hamamatsu Photonics, Nos. 19-2359, 20-1217 (Fed. Cir. Dec. 7, 2020)*

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On December 7, 2020, Japanese-based Hamamatsu was ordered by the Court of Appeals for the Federal Circuit (“CAFC”) to transfer ownership of their U.S. *and* foreign patents to Harvard University-backed SiOnyx. In light of the terms of the parties’ nondisclosure agreement (NDA), the Federal Circuit held that the lower court erred by not awarding SiOnyx sole ownership of foreign patents for “black silicon” technology at the same time that SiOnyx was awarded sole ownership of related U.S. patents.

On January 7, 2007, SiOnyx entered into the NDA with Hamamatsu, which makes silicon-based photodetector devices, and shared confidential information about joint development opportunities for pulsed laser process doped photonic devices. The NDA included a provision that the disclosing party claims ownership of the information and all patent rights “in or arising from” the information. After the nondisclosure agreement ended, on January 12, 2008, Hamamatsu worked independently to develop a “black silicon” photodiode. While doing so, Hamamatsu referred to prototype work done with SiOnyx in an internal report. On February 24, 2009, Hamamatsu filed several patent applications relating to photodetector devices in Japan and several other countries, including the United States.

Among other things, SiOnyx sued Hamamatsu to contest ownership of the U.S. and foreign patents and to seek a judgment that Hamamatsu had breached the NDA. In the District Court of Massachusetts, the jury found that Hamamatsu breached the NDA when it referred to SiOnyx’s confidential information in the internal report and that SiOnyx co-invented the material claimed in the disputed U.S. patents. In post-trial motions, SiOnyx asked the district court to grant SiOnyx ownership of *all* disputed patents as a remedy for Hamamatsu’s NDA breach. The court granted SiOnyx’s motion for the U.S. patents but denied the motion for the foreign patents.

On appeal, SiOnyx contended that the district court erred because the same evidence that established its ownership right in the U.S. patents established its ownership right in the foreign patents; further, the court had authority to compel the transfer of ownership. The CAFC agreed with SiOnyx that the evidence that established SiOnyx’s right to sole ownership applied to both the disputed U.S. and foreign patents. As the CAFC noted, “it is elementary that inventorship and ownership are separate issues.” Despite Hamamatsu being the primary inventor of the claimed device, the NDA provided that ownership of patents arising from confidential information exchanged under the NDA would be claimed by the disclosing party. Without evidence that Hamamatsu had contributed confidential information under the NDA, Hamamatsu was not entitled to co-ownership of the patents.

Thus, the CAFC affirmed the district court’s decision granting sole ownership of the disputed U.S. Patents and reversed the district court’s decision denying SiOnyx sole ownership of the disputed foreign patents. As this case makes clear, execution of and adherence to the terms of NDAs can have a profound effect far into the future. The importance and impact of NDA terms on subsequent intellectual property rights should not be underestimated and should be considered carefully when engaging in confidential discussions with others that involve one or both parties disclosing potentially patentable information and technologies.