

## Genentech Legal Counsel and Vice President, 1976-1988, and Entrepreneur

### Introduction

by Rebecca S. Eisenberg

I first met Tom Kiley at a deposition in San Francisco in 1981. Although I can't recall the witness, I remember the setting vividly. We were in a conference room in the law offices of Heller, Ehrman, White & McAuliffe, high above the ground in the heart of the financial district, facing north across the San Francisco Bay. It was a clear day, and it seemed that there were almost as many lawyers in the room as there were sailboats in the water. As a new associate in the firm, I had just been added to a growing litigation team at work on an interesting new case in the office involving rights in a cell line that had been used in the course of cloning an interferon gene. On one side of the dispute was our client, Hoffmann-La Roche, and its research partner, Genentech. On the other side was my alma mater, the University of California. Hoffmann-La Roche, having agreed to absorb the full cost of any potential damage award in order to remove a potential cloud on Genentech's initial public offering of stock, had assumed control of our side of the litigation.

Kiley, as counsel for Genentech, and I, as the junior member of the legal team for Hoffmann-La Roche, were seated at one end of the table, with many lawyers separating us from the witness and court reporter. It was the first deposition I had ever attended, and I was unsure of my role. Although Kiley was then still a young lawyer himself, at the time he struck me as a seasoned professional in a position of great responsibility, and I glanced his way from time to time in the hope of learning something about how to behave. He held a pad of paper in his lap, as did most of the others at the table, and he appeared to be absorbed in meticulous note-taking. He evidently noticed that I was watching him, and tipped his notepad toward me. Was this a question from co-counsel? Eager to cooperate, I turned my full attention to what he had written, and found - a rather good sketch of the Bay, with sailboats and Angel Island in the foreground, and the Marin Headlands beyond.

This was my first clue that Tom Kiley was a breed apart from the other patent lawyers I was meeting. His gaze extended far beyond the matter at hand, and he was having a lot more fun than they were.

In fact, as general counsel for a technology-based start-up company, Tom Kiley was pioneering a new role for patent lawyers. In the early 1980s, patent law was an arcane specialty within the legal profession that few lawyers knew (or cared to know) anything about. Although it was common for large companies, such as pharmaceutical firms, to employ their own in-house patent lawyers, the prestigious role of general counsel was typically filled by a generalist with a broader background in corporate and commercial law.

For a technology-based startup, however, the first legal priority was to implement an intellectual property strategy that would permit the firm to capture the value of its R&D. A clever patent lawyer could work with scientists and entrepreneurs to stake out a patent position that would dominate future developments, strengthening the firm's hand in negotiations with research partners and offering a promise of future profits to entice investors. Patent lawyers were typically the first lawyers these firms needed and identified, but not every startup was lucky enough to find a patent lawyer with a broad enough strategic vision to make the smartest opening moves.

As the first general counsel of Genentech, Tom Kiley had to be willing to look beyond the walls of the firm to see what opportunities and hazards lay on the horizon. He had to devise persuasive legal arguments for establishing the patentability of a technology that many nonscientists saw as arrogant meddling with natural forces and fraught with hazards to the public. He had to foresee the potential commercial applications of inventions that were far removed from the marketplace, and justify patent claims that would cover those applications. He had to untangle and resolve conflicts over proprietary rights in the ambiguous zone between academic and commercial research. He had to work out an allocation of legal rights in the innovative partnerships his client was forging with pharmaceutical firms and nonprofit institutions that would permit research to go forward, while reserving for Genentech a substantial piece of the action. He had to pick his battles, decide which rights to keep and which to bargain away, all the while looking down the road toward the goal of building Genentech into a fully integrated pharmaceutical company.

Some twenty years later, Kiley is in a position to look back on his own early strategic moves and see how they played out. Few biotechnology firms of that era have fared as well as Genentech, and it is hard to imagine that the firm could have prospered without the guidance of an aggressive and creative patent strategist.

Yet as he reflects upon the past twenty years, Kiley does not emerge as an uncritical champion of the patent system. Quite the contrary, he offers sobering reflections on the ways that the patent system has failed the biotechnology industry. He fears that, "We're cluttering up the landscape with such a dense thicket of patents that before long I fear companies will be caught like flies in amber and unable to move in any direction." Noting that "there is a dark side to the patent system," he worries that "to the extent we insist on patenting the very tools of science, the very raw materials on which scientists operate, we run the risk of standing the patent system on its head and discouraging rather than promoting the creation of new things." He condemns as "one of the great evils of the patent system" the availability of broad "composition of matter" claims that give inventors control over all uses of newly invented materials, rather than limiting their claims to the uses that they know and disclose in their patent applications. He laments that "the Patent Office is not a very effective filter against bad patents," and condemns the creation of the Court of Appeals for the Federal Circuit as "a very big mistake." By foreclosing the dialogue and debate that goes on among different circuits in other fields, Kiley observes that the concentration of patent jurisdiction in a single patent court has caused patent jurisprudence to become "constipated" and "unduly pro-patent, with the result that in some respects it's fair to say America is choking on patents and innovation is stifled by them."

This is hardly the party line of the patent bar. But perhaps the trained focus of patent lawyers on the particular matters at hand has distracted them from the broader landscape of innovation. Kiley's perspective is surely an enlightening one for anyone who believes that a successful patent system is one that generates new products, not merely new patents. To evaluate the patent system according to that metric, one must look outside the window.

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