When Employees

LexisNexis Martindale-Hubbell posed the following question to provide a variety of views on this important topic:

How can in-house counsel ensure that the ownership of an invention vests with the company rather than with an employee who may claim inventorship?

In the high-stakes world of intellectual property, companies need to ensure that their inventions are clearly theirs, with no question of competing claims. In-house counsel should constantly educate employees inside and outside IP and R&D divisions that the company, not the individual, is the owner. This education begins before an employee is hired and continues after resignations are announced.

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As part of the standard new hire paperwork, employees should sign an agreement that obligates them to assign rights in inventions developed within the scope of their employment to the employer.

If a current employee didn't sign an IP agreement when he/she was hired and now refuses to assign the invention, look to the company policy handbooks for ownership support. If a retroactive program is being implemented to correct for past omissions, check with counsel, because some states may not recognize the promise of ongoing employment as sufficient consideration.

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It is critical that companies educate new employees about the importance of maintaining confidential inventions as a component of IP protection. In Canada, nonconfidential disclosures of possible inventions or inventions before patent application filing will invalidate patents (s.28.2(1)(a) Patent Act).

While Canada provides a one-year grace period wherein a patent application may be filed following a nonconfidential disclosure, given the dire consequences of public disclosures on the patentability of possible inventions, companies should educate their employees about the importance of maintaining confidentiality and require employees to sign nondisclosure agreements to prevent premature disclosure.

Claim Inventions

Illustrations by Holly Haugen

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Absent an agreement to the contrary, the owner of an invention is presumed to be the inventor, not the inventor's employer.

Written employee agreements expressly assigning inventions to the company are the only sure-fire way to ensure that a company will have the right to exploit employee inventions.

Absent such an agreement, limited recourse may exist under the "employed to invent" and "shop right" doctrines. However, in both cases, the analysis is fact-intensive, litigation is expensive, and as with all judicial determinations, the outcome will be uncertain.

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Unless patents and IP ownership are a priority throughout a company, many people in departments such as HR don't realize they should be concerned with them. Along with requiring new hires to sign contracts acknowledging their obligations to assign IP, HR needs to follow through at the exit interview.

During the exit process, departing employees should sign contracts reaffirming that they have complied fully with the terms of the employment agreement and that all inventions have been brought to the attention of the company and all files have remained with the company.

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Companies should be diligent to ensure employee agreements address invention ownership and that throughout their tenure employees execute assignment documents for any inventive activities. Companies should also include a review of any inventive activities by an employee during exit processing.

As an additional safeguard for critical high technology R&D employees, the employer may want to execute an inventor name search in U.S. Patent and Trademark Office databases from time to time.

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