

Who owns invention, firm or employee?



Legal Matters

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Guest Columnists

In today's competitive environment, it is common for employers to encourage their employees to be creative and to look for innovative ways in which the company can obtain a competitive advantage. In response, employees sometimes conceive of technical improvements to products, tools, procedures or business methods. Such improvements may even result in a patent application being filed by the company.

Most employers would assume that the invention and any resulting patent belong to the company, not the employee who developed it.

However, under common law principles, this is not necessarily the case.

The default rule in the United States is that the inventor owns the invention. This is true even when the inventor happens to work for a company. However, there are exceptions.

The power of a written assignment

First, an employer may own the invention if an employee has executed a written assignment. In some instances, an employer will require an employee to "agree to assign" inventions developed during the course of employment and that relate to the employer's business. This is typically done as part of a written contract of employment.

Many employers require technical employees, particularly those in research and development posi-

tions, to execute an agreement concerning the ownership of technology at the time employment commences. In some instances, such an agreement is entered into after employment has commenced as a condition to continued employment, especially in instances in which the employee's role within the company has morphed since commencement of their employment.

These agreements will typically include a provision whereby the employee acknowledges that all inventions made during the term of employment relating to the business of the employer belong to the employer. Further, the employee agrees to cooperate in the prosecution of patent applications and the execution of assignments of patent rights.

In return, many employers offer financial incentives to technical employees tied to events such as the approval of a new technical dis-

closure, the filing of a patent application and the issuance of a patent.

Innovation as a job duty

Even without such an express agreement, the law may recognize an implied agreement in which the employee is "hired to invent." For example, if the employee's job title is "R&D manager" or "product development engineer," it is likely that innovation is part of their job duties and anything they develop on the job belongs to the employer.

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