Gavel to Gavel: IP agreement is key to invention ownership

Gavel to Gavel appears in The Journal Record. This column was originally published in The Journal Record on Jan. 24, 2019.

Cody Cooper is a Patent Attorney in the Intellectual Property Practice Group and represents individuals and companies in a wide range of intellectual property, patent, trademark and copyright matters. His practice also includes commercial litigation.

By Phillips Murrah Attorney Cody J. Cooper

Let's say an employee invents something during the course of his or her employment. Who owns the invention? There is a common misconception that the employer always owns the rights to the invention. However, that is incorrect. The correct answer is that typically the employee owns it.

Inventors' exclusive right to their inventions is specifically written into the U.S. Constitution and, as such, courts have generally interpreted ownership of inventions to favor the inventors. While there are some narrow exceptions, the general rule is that an inventor owns the rights regardless of how that invention arose.

If an employer wants ownership of inventions created by employees, the employer must have employees sign an intellectual property assignment agreement. In such a scenario, employers should be aware that courts strictly interpret IP assignment agreements. Recent case law has instructed employers that how you draft the assignment agreement is equally as important as having an agreement in the first place.

For example, the Federal Circuit recently determined, in *Advance Video Technologies v. HTC Corporation Inc.,* that the language "will assign" in an IP assignment is insufficient to actually assign an employee's interest in an invention to the employer. The court opined that "will assign" is simply a promise to do something in the future.

Instead, the court inferred that an IP assignment must include language saying the employee "assigns" – present tense – their IP rights. The small difference in language had a tremendous impact on the employer's standing to sue another company for patent infringement.

If employees have already created inventions that the employer presumed the company owns but doesn't have an IP assignment in

place, the invention is likely owned by the employee and the employer probably has no rights to the invention. Nevertheless, the employer and employee can still enter into an IP assignment agreement.

However, in this scenario there must be an exchange-of-value, i.e. consideration. The law makes clear that it is not enough for the employer to say that the consideration passed to the employee is the employee’s continued employment. There must be something more passing to the employees for their assignment of their invention, like money, stock or some other exchange of value, for it to be effective.