

Intellectual Property and Your Business – What To Do?

Part 2: Include Language in the Employment Agreement

Last month, we initiated the series Intellectual Property and Your Business – What to Do? In the article, we suggested that a business develop a policy that summarizes the company's position on intellectual property. We closed by indicating that the policy should be implemented. One such way to implement the policy is to include language in the company's employment agreement.

The purpose of the employment agreement is to contractually bind an employee, or any agent, independent contractor, or other person having access to the company's proprietary information and technology (or that of a company's client) to obligations of confidentiality, non-use, and assignment of ownership. Any employee, agent or contractor should agree not to disclose or use, either during employment or for a reasonable period of time thereafter, any proprietary information of the company unless authorized beforehand in writing by the company.

As for ownership, in the United States, an inventor has the right to a patent. As such, unless there is an employment agreement, or some state law that transfers ownership, the employer will not own the invention. An employment agree should ensure that the employee, agent or contractor agrees to assign to the company, without further compensation, all right, title, and interest in any innovation conceived or made during employment and for a reasonable time thereafter. Ownership of copyrights vests in the author unless it is a work for hire. As such, the person drafting a standard company document (e.g. operating procedure) will own the copyright unless the employment agreement specifically says there is an obligation of assignment or it is a work for hire. A work for hire must fall into one of the nine categories recognized under the statute: contribution to a collective work; part of a motion picture or other audiovisual work; a translation supplementary work; a compilation; an instructional text; a test; answer material for a test; or an atlas. Very few standard company documents fall into one of the categories of work for hire, therefore the employment agreement should indicate that any copyrightable work shall be the property of the Company and the employee shall assign to the company the entire right, title and interest in and to the copyright work, including the right to register the work.

To ensure operation of the transfer of ownership, the employee, contractor or agent should have a continuing obligation to execute any and all oaths and declarations, application documents, registrations, assignments, and the like, which the company requests to secure, maintain, and protect its interests in the intellectual property. The obligations of confidentiality, non-use and transfer of ownership should be binding upon the heirs and legal representatives of the employee, contractor or agent. Additionally, the company policy should make any job offer or continued employment contingent upon acceptance of the terms of the employment agreement.

Wagner Law LLC serves as external intellectual property counsel to technology driven companies from start-ups to Fortune 500s. The firm helps clients develop and implement strategies to identify, obtain, and protect intellectual property rights. The principal of Wagner Law, Jaconda Wagner, Esq., has over 15 years of experience in the intellectual property arena. The firm welcomes comments and questions.

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