Abel+Imray

The inventor who was not paid to invent

It is important that a business makes sure that it owns the rights in an invention before it files a patent application. This means that the business has to make sure that it owns the contributions of all the inventors, the people who came-up with the invention covered by the patent application. If the business does not own the rights, the patent or patent application could be in jeopardy and expensive ownership disputes could arise.

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Briefly, when a business wants to file a patent application it ideally needs to:

+ Identify the inventors, the people who made the invention;
+ Identify who owns the contribution of each inventor e.g. by virtue of employment;
+ Identify the intended applicant(s) - i.e. the person(s) in whose name(s) the patent application is to be filed (this can be a legal personality such as a company); and
+ If the owner(s) of the contributions of each inventor is not the same as the intended applicant, then have a plan for how that ownership is transferred in a timely fashion to the intended owner(s).

Some case studies are presented below which illustrate how things can go wrong.

The inventor who was not paid to invent

In one case, the inventor was an electrician, employed on a vehicle assembly line for routine maintenance work. He came up with a great idea to speed-up the construction of the vehicle. His employer insisted that they owned the invention; after all, even though the employee was not paid to invent, the employee's contract stated that the employer owned all inventions arising out of the employee's work. Unfortunately for the employer, in this case, the law in the UK is on the employee's side. As between the employer and employee, the employer owns inventions made by an employee arising out of the employee's normal duties or duties given to them, when the invention could have been expected to have come out of those duties. This means that the employer will generally own inventions made by employees who are paid to invent, but not the inventions made by those not paid to invent, such as the electrician above. Also in the UK, an employment contract cannot reduce the rights of the employee in this regard. The solution in this case would be for the employer to persuade the employee to sign-over his rights in the invention to the employer, in return for extra payment to the employee, before the employer files any patent application.
(It should be noted that special provisions relate to very senior staff, such as directors, who have a special duty towards their employer.)

The "it's important, let's name the whole research group" invention

A patent application is not a research paper. Whether or not someone is an inventor is a legal matter judged on the facts; a person either made an inventive contribution to the invention or they did not. If they didn't then they should not be named as an inventor. By all means, mention someone on a research paper if that's what you want to do, but only

those actually making a contribution to the invention should be named as an inventor.

The "put me down as the inventor" boss

Once again, it is important to correctly identify who made an invention. Failure to correctly identify the inventor may lead to a failure to correctly identify who owned the contributions of the inventors, which may lead to the patent application being filed in the wrong name, which may lead to legal action disputing the ownership of the patent application.

The non-employee inventor

The provisions mentioned above only relate to employee inventors. If an inventor is not an employee, then absent any agreement between the parties, the inventor themselves will own the invention. Examples where this is could be an issue is if the inventor is a student, non-executive director or a non-employee director. In these cases, you have to consider any agreements (written or otherwise) between the parties in order to determine who owns the invention.

The "no agreement" inventor

If you ask a non-employee (such as a friend or a third party business consultant) to do some work for you (paid or otherwise), and that person comes up with an invention then who owns the invention will depend on the agreement between you and that other person. If there is no agreement in place or there is an agreement in place but it doesn't mention ownership of inventions, then the friend or business consultant will own the invention. In this case, it is important to sort out the ownership issues as soon as possible. Such circumstances often arise when long-term "consultants" are employed in a business and are treated by the business in a manner similar to employees, but are not formally treated as an employee of that business under employment law in the UK.

The "employed by many organisations to do the same thing" inventor

This sometimes arises with clinicians who may be employed by a hospital or health board, a university and one or more private clinics, or with inventors (often senior staff) employed by several companies which undertake the same kind of work. It is important to try to identify for whom the inventor was working when they came up with the invention.

The "employed by a big corporate with many divisions" inventor

Many large corporates have different divisions, a complicated corporate structure, and a long list of difference corporate entities, which are used for different purposes. The name of the company that employs an individual who makes an invention may be very similar to the name of the parent company and to the name of the company which is used to own / hold IP, but nevertheless be different legal entities. Just because the employing company and the IP holding company are in the same group, and owned by the same parent company, is not enough by itself to avoid an ownership issue down the line.

Consequences of getting it wrong

Whenever a patent becomes important or valuable, ownership of the patent quickly comes into focus. Getting ownership wrong is often cited as the reason why a deal involving patents has unravelled. Why would someone licence, buy or invest in a patent if there is a suspicion that the officially recorded "owner" of the patent right isn't properly or fully entitled to that right? Some countries have very strict laws that make it even more important to get the details of the inventorship / ownership right. For example, getting it wrong in the US can affect the validity and/or enforceability of the patent when granted. Moreover, getting the list of inventors wrong in the US can be a serious matter of itself, because each inventor has to sign a declaration as to the veracity of the list of inventors. In the US, knowingly making a false statement relating to who the inventors are is a criminal offence punishable by fine and/or imprisonment.

Summary

It is vitally important to ensure that you correctly identify the inventor(s) and to ensure that you identify who owns the contribution of each inventor so that you can determine if any further transfers of rights are needed to ensure that the patent applicant(s) own all the necessary rights before filing the patent application. Naming people who didn't contribute can be a problem, not naming people who did contribute to the invention can be a problem, and

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naming an owner of the patent application when that owner is not properly entitled can be a problem. When asking your patent attorney to prepare and file a patent application, you should be ready to tell your patent attorney who the inventors are and who owns their contribution to the invention. Taking the time to get this right at the outset will pay off in the long term.

If you have any questions about matters in the Newsletter, please get in touch with your usual Abel & Imray contact, or e-mail to: ai@abelimray.com.