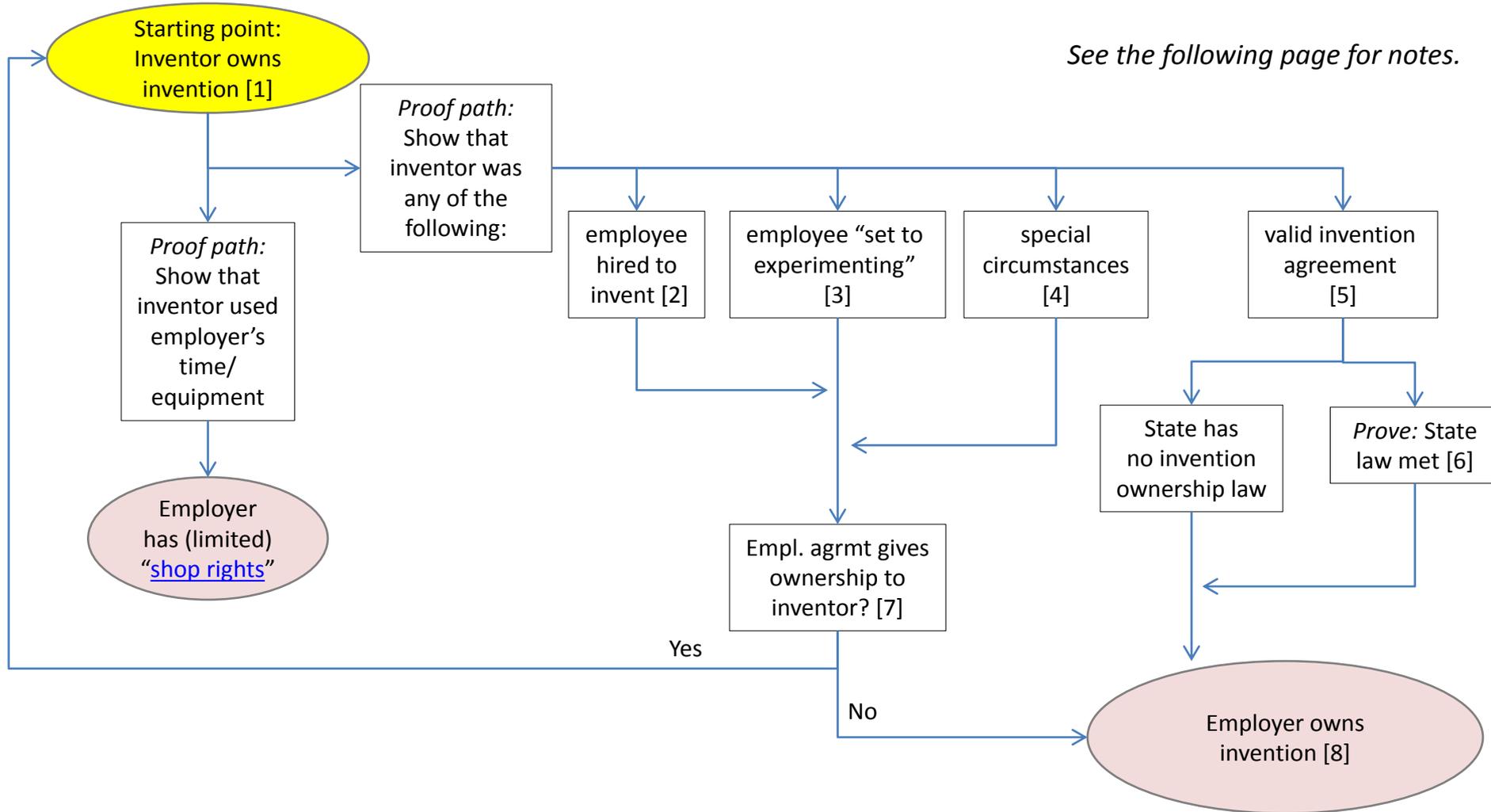


Legal Issues Diagram: Who owns an employee's invention (in the U.S.)?

See the following page for notes.



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NOTES

1. **Inventor owns invention:** This diagram assumes a single inventor; joint inventors are normally joint owners of the invention.
2. **“Hired to invent”** is often proved with a written description of job duties in an offer letter or employment agreement.
3. **“Set to experimenting” — example:** An engineer, *who had no employment agreement*, was assigned to head up a project to address a problem with turbine fan blades in jet engines. During the project, the engineer came up with an idea — at home — to solve the problem. He and other employees refined and tested the idea, and eventually the company filed a patent application. Later, the engineer sued for a declaration that he was the invention's rightful owner. The appeals court rejected his claim, saying that “[h]aving directed [the engineer] to that task, compensated him for his efforts, paid for the refinement of [his idea], and paid for the patent protection, [the company] owns the patent rights” under an implied-in-fact contract. [Teets v. Chromaloy Gas Turbine Corp.](#), 83 F.3d 403, Nos. 95-1379, 95-1389 (Fed. Cir. May 7, 1996) (reversing lower-court declaratory judgment that engineer owned the patent rights).
4. **Special circumstances:** An inventor who is associated with a company as an officer, director, or principal shareholder, and whose invention relates to the company's business, might have an *equitable* duty to assign the patent rights for the invention to the company. *See, e.g., Kennedy v. Wright*, 676 F. Supp. 888, 893 (C.D. Ill. 1988) (collecting cases; patent infringement suit by former president of corporation against successor to corporation dismissed; successor owned equitable title to patents because of plaintiff's fiduciary duty to assign to corporation).
5. **Valid invention-assignment agreement:** Here, the term “valid” refers simply to the usual requirements to have a valid contract, for example, offer, acceptance, and consideration, plus any applicable requirement that the agreement be in writing under the statute of frauds.
6. **State law requirements met:** A number of states limit by statute the types of inventions that an employer can require an employee to assign. In some respects, California's employee invention-ownership statute includes perhaps the most detailed provisions. *See:* • [Cal. Lab. Code 2870-2871](#); • [Del. Code. Ann. 805](#); • [765 Ill. Code 1060](#); • [Minn. Stat. 181.78](#); • [N.C. Gen. Stat. 66-57.1](#); • [Wash. Rev. Code 49.44.140](#).
7. **Employment agreement gives ownership to inventor:** Many companies' employment agreements include “carve-out” provisions by which an employee can retain ownership of his or her inventions not relating to the company's business.
8. **Employer owns the invention:** The employer, of course, may have a separate obligation to assign the invention rights to someone else, for example under a development contract.