

Who Owns What? Intellectual Property Rights Between Employer & Employee

by Thomas T. Chan

I. California Labor Code Provisions:

- A. Section 2860: Everything which an employee acquires by virtue of his employment, except compensation which is due to him from his employer, belongs to the employer, whether acquired lawfully or unlawfully, or during or after the expiration of the term of his employment.
- B. Section 2870:
 - (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
 - (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
 - (2) Result from any work performed by the employee for the employer.
 - (b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

II. Ownership of Intellectual Property

- A. Patents - In the absence of any agreement, either express or implied in fact, to the contrary, each of the joint owners of a patent may make, use, offer to sell, or sell the patented invention within the United States, or import the patented invention into the United States, without consent of and without accounting to the other owners. 35 U.S.C. 262
 - 1. "Shop Right"- An equitable doctrine that may afford an employer, in certain circumstances, the benefit of an irrevocable nonexclusive license to practice the invention.
- B. Trademarks - Ownership as between employer and employee will depend upon who first used the term as a mark and whom the mark identifies. If an employee designs a mark in the course of employment and the employer uses it, the employer is the owner of the mark. *Scranton Plastic Laminating, Inc. v. Mason*, 187 U.S.P.Q. 335 (T.T.A.B. 1975)
- C. Copyrights
 - 1. Initial Ownership - Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work. 17 U.S.C. 201(a).
 - 2. Works Made for Hire - In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless

the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright. 17 U.S.C. 201(b).

3. Contributions to Collective Works - Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series 17 U.S.C. 201(c).

D. Trade Secrets

1. Elements required for enforcing a trade secret:

- a. the existence of a trade secret;
- b. a relationship between the parties pursuant to which the owner's trade secrets may become known to the other party;
- c. knowledge of trade secret by the other party through that relationship;
- d. knowledge or notice that such secret is valuable property which is not to be used outside the relationship; and
- e. use or disclosure (or threatened use or disclosure) of the matter has potential or actual detriment to the owner.