



Statutory Requirements for Invention Assignment Provisions

Insights

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You may have spent time drafting (or having your lawyers draft) enforceable restrictive covenants to protect your company's confidential and proprietary information, goodwill, and customer relationships, but have you ensured that a former employee cannot take intellectual property developed while working at the company? Not if you have omitted certain language required in a number of states.

Most companies include very broad assignment of inventions clauses in their employment agreements. In most states, expansive assignment provisions are enforceable. However, certain states require the employer to provide notice to the employee that, in limited circumstances, an invention is not assignable to the company. Specifically, that circumstance is when it involves a true independent invention, one that is developed completely without any company resources and that does not relate to the employee's work or the employer's current business or anticipated future business.

States that exclude inventions that meet these criteria include: California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah and Washington. In fact, California's statute requires that an employer attach the text of its inventions provision to the agreement itself. It is best, and in some cases required, to provide the employee with notice that these types of inventions are not assignable by including language to this effect in the invention assignment section, such as:

The foregoing shall not apply to an invention for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the Employee's own time, and (1) which does not relate (a) to the business of the Company, or (b) to the Company's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the Employee for the Company.

Therefore, if you are drafting an employment agreement to apply in one of these states, be sure to include the required language or the invention may not be properly assignable. And generally speaking, it's important in all states to think through situations where a company would not claim ownership of an employee's invention and then exclude those types of intellectual property.

Related People



Susan M. Guerette

Partner

610.230.2133

Email