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## “Tip of the Month”

### Whose Invention Is It Anyway - Employee's or Employer's?

When an employee's invention hits the jackpot, who owns it - the employee or the employer? Without an "Assignment of Inventions" Agreement, the employer may have significant rights to the patent, or it may have “shop rights,” or it may have no rights at all.

For instance, when an employee is hired specifically to invent a particular device or process or when an employee is hired to do work creating inventions, the law generally implies an agreement to assign patent rights to the employer. When an employee is hired to do work other than inventive work, it is likely that no agreement to assign patent rights will be implied. Most disputes arise when an employee is hired to do "general" work but is assigned to do inventive work. The following factors are considered by the courts to determine which category a particular employee fits into:

1. Whether the invention relates to the employer's business;
2. Whether the employer played a role in developing the invention, or provided the original idea;
3. Whether the employee was assigned to work on the invention during work;
4. Whether the employer paid patent prosecution costs;
5. Whether other employees worked on the invention or are listed as co-inventors;
6. Whether the employer's materials, tools, or facilities were used developing the invention; and
7. Whether this employee or other employees had previously assigned patent rights to the employer, in the absence of an express agreement.

Even if the employee does inventive work, if the employee pays all expenses and works mostly on his own time, the employer will have no right to assignment. When an invention is developed during work using the employer's materials, the law will usually imply an employer's right to assignment of patent rights unless the employee was not hired or assigned to do inventive work.

If the employee developed the invention during work hours, or used the employer's materials, but not both, the employer will generally have a “shop right” in the invention. A shop right allows the employer to use the invention without having to pay a license fee to the employee. Even an independent contractor hired for general work and who develops an invention on his employer's time using his employer's tools must assign shop rights. Contribution by the employer to the inventor's efforts is a major factor in determining the award of a 'shop right.'

The only other way for an employer to own the rights to an employee's inventions is by agreement. Employers can also implement policies that encourage their employees to disclose inventions, ideas and suggestions.

If you have any questions or need an ‘Assignment of Inventions’ Agreement, please do not hesitate to call us at 603-668-1971 or contact us using e-mail through the Internet at *Meslaw @ aol.com*.

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