

PATENT LAW YOU CAN USE™

Inventorship vs. Ownership of a Patent

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Inventorship and Ownership

Abstract - Inventorship and ownership of a patent are separate and distinct issues. Generally, a patent is owned by the inventor. However, the inventor and the owner of the patent may be different. This typically occurs when the inventor assigns the patent to an entity, such as a corporation or a university. Complex and serious legal issues involving the ownership of a patent often arise when inventorship or the duty of an inventor to assign the patent is not clearly defined.

With patents, the concepts of inventorship and ownership, though related, are distinct. Inventorship is a legal concept that is based upon who meets the requirements to be an inventor. On the other hand, the concept of ownership relates to who actually owns the legal rights associated with the patent. In the case of an independent inventor, the inventor and the owner of a patent are usually the same. Often, especially in a university or a corporate setting, the inventor does not own the patent. Rather, the university or corporation is the owner.

Patent applications filed in the United States must be filed in the name of the person who invented the invention. The act of invention has two parts, “conception” and “reduction to practice”. Conception is the formulation in the mind of the inventor of the complete means for

solving a problem in such a way that a person skilled in the relevant art could practice the invention by following the inventor's conception.

An invention is not complete following conception, however. It must further be reduced to practice. This can be accomplished in one of two ways. There may be an "actual" reduction to practice, which is when the invention is made and tested to determine that it works. However, reduction to practice does not require the invention to be made. An invention can be "constructively" reduced to practice by filing a patent application claiming the invention. For purposes of invention, a constructive reduction to practice is considered to be equivalent to an actual reduction to practice.

The inventor is the individual who has conceived of the invention, provided of course that there has been a reduction to practice. An individual who reduces the invention to practice by following the conception of the inventor is not considered to be an inventor.

There may be only one inventor, which occurs when one person has conceived of the entire invention. Very commonly, however, invention is a collaborative process involving two or more people. When more than one person contributes to the conception of an invention, each is considered to be a joint inventor.

Joint inventors do not have to have physically worked together on the invention. There must have been some collaboration, however, and each of the inventors must have worked on the same subject matter and must make some contribution to the conception of the invention as it is claimed in the patent. All of the joint inventors do not have to be inventors of every claim. Even if an individual contributes a conception to only one claim in a patent, that individual is still a joint inventor of the entire patent.

Each of the joint inventors are named on the cover page of a patent. The order of the names of the inventors has no legal significance. The rights in the patent of one named inventor are the same as those of each of the other named inventors, irrespective of the order in which they are listed.

One final point concerning inventorship is that an individual who has not contributed to the conception of the invention is not an inventor, and is not permitted to be listed on the patent as an inventor. Even if someone has contributed a large amount of money to permit the inventors to work, or if someone heads the research department in which the inventors work, that person is not an inventor. Inclusion of such a person's name as an inventor on a patent, with knowledge that the person does not qualify as an inventor, can result in invalidity of the patent. Therefore, that person's name must not be listed as an inventor on the patent.

Absent any contrary agreement or duty to assign the patent, the named inventor is the owner of the patent. As the owner of the patent, the inventor has the right to prevent others from making, using, selling, offering to sell, or importing the patented invention.

If there are joint inventors, unless there is a contract to the contrary, each of the inventors has an undivided interest in the entire invention as claimed in the patent. Therefore, each of the joint inventors may practice the invention without consent of the other inventors and without any duty to pay the other inventors a portion of the profits from the exploitation of the patent. There is no fiduciary duty between the joint inventors. Also, each joint inventor may license the patent without approval of the other inventors and without paying them a share of any royalties received from the licensee.

Because of this, in any situation involving more than one inventor, the inventors should agree by contract how the rights in the patent will be apportioned. For example, the inventors may agree that all proceeds from licensing the invention will be split regardless of which inventor actually licenses the invention, or that each of the inventors will have separate exclusive rights to the patent in different geographical regions of the United States.

Often, inventors assign their inventions to their corporate or university employers. When this occurs, inventorship and ownership of the patent differs. Here, the corporate or university assignee, and not the inventors themselves, owns the rights in the patent. Unless there is an agreement requiring it, the assignee/owner does not have to make any payments to the assignor/inventor for exploiting the patent.

An obligation to assign a patent usually arises when there is a contract between the inventor and the assignee requiring an assignment, such as when a contractor is hired to solve a particular problem, or when certain employer/employee relationships exist. Generally, an employee must assign an invention to an employer if the employee has a specific contractual obligation to assign or if the employee was hired to invent or is directed by the employer to solve a particular problem. Although courts have divided on this issue, employees who have been hired to do research in general usually do not have to assign their inventions to their employers. Also, employees who have been hired for purposes other than to do research have no duty to assign their inventions to the employers.

Of course, parties may define their rights by contract. It is a good idea for companies and universities to have contracts in place with their researchers that require assignment of any invention discovered in the course of their employment.

Another issue that frequently comes up is who owns an invention that is invented by someone who would ordinarily not have a duty to assign to the employer, but where the invention was made using employer resources or on company time. In these cases, In such cases, employers are entitled to a "shop right," by which the employer receives a royalty-free nonexclusive license to use the invention during the term of any patent that the employee might get for the invention.¹ Of course, as with any other rights between parties, the employer and the employee may contract with each other to enlarge or to reduce these shop rights.

A recent court case illustrates the serious problems that may be encountered regarding inventorship and ownership of patents. In *Ethicon Inc. v. United States Surgical Corp.*², the sole named inventor, Dr. In Bae Yoon, granted an exclusive license to Ethicon under a patent which claimed a trocar³ equipped with a safety device to prevent injuries to abdominal organs. During the development of the safety trocar, Dr. Yoon had worked with Mr. Young Jae Choi, an electronics technician. Mr. Choi was not paid for his work and was not informed of the patent application or of the issuance of the patent.

Ethicon, as exclusive licensee, filed suit against US Surgical for infringement of claims 34 and 50 of the patent. While the suit was pending, however, US Surgical learned of Choi's involvement and obtained a "retroactive" license from Choi to practice the invention. US Surgical then filed a motion to correct inventorship of the patent to include Choi as a joint inventor. The

¹ See for example, *Larisey v. U.S.*, 949 F.2d 1137, 20 U.S.P.Q.2d 1845 (Fed. Cir. 1991).

² *Ethicon v. United States Surgical Corp.*, 135 F.3d 1456, 45 U.S.P.Q.2d 1545 (Fed. Cir. 1998)

³ A trocar is a surgical instrument used to make small incisions in the wall of a body cavity for introducing endoscopic instruments.

motion was granted as the court found that Choi had contributed to the invention of claims 33 and 47. Once Choi was established as a joint inventor, US Surgical moved for dismissal of Ethicon's suit on the basis of the license from Choi. The district court granted the motion to dismiss the suit and the Federal Circuit Court of Appeals upheld the district court's ruling in favor of US Surgical and against Ethicon.

The Court's holding against Ethicon was based on the fact that, because Choi was a joint inventor, Choi had the right to grant a license to US Surgical covering the entire patent, even without the approval of Dr. Yoon or Ethicon. This is even though Choi was not an inventor of every claim, and was not even an inventor of claims 34 and 50, the allegedly infringed claims.

To make matters worse for Ethicon, the Court also held that Ethicon could not sue US Surgical for patent infringement even for acts that occurred before the date of Choi's license. This is because an infringement action must include as plaintiffs all co-owners of a patent. Because Choi would not consent to the suit against US Surgical, Ethicon's suit for infringement occurring before Choi's license was dismissed.

The Ethicon case demonstrates what can go wrong if an accurate determination of inventorship is not made and if an assignment of rights from each inventor of a patented technology is not obtained. An unnamed inventor of the subject matter of even one claim of a patent is an owner of all of the claims of the patent. The unnamed inventor has the power to license all the claims of the patent without consent of the other inventors and may prevent the other inventors from enforcing their patent rights.

As is clear from this case, inventorship and ownership are often difficult issues that can have serious consequences on the value of a patent. Additional information about determining inventorship is found in my March 2000 column.