Our third tip in a series

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US Practice Tips 3 – Make Sure You Own It! (or someone else will)

Do you own your patent? It might seem obvious, but this is not a trivial question. And I know there are far more interesting things to think about (believe me – there are more interesting things to write about!), but like the fine print in a contract, the most boring thing can lead to big problems if you don’t pay attention to it.

Listen: I can write the best patent application in the world for you. I can help you obtain such broad claims that your competitors will be shut out from your technology space for years to come. But if ***you*** don’t actually ***own*** the patent, then none of that will be worth anything to you or your company.

So I’ll ask again: Do you own your patent?

**Wait a minute, doesn’t a company already own its patents? After all, it paid for them in the first place!**

This is the big difference between the US and many other countries. In many countries, an employee’s work-related inventions are the property of the employer. But in the US, ***ownership always begins with the inventor***, and so like any property, ownership in patents must be transferred from the inventor-employee to the employer.

**So how can you make sure your company owns its patents?**

With contracts of course! The two most common ways to ensure that your company owns its patents are (a) put it in your employment or service contracts; and (b) by Assignment. Preferably, you should do both, although there are many situations in which an employment or service contract is not feasible. In those situations, having an inventor sign an Assignment is essential.

**Ownership by Employment or Service Contract**

There are several benefits to mentioning IP in general, and patents in particular, in your **employment** **or service** **contracts** –regardless of whether the specific employees or service providers are full- or part-time, outside contractors or advisors, or even university professors, post-docs, or students. The biggest benefit is that an employment or service contract is an opportunity to clearly set the IP rules for your company: to define for employees what constitutes IP, when and where it is generated, and most importantly – **who owns it and when the transfer of ownership occurs**. By way of a carefully written employment or service contract, you can effectively acquire all IP that is generated under your roof, ***at the time of its creation***.

**Ownership by Assignment**

For all the benefits of including an IP clause in an employment or service contract, every investor in, and buyer or potential licensee of your company and/or its IP, and particularly its patents, will still require that you show a specific chain of title from the inventor to prove your right to sell or license any patent in a **specific** invention. This is where an **Assignment** comes in.

Unlike an employment or service contract, an **Assignment** is often very specific. It will list both the name of the patent (e.g. its title) and its registration or application number. Having an Assignment removes all doubt that a ***specific*** patent is owned by the company, and that the company has all rights in the invention to which the patent relates. An added benefit is that at the USPTO, this is the easiest way to prove that your company is entitled to make decisions about a patent or patent application.

**When should all this be done?**

As soon as possible! Employees and service providers come and go, so it’s best to get those signatures on employment or service contracts right at the start, and on any Assignment as soon as a patent or trademark application is filed, or even just before. And when an investor asks if you own your IP, you can say YES with confidence, and move on to more interesting things.

Do you have questions about the above information? Are there subjects that you would like to hear about? [**Let me know!**](mailto:jeremy.ben-david@jmbdavis.com)