

## **Important Clarification on Contract Language Needed to Protect the Employer's Interest in the Intellectual Property Created By Your Employees**

**By Patricia Peard and Anthony Perkins | June 24, 2011**

On June 6 the U.S. Supreme Court issued a decision in *Stanford v. Roche*. The case revolved around a patent infringement dispute between the parties. In the course of discussing why Roche prevailed over Stanford University the Court gave a valuable lesson in the correct language to have in an employment agreement (or consulting agreement) in order to protect the rights of the employers to trade secrets and patentable work product created by an employee in the course of his or her employment. In many cases agreements merely state that "Mr. X agrees to assign to Company Y his right, title and interest in inventions resulting from his employment." Instead of this language it is important to be sure that your contracts and other agreements state, "Mr. X agrees to assign and **hereby does assign** to Company Y his right, title and interest in inventions resulting from his employment." The fact that Stanford University did not have an agreement with this language and Roche did cost Stanford a great deal of money.

With respect to work product subject to copyright protection, it is imperative that the employment agreement (or consulting agreement) state that the work product subject to copyright is a "work made for hire and ownership of such work product shall vest in the employer (or contracting party) immediately upon creation."

If you have agreements or contracts which contain such intellectual property provisions, please review them to see if this critical language is being used. If it is not, we can assist you in crafting a simple addendum to add this protection. Please contact Pat Peard (207 228-7306) or Tony Perkins (207 228-7222) in our Portland office, or Andrea Johnstone (603 623-8700) in our New Hampshire office if you have questions.