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EMPLOYERS BEWARE: WILL YOU OWN YOUR EMPLOYEE'S INVENTIONS?

*Marc A. Lieberstein**

I. INTRODUCTION

The following scenario commonly occurs in commercial settings because the parties do not foresee that disputes may arise as to the ownership of the inventions, ideas, or patentable technologies that may be developed during the course of a relationship:

A contracts with B to assist in developing a New Product. This New Product will enable A to surpass all of its competitors in the industry. A and B meet to discuss ideas, problems and goals, and to launch the development project. During the course of the project, B comes up with A's great New Product, and A discovers that the New Product comprises a patentable invention. A files and pays for a patent application on New Product. Unfortunately, A did not take its attorney's advice, and the contract with B does not contain a provision as to who owns the rights to any inventions or patents in the New Product.

Under the circumstances described above:

- Who owns what? Does the employer/hiring company (A) or the independent contractor (B) have an ownership interest in any of the patent rights that may be obtained, or that have already been obtained in the New Product?

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- Short of ownership, does A have the right to use the New Product developed by B?

The short answers are possibly and yes.

For purposes of this discussion, the authors assume that A contracted for and assigned B to develop the New Product, and that A agreed to pay B monetary compensation as consideration for B's efforts.

II. PATENT OWNERSHIP: WHO OWNS WHAT?

Our hypothetical may indicate that A owns the invention outright as B was essentially "hired" as a *de facto* employee for the specific purpose of making the New Product. Upon considering this question, one prominent attorney has noted that:

A unifying principle is whether the invention has any generic application outside the specific use for which the invention was made in the project. An invention that has no use outside the scope of the project was created, at least inferentially, within the scope of the employment on that project. A new design, for example, that applies only to a new apparatus created in the course of a specific project suggests that the design is a direct result of the consultant's assignment to the project. Should that same design, however, have general application, say to golf clubs outside the project, then this inference would favor ownership by the inventor, subject to a possible shop-right to the employer.¹

Many decisions providing support for this observation have held that when one is hired for the specific purpose of accomplishing a prescribed result and an invention is created in the course of accomplishing this purpose, then the invention belongs to the employer even though the terms of the employment contract contain no express provision dealing with the ownership of whatever inventions may be developed.² The rationale for such a result was cogently articulated by the Massachusetts Supreme Judicial Court in the 1944 case *National Development Co. v. Gray*.³ In *National Development*, the employer did not expressly hire the inventor as

1. STANLEY H. LIEBERSTEIN, WHO OWNS WHAT IS IN YOUR HEAD?: A GUIDE FOR ENTREPRENEURS, INVENTORS AND CREATIVE EMPLOYEES 43 (1996).

2. *Standard Parts Co. v. Peck*, 264 U.S. 52, 58-59 (1923); *E.F. Drew & Co. Inc. v. Reinhard*, 170 F.2d 679, 684 (2d Cir. 1948); *Nat'l Dev. Co. v. Gray*, 55 N.E.2d 783, 787 (Mass. 1944) (citations omitted); *but cf.*, *Cahill v. Regan*, 153 N.Y.S.2d 768, 770 (Sup. Ct. 1956) (holding that employees need not assign invention to employer absent an express agreement to that effect) (citing *Dalzell v. Dueber*, 149 U.S. 315, 320 (1892)).

3. *Nat'l Dev.*, 55 N.E.2d at 787.

an employee; instead, the inventor was hired for the specific purpose of developing and perfecting the plaintiff's machine.⁴ Under such circumstances, the employee had an implied obligation to assign the patent to the plaintiff:

If the employer contemplates the discovery of an invention and enters into a contract with another to endeavor to make the invention for the benefit of the employer and the contract, construed in light of the attending circumstances, shows that the employee must have reasonably understood that such inventions as resulted from his performance of the contract should belong to the employer, then the employee is under an implied obligation to assign any patents acquired him for said inventions to his employer.⁵

A. CASE LAW SUPPORTING OWNERSHIP OF THE INVENTION BY THE EMPLOYER/HIRING COMPANY

The seminal Supreme Court case addressing ownership of inventions in the employer/employee context is the 1924 *Standard Parts Co. v. Peck* case.⁶ In *Standard Parts*, the employee was contracted to “devote his time to the development of a process of machinery” for a stated compensation.⁷ The question for the Supreme Court was: Who owned the resulting invention made pursuant to the contract?⁸ The Court found the answer “inevitable and resistless” that the one who engaged the contracted employee for his services and paid for them owned the invention resulting from such an engagement.⁹

In 1933, the Supreme Court further addressed the law governing ownership of inventions. In *United States v. Dubilier Condenser Corp.*, the Court held that employees of the Dubilier Condenser Corporation were not required to assign rights to patents obtained during their federal employment to the government if the work that resulted in the patentable

4. *Id.*

5. *Id.* *Accord Standard Parts*, 264 U.S. at 58-59; *Solomons v. United States*, 137 U.S. 342, 345 (1890); *E.F. Drew*, 170 F.2d at 683-84; *Teets v. Chromalloy Gas Turbine Corp.*, 83 F.3d 403, 408-09 (Fed. Cir. 1996), *cert. denied*, 519 U.S. 1009 (1996); *St. Louis & O'Fallon Coal Co. v. Dinwiddies*, 53 F.2d 655, 662 (D. Md. 1931), *aff'd*, 64 F.2d 303 (4th Cir. 1933); *Liggett Group, Inc. v. Sunas*, 437 S.E.2d 674, 678-79 (N.C. Ct. App. 1993).

6. *Standard Parts*, 264 U.S. at 58-59.

7. *Id.* at 59.

8. *Id.*

9. *Id.* at 55.

inventions was not the subject of the government/employee employment agreement.¹⁰ Citing *Standard Parts* for the proposition that one employed to make an invention is bound to assign to his employer any patent obtained, the *Dubilier Condenser* court also noted that patent rights to inventions made during employment that were not the subject of the employment agreement would be retained by the employee, with the employer retaining a shop right.¹¹

This basic policy underlying employer ownership of employee inventions was further articulated by the North Carolina Court of Appeals in the 1983 *Liggett Group Inc. v. Sunas* case.¹² In this case, the court stated that mere employment alone “does not endow an employer with exclusive ownership rights to an invention, even though the invention may occur during working hours.”¹³ Nevertheless, even “absent contrary agreement, the employer owns an invention if: (1) the employee is ‘hired to invent, accomplish a prescribed result, or aid in the development of products,’ or (2) the employee is set to experimenting with the view of making an invention and accepts payment for such work.”¹⁴

The Federal Circuit has also addressed the lack of written agreements as to invention ownership in the employer/employee context. In the 1996 *Teets v. Chromalloy Gas Turbine Corp.* case, the Federal Circuit noted that a lack of written contractual assignment of prospective patent rights from employee to employer would not preclude employer ownership of inventive rights if the parties had implicitly agreed to assign patent rights to the employer.¹⁵ There, the court addressed ownership rights as between a corporation and its employee in an improved leading-edge fan blade for a new General Electric aircraft engine.¹⁶ Teets spent seventy percent of his time on the leading edge project, but neither the corporation nor Teets had contractually addressed ownership of inventions arising out of the project.¹⁷ Noting that Florida courts followed the Supreme Court’s pre-*Erie*¹⁸

10. *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 193 (1933) (The *Dubilier Condenser* definition of shop rights is discussed *infra* in notes 52-54.).

11. *Id.*

12. *Liggett Group*, 437 S.E.2d. at 674.

13. *Id.* at 678.

14. *Id.* (quoting *Speck v. N.C. Dairy Found. Inc.*, 319 S.E.2d 139, 143-44 (N.C. 1984)).

15. *Teets*, 83 F.3d at 407.

16. *Id.* at 405-06.

17. *Id.* at 408.

18. *Erie R.R. v. Tompkins*, 304 U.S. 64 (1938) (holding that except matters governed by the U.S. Constitution or by acts of Congress, state laws, including contract laws, govern in diversity cases in federal courts).

precedent governing the law on implied contracts to assign inventive rights, the Federal Circuit reversed the district court's finding of no implied contract and held that an implied-in-fact contract as to inventive rights did exist between Chromalloy and Teets.¹⁹ This finding was based on the policy articulated in *Dubilier Condenser* that, without an express agreement, employers may claim ownership of an employee's inventive work where the employer specifically hires or directs the employee to exercise inventive faculties.²⁰ The Federal Circuit further noted that, under Florida law, an employer may claim ownership of an invention if the employer hires a person for the "specific purpose of making the invention."²¹

More recently, in 2000, the Colorado Court of Appeals in *Scott System, Inc. v. Scott* cited *Dubilier Condenser* on the subject of implied contracts to invent, stating that "[i]f an employee's job duties include the responsibility for inventing or for solving a particular problem that requires invention, any invention created by that employee during the performance of those responsibilities belongs to the employer, . . . and the courts will find an implied contract obligation to assign any rights to the employer."²² There, the court reversed and remanded the district court's grant of summary judgment to William C. Scott on the matter of an implied contract.²³ The court also cited *Dubilier Condenser* in discussing the employer's right to ownership in an invention, noting that a genuine issue of fact as to whether William C. Scott should be required to assign all of his patent rights to Scott System was created by Scott System's affidavit, which asserted that William's "research and development responsibilities in connection with the [invention] required him to exercise his mental and other inventive faculties on behalf of [the corporation]."²⁴

However, not all factual records of employer/employee relationships will support a finding of an implied contract. The Federal Circuit, also in 2000, reversed and remanded a finding of an implied-in-fact contract governing ownership of employee inventions in *Banks v. Unisys Corp.*²⁵ In

19. *Teets*, 83 F.3d at 407.

20. *Id.* (citing *Dubilier Condenser*, 289 U.S. at 188-89).

21. *Id.* at 408; *see also* *State v. Neal*, 12 So. 2d 590, 591 (Fla. 1943), *cert. denied*, 320 U.S. 783 (1943).

22. *Scott Sys., Inc. v. Scott*, 996 P.2d 775, 778 (Colo. Ct. App. 2000).

23. *Id.* at 777.

24. *Id.* at 778-779.

25. *See Banks v. Unisys Corp.*, 228 F.3d 1357 (Fed. Cir. 2000).

that case, an employee refused to sign a standard “Agreement as to Patents, Inventions and Other Creative Property” form upon commencing employment with Unisys Corporation, and subsequently refused to sign a “Restricted Information Obligation” form on his last day of employment.²⁶ The Federal Circuit found that the district court “failed to address the impact of Banks’ failure to sign this agreement, as well as his failure to sign other agreements.”²⁷ In reversing the district court’s summary judgment as to the existence of an implied contract, the Federal Circuit noted that the evidence “creates a genuine issue of material fact about whether there was a meeting of the minds necessary for an implied-in-fact contract.”²⁸

Mention should also be made of the seminal New York case, *Cahill v. Regan*, where the employee was the manager of the employer’s business, and on his own initiative made an invention that was acceptable to the employer’s customer.²⁹ The *Cahill* court held that under those facts there was no implied obligation to assign the patent to the employer, because the law does not require it.³⁰ The employee in *Cahill* was a mere manager, and could not have been employed to invent without an express agreement to that effect.³¹

In light of the above precedent, it appears that *Standard Parts* and *National Development* are the closest cases on point to the instant matter. In *Standard Parts*, the employee was contracted, very much like B here, to solve a problem for the company that hired him. The contract at issue in *Standard Parts*, like the general contract between A and B, called for the independent contractor to “devote his time to the development of a process of machinery” for a stated compensation. Likewise, in *National Development*, even though the employee was not expressly employed as an inventor, he was hired, like B was here, for the specific purpose of developing and perfecting the plaintiff’s machine.

26. *Id.* at 1358.

27. *Id.* at 1359-1360.

28. *Id.* at 1360.

29. *Cahill*, 153 N.Y.S.2d at 769.

30. *Id.* at 770 (stating that a “manufacturing corporation, which has employed a workman . . . to take charge of its works, and to devote his time and services to devising and making improvements in articles there manufactured, is not entitled to a conveyance of patents obtained . . . while so employed, in the absence of express agreement to that effect”) (citing *Dalzell v. Dueber*, 149 U.S. 315, 320 (1892)).

31. *Id.* at 296.

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Although no case could be found that directly addressed the issues as applied to A and B (an employer and independent contractor), the author is of the opinion that a similar finding would apply in the A v. B context where B should have at least an implied obligation to assign any patents or inventions to employer A that resulted from the development of the New Product.

Facts which would establish such an implied obligation include:

- 1) whether B knew the New Product invention belonged to A, and understood that its contract for employment with A was for the purpose of developing the New Product exclusively for A;
- 2) whether B initially took any action to assert ownership of the New Product invention during the course of the project or not until after A filed the patent applications for the invention;
- 3) whether B ever consulted with his own attorney to file a patent for his alleged idea;
- 4) whether B ever claimed that he “owned” the New Product or that he wanted additional compensation, and whether such claims were made before or after he assisted A’s attorneys to prepare and file the patent application; and
- 5) whether B acquiesced in and agreed to having A pay for the filing and preparation of the patent application for the New Product.

In the absence of a contract or written provision concerning ownership of the invention, the courts consider the aforementioned factors important in determining whether both the employer and the inventor understood that the employer was entitled to own any inventions the employee might make.³²

More than likely, these factors would apply to the employer-independent contractor relationship to determine whether to imply an obligation to assign inventive rights to such a contractual relationship, instead of simply granting A a shop right (as discussed later in this article).

32. See *Standard Parts*, 264 U.S. at 58-59; *Teets*, 83 F.3d at 408-09; *E.F. Drew*, 170 F.2d at 682-83 (finding that the employer was entitled to the invention, because the inventor’s actions made it clear that “he too did understand that [the employer] was to be the owner of the invention”); see also *Neal*, 12 So. 2d at 591-92.

If, under the particular independent contractor/employer relationship, the precise language of the employment contract involves “solving a defined problem,” or retains the contractor to “evolve a process or mechanism for meeting a specific need,” then the employer should have rights in any invention derived from that contract.³³ Support for this rule on the ownership of invention could also be found in the case law on “trade secrets.” Where a contract between a consultant and an employer makes no specific reference to a problem or a project assignment, any process or product invention that constitutes “trade secret” by the consultant belongs to the employer, and no assignment of such trade secret was required.³⁴

In the current hypothetical, the agreement between A and B was specifically to develop a New Product, and the contract reflects that the fruits of the project were exclusively for A. B also accepted payment to design the New Product and acquiesced in A’s payment for the patent filing. Additionally, if B assisted in the preparation and filing of the patent applications on the New Product, without ever stating that he owned any rights, the facts would support the argument that the invention for the New Product belongs to A.

B. THE FLIP-SIDE OF THE OWNERSHIP DISPUTE

Without a doubt, B may argue that no invention was ever contemplated by the parties, and that while A may have a non-exclusive “shop right” to use the invention, the absence of any terms in the contract reflects no agreement, express or implied, that B should assign all rights to any invention made during the course of the project. B will likely assert that as per the contract, he was not required to invent the New Product. B could then argue that the project could not have comprised a general or specific instruction to B to invent, and that any such instruction was outside the

33. B.F. Gladding & Co. v. Scientific Anglers, 248 F.2d 483, 485 (6th Cir. 1957) (citing *Cahill* approvingly, and reconciling *Cahill* with *Standard Parts*).

34. See *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, 941 F.2d 970, 972-73 (9th Cir. 1991) (granting injunction against independent contractor to prevent use of trade secret); see also *Computer Assoc. Int’l v. Am. Fundware, Inc.*, 831 F. Supp. 1516, 1524 (D. Colo. 1993) (stating that “[i]f an employer pays you to design, the employer owns the fruit of your labor. This common law of ownership rule clearly applies to employee ideas and developments which meet the definition of a trade secret, even in the absence of a written contract [and] is now extended to non-employment situations, such as when an independent contractor is hired to design or develop a process or machine. *Such a contractor is equivalent to an employee hired to develop ideas, so that the results of this work are owned by the hiring company.*”) (emphasis added) (quoting 2 MELVIN F. JAGER, TRADE SECRETS LAW, § 8.01[1], at 8-2 to 8-3 (1993)).

scope of B's employment for A. Accordingly, B could argue that any invention would belong to him.

There are several cases, starting with *Dubilier Condenser*, which may support B's position.³⁵ Those cases, however, are distinguishable from the present hypothetical on the ground that in each one the employment was described by the court as "general" in scope, *i.e.*, the employee was not hired for a specific purpose or assignment.

A particular case of interest, which has never been relied upon to any great extent, is the case of *Aetna-Standard v. Rowland*.³⁶ In this case, the employee was hired, similar to B, as an engineer and instructed to develop a "plug mill receiving table" pursuant to a customer contract.³⁷ After completion of the table, the Aetna employee signed a disclosure statement as a joint inventor, and helped to prepare the patent application and drawings.³⁸ Later the employee was laid off, and the employer sought an assignment of the invention from him.³⁹ They had already received an assignment from the other joint inventor.⁴⁰

The *Aetna-Standard* court held that ownership of the invention remained with the employee. The court focused on the absence of any agreement to the contrary, and refused to find an implied agreement to assign, because the employee was only "hired as a general staff engineer; he was not recruited specifically to design the [invention]."⁴¹

The holding in *Aetna-Standard* could be easily distinguished if it can be shown that the parties' ongoing relationship reflected an understanding that the scope of the project entailed solving a problem to develop a new product or process. For example, while the initial scope of a project may only generally deal with designing a new product or machine, one may be able to show that the scope of the project changed as the parties were collaborating on the development of a prototype design of the new

35. See *Dubilier Condenser*, 289 U.S. 178 (1933); *State Bd. of Educ. v. Bourne*, 7 So. 2d. 838 (Fla. 1942); *Aetna-Standard Eng'g. Co. v. Rowland*, 493 A.2d 1375 (Pa. 1985) (noting the hesitancy of the court to imply agreements to assign).

36. *Aetna-Standard*, 493 A.2d 1375.

37. *Id.* at 1381.

38. *Id.*

39. *Id.*

40. *Id.*

41. *Id.* at 1382.

product.⁴² Over the course of time, a project's scope may evolve to specifically encompass not only the requested items, but also new ideas or processes that may solve the problem in a more efficient manner, even though the idea or process was not contemplated at the time the contract was entered into.

Here, if it can be shown that B proposed his new ideas specifically for A's New Product to solve the problem called for by the contract, it is likely that any invention arising from such a proposal would be owned by A. At the time of the proposal, B became specifically employed and paid to incorporate the new idea as part and parcel of fulfilling the terms of the contract on behalf of A.⁴³

Based on the foregoing, A would have an argument for asserting that it should own the patent rights in the New Product, and B should be required to assign his rights in any patents or inventions to A.⁴⁴

III. THE RIGHT TO USE: SHOP RIGHTS

If A does not have an ownership right in the New Product, has A nevertheless obtained the right to use the invention developed by B? Under the scenario described above, A would likely be entitled to a non-exclusive royalty-free right to use the invention. This is usually characterized as a "shop right." The shop right doctrine, a common-law equitable right, has been defined as a nonexclusive, equitable license allowing the employer to use the employee's patented invention within the normal scope of the employee's business.⁴⁵

The most recent and complete Federal Circuit statement of the law concerning the shop right doctrine was discussed in the 1993 *McElmurry v.*

42. *Teets*, 83 F.3d at 408-09.

43. *Id.*

44. *See id.* (In *Teets*, the Federal Circuit found that the scope of employment became specific when the goal of the project [the employee was assigned to] changed; the employee was required to assign his patent rights to the employer.).

45. *See generally* *Lukens Steel Co. v. Am. Locomotive Co.*, 197 F.2d 939, 940-41 (2d Cir. 1952); *Francklyn v. Guilford Packing Co.*, 695 F.2d 1158, 1161 (9th Cir. 1983); *McElmurry v. Arkansas Power and Light Co.*, 995 F.2d 1576, 1582-83 (Fed. Cir. 1993); *Kurt H. Volk Inc. v. Found For Christian Living*, 534 F. Supp. 1059, 1083-84 (S.D.N.Y. 1982) (characterizing the shop right as an equitable license); *see also* Marcus Millet, *Intellectual Property and the Employment Relationship*, NEW JERSEY LAWYER MAGAZINE, May/June 1994, at 32.

Arkansas Power and Light Co. case.⁴⁶ A shop right has been defined as a right created at common law when the circumstances demand it under principles of equity and fairness.⁴⁷ The shop right entitles an employer to use without charge an invention patented by one or more of its employees without liability for infringement.⁴⁸ In *McElmurry*, the Federal Circuit recognized that the shop right doctrine is grounded in both implied license and equitable estoppel policies,⁴⁹ and found that “the proper methodology for determining whether an employer has acquired a ‘shop right’ in a patented invention is to look at the totality of circumstances on a case-by-case basis and determine whether the facts of a particular case demand, under principles of equity and fairness, a finding that a ‘shop right’ exists.”⁵⁰

Factors that courts should look at include the “circumstances surrounding the development of the patented invention and the inventor’s activities respecting that invention, once developed, to determine whether equity and fairness demand that the employer be allowed to use that invention in his business.”⁵¹ The *McElmurry* court reviewed the Supreme Court “shop right” cases, and found that the shop right discussion in *Dubilier Condenser* was the most appropriate for determining whether a shop right exists.⁵² *Dubilier Condenser* dealt with a declaratory judgment action filed by the U.S. government against two patentees that allegedly

46. It should be noted that prior to *McElmurry*, 995 F.2d 1576, some courts limited the shop right to the employer-employee relationship. See *Hobbs v. United States*, 376 F.2d 488 (5th Cir. 1967) (The government tried to extend the shop right concept to an independent contractor (inventor) hired by the government’s contractor; the government did not assert a shop right because [1] the independent contractor refused to sign the contracts presented him to assign any cottons, and made his refusal known to all throughout, and [2] equity did not extend the shop right doctrine to this type of relationship.).

47. *McElmurry*, 995 F.2d at 1580.

48. *Id.*

49. *Id.* at 1581 (stating that “[f]or example, many courts characterize a “shop right” as being a type of implied license, and thus the focus is often on whether the employee engaged in any activities, e.g., developing the invention on the employer’s time at the employer’s expense, which demand a finding that he impliedly granted a license to his employer to use the invention. Other courts characterize a “shop right” as a form of equitable estoppel, and thus the focus is often on whether the employee’s actions, e.g., consent or acquiescence to his employer’s use of the invention, demand a finding that he is estopped from asserting a patent right against his employer.”).

50. *Id.* at 1580-81.

51. *Id.* at 1582.

52. *Id.* at 1581-82.

conceived of their inventions while employed in the radio laboratories of the United States Government's Bureau of Standards.⁵³ There, the Supreme Court stated:

Where a servant, during his hours of employment, working with his master's materials and appliances, conceives and perfects an invention for which he obtains a patent, he must accord his master a nonexclusive right to practice the invention Since the servant uses his master's time, facilities and materials to obtain a concrete result, the latter is in equity entitled to use that which embodies his own property and to duplicate it as often as he may find occasion to employ similar appliances in his business.⁵⁴

In *McElmurry*, the employer, Arkansas Power and Light ("AP&L"), hired Harold L. Bowman as a consultant to assist in the installation, maintenance, and operation of a new fly level detector at AP&L's facilities.⁵⁵ Ultimately, Bowman obtained a patent for the new level detector, which he developed at AP&L's facilities and at AP&L's expense.⁵⁶ The Federal Circuit found that AP&L had acquired a shop right in the patented level detector developed by Bowman.⁵⁷

Under the *McElmurry* analysis, the first general factor to consider is whether the facts of the case require a finding of an implied license – in other words, did B conceive of a patentable invention while employed by A, and while working as directed by A?⁵⁸ Like B in the present hypothetical, Bowman developed the level detector while working for AP&L, and suggested it to AP&L as an alternative to the old level detectors.⁵⁹ Bowman had consented to and participated in the installation of the level detector at various AP&L facilities.⁶⁰ Bowman also never asserted that AP&L was precluded from using the level detector without his permission, or that AP&L was required to compensate him for its use.⁶¹ In

53. *Dubilier Condenser*, 289 U.S. at 182 (The case and its holding are also discussed *supra* in notes 10-11.).

54. *Id.* at 188-89.

55. *McElmurry*, 995 F.2d at 1578-1579.

56. *Id.* at 1579.

57. *Id.* at 1578.

58. *Id.* at 1581.

59. *Id.* at 1578-79.

60. *Id.*

61. *Id.* at 1583.

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fact, Bowman admitted in deposition that he always believed AP&L would have shop rights to his level detector.⁶²

Several subsequent cases have cited *McElmurry* for the effective scope and determination of shop rights, and some state courts have extended the state shop-right doctrine in *McElmurry* to hold that shop rights apply to the employer/independent contractor relationship.⁶³

In our hypothetical, the circumstances surrounding the creation of the contract between A and B indicate that A specifically hired B to develop the New Product, which comprises the alleged patentable invention. The New Product was to be made exclusively for A's use in order to make A a dominant force in the relevant industry. A specifically paid B to develop the New Product. Following the rationale of *McElmurry*, A should own at least a shop right, but more than likely, A would also be able to claim ownership of the invention if it appears that A and B contemplated such ownership at the outset of the relationship.

IV. CONCLUSION

So, who owns the invention? Obviously, there are many factors to consider but the overriding and predominant answer, in the words of the Supreme Court, is that:

If one is employed to devise . . . a means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer.⁶⁴

After *Teets* and *McElmurry*, employers are in a better position to assert ownership or rights to use inventions made by those in their employ. And if a confidential relationship can be established, an employer should rightfully be permitted to preclude his hired hand from using, to the employer's detriment, a patentable invention developed during course of their relationship.

62. *Id.*

63. *See* Caputo v. Nice-Pak Products, Inc., 693 A.2d 494, 499 (N.J. 1997).

64. *Solomons*, 137 U.S. at 346.