

High Tech Counsel Corner

Whose intellectual property is in your “proprietary” products? Do you really own that IP? For example:

- With a start-up company, will any intellectual property previously developed by a founder need to be used by the company? If so, will the company own that IP or will the founder license the company to use it? In either case, appropriate documentation is needed to assign or license the IP to the company. As a side note, if you intend to seek outside investment capital any such licensing arrangement will likely need to be undone, and the licensed IP assigned to the company, as a condition of the investment.
- Will your employees’ obligations to prior employers affect your IP? Those obligations may arise by operation of law (e.g., protection of trade secrets) or by contract (invention ownership, confidentiality, non-compete, etc.). We recently reviewed an agreement which provided that any inventions made by the employee within 6 months following termination of her employment were presumed to be owned by the employer. This type of clause can cause real concerns for the employee, and for prospective employers.
- Will you own the IP developed by your employees? Employees hired to develop or improve technology should sign an agreement stating that all inventions and any related patents belong to you. Without such an agreement, the employee may be the owner of those inventions. These type of agreements also typically cover copyrights, trade secrets, and other intellectual property.
- Will you own the IP developed by your contractors/consultants. Non-employees working on your technology must sign an agreement stating that you will own the technology and any related patents, copyrights, and other IP rights. Just because you pay a contractor to work on software or other technology doesn’t mean that you own what you paid for.
- Will you use leased employees? If so, it is important to document the IP ownership rules with both the leasing company and the “leased” employees.

We encourage you to seek advice from knowledgeable legal counsel about the procedures and agreements that you use to protect your intellectual property. The proverbial “ounce of prevention” might not only be the better course to take – it may also be a requirement for you to be able to claim rights in what you are selling.



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