



ISSUE OF OWNERSHIP AND AUTHORSHIP OF AN INTELLECTUAL PROPERTY WORK IN THE COURSE OF EMPLOYMENT

By

Rita Anwiri Chindah*

ABSTRACT

Employment is described as a master-servant relationship or labour that one has been engaged to do for which one is being compensated by an employer by Black's Law Dictionary. The employee is expected to behave in the company's best interest, but when stipulating the contract's conditions, one of the most frequently overlooked topics is who is the rightful owner of any intellectual property that is produced while the person is employed. This article aims to clarify the legal snags workers may encounter when attempting to assert intellectual property rights developed during employment from the perspectives of patents, design rights, and trade secrets/confidential information, employee rights, human rights, consumer rights, data rights, technology as well as the available legal recourse in Nigeria in the event of a dispute and the option to commercially exploit this human ingenuity through licencing agreements and or the transfer and assignment of the set of exclusive rights granted upon registration where necessary.

Keywords: Intellectual Property Employment Copyright IPClause Assignment Licensing

INTRODUCTION

Every business is built on the back of innovation and creativity, which calls for a cooperative effort between the employer and the employee. This can be accomplished through an employment relationship as everyone fulfils their roles and responsibilities while exchanging ideas, information, and know-how, offering solutions that help the company stand out from the competition, and documenting the pre-market and post-market stages.

An employee will interact with the following goodwill, brand, logo, innovation, software, color, etc. during their employment, but they will still be expected to contribute in both tangible and intangible ways using the tools provided by their employer for as long as they are in business. The World Intellectual Property Organization (WIPO) defines “Intellectual property to be the creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. The intellectual property system needs to

* ACI Arb, LLM (DERBY), BL (ABUJA), LLB (MADONNA), Mail: ritaanwirichindah@gmail.com Tel: 08091370342, 08056295765.



balance the rights and interests of different groups: of creators and consumers; of businesses and their competitors; of high- & low-income countries and employer and employee.

THE PRINCIPLE OF AUTHORSHIP AND OWNERSHIP

This is predicated on a set of exclusive rights, control, and strategies for engaging in the commercial exploitation of intellectual property, an intangible good produced by human intellect inside a specific geographical area and supported and safeguarded by the laws of the land. An author is said to be the person who created the work and expressed it, while the owner can be the person who made contributions however, this can be determined if there is a contract stating that the person was commissioned or hired to do the work and/or the person was in employment.¹

RELEVANT INTELLECTUAL PROPERTY IN A WORKPLACE SETTING

As this author noted, copyright has received a lot of attention from previous writers who have studied this subject, so I would concentrate on the following form of intellectual property system in relation to this topic:

- A. **Patent:** Section 1(1) of the Nigerian Patent and Design Act² provides that for an invention to be patentable it must meet the following requirement of being new from any inventive activity, capable of industrial application and constitutes an improvement upon a patented invention.

Subsection 2 reads as follows:

- a) an invention is new if it does not form part of the state of the art;
- (b) an invention results from inventive activity if it does not obviously follow from the state of the art, either as to the method, the application, the combination of methods, or the product which it concerns, or as to the industrial result it produces, and
- (c) an invention is capable of industrial application if it can be manufactured or used in any kind of industry, including agriculture.³

¹ Please Call Me: My employer won't pay for using my Patent by Rita Anwiri Chindah https://open.substack.com/pub/ipseries/p/please-call-me-my-employer-wont-pay?r=ng5s8&utm_campaign=post&utm_medium=web accessed 20th January 2023

² The Nigerian Intellectual Property Law Handbook (A Compilation of Intellectual Property Laws in Nigeria) by Dr. Ifeoluwa A. Olubiyi first published 2019

³ (n2)



The right to fair and adequate compensation for intellectual property, as well as the right to acknowledgement of employee as authors and inventors. A patent as an intellectual property mechanism is an exclusive right granted for an invention which could be a product, process or even provide a new way of doing something that prevents third parties from doing acts listed in section 6⁴ in respect of a product, the act of making, importing, selling or using the product, or stocking it for the purpose of sale or use; and subsection (2)⁵ which focused on the scope of the protection given to a patent shall be determined by the terms of the claims; and the description (and the plans and drawings, if any) included in the patent.

Further supporting this, the author would go over instances in which separate contracts in work-for-hire situations or regular employment relationships can give rise to patent disputes on authorship and ownership.

- i. Firstly, the employment contract would state who should be recognized as the owner of the invention created be it a sole or joint contribution and in line with section 2 (4) of the Patent and Design Act⁶ which provides that;

any invention created in the course of employment or in the execution of a contract for the performance of specified work, the right to a patent in the invention is vested in the employer or in the person who commissioned the work:

Provided that, where the inventor is an employee, then--

(a) if-

- (i) his contract of employment does not require him to exercise any inventive activity, but he has in making the invention used data or means that his employment has put at his disposal; or
- (ii) the invention is of exceptional importance,
- (iii) he is entitled to fair remuneration considering his salary and the importance of the invention or

(b) the entitlement in question is not modifiable by contract and may be enforced by civil proceedings.

⁴ (n3) 4

⁵ Ibid. 4

⁶ Ibid. 4



In *Kenneth Nkosana Makate v Vodacom (Pty) Ltd*⁷ at some point in 2000, Kenneth Nkosana Makate accepted a position at Vodacom (Pty) Ltd as a trainee accountant. In November of the same year, he also began a long-distance relationship with his girlfriend (now wife), but communication was problematic because she was frequently out of airtime. This encounter gave him the idea to create a quick SMS that would allow those without airtime to ask a cell phone user who does have airtime to call them. He created the one-word phrase "Please Call Me" in 2001.

To pitch "Please Call Me" to other mobile service providers, including Vodacom, he put his idea in writing and met with his mentor and superior at Vodacom. His mentor, Mr. Lazarus Muchenje, suggested that he talk with Mr. Philip Geissler, Director of Product Development and Management, who later negotiated and agreed that Vodacom would use his idea to produce a new product that would be tested for commercial feasibility. Makate would receive a portion of the sales made if the product was profitable. The parties postponed their discussions on the amount to be paid to Makate till a later time after Makate said that he wanted 15% of the profits. The parties agreed that the sum would be decided by Vodacom's CEO if they were unable to reach consensus.

The Constitutional Court ordered in 2016 that Vodacom must negotiate with Makate to come to a fair settlement. Joosub then made an offer of R47 million, but Makate rejected it and requested more than R10 billion.⁸

- b. The intellectual property filing system in Nigeria which applies the first to file principle thereby recognizing either the employer or the employee as the owner of the patent and would require that for an individual to obtain a patent, they would be required to disclose the functionality of the invention to determine if it meets the basic requirement mentioned in section 1(1) and (2) of the Nigerian Patent and Design Act 1970.
- c. There are also instances where an employee (an intern or research facility generated intellectual property researcher for the employer) was specifically hired to invent a product using the resources of the employer and subsequently transfer all pre-invention

⁷ (CCT52/15) [2016] ZACC 13; 2016 (6) BCLR 709 (CC); 2016 (4) SA 121 (CC) (26 April 2016) <http://www.saflii.org/za/cases/ZACC/2016/13.html> accessed 19th January 2023

⁸ "Inventor pins hopes on latest attempt after 20 year tussle with vodaco" <https://www.news24.com/fin24/companies/ict/i-gave-it-my-all-please-call-me-inventor-pins-hopes-on-latest-attempt-after-20-year-tussle-with-vodacom-20210510> accessed 21 January 2023



intellectual property rights in perpetuity, sometimes affecting the allocation of ownership in the said invention.

The term of duration for a patent is 20 years from the date of the filing of which a patent owner is required to pay a prescribed annual fee else it would elapse according to section 7(2) of the Patent and Design Act. However, a grace period of six-month can be allowed for the payment of the fees; and if the fees and any prescribed surcharge are paid within that period, the patent shall continue as if the fees had been duly paid.⁹

Industrial Design

As a vehicle for intellectual property, it provides a product's overall form (visual appearance) and function with legal support and protection. Industrial design rights, often referred to as design patents in some jurisdictions, are exclusive rights that protect designs that give the owner a competitive advantage over his rivals due to their aesthetic appeal, Shapes, configurations, or patterns in two or three dimensions can be used in industrial designs. Popular examples include the iPod, the Coca-Cola bottle's form, computer symbols, and even the layout of mobile apps.¹⁰ In relation to our topic for discussion, a patent or design right that is being transmitted through succession in a joint ownership by parties must be documented, according to Section 24 of the Patent and Design Act. Additionally, section 14 (2) stipulates that the true creator shall have the right to be identified as such in the register, and the said entitlement shall not be subject to contract modification.

Section 14's rights to industrial design registration highlight the various circumstances in which a person in Nigeria may be deemed the designer of a design.

The person who files or legitimately claims a foreign priority for an application for registration of an industrial design—regardless of whether or not he is the genuine creator—shall be deemed to be the design's statutory creator.

⁹ Patents and Designs Act <https://www.placng.org/lawsofnigeria/laws/P2.pdf>

¹⁰ South-East Asia IPR SME Desk “Guide on Industrial, Designs Protection in, South-East Asia” https://intellectual-property-helpdesk.ec.europa.eu/system/files/2020-10/industrial_designs_protection_in_south-east_asia.pdf accessed 12th January 2023



- i. Ownership of an industrial design shall be vested in the employer or, where applicable, the person who commissioned the work when it is generated during employment or in the fulfilment of a contract for the performance of specified work:

If the creator is an employee and his employment contract does not require him to engage in any creative activity, but he used information or resources that his employment made available to him to create the design them-

- a. He shall be entitled to fair remuneration considering his salary and the importance of the design which he has created; and
 - b. The entitlement in question is not modifiable by contract and may be enforced by civil proceedings.
- ii. All rights in the design right application and in any subsequent registration shall be deemed to have been transferred to the other person if the purported applicant obtained the material components of the application for the registration of an industrial design without the other person's consent to the acquisition of those material components and to the filing of the application.

An industrial design under section 19 of the Patent and Design Act gives the owner the right to stop others from producing, marketing, or importing goods with the design or one that is substantially similar without the owner's permission when such actions are carried out for profit. Industrial design rights are enforceable in courts, and each country has different remedies and punishments.

The term of duration for the protection of industrial designs in Nigeria that satisfies section 13 requirements of being new and not against public order or morality shall last for the first five years following the date of the application for registration; however, upon payment of the prescribed fee, which shall be paid within the twelve months immediately preceding the renewal period, the term may be renewed for two additional consecutive periods of five years. The payment of the fee is also given a grace period of six months from the start of the renewal period; if the fee and any prescribed surcharge are paid within that time frame, this subsection will be assumed to have been complied with.



OWNERSHIP OF TRADE SECRETS OR CONFIDENTIAL INFORMATION DEVELOPED WHILE EMPLOYED

Depending on your jurisdiction any intangible human intellect that gives your company an edge should involve extreme measure and policies for employee who would not only be bound by implied duty but also the contract sign. The law of agency has established special rules for the allocation of ownership between employers and employees. Without an assignment of the trade secret from the employee to the employer, the employee owns the secret he conceives or invents during the employment. Unfortunately, Nigeria does not have any subject-specific legislation – as opposed to other jurisdiction like Uganda Trade Secrets Protection Act 2009 which seeks to provide protection of undisclosed information in commercial transactions and to provide for other related matters¹¹, the United States of America through their Uniform Trade Secrets Act 1985 (UTSA)¹² under section 1(4) defines a trade secret to be “information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
- (ii) (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The Defend Trade Secrets Act 2016 (DTSA) provides a private civil cause of action for victims of trade secret espionage or theft where a trade secret has been misappropriated and requires that the misappropriated trade secret is related to a product or service used in, or intended for use in, interstate commerce¹³ and immunity from civil and criminal liability

¹¹ Trade Secrets Protection Act, 2009,
<https://old.ulii.org/ug/legislation/act/2015/2#:~:text=THE%20TRADE%20SECRETS%20PROTECTION%20ACT%2C%202009%20An%20Act%20to%20provide,Commencement%3A%2012th%20June%2C%202009.>
Accessed 15th January 2023

¹² Uniform Trade Secrets Act With 1985 Amendments
<https://www.wipo.int/edocs/lexdocs/laws/en/us/us034en.pdf> accessed 16th January 2023

¹³ Xincheng Ma, The Defend Trade Secrets Act: An Overview and Key Developments,
<https://www.jdsupra.com/legalnews/the-defend-trade-secrets-act-an-39692/#:~:text=The%20DTSA%20provides%20a%20private,for%20use%20in%2C%20interstate%20commerce.> accessed 16th January 2023



for an individual who discloses a trade secret¹⁴. The World Trade Organisation (WTO), under Article 39 Trade Related Aspect of Intellectual Property Rights 1995 (“TRIPS”)) have sought to protect trade secret. Trade secret as defined by the World Intellectual Property Organization is an employer can protect themselves by having a confidentiality checklist to ensure they get their intellectual property in order by considering the following:

- a. Introducing a two-step or multifactor authentication features for employees who would be given access to the confidential information.
- b. Develop a company culture that embraces trade secret protection at all levels of the organization, and across all company departments. Trade secret protection must be recognized as a compliance issue, with potentially serious reputational, financial, and legal implications¹⁵
- c. Not permitting third parties to use office mobile devices, except allowed by the company.¹⁶
- d. Employees should not change passwords and administrative settings without express permission.¹⁷
- e. Policies that prohibit posting, sharing and discussion of confidential information about the company on social media platforms.¹⁸
- f. Have a clear understanding of the types of information that your company considers to be trade secrets. In other words, for each level or department within the company, make a list of the information that the company considers to be a trade secret. Once that list or inventory is created, the company can make an informed determination as to which of those warrant protection and the associated expense.¹⁹
- g. Don’t forget to create a functional team to monitor trade secret leakage and cyber-attacks within your business.²⁰

¹⁴ Public Law 114–153—May 11, 2016, <https://www.congress.gov/114/plaws/publ153/PLAW-114publ153.pdf> accessed 16th January 2023

¹⁵ Baker McKenzie, ‘10 best Practices for Trade Secrets Protection; Best Practices for Trade Secret Protection in 2021’ https://www.bakermckenzie.com/-/media/files/insight/publications/2021/03/baker_mckenzie_trade_secrets_checklist_2021.pdf?sc_lang=en&hash=8E622573240C2F43B1DB10A544B34692 accessed 17th January 2023

¹⁶ Ololade Oloniyo. LLB, ACI Arb(UK), Trade Secret Control <https://www.linkedin.com/pulse/trade-secret-control-ololade-oloniyo-llb-aci-arb-uk--1f/> accessed 20th January 2023

¹⁷ Ibid. 16

¹⁸ Ibid. 16

¹⁹ Ibid. 15

²⁰ (n19)



- h. Create specific protection measures for new hires, departing employees, vendors, and suppliers. Make sure, for instance, that the procedures for onboarding new employees and terminating employees cover trade secrets and private information. This is crucial since disclosure, even unintentional or accidental disclosure, may result in loss or responsibility for the employer. Additionally, give suppliers and vendors additional attention. Establish checkpoints to minimize unintentional disclosure and ensure consistency in the range of information supplied.
- i. Think about other opportunities to profit from or value trade secrets. For commercial transactions and conceivable licensing, valuation is crucial.
- j. To provide a minimum, adequate level of protection with additional protections as needed, standardize contract language relating to trade secrets.

Types of agreement employees are required to sign to help protect the employer's confidential information.

- i. **Employee Staff Declaration:** Consist of a checklist that a company would ask the employee to sign to confirm that he or she has returned all employers documents, data, gadgets, passcode, etc as defined in the employment agreement as confidential.
- ii. **Non-Disclosure Agreement:** Employees and staff of a company must sign this separate contract to ensure that the business takes aggressive steps to protect access to their sensitive confidential data. The best possible scope of protection, as well as the available remedy in the case of a breach and infringement of intellectual property rights, can also be explicitly defined by including a clause in the employment agreement.

Every organization with long-term objectives and a sound intellectual property strategy needs a confidentiality agreement to safeguard its intangible assets using copyright, trademark, patent, and design rights as well as the reasonable man test. It is also crucial to note that employees have an implied responsibility of confidence to act honestly and faithfully during the duration of their employment.

- i. **Non-Compete Agreement:** Employers who want to safeguard the knowledge provided against know-how from experience that forms a part of their skills and expertise can use a post-termination intellectual property protection measure called a covenant not to compete (CNC). By limiting the potential rivalry that is brought about by employees who enter the



corporate world and establish their own companies, it can be used to defend a small corporation.

It is seen as a waivable employee entitlement in a country like the United States that coexists with noncompete and binding arbitration clauses²¹ used to settle disputes especially in light of the recent Federal Trade Commission proposed rule to ban employers in some parts of the United State from imposing noncompete clauses on employees as it is considered to be exploitative and prevents entrepreneurs from starting new business which is against section 5 of the Federal Trade Commission Act that provides employees the freedom to change jobs in a competitive and thriving economy.

Intellectual Property And Anti-Trust Law

Contrary to the purpose of intellectual property which gives a creator and or inventor a set of exclusive right to commercially exploit their human intellect and exclude third parties from performing these bundles of rights whereas Antitrust law protects competition and the competitive process by preventing certain types of behaviour²². This can also be enforced in a non-compete clause scenarios that seems restrictive and non-collaborative towards competition and decrease in the output in an economy, a reduction in the quality and lessening the pace of innovation.

Available Remedy

The plaintiff's options in the event of a dispute are as follows:

- a. Obtain compensation from the court based on the profit and estimated royalties that the owner of the intellectual property would have received.
- b. To stop further unlawful use of the in question work, including piracy and counterfeiting, submit a request for an injunction.

²¹ Corbett, William R., The Case in Favor of Waivable Employee Rights: A Contrarian View (January 10, 2023). Available at SSRN: <https://ssrn.com/abstract=4322051> accessed 28th January 2023

²² Maggiolino, Mariateresa, and Laura Zoboli, 'The Intersection Between Intellectual Property and Antitrust Law', in Irene Calboli, and Maria Lilla Montagnani (eds), Handbook of Intellectual Property Research: Lenses, Methods, and Perspectives (Oxford, 2021; online edn, Oxford Academic, 23 Sept. 2021), <https://doi.org/10.1093/oso/9780198826743.003.0009> accessed 27th January 2023



- c. If there is a clearly established employment relationship, then the conflict resolution clause should be activated, and the suggested dispute settlement procedure should be investigated.
- d. Verify the identity of the intellectual property owner using paperwork and due diligence.

CONCLUSION

Today, it's more possible that the employer will be a national subsidiary of a multinational corporation, where no department is immune from layoffs and budget cuts.

RECOMMENDATION

To help balance questions of authorship and ownership of intellectual property developed during employment, the following recommendations are made.

- a) As a preventative precaution to guard access to sensitive information within the firm, implement a computer and mobile device use policy.
- b) Like the other jurisdictions mentioned in this article, businesses in Nigeria should get involved in policymaking and push for legislation that protects sensitive information as an intangible asset.
- c) Have a directory of employees, departments, functions and/or third parties that encounter the data from the moment the information is obtained or developed.
- d) To lower the danger of a data breach while an employee is on the payroll, employers should also consider integrating the data protection principle throughout the recruitment process by specifying a retention limit and secure disposal procedure.
- e) Request that all employees working in human resources sign a confidentiality agreement and abide by the organization's data protection and intellectual property policies.