

CONSULTING TIP OF THE MONTH

Who Owns the of Intellectual Property when Created by Consultants

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New inventions conceived and reduced to practice by an employee generally belong to the employer if the invention is made within the scope of the employment. The employer obtains the ownership rights for the invention from the employee by an express agreement (generally signed by the employee at the start of the employment) that obligates to assign all inventions to the company, or there may be an implied assignment if the employee was hired to invent new products or processes.

With consultants things are different. Consultants are not employees, but are independent contractors. There is no automatic ownership of intellectual property rights by the company, even if the invention is made within the scope of an engagement. Most companies are well aware of this, and IP rights are clarified at the beginning of the engagement.

Consultants are thus naturally required by potential clients to sign Consultant Agreements that specify that the consultant assign of IP rights to the company prior to an engagement. It is however important for a consultant to realize that the rights to some inventions that result during the engagement may have little value to the Company, but have a tremendous value to the consultant. Assigning the rights to these inventions may thus not be in the consultant's best interest.

For example, a computer program, a computer system, glassware, instrument, etc. that is developed or improved by the consultant during an engagement to solve a specific crucial problem may be general enough that it could be used by the consultant in future engagements. The invention may be of limited interest to the company -- the company may view itself as in business in making new compounds or processes, not in protecting tangentially useful inventions.

Further, some thought should be given to ownership of newly invented products or processes that were rejected by the company for business reasons. The company would likely be interested in incorporating the rejected products and processes into a patent application as comparative examples, but would not be interested in patenting it. If the company discloses a new product in a patent application but does not claim it, the company essentially dedicates the rejections needlessly to the public.

Of course, negotiating IP ownership may be tough or impossible for a hungry consultant in buyer's market. In such a case, the consultant will have to be satisfied with being named an inventor on a patent, even if the consultant is not the owner of the patent, and use the patent (or published patent application) as a marketing tool for further engagements.

More on consulting opportunities in patent law may be found [here](#).

Before getting his law degree at Rutgers and becoming a patent attorney, Dr. Mlynek earned a Ph.D. in Organometallic Chemistry at the University of Wisconsin, and was a development chemist in industry.

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Next month's *Consulting Tip of the Month* will discuss Strategic Alliances for Independent Consultants.

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