



# ACC SOUTHERN CALIFORNIA IN HOUSE COUNSEL CONFERENCE

---

January 27, 2021

sponsored by: **Knobbe Martens**

**The Importance of IP Assignments in  
Employment and Contractor Agreements**

# Introductions

---

## Nicole Townes

Partner

[nicole.townes@knobbe.com](mailto:nicole.townes@knobbe.com)



## Amy Chun

Partner

[amy.chun@knobbe.com](mailto:amy.chun@knobbe.com)



## Christy Lea

Partner

[christy.lea@knobbe.com](mailto:christy.lea@knobbe.com)



## Jen Dibble

Director, Employment Counsel

[jennifer\\_dibble@edwards.com](mailto:jennifer_dibble@edwards.com)



#IHCC20

2020 ACC SoCal In House Counsel Conference



# IP Assignments in Agreements

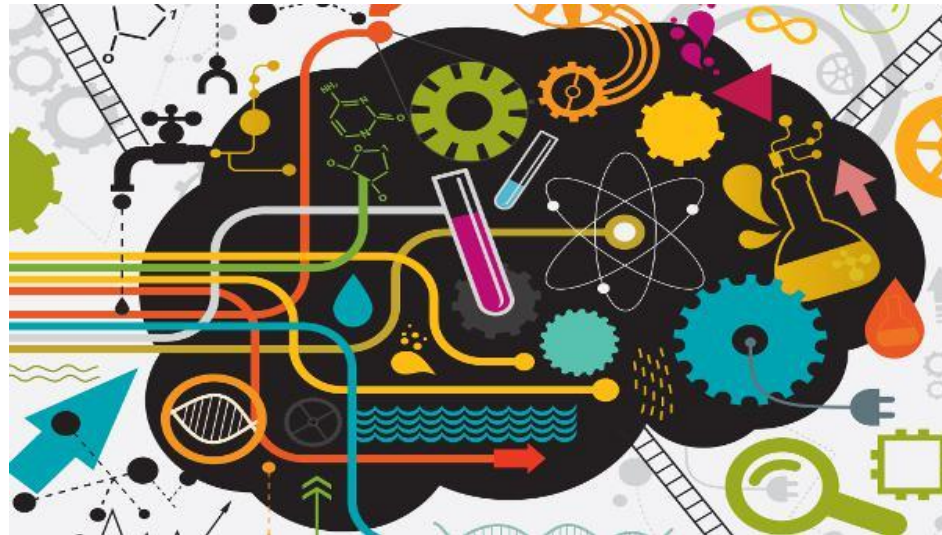
---

- Importance of IP Assignments
- Employee Agreements
- Contractor Agreements
- Questions



# Why IP Assignments Matter

- ## ■ An inventor is presumed to own their inventions



- Inventorship = ownership of patent rights**



# Employees Are Mobile

---

- Median tenure of college grads 5.1 years
- Architecture & engineering e'ees 5.1 years
- Companies with less than 5.1 yrs tenure



# IP Assignments Clause to the Rescue

---

- **Transfers ownership of IP to the Company**
- **Creates obligation to assign inventions to Company**
- **Ownership & proper chain of title needed for standing to enforce IP**



# California Law Limits IPAAAs

---

- **Unenforceable where employee invented on “own time” with complete independence from Company**
  - California Labor Code § 2870
- **Non-compete agreements are unenforceable**
  - California Bus. & Prof. Code § 16600



# Whitewater v. Alleshouse



**Signed “Covenant Against Disclosure and Covenant Not to Compete” Agreement**



#IHCC20

2020 ACC SoCal In House Counsel Conference





# Founded Pacific Surf Designs

(12) **United States Patent**  
Alleshouse et al.

(10) Patent No.: **US 9,044,685 B2**  
(45) Date of Patent: **Jun. 2, 2015**

(54) **WATER ATTRACTIONS INVOLVING A FLOWING BODY OF WATER**

(71) Applicant: **Pacific Surf Designs, Inc.**, San Diego, CA (US)

(72) Inventors: **Richard Alleshouse**, San Diego, CA (US); **Yong L. Yeh**, Foster City, CA (US)

(73) Assignee: **Pacific Surf Designs, Inc.**, San Diego, CA (US)

(\*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **14/052,726**

(22) Filed: **Oct. 12, 2013**

(65) **Prior Publication Data**  
US 2014/0106890 A1 Apr. 17, 2014

**Related U.S. Application Data**

(60) Provisional application No. 61/713,508, filed on Oct. 13, 2012.

(51) **Int. Cl.**  
**A63G 21/18** (2006.01)  
**A63G 31/00** (2006.01)

(52) **U.S. Cl.**  
CPC ..... **A63G 31/007** (2013.01); **A63G 21/18** (2013.01)

(58) **Field of Classification Search**  
CPC ..... A63G 21/00; A63G 31/18; A63G 31/00; A63G 31/02; A63G 31/007; A63H 23/00; A63H 23/10  
USPC ..... 472/13, 117, 128; 4/488, 505  
See application file for complete search history.

(56) **References Cited**  
U.S. PATENT DOCUMENTS

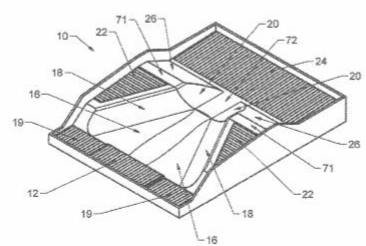
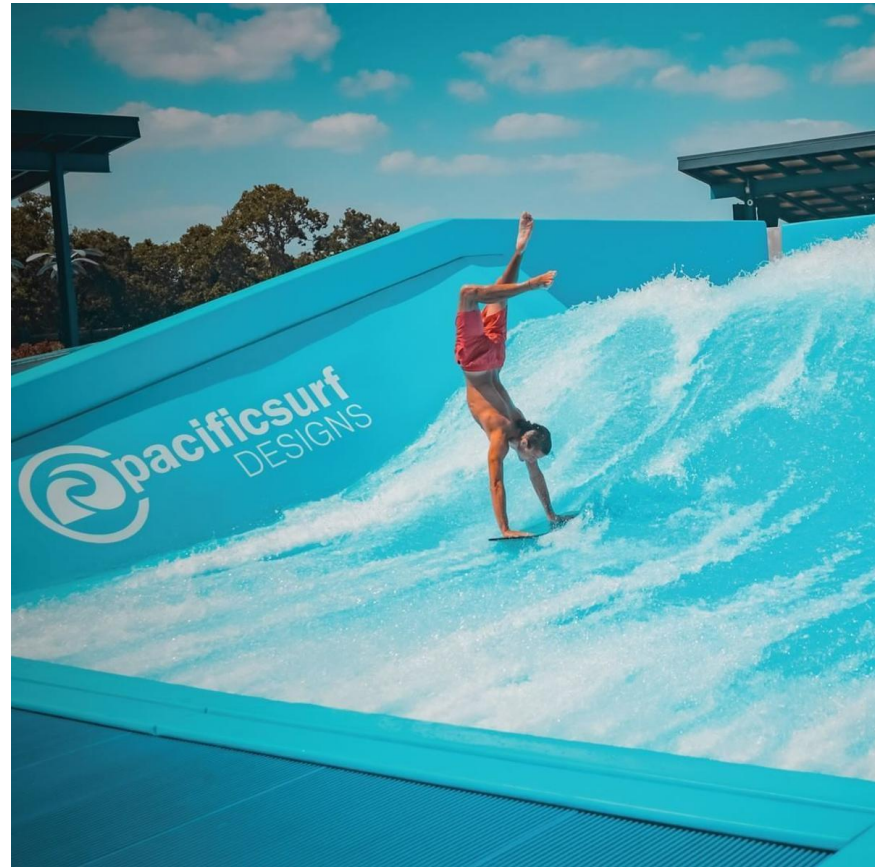
5,171,101 A *	12/1992	Sauehr et al.	405/79
5,738,590 A *	4/1998	Lochfeld	472/117
6,491,589 B1 *	12/2002	Lochfeld	472/117
7,547,255 B2 *	6/2009	Lochfeld	472/90
2009/0275416 A1 *	11/2009	Murphy	472/128
2013/0130815 A1 *	5/2013	Lochfeld	472/128

\* cited by examiner

Primary Examiner — Kien Nguyen  
(74) Attorney, Agent, or Firm — Hudak Consulting Group LLC

(57) **ABSTRACT**  
A water attraction, involving a flowing body of water, for performing board-riding maneuvers is described. A water attraction according to the present invention includes an activity section adjacent a safety chute; opposing sidewalls adjacent to a safety chute; a water delivery section creating water flow towards a safety chute; a water recovery section; and a rideable surface area. The rideable surface area further includes irregularly shaped surfaces with varying angles and elevations to increase difficulty and creativity in board-riding maneuvers.

**19 Claims, 4 Drawing Sheets**

#IHCC20

2020 ACC SoCal In House Counsel Conference

# Whitewater Assignment Clause

---

Employee agrees that all right, title and interest in all inventions, improvements, developments, trade-secret, copyrightable or patentable material **that Employee conceives or here-after may make or conceive**, whether solely or jointly with others:

- (a) with the use of Company's time, materials, or facilities; or
- (b) resulting from or **suggested by** Employee's work for Company; or
- (c) **in any way connected to any subject matter within the existing or contemplated business of Company**

shall automatically be deemed to become the property of Company as soon as made or conceived, and **Employee agrees to assign** to Company. . . all of Employee's rights and interests in said inventions, improvements, and developments in all countries worldwide. Employee's obligation to assign the rights to such inventions shall survive the discontinuance or termination of this Agreement for any reason.



# Relevant CA Statutes

---

## ■ Cal. Bus. & Prof. Code § 16600

- “every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void”

## ■ Second CA Labor Code § 2870(a)

- Creates an exception for invention that employee developed on own time without using employer’s equipment, supplies, facilities or trade secret information
- Exceptions within exception
  - That relate at the time of conception or reduction to practice of the invention to the employer’s business or anticipated r&d; OR
  - Result from any work performed for the employer



# Whitewater Holding

---

## ■ Assignment invalid

- Assignment of inventions conceived post-employment
- Assignment of inventions developed without use of former employer's confidential information
- Assignment even if merely "suggested by"
- Unlimited in geography and time

## ■ § 2870 exceptions do not apply to post-employment inventions



# Drafting Tips

---

- **Include actual assignment language: not “will assign”** *Advanced Video Techs.* (Fed. Cir. 2018)
- **Avoid overly broad assignment language**
  - **Exemplary language found invalid**
    - “all new ideas and concepts developed during employment or one year after employment”
    - “any invention described in a patent application or disclosed within one year of terminating employment”



# Oh No, My Past Assignments Need Help

---

- **Contracts, including assignment clauses, governed by state law**
- **Remember contract law principals**
  - **Reformation (limited in Cali)**
    - *Schwendimann v. Arkwright* (Fed Cir 2020) – DC reformed assignment under Minnesota law consistent with parties' original intent
  - ***Nunc pro tunc* assignment**
  - **Rescission**
  - **Others**



# Tips for Hiring New Employees

---

## ■ Investigate any past IP assignments

### ■ Triggers:

- Former employee of competitor
- Past work in similar subject matter

## ■ Ensure no confidential documents retained or confidential documents and information used



# Contractor Agreements

## ■ Key Provisions

### 1. Transfer of ownership of IP to the Company

- Signed by Contractor, employees, and subcontractors
- Not just designated as a “work for hire”

*The Copyright Office  
Circular 30 –  
Works Made for Hire*

<https://www.copyright.gov/circs/circ30.pdf>

- B. A work specially ordered or commissioned for use
1. as a contribution to a collective work,
  2. as a part of a motion picture or other audiovisual work,
  3. as a translation,
  4. as a supplementary work,
  5. as a compilation,
  6. as an instructional text,
  7. as a test,
  8. as answer material for a test, or
  9. as an atlas,





# Contractor Agreements

## ■ Key Provisions

### 2. IP held back by the Contractor

- Listing + License

### 3. IP included from third parties

- Listing + License



<https://openclipart.org/detail/317624/matryoshka-dolls-by-maria-alberto>



# Contractor Agreements

---

## ■ Example Pitfalls



**No Assignment Clause**



**“Promise” to Assign**



**Assignment from the wrong entity**



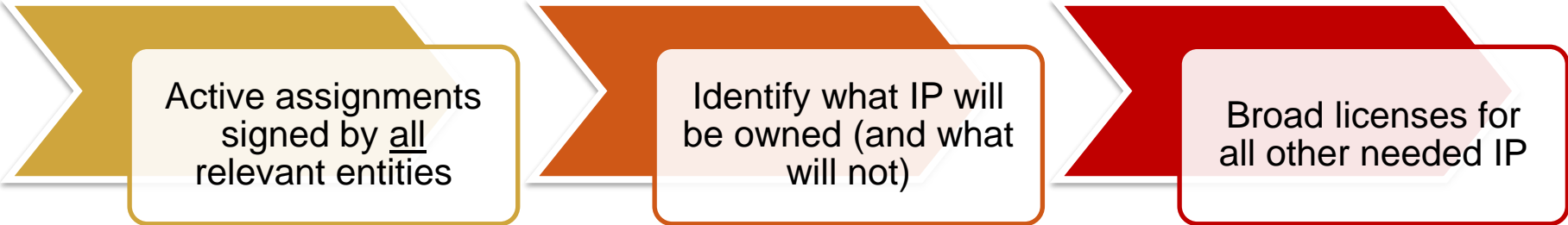
**Significant IP held back**



# Contractor Agreements

---

## ■ IP Ownership – Practical Takeaways



Active assignments  
signed by all  
relevant entities

Identify what IP will  
be owned (and what  
will not)

Broad licenses for  
all other needed IP



# Questions



#IHCC20

2020 ACC SoCal In House Counsel Conference





# **18th ANNUAL IN HOUSE COUNSEL CONFERENCE**

---

**January 27, 2021**

**[www.acc.com/chapters-networks/chapters/southern-california](http://www.acc.com/chapters-networks/chapters/southern-california)**