

Intellectual Property and Technology Law Update

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Protect Your Intellectual Property: Use Care With Consultants

Unless your consulting agreements explicitly require your consultants to assign their inventions to you, they have no obligation to do so, and your competitors could end up owning your intellectual property.

Dr. Imants Lauks was employed by a company called i-STAT, where his employment agreement required confidentiality and also specifically required him to assign all of his inventions to i-STAT. When Dr. Lauks resigned from i-STAT and agreed to continue as a consultant, he signed a consultancy agreement that stated the confidentiality provisions from his previous employment agreement continued; however, it did not specifically mention assignment of inventions. While a consultant, Dr. Lauks made and patented inventions, which he assigned to i-STAT's competitor Epocal. Abbot then acquired i-STAT, sued Epocal for infringing Dr. Lauks' patents, and lost because it could not show that it owned those patents.

The Court of Appeals for the Federal Circuit determined that because the consultancy agreement did not explicitly require assignment of inventions, Dr. Lauks was under no obligation to assign his inventions to i-STAT, and therefore could assign them to whomever he pleased. *Abbott Point of Care, Inc. v. Epocal, Inc.*, decided January 13, 2012.

Dr. Lauks's consultant arrangement with i-STAT contemplated allowing him to work for himself or others. A provision requiring him to assign all of his inventions to i-STAT was perfectly appropriate when he was an employee but probably wouldn't have worked for him as a consultant. An agreement that obligated him to assign inventions having to do with the subject matter of his consultancy, however, might have been agreeable (and ultimately fair) to all. One lesson to take from this: while a consultant agreement can seem like a standard legal form, a gap or mistake can be devastating.

For more information, please contact the Intellectual Property and Technology Practice Group at Lane Powell: IPGroup@lanepowell.com

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