



UDO UDOMA &  
BELO-OSAGIE

## DID YOU KNOW SERIES

(Vol. 1)



Creator or Employer:

**Who Owns your company's  
Intellectual Property?**

*Did you know that Business Intellectual Property (Business IP) refers to a set of legally recognised and protected intangible assets owned and used by a business for commercial advantage?*

- The rules guiding ownership of Business IP depend on the type of intellectual property in question. The traditional ownership rules for copyright-protected works, inventions, and trademarks differ. The cardinal rule of ownership depends on the circumstance in which the intellectual property was created. Ownership in some instances may belong to an employee, but the employer may own the intellectual property if the work was created within the scope of employment.

*the employee?*

**Copyright:** *Did you know that copyright in an article, artwork, musical work, or publication is owned by the creator, i.e.*

- Generally, copyright ownership vests in the author of a creative work under the Copyright Act.
- The Copyright Act gives different definitions of who an author is, but generally, the author is deemed the creator of the work.
- The employer/business/company does not automatically own the copyright in a work created by its employees/secondee/independent contractors unless otherwise agreed by the Parties under the employment contract or the consultant agreement.

**Patents and Designs:** *Did you know that the employer owns the intellectual property right to the inventions created by their employees in the course of their employment?*

- Under the Patents and Designs Act (PDA), the employer is recognised as the statutory inventor and, thus, has the right to file a patent application over an invention or design created by an employee/independent contractor. This is the case, even where the employee's employment terms and conditions do not require the employee's exercise of inventive activity or skill.
- Due to the varying and complicated legal position on ownership of different intellectual property rights under Nigerian law, it is essential and advisable for the employment contract, independent contractor agreement, and so on to expressly specify the ownership of copyright created due to the existing relationship.
- To recognise the employee's industry, the PDA states that in cases where the employment contract does not require an employee to engage in any inventive activity, but the employee nevertheless created an invention using information or



resources made available to him by his employer or the invention is of exceptional importance, the employee may be entitled to compensation that considers both his salary and the significance of the invention.

**Trademarks, Tradenames and Domain Names:** *Did you know that Nigeria operates a "First to file" trademark registration system, and therefore, a business trademark could, rightly or wrongly, be registered in the name of an employee/founder?*

- Unlike Copyrights, Patents and Designs, there is no restriction on who may register a trademark. The first to file and register a trademark becomes the registered trademark owner.
- This can lead to complications, with trademarks and domain names registered under an employee's or founder's name rather than the company's.
- Where a business/company's trademark is registered in the name of an employee/founder, the business/company may be unable to sue to enforce its rights over the trademark and may lose any goodwill.

**Pre-Employment Intellectual Property Rights:** *Did you know that most employment contracts/agreements do not cover ownership of IP rights owned by an employee before taking up employment with a company?*

- It is not unlikely that an employee already owned IP rights that form part of a company's business IP before the employee's employment contract.
- This also applies to founders. Generally, any IP created by the founders prior to the incorporation of the company would be owned by the founders themselves and not the company unless provided by contract, e.g., shareholders' agreement or assignment agreement.
- In such instances where the employment agreement is not adequately drafted, the employee may retain ownership of Business IP that they may keep when leaving the company's employment.
- The employer can seek to negotiate the ownership/assignment of such IP rights or state that such IP rights would remain the employer's property even if the employee uses them during employment.

**The Employee Proprietary Information and Invention Assignment Agreement:** *Did you know that an Employment Agreement containing Proprietary Information and Intellectual Property Assignment clauses would avoid uncertainties regarding the ownership of Business IP?*



- clauses specifying the following:
  - i. Ownership of Intellectual Property/Inventions;
  - ii. Assignment of Intellectual Property Rights;
  - iii. Employee compensation for patentable inventions;
  - iv. Employee's obligation to assist in the registration, assignment and transfer of Intellectual Property Rights to the company;
  - v. Confidentiality and non-disclosure obligations;
  - vi. Waiver of moral rights (where applicable); and
  - vii. Clauses specifying ownership of an employee's IP rights created prior to employment.

## **Conclusion**

Businesses must recognise their Business IP assets and ensure ownership is vested in the appropriate legal entity. By establishing explicit contractual arrangements, businesses may protect their Business IP and guarantee that the results of their creativity will result in financial benefit. Exploring the complex realm of intellectual property makes it clear that thoughtful and calculated approaches to ownership rights are essential to promoting creativity and safeguarding the cornerstone of any successful company.

If you need legal advice in relation to your intellectual property assets or information about our practice area offerings, please contact us at: [ipteam@uubo.org](mailto:ipteam@uubo.org).