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## EMPLOYEE INVENTIONS IN CANADA

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Who owns inventions developed by employees in Canada? Intuitively, this may seem simple. However, apart from the case of inventions developed by federal public servants, the *Patent Act* is silent on the matter. Case law is where one can find the criteria to determine ownership of an invention between an employer and its inventor-employee.

A patent application filed in Canada must by regulation include a petition, a description of the invention and payment of the filing fees. The names of the applicant and of each inventor are indicated in the petition. When the application is filed by the inventor, the applicant and the inventor are the same person. Let's clarify, in broad terms, the meaning of applicant and inventor.

- Applicant: The one filing the patent application and, unless the applicant is also the inventor, this person or entity must have acquired the rights of the inventor.
- Inventor: There is no clear definition of what an inventor is in the Patent Act. An inventor is the one whose invention is being claimed in a patent application. An inventor may be an independent inventor, a federal public servant or an inventor-employee.

The independent inventor is the simplest of all cases, meaning that the inventor is also the applicant.

The federal public servant inventor is governed by a completely different act, the *Public Servant Inventions Act*.

The inventor-employee is the inventor category most generally encountered but for which the Patent Act is unfortunately silent. Canadian courts typically have been given the task to settle the conflicts arising between employees and their employers in determining who should own the intellectual property rights in regards to the inventions developed by employees.

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\* With ROBIC, LLP a multidisciplinary firm of Lawyers, and Patent and Trade-mark Agents. Published in the Spring 2010 Newsletter of the firm (Vol. 14, No. 1). Publication 068.120E.

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To this day, the main guidelines for determining the rights of inventor-employees and those of employers are established in the 1991 decision *Comstock Canada v. Electec Ltd* involving Comstock Canada, a company specialized in the installation of electric circuits and Electec Ltd., a company incorporated by Mr. Hyde and his wife. From 1981 to 1985, Hyde was an employee of Comstock Canada. Hyde helped develop the invention of an inter-connecting system of lighting appliances. Hyde was not an engineer and was not hired by the company as an inventor. Comstock Canada patented the invention by naming another employee as the inventor. The court concluded that Hyde was the sole inventor even though he had been hired neither as an inventor nor as an engineer. The court also judged that Comstock had tried to take ownership of Hyde's work without indemnity, which the court qualified as slavery. This decision confirms a presumption of ownership in favor of the employee.

Nevertheless, this decision offers employers some ways out. The judge lists the following exceptions to the presumption of ownership in favor of the inventor-employee:

1. A contract expressly stating otherwise; and
2. The case in which the person was specifically hired to invent or innovate.

Example of a problem in determining the rights of an inventor in a software development context.

A fictitious company, Softwareco, hires an employee, Joe Anybody, in order to improve its website with a client interface for after-sale services. Using knowledge acquired during his work at Softwareco, the employee develops, during his free time at home, a new tool for certifying the identity of users of a website, a feature that was not specifically required for the client interface development project. It turns out that this new identity certification tool is a very interesting commercial product for any company having a website with a client interface for after-sale services. If the work contract does not contain any clause related to the property of inventions conceived during the project, the determination of the ownership of inventor rights with respect to the identity certification tool will be difficult to establish and can therefore result in a conflict between the company and the employee.

How can an employer claim the ownership rights to an inventor-employee's invention?

The employer must provide in the employment agreement provision's pursuant to which the employee assigns to his or her employer all of his or her rights in the inventions that result from his or her work.

It is recommended to seek specialized legal counsel to draft or interpret such provisions in an employment agreement to avoid future disputes.

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