

WHOSE INVENTION IS IT ANYWAY? EMPLOYEE
INVENTION-ASSIGNMENT AGREEMENTS AND THEIR LIMITS

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ABSTRACT

Pre-invention assignment provisions have become important and commonplace facets of employment agreements, supplanting common law rules for invention ownership. Yet statutes in seven states—including California, Washington, and Minnesota—restrict invention assignment. These statutes make agreements unenforceable when a worker invents on his or her own time without use of employer resources and the invention does not relate to the employer’s business or the employee’s work. Employers should be ready to argue why a given invention is not excluded from assignment by statute, although judicial decisions suggest many disputed inventions nonetheless belong to the employer. Statutory arguments notwithstanding, employee-inventors may challenge the validity of assignment agreements based on ambiguity in the contractual language. The defendant in a high-profile case over ownership of the Bratz line of fashion dolls, Mattel, Inc. v. MGA Entertainment, Inc., prevailed on such an argument. This Article examines the limits on contractual pre-invention assignment, using the Mattel litigation as a case study.

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INTRODUCTION

Language in employment contracts requiring workers to assign to their employers any inventions conceived of during employment has become commonplace as businesses grow high-tech and experience frequent exchange of employees. However, while such pre-invention assignment clauses may purport to give an employer

ownership of all an employee's inventions, statutes in seven states—including California, Washington, and Minnesota—carve out significant limitations to these agreements.¹ These statutes protect employee ownership of inventions made without use of employer resources and on an employee's own time when the inventions do not relate to the employer's business or stem from the employee's work. Agreements that violate these statutes are unenforceable. In contrast, two other states have enacted statutes that supplant the common law of invention ownership by making it easier for employers to become the owners of employee inventions.² As a result, employers in the former states must be cognizant that employees may retain ownership of certain inventions and be prepared to persuasively argue why a given invention is not excluded from assignment.

Yet even otherwise enforceable agreements can be subject to attack as ambiguous, particularly as to what types of "invention" they purport to assign. Such was the case in *Mattel, Inc. v. MGA Entertainment, Inc.*,³ a high-profile dispute between rival doll manufacturers about who owned a prized invention: the popular line of Bratz fashion dolls. Mattel, the maker of Barbie and chief competitor of Bratz producer MGA Entertainment, claimed it owned the Bratz line because it was invented by a former Mattel designer while he worked subject to a pre-invention assignment agreement.⁴ However, the Ninth Circuit in *Mattel* held it was not clear whether the agreement assigned the mere "ideas" of Bryant, a former Mattel employee, or extended to all inventions conceived during his employment.⁵ MGA prevailed on remand, winning a jury verdict that Mattel did not own the idea and receiving \$137

¹ See CAL. LAB. CODE §§ 2870-72 (West 2010); DEL. CODE ANN. TIT. 19 § 805 (West 2010); 765 ILL. COMP. STAT. ANN. 1060/2 (West 2010); KAN. STAT. ANN. § 44-130 (West 2010); MINN. STAT. ANN. § 181.78 (West 2010); N.C. GEN. STAT. ANN. §§ 66-57.1, 66-57.2 (West 2010); WASH. REV. CODE §§ 49.44.140-.150 (West 2010).

² See NEV. REV. STAT. ANN. § 600.500 (West 2010); UTAH CODE ANN. §§ 34-39-1 TO -3 (West 2010).

³ 616 F.3d 904 (9th Cir. 2010), *as amended on denial of reh'g* (Oct. 21, 2010).

⁴ *Id.* at 911.

⁵ *Id.* at 912-13.

million in attorney fees and costs.⁶ The *Mattel* case illustrates the need to draft clear pre-invention assignment agreements that are tailored to the employer's line of work and the function of the employee.

This Article explores the limitations on employers' efforts to acquire ownership of employee inventions. Part I describes default rules for invention ownership absent assignment, how employers have sought ownership through agreements, and judicial responses to these agreements. Part II discusses state statutes affecting ownership of employee inventions, which either restrict employers' attempts to require assignment or allow shifting of default ownership to employers. Part II further illustrates these limits with case examples, demonstrating that courts often determine that inventions are assignable under state statutes. Part III analyzes the *Mattel* litigation as an illustration of the role assignment agreements play in disputes over invention ownership.

I. EMPLOYEE INVENTORSHIP: DEFAULT OWNERSHIP RULES, ASSIGNMENT AGREEMENTS, AND JUDICIAL RESPONSES

As protection of intellectual property plays an ever-more significant role in modern business, tensions sometimes arise between employers and workers over who has the most legitimate legal, business, or moral claim to inventions made by employees.⁷ At the outset, it is necessary to define what constitutes an "invention." Defined broadly, an "invention" is "anything that is created or devised,"⁸ including ideas for products or improvements to existing processes or devices. However, the term "invention" is often closely linked with the concept of patent protection.⁹ Patents

⁶ Edvard Pettersson, *Mattel Must Pay MGA \$225 Million in Punitive Damages, Fees in Bratz Case*, BLOOMBERG (Aug. 5, 2011), <http://www.bloomberg.com/news/2011-08-04/mattel-must-pay-mga-225-million-in-punitive-damages-fees-in-bratz-case.html>.

⁷ See, e.g., David R. Hannah, *Who Owns Ideas? An Investigation of Employees' Beliefs about the Legal Ownership of Ideas*, 13 CREATIVITY AND INNOVATION MANAGEMENT 216 (2004).

⁸ BLACK'S LAW DICTIONARY 901 (9th Ed. 2009).

⁹ See *id.* (defining an invention as a "patentable device or process created through independent effort and characterized by an extraordinary degree of skill

are a form of intellectual property granting inventors a time-limited monopoly to inventions that meet statutory criteria.¹⁰ Employee-inventors may devise or discover things that are not patentable but are nonetheless valuable to the employer. Thus, this Article refers to inventions in the broader sense. Furthermore, a distinction must be drawn between inventions and certain creative works of authorship fixed in a tangible form of expression, such as books or movies, protection of which falls within the realm of copyright law.¹¹

Employee inventions—aspects of which may be protected by patent, copyright, trade secret, or trademark law—may be highly valuable company assets. If an employee leaves to form a competing business or files a patent based on an invention made during employment, the employer faces loss of potential revenue. In such a situation, both the employer and the worker may sue to enforce their perceived rights to the invention. Damages in intellectual property disputes have increased, as have the costs of litigation.¹² Companies thus often seek clear ownership of present and former employees' inventions developed during employment through pre-invention contracts.¹³ However, employees—especially those who work in inventive roles—may wish to

or ingenuity; a newly discovered art or operation.”)

¹⁰ To be patentable, an invention must: fit “one of the general categories of patentable subject matter”; not be “preceded in identical form in the public prior art”; useful; represent “a nontrivial extension of what was known”; and be “disclosed and described by the applicant in such a way as to enable others to make and use the invention.” ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 130 (5th ed. 2010).

¹¹ See 17 U.S.C. § 102 (2006). Some overlap between inventions, works of authorship, and trademarks may occur in the area of industrial designs. See UNITED STATES PATENT AND TRADEMARK OFFICE, *MANUAL OF PATENT EXAMINING PROCEDURES* § 1512 (8th ed. 2001), available at <http://www.uspto.gov/web/offices/pac/mpep/documents/s1512.htm>.

¹² Stephen Dorvee, *Intellectual Property Protection: Avoiding Disputes*, NAVIGATING INTELLECTUAL PROPERTY DISPUTES (Aspatore 2009), available at 2009 WL 3344406.

¹³ See Evelyn D. Pisegna-Cook, *Ownership Rights of Employee Inventions: The Role of Preinvention Assignment Agreements and State Statutes*, 2 U. BALT. INTELL. PROP. L.J. 163 (1994).

preserve a measure of autonomy and thus ownership over their creations, particularly when they desire to form competing ventures.¹⁴

Section A introduces how common law and statutory doctrines for deciding who owns an employee's invention do not always correlate with employers' expectations about invention ownership. Section B discusses how employers have turned to pre-invention assignment agreements to supplant the default rules, and how courts have generally interpreted these agreements.

A. *Employer Expectations and Default Rules*

Ownership rules for inventions protectable through intellectual property regimes other than patent law and for patentable inventions made in response to a specific work assignment likely meet employer expectations. However, ownership of patentable inventions defaults to the employee—perhaps contravening employer beliefs.

When considering both the common law and statutory rules, it is useful to distinguish between three types of employment, each giving rise to different employer expectations about invention ownership: “specific inventive,” “general inventive,” and “non-inventive.”¹⁵ At one end of the spectrum are specific-inventive employees who are “hired or employed to ‘invent,’” such as research scientists and design engineers.¹⁶ Employers rationally expect to own the inventive fruits of such employment. At the opposite end, employers generally lack reasonable claims to ownership of inventions made by “non-inventive” employees, such as shop or manufacturing employees and non-technical employees, because such employees are not paid to be creative.¹⁷

¹⁴ See William Lynch Schaller, *Jumping Ship: Legal Issues Relating to Employee Mobility in High Technology Industries*, 17 LAB. LAW. 25, 70 (2001).

¹⁵ Robert L. Gullette, *State Legislation Governing Ownership Rights in Inventions Under Employee Invention Agreements*, 62 J. PAT. OFF. SOC'Y 732, 733 (1980).

¹⁶ *Id.*

¹⁷ See *id.*

A gray area arises about who should own the inventions of “general inventive” employees who perform “[g]eneral research or design work,” such as software engineers; these employees may be “encouraged by the employer . . . to pursue his or her creative instincts, even though they may diverge from assigned work.”¹⁸ For example, search giant Google was once famous for giving its engineers 20 percent of their paid time to work on pet projects.¹⁹ Inventions by general inventive employees may “fall outside the scope of the employee’s ‘work’ since no specific [task] is involved, and may or may not relate to the business or research of the employer.”²⁰ In addition, even inventive employees may invent things far afield from what they are paid to invent. Ownership expectations of employers and employees about these inventions may diverge.

1. Default Rules Correlating with Employer Expectations

Outside of patent law, employers generally own intellectual property stemming from employee creative output related to the employer’s work—meeting employer expectations. Typically, this includes output protectable through copyright,²¹ trademark,²² and trade secret²³ laws, regardless of the type of inventive role of the

¹⁸ *Id.*

¹⁹ Bharat Mediratta; as told to Julie Bick, *The Google Way: Give Engineers Room*, N.Y. TIMES, October 21, 2007, available at <http://www.nytimes.com/2007/10/21/jobs/21pre.html>.

²⁰ Gullette, *supra* note 15, at 733.

²¹ See 2 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 5:52 (2011); see also Michael D. Birnhack, *Who Owns Bratz? The Integration of Copyright and Employment Law*, 20 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 95, 113 (2009).

²² Ownership of trademarks “depend[s] upon who first used the term as a mark and who the mark identifies.” 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:36 (4th ed. 2011). If the employee designed the mark “in the course of employment and the employer uses it, it would seem clear that the employer is the ‘owner.’” *Id.* Yet an employee owns any marks he or she used in commerce before beginning employment, in the absence of an agreement. *Id.*

²³ A trade secret that is the product of an employee’s assigned duties is owned by the employer, “even if it results from the exercise of the employee’s

employee. Employers also own the patentable inventions of employees specifically hired to “exercise his or her ‘inventive faculties,’”²⁴ fulfilling employers’ expectations to own the fruits of inventive employment.

2. Default Rules Diverging from Employer Expectations

Ownership of many valuable inventions defaults to the employee, potentially contradicting employer expectations. For patentable inventions conceived by employees not hired to invent—those of general or non-inventive workers—“an employer does not have rights in an invention ‘which is the original conception of the employee alone.’”²⁵ These inventions “remain[] the property of him who conceived” them, and “[i]n most circumstances, an inventor must expressly grant his rights in an invention to his employer if the employer is to obtain those rights.”²⁶

Under certain circumstances, an employer may receive a “shop right,” or “non-exclusive license to make and use the inventions of his employee to which the employer has made some contribution.”²⁷ Yet the “exact contours of the shop right are not well defined, and the entire area is generally conceded to be one of state, rather than federal law . . . that can be characterized as disorderly.”²⁸ In addition, a shop right does not prevent other firms from licensing an invention and offering competing goods or services. As a result, a shop right may not fulfill an employer’s expectation of owning inventions resulting from paid employment.

Due to both the uncertainty of common law tests and default

personal knowledge and skills. 1 MELVIN F. JAGER, TRADE SECRETS LAW § 3:18 (2012) (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 42 (1995)).

²⁴ See generally 8-22 CHISUM ON PATENTS § 22.03 (2012); see also *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933).

²⁵ *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2195 (2011) (quoting *Dubilier Condenser Corp.*, 289 U.S., at 189).

²⁶ *Id.*

²⁷ 5 JOHN GLADSTONE MILLS III, DONALD C. REILEY III & ROBERT C. HIGHLEY, PATENT LAW FUNDAMENTALS § 17:21 (2d ed. 1986).

²⁸ 3 R. CARL MOY, MOY’S WALKER ON PATENTS § 10:17 (4th ed. 2011).

rules contradicting employer expectations, businesses are generally reluctant to rely on the default rules.²⁹ Employers thus turn to assignment contracts enforceable under state law.

B. Assignment Agreements and Judicial Interpretation

Businesses may seek protection in an employment agreement requiring the worker to assign, or promise to relinquish the rights to, inventions springing from the employee's tenure with that employer.³⁰ These agreements serve three important functions: specifying the parties' rights, providing notice of those rights to the employee, and executing the transfer of rights.³¹

However, the existence of a pre-invention employment agreement does not guarantee employer ownership of an invention. Employees may challenge the validity of such an agreement on traditional contract grounds, such as unconscionability or ambiguity. Courts generally view employer-employee agreements to assign intellectual property resulting from inventions through a similar lens, typically enforcing them freely.³² However, courts may view assignment clauses as a restraint of trade, especially if they bind a worker to relinquish rights to inventions conceived after employment ends.³³ Agreements thus must be "reasonable" and not unconscionable or against public policy.³⁴ Reasonableness standards "ordinarily parallel those used for noncompetition agreements," focusing on the "scope of what type of invention or authorship [is] in question and the duration of the obligation to assign."³⁵

Despite broad contract language requiring assignment of employee inventions, courts often "strive, if the language at all permits, to limit its effect so as to preclude an employer claiming

²⁹ See Pisegna-Cook, *supra* note 13, at 163.

³⁰ See 15 GRACE MCLANE GIESEL, CORBIN ON CONTRACTS § 80.19 (rev. ed. 2003).

³¹ See Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc., 131 S. Ct. 2188, 2194 (2011).

³² GIESEL, *supra* note 30.

³³ *Id.*

³⁴ RAYMOND T. NIMMER, LAW OF COMPUTER TECHNOLOGY § 4:9 (2010).

³⁵ *Id.*

ownership in works which would be considered outside the scope of the employment agreement.”³⁶ This occurs because courts recognize that employers may have more bargaining power than employees; they may presume terms in an employment contract (including assignment of inventions) were imposed on the employee.³⁷ This allows “a kind of paternalism and permit[s] judicial intervention designed to protect the employee.”³⁸ As a result, contractual language “must be clear and show an unmistakable intention that the particular matter covered by the invention or patent is within the scope of the parties’ agreement or understanding.”³⁹ When courts find ambiguous language, as in *Mattel*, they turn to state common law doctrines of contractual interpretation, such as looking to industry custom.⁴⁰

II. STATE STATUTES GOVERNING EMPLOYMENT AGREEMENTS

Beyond the judicially imposed limits discussed above, statutes in several states restrict employers’ abilities to require assignment via contract.⁴¹ Under the majority approach, modeled on Minnesota’s law, statutory provisions prevent employers from requiring assignment of inventions made on an employee’s own time and without employer resources. Yet these statutes include exceptions allowing employers to require assignment of such inventions that relate to the employer’s business or spring from the employee’s work for the employer. When an employment agreement conflicts with one of these statutes, it may be unenforceable against the employee. Section A discusses states following the Minnesota model. However, two states have taken a different approach, making employer ownership of inventions the norm, as discussed in Section B.

³⁶ 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03[B][1][b][ii] (Matthew Bender, rev. ed. 2010).

³⁷ *See id.*

³⁸ *Id.*

³⁹ 6 RICHARD A. LORD, WILLISTON ON CONTRACTS § 13:17 (4th ed. 2010).

⁴⁰ NIMMER, *supra* note 36, at § 10.08[B]-[C].

⁴¹ *See generally* 1 STEVEN Z. SZCZEPANSKI, UPDATED BY DAVID M. EPSTEIN, ECKSTROM’S LICENSING IN FOREIGN AND DOMESTIC OPERATIONS § 8A:53 (2012).

A. States that Restrict Pre-Invention Assignment to Employers

Statutes modeled after Minnesota’s law allow employees to retain more ownership of their creative output by prohibiting companies from requiring assignment of inventions unrelated to the employee’s work or the employer’s business. Minnesota enacted its statute, the first such “Freedom to Create” law, in 1977.⁴² With two exceptions, subsequent states to legislate on this issue, including California and Washington, passed similarly structured statutes.⁴³ The “central purpose” of these statutes “is ostensibly to deter employers from overreaching in pre-invention assignment agreements signed by their employees.”⁴⁴ Such a statute “does not confer any rights on employers—it protects employees by rendering assignment agreements unenforceable to the extent they exceed permissible limits.”⁴⁵

It is unclear what qualifies as an “invention” under the Minnesota-type statutes, which do not define the term. Although one scholar suggested that the statutes should be limited to “cover only those inventions, discoveries or improvements which satisfy the higher standards of novelty and level of inventive skill traditionally associated with patentable subject matter,”⁴⁶ such a narrow reading is not merited by the statutes’ plain language. Unlike earlier proposed federal legislation that defined inventions as only those that are “patentable,”⁴⁷ the drafters of the state statutes left the term undefined, suggesting a broader meaning.

However, the Utah statute—passed years after Minnesota’s—

⁴² See MINN. STAT. ANN. § 181.78 (WEST 2010); SZCZEPANSKI & EPSTEIN, *supra* note 41.

⁴³ See CAL. LAB. CODE §§ 2870-72 (West 2010); DEL. CODE ANN. TIT. 19 § 805 (West 2010); 765 ILL. COMP. STAT. ANN. 1060/2 (West 2010); KAN. STAT. ANN. § 44-130 (West 2010); MINN. STAT. ANN. § 181.78 (West 2010); N.C. GEN. STAT. ANN. §§ 66-57.1, 66-57.2 (West 2010); WASH. REV. CODE §§ 49.44.140-.150 (West 2010).

⁴⁴ Pisegna-Cook, *supra* note 13, at 178.

⁴⁵ *Applera Corp. – Applied Biosystems Grp. v. Illumina, Inc.*, 375 Fed.Appx. 12, 17 (Fed. Cir. 2010) [hereinafter *Applera II*].

⁴⁶ Gullette, *supra* note 15, at 742.

⁴⁷ H.R. 15512, 91st Cong. § 402 (1969), 116 CONG. REC. 744 (1970).

provides an explicit definition of invention.⁴⁸ In contrast, the Nevada statute applies only to patentable inventions and trade secrets.⁴⁹

The California statute at issue in *Mattel*, Cal. Lab. Code § 2870, is typical of the Minnesota-type laws. Section 2870 states that any pre-invention assignment agreement “shall not apply to an invention that the employee developed entirely on his or her own time without using the employer’s equipment, supplies, facilities, or trade secret information.” However, the statute contains exceptions allowing assignment of such inventions that either:

- (1) Relate at the time of conception or reduction to practice of the invention to the employer’s business, or actual or demonstrably anticipated research or development of the employer; or
- (2) Result from any work performed by the employee for the employer.⁵⁰

California courts have interpreted these provisions as operating independently.⁵¹ Thus, under the California statute, a plaintiff-employer need only show *either* that a disputed invention: (1) was made using employer time or resources; (2) relates to the employer’s business or actual or demonstrably anticipated research and development; or (3) resulted from work performed by the employee for the employer.⁵² The burden lies with the employee to prove that a disputed invention is not assignable.⁵³

Other states’ statutes contain minor differences in language that

⁴⁸ See UTAH CODE ANN. § 34-39-3 (using the term “any right or intellectual property in or to an invention”). The Utah statute further defines “intellectual property” as “any and all patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications, and registrations relating to them.” UTAH CODE ANN. § 34-39-2(2).

⁴⁹ See NEV. REV. STAT. ANN. § 600.500 (West 2010).

⁵⁰ CAL. LAB. CODE § 2870(a).

⁵¹ *Applera II*, 375 Fed.Appx at 17. *Cadence Design Sys., Inc. v. Bhandari*, No. 07-00823, 2007 WL 3343085, at *5 n.4 (N.D. Cal. Nov. 8, 2007).

⁵² *Cadence Design Sys., Inc. v. Bhandari*, No. 07-00823, 2007 WL 3343085, at *5 n.4 (N.D. Cal. Nov. 8, 2007).

⁵³ See, e.g., *Cubic Corp. v. Marty*, 185 Cal. App. 3d 438, 451 (Ct. App. 1986); see also N.C. GEN. STAT. ANN. §§ 66-57.1 (West 2010).

may nonetheless affect the balance between employers and employees. For instance, the Washington statute requires an invention to relate “*directly* to the business of the employer.”⁵⁴

The statutes also contain notice provisions. The laws generally require that employers provide notice to employees of their rights under the laws.⁵⁵ Failure to provide notice may result in dismissal of a claim.⁵⁶ The Kansas statute also requires the *employee* to “disclose, at the time of employment or thereafter, all inventions being developed by the employee, for the purposes of determining employer and employee rights in an invention.”⁵⁷

B. States that Allow Greater Pre-Invention Assignment by Contract

Utah and Nevada have taken a different approach, using statutes to change the default allocation of invention rights in a manner benefitting employers.

1. Utah

Unlike statutes following the Minnesota model, Utah law allows pre-invention assignment of certain “employment inventions” as the default, even when the inventions are created entirely on an employee’s own time.⁵⁸ When an invention qualifies

⁵⁴ Wash. REV. CODE. § 49.44.140(1)(a)(i) (emphasis added).

⁵⁵ See *Waterjet Tech., Inc. v. Flow Int’l Corp.*, 996 P.2d 598, 601 (Wash. 2000) (notice may be given by agreement itself).

⁵⁶ See, e.g., *Machen, Inc. v. Aircraft Design, Inc.*, 828 P.2d 73 (Wash. Ct. App. 1992).

⁵⁷ KAN. STAT. ANN. § 44-130(d) (West 2010).

⁵⁸ See *supra*, note 40 for the Utah law’s definition of “invention.” “Employment inventions” are defined as “any invention or part thereof conceived, developed, reduced to practice, or created by an employee” conceived or created by the employee “[a](i) within the scope of his employment; (ii) on his employer’s time; or (iii) with the aid, assistance, or use of any of his employer’s property, equipment, facilities, supplies, resources, or intellectual property; (b) the result of any work, services, or duties performed by an employee for his employer; (c) related to the industry or trade of the employer; or (d) related to the current or demonstrably anticipated business, research, or development of the employer.” UTAH CODE ANN. §§ 34-39-3(2)

as an employment invention, the statute allows an employer to condition employment on acceptance of an assignment agreement.⁵⁹ However, assignment of non-employment inventions made entirely on the employee's own time may not be a condition of employment or continued employment, and the employee must receive consideration "which is not compensation for employment" for the assignment.⁶⁰ No reported cases discuss this statute.

2. Nevada

In Nevada, policymakers have shifted the burden of clarifying the scope of assignment agreements to employees. The Nevada Legislature passed a law effective in 2001 stating that, "[e]xcept as otherwise provided by express written agreement, an employer is the sole owner of any patentable invention or trade secret developed by his employee during the course of the employment that relates directly to work performed during the course of the employment."⁶¹ This statute thus functions as a state law equivalent to the copyright work-for-hire doctrine.⁶² No reported cases discuss the statute, and it is unclear what changes, if any, the law has effected on Nevada's business development. The number of patents granted by the United States Patent and Trademark Office to parties in Nevada has increased since the law was enacted in 2001, following the national trend.⁶³

One commentator calls the Nevada statute "potentially a revolutionary change in Nevada's employment and property laws."⁶⁴ Based on this statutory scheme, "Nevada has become the only state that allows ownership of patentable inventions to be

(West 2010).

⁵⁹ UTAH CODE ANN. § 34-39-3(6) (West 2010).

⁶⁰ UTAH CODE ANN. § 34-39-3(1), (4) (West 2010).

⁶¹ NEV. REV. STAT. ANN. § 600.500 (West 2010).

⁶² Mary LaFrance, *Nevada's Employee Inventions Statute: Novel, Nonobvious, and Patently Wrong*, 3 NEV. L.J. 88, 101 (2002).

⁶³ See, e.g., United States Patent and Trademark Office, *Patents by Country, State, and Year – Utility Patents* (March 27, 2012), http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_util.htm.

⁶⁴ LaFrance, *supra* note 62, at 88.

transferred from one party to another in the complete absence of an assignment agreement, and without any form of actual notice to the transferor.”⁶⁵

C. Judicial Interpretation of Statutory Limits

Although judicial decisions interpreting the Minnesota-type statutes remain sparse,⁶⁶ a pattern emerges: courts find inventions to be assignable more often than not. While state legislation designed to give employees more control over their inventions passed during the 1970s and 1980s, only in roughly the last decade has the pace of reported decisions citing to these statutes increased. The statute in California, a state home to a large economy and many technology companies, appears to have received the most attention, including in *Mattel*. Many decisions occurred at the federal trial-court level, producing persuasive, rather than binding, precedent. While the relevant statutes vary slightly even among states that follow the Minnesota model, “[s]imilar statutes of other states comprise a type of extrinsic aid which may deserve special attention.”⁶⁷

Once an employer claims breach of an assignment agreement by an employee’s failure to disclose or assign an invention, the employee in a state with a Minnesota-type statute must prove that all four statutory factors are met: (1) no use of employer supplies or secrets; (2) no use of employer time; (3) no relation to the employer’s work; and (4) the invention was not a result of the employee’s work.

1. Use of Employer Supplies or Secrets?

The easiest avenue for an employer to demonstrate that a disputed invention falls within the statutory exception—allowing mandatory assignment—is to show use of employer resources or

⁶⁵ *Id.*

⁶⁶ Annotated statutes reveal about a dozen decisions providing substantial discussion, as discussed below.

⁶⁷ 2B NORMAN J. SINGER AND J.D. SHAMBIE SINGER, SUTHERLAND STATUTORY CONSTRUCTION § 52:1 (7th ed. 2012).

trade secrets. Sometimes (as in *Mattel*), evidence that employees used employer equipment, supplies, or money to further an invention provides strong evidence that the invention falls within the scope of allowable agreements.⁶⁸ This is particularly true when an employee uses a company computer to create, refine, or finance an invention. For example, a federal district court in California granted the plaintiff employer a preliminary injunction against two former employees after evidence demonstrated that the workers' company computers contained a host of files relating to their new, competing venture.⁶⁹ In *Iconix, Inc. v. Tokuda*, the company computers contained, *inter alia*: source code for the employees' new website; a database of users of the new website; and a bridge loan term sheet and taxpayer ID for a new business.⁷⁰

Even a small use of employer resources triggers the statutory exception. In *Cubic Corporation v. Marty*, a California appeals court affirmed summary judgment for the plaintiff, a defense contractor, against a former employee.⁷¹ The employee had obtained a patent for a device to train airline pilots that was embodied in a manuscript produced the year prior to his patent application.⁷² The court noted that the manuscript likely was not developed "entirely" on the employee's "own time," as required to fall within the statutory protection, because he "used Cubic personnel and funding to add circuitry which was necessary to make his invention work."⁷³ While the employee "argue[d] he could have developed this circuitry on his own, the fact remains that he did not."⁷⁴

Although use of trade secrets in invention also may constitute use of employer resources, at least one employee successfully demonstrated that his invention was not assignable because it did not stem from appropriation of the employer's secrets. In *Applera*

⁶⁸ *Cf. Mattel, Inc. v. MGA Entm't, Inc.*, 616 F.3d 904, 907 (9th Cir. 2010) (stating Bryant showed MGA executives "a crude dummy constructed out of a doll head from a Mattel bin, a Barbie body and Ken (Barbie's ex) boots").

⁶⁹ *Iconix, Inc. v. Tokuda*, 457 F.Supp.2d 969, 1003 (N.D. Cal. 2006).

⁷⁰ *Id.* at 989-90.

⁷¹ *Cubic Corp. v. Marty*, 185 Cal. App. 3d 438 (1986).

⁷² *Id.* at 445.

⁷³ *Id.* at 453.

⁷⁴ *Id.*

Corporation-Applied Biosystems Group v. Illumina, Inc., the Federal Circuit affirmed denial of judgment as a matter of law for the defendant employer in a dispute over ownership of patents relating to DNA sequencing technology.⁷⁵ Applera's former in-house patent counsel had invented a new way to sequence DNA during the years he worked for the company.⁷⁶ The former employee "offered unrefuted testimony that he made his invention at home on his own time,"⁷⁷ satisfying the first statutory requirement for inventions excluded from employer ownership. The Federal Circuit further reasoned that the employee's "inventions existed only on paper-he did not perform any laboratory work, and he detailed his inventions in a laboratory notebook that he purchased himself."⁷⁸ The issue was whether he used any of the employer's trade secrets.⁷⁹ The ex-employee testified that the invention resulted from earlier work and ideas obtained working on a different patent, not his work for the company. Thus, the Federal Circuit decided substantial evidence supported the jury's verdict that the invention met the requirements of the California statute and was exempt from assignment.⁸⁰

2. On Employee's Own Time?

The meaning of the statutory phrase "entirely on his or her own time" engenders questions about an employee's expected working hours and the temporal scope of employment. Employees may argue that they worked flexible hours or put in such long hours that they had to develop inventions in part while seemingly at work.⁸¹ In *Iconix*, the court rejected the defendant former employees' argument that they worked on their project on their own time.⁸² The court looked to evidence that company computers contained a

⁷⁵ *Applera II*, 375 Fed.Appx. 12 (Fed. Cir. 2010).

⁷⁶ *Id.* at 14.

⁷⁷ *Id.* at 16.

⁷⁸ *Id.*

⁷⁹ *Id.*

⁸⁰ *Id.* at 18.

⁸¹ *See, e.g., Iconix, Inc. v. Tokuda*, 457 F.Supp.2d 969 (N.D. Cal. 2006).

⁸² *Id.* at 990-92.

PowerPoint for investors modified on a workday during typical working hours and instant message logs showing messages between the defendants between 9 a.m. and 5 p.m. on weekdays.⁸³ The court also rejected the argument that the employees' use of a company laptop on vacation was on their own time, reasoning that even if it was acceptable for them to use the computer for personal reasons, any inventions developed using it still had to be assigned.⁸⁴ The court also found unpersuasive the argument that the defendants "often worked 14-16 hour days" or worked through the night, and thus that typical business hours were an "artificial" distinction.⁸⁵

However, inventions conceived before or after employment are made on the employee's own time. For example, in *NeoNetworks, Inc. v. Cree*, the Court of Appeals of Minnesota affirmed a trial court's determination that an employee created his invention after termination of his employment, based on ideas conceived before employment.⁸⁶

3. Relationship to Employer's Work?

Courts construe the "related to" phrase in Minnesota-type statutes broadly.⁸⁷ This factor functions like the tort concept of proximate cause, allowing courts to exclude from assignment inventions insufficiently tied to the employer's legitimate expectations as determined by the legislature.

In *Eaton Corp. v. Giere*, the Eighth Circuit conducted a straightforward analysis of whether an ex-employee's mechanical invention related to his employer's work, finding that it "obviously" related and thus breached the employment agreement.⁸⁸ The employee "made light-duty transaxles for

⁸³ *Id.* at 990.

⁸⁴ *Id.* at 991.

⁸⁵ *Id.* at 992.

⁸⁶ Nos. A07-0729, A07-1578, 2008 WL 2104161, at *5 (Minn. Ct. App. Aug. 5, 2008).

⁸⁷ *Cadence Design Sys., Inc. v. Bhandari*, No. 07-00823, 2007 WL 3343085, at *5 (N.D. Cal. Nov. 8, 2007).

⁸⁸ *Eaton Corp. v. Giere*, 971 F.2d 136, 140 (8th Cir. 1992).

machinery for Eaton,” then “started designing, with the idea of manufacturing and selling, similarly sized transaxles for the purposes of competing *against* Eaton.”⁸⁹ There were “striking similarities” between the products, and it “would stretch the imagination and do damage to the English language to find that [the defendant’s] device was not ‘related’ to Eaton’s business.”⁹⁰

Even inventions less obviously related to the employer’s business may fall within the statutory exception. In *Cadence Design Systems, Inc. v. Bhandari*, the district court granted summary judgment for the plaintiff manufacturer because when the patent at issue (covering computer-aided techniques for making integrated circuits) was conceived, the invention was “integral” to the employer’s business; it “improved the quality and cost-effectiveness” of the business’ products.⁹¹ Further, one of the defendant employees consulted with an intellectual property attorney, who advised him that the employer could claim ownership under the employment agreement.⁹²

The *Cubic* court also focused on the relationship of the invention to the employer’s line of work, stating that the manuscript embodying the employee’s invention was “related to his employer’s business” and thus did not fall within Cal. Lab. Code § 2870(1).⁹³ The court reasoned that the employee “sought Cubic expertise on his idea” and later sought and accepted funding from the company.⁹⁴

Courts have dismissed two lines of argument by employees seeking to retain ownership of their inventions that seemingly “relate to” the employer’s work in a broad sense. First, courts have refused to narrowly construe the meaning of the phrase to mean the smallest division of a company in which the defendant employee worked.⁹⁵ Thus, an employee’s work for any portion of a business

⁸⁹ *Id.* (emphasis in original).

⁹⁰ *Id.*

⁹¹ *Cadence Design Sys., Inc. v. Bhandari*, No. 07-00823, 2007 WL 3343085, at *6 (N.D. Cal. Nov. 8, 2007).

⁹² *Id.*

⁹³ *Cubic Corp. v. Marty*, 185 Cal. App. 3d 438 (1986).

⁹⁴ *Id.* at 453.

⁹⁵ *See Cadence Design Systems, Inc. v. Bhandari*, No. 07-00823, 2007 WL 3343085, at *7 (N.D. Cal. Nov. 8, 2007).

is enough to bring the invention within the statutory exception, allowing mandatory assignment.

Second, the Eighth Circuit in *Eaton* did not accept the defendant ex-employee's argument that his device was targeted at a market the employer had not entered.⁹⁶ The employee made a device appropriate for snowblowers and riding mowers smaller than ones fitted with the employer's product. However, the latter market "was an area of 'Eaton's actual or demonstrably anticipated research and development.'"⁹⁷ Ultimately, the employee took "a great many shortcuts in time and money spent on research, development, testing, and specifications because of his previous work on similar products he helped design and make at Eaton." That "he actually designed and made *his* device at home and after hours is of little relevance."⁹⁸

4. Result of Employee's Work?

If the "relates to" element is analogous to proximate cause, the final element involves consideration of what could be termed the "but for" cause of the invention: whether the employee's work for the company led at least in part to the invention. Courts that find for the employer on the "relates to" factor might not reach this factor.

Courts reaching this factor have held against the employer. In *Agilent Technologies, Inc. v. Kirkland*, the Federal Circuit held that substantial evidence showed the invention did not stem from work performed for the company (based on the employee's testimony).⁹⁹ In *Enreach, Inc. v. Embedded Internet Solutions, Inc.*, a district court denied summary judgment to the plaintiff employer based on existence of a material factual dispute about how and when an ex-employee developed certain source code.¹⁰⁰ The ex-employee stated that the source code he developed while employed was very

⁹⁶ *Eaton Corp. v. Giere*, 971 F.2d 136, 140 (1992).

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Agilent Technologies, Inc. v. Kirkland*, CIV.A. 3512-VCS, 2010 WL 610725, at *17 (Del. Ch. Feb. 18, 2010).

¹⁰⁰ 403 F.Supp.2d 968 (N.D. Cal. 2005).

basic and derived from the public domain, and that he developed it for a non-work purpose.¹⁰¹

However, conception of an idea during employment may be enough to find for the employer on the “result of” factor even if employees do not perfect their invention until after they have left the employer.¹⁰²

III. CASE STUDY: THE *MATTEL* DECISION

The saga of the *Mattel* case provides a useful study on how an ambiguous pre-invention assignment agreement—even one that would otherwise be enforceable by the employer under state statute—may result in loss of intellectual property to a competitor. Section A discusses the facts and procedural posture of the case. Section B explores how the Ninth Circuit focused on ambiguity in the assignment agreement when, absent ambiguity, analysis under California’s statute suggests *Mattel* owned the invention. Section C discusses whether the dolls at issue in *Mattel* qualify as “inventions” for purposes of California’s statute when they are a consumer product that has both creative and utilitarian elements.

A. *Facts and Posture of Mattel*

The *Mattel* case traces its roots to *Mattel* doll designer Carter Bryant’s idea for a new line of dolls, which became Bratz. Until October 2000, Bryant worked as a Barbie hair and clothing designer for *Mattel* under a 1999 written employment agreement.¹⁰³ Bryant promised to “promptly and fully as practicable” assign all “inventions” to the company that were “conceived or reduced to practice” by him at “any time during” his employment.¹⁰⁴ The agreement defined “inventions” as including, but not limited to, “all discoveries, improvements, processes,

¹⁰¹ *Id.* at 975.

¹⁰² See *Agilent Technologies, Inc. v. Kirkland*, CIV.A. 3512-VCS, 2010 WL 610725, at *17 (Del. Ch. Feb. 18, 2010).

¹⁰³ *Mattel, Inc. v. MGA Entertainment, Inc.*, 616 F.3d 904, 909 (9th Cir. 2010).

¹⁰⁴ *Id.*

developments, designs, know-how, data computer programs and formulae, whether patentable or unpatentable.”¹⁰⁵ The agreement excluded inventions not assignable under the California statute.¹⁰⁶

While still working for Mattel, Bryant showed MGA representatives initial sketches of the Bratz dolls,¹⁰⁷ created a conceptual model (using Barbie parts), and created the names “Bratz” and “Jade” (a name used for one of the dolls).¹⁰⁸ He later signed a consulting agreement with MGA, creating an initial “sculpt,” or mockup, for the Bratz during the period of his two weeks’ notice at Mattel.¹⁰⁹

After Mattel discovered Bryant’s involvement with MGA, the doll companies filed various lawsuits, which were consolidated in federal district court.¹¹⁰ The case proceeded to trial, where a jury found MGA liable for copyright infringement.¹¹¹ The district court awarded Mattel \$10 million in damages and entered equitable relief, including placing a constructive trust over all Bratz trademarks and issuing an injunction prohibiting MGA from producing most Bratz female fashion dolls, as well as dolls substantially similar to Mattel’s copyrighted Bratz works.¹¹² The Ninth Circuit subsequently vacated the equitable relief after finding ambiguity in the assignment agreement.¹¹³ On remand, the district court held in response to Mattel’s motion for summary judgment that a genuine issue of material fact existed as to whether the company and Bryant mutually intended for the agreement to assign to Mattel his rights to ideas conceived during employment.¹¹⁴ Finally in April 2011, a jury decided that Mattel did not own the idea for Bratz.¹¹⁵

¹⁰⁵ *Id.*

¹⁰⁶ *Id.* at 912, n.5.

¹⁰⁷ *Id.* at 907.

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* Bryant settled with Mattel prior to trial.

¹¹⁰ *Id.* at 908.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.* at 918.

¹¹⁴ *Mattel, Inc. v. MGA Entm’t, Inc.*, 782 F.Supp.2d 911 (C.D. Cal. 2011).

¹¹⁵ *Pettersson*, *supra* note 6.

B. The Ninth Circuit Finds Ambiguity in the Agreement

The Ninth Circuit in *Mattel* changed the course of the litigation in favor of MGA based on ambiguity in Bryant's employment agreement. Absent this ambiguity, however, Mattel had a compelling case that it owned the Bratz invention, California's statute notwithstanding.

To retain control over the Bratz line, MGA needed to challenge the validity of Bryant's agreement purporting to assign ownership of his inventions to Mattel. While MGA could have argued that the agreement was unenforceable under California's statute, such an argument was unlikely to prevail, as discussed below. Instead, MGA claimed that the terms of the agreement were ambiguous regarding whether Bryant assigned: (1) inventions made off-the-clock,¹¹⁶ and (2) his mere ideas.¹¹⁷

Mattel argued that the language "at any time" in the assignment agreement meant Bryant was obligated to assign inventions conceived or implemented while he was employed, regardless of whether he was on the clock, so long as the assignment was not barred by statute.¹¹⁸ The trial court granted summary judgment for Mattel.¹¹⁹ The Ninth Circuit remanded, reasoning that the lower court did not consider whether "Bryant worked on [Bratz] on his own time [or] during his working hours at Mattel."¹²⁰ The issue should have been submitted to the jury to determine "(1) whether Bryant's agreement assigned works created outside the scope of his employment at Mattel, and (2) whether Bryant's creation of the Bratz sketches and sculpt was outside the scope of his employment."¹²¹

Mattel's ownership claim also faltered because Bryant's agreement did not specifically list "ideas" as a subset of "inventions." Mattel argued that the list composing the definition of "invention" was "illustrative rather than exclusive," meaning it

¹¹⁶ *Mattel*, 616 F.3d at 912.

¹¹⁷ *Id.* at 909.

¹¹⁸ *Id.*

¹¹⁹ *Id.* at 912.

¹²⁰ *Id.*

¹²¹ *Id.* at 913.

should include inventions at the idea stage.¹²² Yet the court stated that ideas are “markedly different from most of the listed examples” because they are “ephemeral,” or not reduced to practice like a computer program.¹²³ On the other hand, the court noted that the agreement “lists less tangible inventions such as ‘know-how’ and ‘discoveries,’” and that Bryant could have agreed to assign rights in innovations not concretized by assigning all inventions merely “conceived.”¹²⁴

The court thus introduced common law principles of contract interpretation into a case that, absent a finding of ambiguity, could have been decided differently under California’s invention-assignment statute. For the statute to prevent assignment, Bryant must not have used any of Mattel’s resources.¹²⁵ Evidence suggests Bryant used Mattel supplies (in the form of doll parts for the mockup, at least), and thus he did not make the invention entirely on his own time because he had to at least secure those parts. The new dolls clearly related to Mattel’s business, and especially to his work as a doll designer. It is less clear whether the doll designs stemmed from any particular projects at Mattel. Analysis of the statutory elements suggests Mattel could have prevailed because Bryant seemingly did not make the invention *entirely* on his own time and without use of employee resources, and the invention closely related to Mattel’s business. Thus, a court’s focus on perceived ambiguity in the contract itself, rather than the statutory factors, may benefit a defendant employee seeking to defeat an assignment agreement.

C. Are Dolls “Inventions” for Statutory Purposes?

Had the Ninth Circuit analyzed ownership under California’s statute, it is unclear whether Bryant’s idea for a new doll—a product often perceived as protectable through copyright—was an

¹²² *Id.* at 909.

¹²³ *Id.* (“Designs, processes, computer programs and formulae are concrete, unlike ideas, which are ephemeral and often reflect bursts of inspiration that exist only in the mind.”).

¹²⁴ *Id.*

¹²⁵ See CAL. LAB. CODE § 2870(a).

“invention” for statutory purposes. However, classifying dolls and similar products with both creative and utilitarian features as inventions accords with the statute’s implicitly broad definition of invention.

Dolls, like other consumer products such as furniture and certain jewelry, often exhibit expressive features protectable by copyright and utilitarian features protectable by patent. While dolls may be copyrightable,¹²⁶ they are a type of toy and may be articles of manufacture, one of the four categories of patentable subject matter.¹²⁷ In this respect, they differ from traditional copyrightable works of authorship, such as writings or photographs, which may not be considered inventions. Dolls also differ from traditional sculptures, which lack a functional element. One may obtain a design patent for a doll, although there is no mention of attempts by either party in *Mattel* to seek this protection, likely because such patents are difficult to procure.¹²⁸

Note that even if an agreement assigning a doll idea or similar invention is held unenforceable under state statute, the statutory default ownership rule of copyright law (the work-for-hire doctrine) may still afford the employer ownership of copyrightable elements. Thus, had a court held the assignment agreement between *Mattel* and *Bryant* unenforceable as to ownership of certain copyrightable works, *Mattel* could have claimed ownership of those works (and any derivative works) under the work-for-hire doctrine.

CONCLUSION

Pre-invention assignment agreements provide employers with a tool to reduce the uncertainty that existed at common law regarding ownership of employee inventions. However, state statutes limit how much of an employee’s inventive output employers may capture without violating public policy. Although

¹²⁶ 2 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 3:149 (2012) (dolls are not useful articles).

¹²⁷ See 35 U.S.C. § 101 (2006).

¹²⁸ See *Ideal Toy Corp. v. Sayco Doll Corp.*, 302 F.2d 623, 626 (2d Cir. 1962).

the majority of these statutes were ostensibly designed to protect employees, they allow uncertainty to creep back into judicial decisions in the form of whether an invention falls within the four statutory criteria and thus belongs to the employee. Court decisions under these statutes suggest that many inventions nonetheless belong to employers because inventions are often held to “relate to” the employer’s work. As a practical matter, one might question how often these statutes will affect the ownership of employee inventions, given that parties are likely to litigate only the closest of cases. Nevertheless, the factors contained within the statutes provide a useful framework to aid courts in making well-reasoned decisions about ownership of inventions within the limits of public policy. Application of the statutory factors may yield different results than judicial interpretation of ambiguities within an assignment agreement, as demonstrated by *Mattel*.

PRACTICE POINTERS

For attorneys advising employers:

- Employers concerned about ownership of intellectual property stemming from employees’ inventions should include assignment provisions in employment contracts. The employee should agree that all “Work Product” conceived or reduced to practice—individually or jointly—during employment relating to the employer’s current or anticipated business or research belongs exclusively to the employer. “Work Product” should be defined broadly and defined as including, but not limited to, types of work the particular employee is likely to produce, including: inventions, plans, know-how, developments, discoveries, and experimental processes. The agreement should specify that, in addition to original Work Product, the employer exclusively owns any and all copies, improvements, rights and claims, tangible embodiments thereof, and rights in patents, copyrights, trademarks, or other intellectual

property rights anywhere in the world arising from that Work Product.¹²⁹

- Assignment provisions should clearly state that the employee assigns (rather than merely agrees to assign later) Work Product conceived or reduced to practice at any time of day during employment, and Work Product made without use of employer resources that relates to the employer’s business or research.
- When an employer seeks maximum ownership of employee inventions, it may be useful to reference the relevant state law and specify that the employee assigns all inventions not prohibited by law. However, merely stating the inverse—that an agreement does not cover inventions prohibited by a Minnesota-type statute—likely is insufficient to effectuate the maximum assignment.
- Agreements in states with Minnesota-type statutes should include notice of an employee’s statutory rights.
- Attorneys alleging breach of an assignment agreement in states following the Minnesota model should brief the four statutory factors, focusing on the broad factor of inventions that “relate to” the employee’s business.
- Assignment agreements should specifically include “ideas” among assigned inventions, if that is the parties’ intent. Failure to clearly define inventions assigned may result in a court looking to external evidence, such as industry custom, to interpret perceived ambiguity in the agreement.

For attorneys advising employees:

- Employees may bargain for pre-invention assignment agreements that assign less than the maximum amount allowed by state law. For example, an assignment provision

¹²⁹ This language is adapted from *Employee Confidentiality and Proprietary Rights Agreement*, PRACTICAL LAW COMPANY (2012), <http://us.practicallaw.com/6-501-1547>.

could exempt from assignment inventions in an employee's area of interest that relate to the employer's business but are outside of the scope of the employee's work (e.g., a software engineer who works on operating systems but programs games as a hobby).

- If subject to an assignment agreement, employees should work on new business ventures only during off-hours and without use of employer supplies or secrets. Specifically, would-be inventors should refrain from using company computers or other equipment to perform research, communicate, or record ideas. Even without use of employer resources, however, inventions that "relate to" an employer's work (construed broadly) or that stem from the employee's work, may nonetheless be assignable.
- Even if an employee's assignment agreement in a state with a Minnesota-type statute purports to assign all inventions to the employer, the attorney might focus on perceived ambiguity in the agreement itself—rather than the four statutory factors—in an attempt to invalidate the agreement, or raise other contract law doctrines such as lack of consideration.