

Peregrine Puts Hired-To-Invent Issues In Spotlight

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Do you think your employees are hired to invent? Absent written assignment agreements, you should think again about how you are protecting your company's valuable intellectual property assets. Consider the recent *Peregrine Semiconductor Corp. v. RF Micro Devices Inc.*, No. 3:12-CV-0911-H (S.D. Cal. Jan. 8, 2014) case where U.S. District Judge Marilyn Huff rejected Peregrine's motion for a preliminary injunction seeking to enjoin RFMD from licensing or conducting proceedings before the U.S. Patent and Trademark Office related to the inventor's — a former Peregrine employee — assignment of rights to RFMD. The court held that given the absence of a written assignment agreement or evidence of the employee having been hired to invent, Peregrine was unlikely to succeed on the merits in its claims.



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While this decision is only at the preliminary injunction phase, it serves as a reminder that companies should make sure that their “generalized” employees sign written employment agreements — both because oral agreements are insufficient, and because employees who perform general engineering, development or other activities will likely fall outside the scope of the “hired to invent” doctrine.

Case Background

In April 2012, Peregrine brought suit against RFMD, arguing that RFMD's marketing and sale of integrated circuits used in smartphones infringed a family of Peregrine's patents. Although initially a relatively straightforward infringement suit, the case now turns on whether a former employee — mistakenly not named as an inventor on the patent — could validly assign his rights to a different company, or if his former employer held title to the rights in the patent, thereby rendering the assignment invalid.

After initially filing suit, the parties realized that one of Peregrine's former employees, Robert Benton, should have been a named inventor on the family of patents-in-suit. In August 2012, Ronald Reedy, Peregrine's co-founder and chief technology officer, contacted Benton to discuss his involvement with the '502 family of patents. In March 2013, Reedy told Benton that Peregrine wanted to name Benton as an inventor on the '502 family. Benton declined this offer, instead assigning all right, title, and interest in

the '502 family to defendant RFMD in September 2013.

In November 2013, Peregrine filed a first amended complaint, adding Robert Benton as a defendant in the infringement claim. A few days later, Peregrine filed a motion for a preliminary injunction to enjoin RFMD from engaging in any transfer, licensing or proceedings before the USPTO related to Benton's assignment.

What Constitutes Hired to Invent?

The key question in Peregrine is whether Benton, a senior engineer who worked generally with semiconductors, was a "hired to invent" employee under the common law hired to invent doctrine and § 2860 of the California Labor Code. The hired to invent doctrine is an exception to the general rule that an individual owns patent rights to the subject matter for which he is an inventor — absent express agreement to the contrary — even though he conceived or reduced it to practice during his employment. Citing *Banks v. Unisys*, 228 F.3d 1357 (Fed. Cir. 2000), the Peregrine court noted that employers can invoke the hired to invent doctrine only when an employee is hired to solve a particular problem or to invent a specific technology.

Peregrine employed Benton as a senior RF design engineer from April 1994 to December 1997. While employed as an engineer, Benton used his own tools and equipment to conduct his work, and took those tools and equipment with him when he left Peregrine. Benton asserted that he was not hired to design specific technology or solve a particular problem, but rather to work on several products. Benton's responsibilities also included marketing and customer support, not just research and development. As such, the court held that his work was not so narrowly directed by the employer to obligate him to assign any patents resulting from the work under the doctrine.

The district court denied Peregrine's preliminary injunction, finding that absent evidence of a signed employment agreement and as a result of Benton's generalized work — despite his employment being specifically in the semiconductor development field — Peregrine was unlikely to succeed on the merits of their claim.

Get It in Writing

While more evidence may come to light as the case moves forward past the preliminary injunction phase, Peregrine underscores the need for employers to ensure certain "generalized" employees sign written, valid assignment agreements. These agreements are particularly important for employees hired for multipurpose engineering, development or design work, rather than those hired to develop a specific technology.

Beyond the obvious advice — make certain that incoming employees sign an assignment-of-inventions agreement — operating companies should routinely review employee personnel files to make sure they are complete. Companies should also be aware of shifting roles for their employees, who at one time may have been hired for a specific purpose but whose role has since expanded or changed. This type of situation may be more common in companies that have recently experienced downsizing or employee turnover. For current employees who haven't signed such agreements, getting them to execute one in exchange for a year-end bonus payment in connection with a promotion or the like makes good sense.

Likewise, companies should be sure to retain competent counsel for the patent prosecution process. Patent counsel should ask company members about potential collaborators on any invention made,

investigate the possibility of joint inventorship, and understand the intricacies of defining inventorship in collaborative group settings. For example, joint inventors need not physically work together at the same time, make the same type of contribution to the invention, or contribute to the subject matter of every claim in the patent. Sensitivity to these issues are important for all companies, but they are especially important for foreign companies who may be unfamiliar with the law requiring naming of actual inventors.

Finally, if a company realizes, as Peregrine did, that they made an error in naming inventors on their application, they should retain counsel to assist with their request to correct application errors. The assistance of counsel is important in navigating this process, especially because the USPTO can reject claims based on an uncontroverted admission of incorrect inventorship.

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