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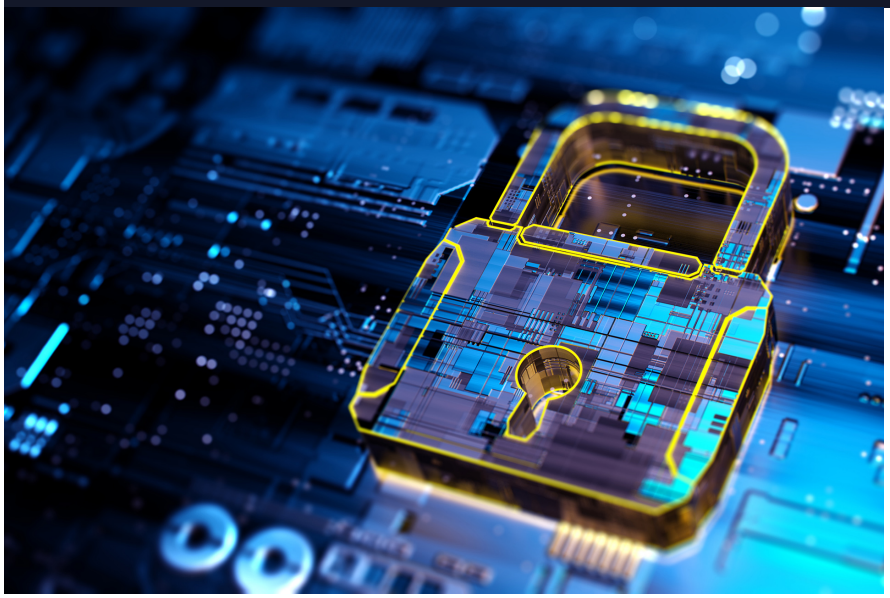

ALERTS

Protecting Intellectual Property And Data If Employee Separation Is Anticipated

April 1, 2020

Employment is in flux. Employees are being furloughed or laid off. Employers need to ensure that the intellectual property their engineers, developers, and designers have created is securely owned by the employer and that data security is maintained. Here are some items to consider in light of the pandemic and potential employee, as well as contractor, departures.

Employee Agreements

- Companies should make sure to have signed employment agreements containing an invention and copyright assignment, confidentiality, and other provisions. Optimally, the assignment should include an obligation to cooperate after separation from the company. It can also be helpful to include language for the employee to grant the company a limited power of attorney to sign documents evidencing inventorship and ownership. Doing this can avoid having to track down and obtain signatures from a departed employee who may be uncooperative.

- If the company's assignment language is in the company's employee handbook, make sure the handbook is up to date and there is written acknowledgement by the employee in the file and a copy of the version of the handbook signed. If there is no separate patent assignment, the handbook's assignment portion may need to be recorded with the Patent Office or Copyright Office to document the assignment, and the employee's signature will be needed.

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Invention Assignments and Disclosures

- Companies should make sure that all inventors and authors have executed written assignments of invention rights on all patent applications that have been filed.
- If an employee who likely is an inventor on an invention for which a patent application will be filed shortly, and that employee may be laid off, consider filing a provisional patent application now, and having the employee sign the assignment prior to leaving the company. This may avoid the problem of later trying to obtain an assignment from the departed employee.
- A severance agreement should be considered if there is no written assignment agreement. Among other provisions, the agreement should include an assignment provision transferring all previously created intellectual property, and obligations to not use or disclose company trade secrets and to return company property.
- Make sure that inventors are capturing their ideas and submitting them to management using the company's standard invention disclosure form. If you need assistance with a template, please contact your attorney, or a Barnes & Thornburg attorney listed below.

Contractor Agreements

- Have written assignment of IP rights with all contractors who have created or may create intellectual property. Contractors are not employees, and the copyright law's "work made for hire" statute (which applies only to employees) does not apply. Contractors likely own the work product created for the company unless there is a written assignment of rights.
- Review current contractor agreements and amend where appropriate to include or tighten assignment, confidentiality, and data security/privacy provisions.

Data Security and Privacy

The following procedures are in addition to typical procedures that should be followed when an employee departs.

- Companies should make sure to have their IT department immediately de-authorize a departing employee's login credentials to the company's systems, including mobile phone access and video conferencing software.
- Remove departed employees from email distribution lists to avoid video or audio conference meeting invitations being sent to inappropriate individuals.
- If the departing employee is a member of the company's data breach incident response team, have that person replaced immediately.

- Obtain from the departing employee a list of service providers and customers for which that employee was one of the primary contacts. Notify service providers and customers of a change in the company's contact person.
- If the departing employee was assigned responsibility for monitoring a privacy-related email address (e.g., privacy@company.com for website privacy policy, terms of use, data access requests, etc.), make sure to have monitoring of that email address be moved to a new employee.
- Monitor emails (to personal accounts) and file download traffic (of trade secret/confidential documents) to pick up indications that an employee is taking sensitive or large amounts of company information.
- There likely is an increased amount of company information on employees' personal devices. The company's IT department should make sure its procedure for scrubbing the personal devices of departing employees can locate and remove such information.
- Employees will tend to use work laptops at home for personal browsing, increasing the risk of infection. Companies should increase the sophistication of malware scanning for phones and computers used at home.
- As part of the company's remote working training educate employees about not transferring or storing company information on local hard drives.

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