The Potential Impact of Brown v. Canada on Ownership of Intellectual Property by Employers

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Most employers, especially those who are active in research and development, as a matter of practice have employees sign agreements that specify the obligations of the employee to disclose inventions to the employer and ensure that intellectual property developed by the employee is assigned to the employer. These agreements are an important part of the intellectual property protection and commercialization strategy of any company and have a significant impact on the value of intellectual property and the ability to substantiate the ownership of the property.

A recent case of the Federal Court of Appeal concerning the validity of a patent owned by a former Canadian Armed Forces member raises the potential for the federal government to own intellectual property developed by former service members, including those who are now employees of private companies who have agreed to assign their rights to the employer, and the obligation of those employees to disclose their inventions to the federal government.

Recently the Federal Court of Appeal considered whether a patent should be invalidated on the basis that the inventor did not disclose his status as a public servant when filing the patent application and whether such failure constituted an untrue material allegation under the *Patent Act* S. 53. The Court found in favour of Louis Brown, the inventor, and did not invalidate the patent. However, the case raises other issues of particular interest to employers as it shines a light on a rarely cited piece of legislation; the federal *Public Servants Inventions Act* (PSIA). The PSIA requires that every public servant that makes an invention notify the appropriate government minister of such invention and disclose in any patent application that the inventor is a public servant. The Court concluded that Mr. Brown had not met his obligations under the PSIA and noted that the question of ownership of the property rights in the subject patent remained open.

What is potentially disconcerting about the case for former service members and employers is that Mr. Brown, who served in the Canadian Armed Forces, was no longer actively in service nor was he receiving benefits or remuneration from the government at the time of the invention that gave rise to the patent. Mr. Brown was a member of the Supplementary Holding Reserve of the Armed Forces and developed the invention

embodied in the subject patent while employed by his own company in the private sector. The Court of Appeal found that Mr. Brown was a public servant and that the term "public servant" in the PSIA includes both active and inactive members of the Canadian Forces.

How does *Brown* v *Canada* impact an employer's practice with respect to invention and intellectual property agreements with employees? Until and unless the issue of whether the government has ownership rights in intellectual property developed by inactive members of the Canadian Forces is decided, it is prudent for employers to require employees to disclose their status as public servants. When employees who are considered public servants are involved in the research and development of intellectual property for an employer the employer must take into account that the invention must be disclosed by the inventor to the federal government and could be owned by the federal government and consider this in their strategy with respect to the protection and commercialization of the intellectual property.

Invention and Intellectual Property agreements with employees should regularly be reviewed and revised to take into account changes in the law, the particular background of the employee and the intellectual property strategy of the employer. It is important to not assume that the intellectual property developed by employees in the course of their employment will be automatically owned by the employer, as *Brown* v *Canada* highlights there may be legislation or case law that impacts intellectual property ownership in ways that may not always be obvious.

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