

# Ownership of Employee Inventions in Nigeria: Need for a Paradigm Shift

Oluwakemi Amudat Ayanleye<sup>1,2\*</sup> Bankole Sodipo<sup>1</sup> Ayoyemi Arowolo<sup>1</sup>

1. College of Law and Security Studies, Babcock University, Ilishan-Remo, Ogun State Nigeria

2. Dept. of Business & Industrial Law, Olabisi Onabanjo University, Ago-Iwoye, Ogun State, Nigeria

## Abstract

In the current knowledge-driven, private sector oriented economic development paradigm, Intellectual property (IP) is the backbone of any modern organisation. Technological development combined with globalisation have brought the issue of IP protection to the fore. The incentive theory regarding the patent system holds that incentives are given to enable ‘innovation’. The issue of ownership of employee inventions has continued to generate debates globally. The issue of ownership of employee inventions brings about an intersection of employment law and intellectual property rights. While IP law provide the basic rules governing ownership, this can be modified by contract between the employer and the employee.

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## 1. Introduction

In the current knowledge-driven, private sector oriented economic development paradigm, the different types of intangible assets of a business are often more important and valuable than its tangible assets. This non-tangible form of capital is, increasingly, the largest form of business investment and a key contributor to growth in advanced economies.<sup>1</sup> A key subset of intangible assets is protected by what are labelled collectively as intellectual property rights (IPRs). These include trade secrets protection, copyright, design and trademark rights, and patents, as well as other types of rights. IPRs create tradable assets out of products of human intellect, and provide a large array of IPR tools on which businesses can rely to help drive their success through innovative business models.<sup>2</sup> All businesses, especially those which are already successful, nowadays have to rely on the effective use of one or more types of intellectual property (IP) to gain and maintain a substantial competitive edge in the marketplace. The world economy has witnessed unfathomable transformation due to the changing conditions which help in the determination of the wealth of nations. These changes have led to an increase in commercial flow whereby the interest in IP has increased and the activities related to their protection. The technological advances have led to the demand for the creation of new forms of protection and the acclimation of existing ones. Intellectual Property plays a pre-eminent role in any business entity and lies at the core of it.<sup>3</sup> Intellectual Property of a company is indispensable to the development and maintenance a successful business.<sup>4</sup> The rapid rate of development, globalisation, advancement of technology, increase in commercial activities, development of international business and increase in knowledge has made the business entities perceive the importance of IP assets and its stipulation in the growth of business.<sup>5</sup> Intellectual property is one of the most vital assets for any organisation.

Innovation has always been an important activity of individuals and businesses. Businesses rely on innovative and resourceful employees to meet and exceed customer expectations. Occasionally, those innovative and resourceful employees come up with an invention. Companies often hire and invest in employees to develop new products, improve processes, create new technologies and develop new markets. The push for technological advancement means that innovation-driven companies engage the services of individuals with the intellectual skill to develop new products and processes. This creates an opportunity for individuals to engage in research activities which would otherwise have been too expensive or risky to undertake on their own.<sup>6</sup> In today’s knowledge economy, companies must constantly innovate and come up with new ideas and solutions to stay in

<sup>1</sup> OECD, (2013) *New Sources of Growth: Knowledge-Based Capital – Key Analyses and Policy Conclusions – Synthesis Report* (OECD).

<sup>2</sup> ICC and WIPO (2013) , *Making Intellectual Property Work for Business - A Handbook for Chambers of Commerce and Business Associations Setting up Intellectual Property Services* (ICC and WIPO 2013) 1.

<sup>3</sup> Shreya Negandhi, (2019) ‘The Importance of Intellectual Property Rights to Businesses’ <<https://www.lawyered.in/legal-disrupt/articles/importance-intellectual-property-rights-businesses/>> accessed 28 December 2020; IDEAS, (2019) ‘The importance of Intellectual Property Rights for progress A reform agenda for ASEAN countries’ <<https://www.ideas.org.my/wp-content/uploads/2021/04/IPR-ASEAN.pdf>> accessed 21 January 2022.

<sup>4</sup> Shreya Negandhi, (n 3).

<sup>5</sup> Shreya Negandhi, (n 3)..

<sup>6</sup> Lee-Ann Tong, (2016) *The Development of a South African Legal Framework relating to Patentable Inventions made by Employees* (PhD Thesis University of Cape Town) <[https://open.uct.ac.za/bitstream/handle/11427/20334/thesis\\_law\\_2016\\_tong\\_lee\\_ann.pdf?sequence=1](https://open.uct.ac.za/bitstream/handle/11427/20334/thesis_law_2016_tong_lee_ann.pdf?sequence=1)> accessed 17 May 2021.

the forefront and ahead of competitors.

Issues often arise as to the ownership of patent for an invention made by an employee in the course of employment. For an employee who comes up with an invention that falls within the employer's operational area, there are certain limitations to the inventor's right to the invention. The limitations are dependent on how close the connection is between the employee's work tasks and the invention. Does the right inure in the employee/inventor who has exercised skills and exerted inventive faculty in devising the new product or process, or in the employer who has provided the equipment, materials and facilities which made the invention possible?<sup>1</sup> For the academia, who are expected to come up with innovative ideas in the course of their research, the issue of ownership of the inventions is also very important, especially in the era of increased entrepreneurial drive by the universities. In the course of their activities, university staff members often develop innovative approaches in the conduct of their works. These often raise complex issues and challenges vis-à-vis ownership, the proper and equitable utilisation, obligation and rewards associated with innovations.

This article appraises ownership of employee inventions in Nigeria. It reviews the provisions of the law on ownership of employee inventions. It also reviews the intellectual property policies of some Nigerian universities. The article is divided into five sections. Section one is the introduction, section two discusses the justifications for patent protection, section three reviews of the extant law on ownership of employee inventions, section four appraises the IP policies of some select universities while section five is the conclusion and recommendations.

## 2. Theoretical Justifications for IP Rights

IP is essentially the expression of innovative ideas or practices which can be used simultaneously by more than one person at the same time. To incentivise and/or reward those who invest time and resources in such innovation, legal rights of limited duration are granted to allow them to benefit from the innovation and to control its exploitation by third parties.<sup>2</sup> There are a number of traditional justifications for intellectual property rights which tend to provide support for, or to influence, the jurisprudence and general objective of intellectual property. Despite subtle or nuanced distinctions between competing justifications, some of the reasons adduced for intellectual property tend to overlap.<sup>3</sup> Legal protections for intellectual property have a rich history that stretches back several centuries and as different legal systems matured in protecting intellectual works, there was a refinement of what was being protected within different areas.<sup>4</sup> Over the same period several strands of moral justification for intellectual property were offered.<sup>5</sup>

IP has evidently been founded and validated overtime by natural, social, moral and economic narratives.<sup>6</sup> The philosophical, legal and economic rhetoric for protecting the creations and innovations of authors, inventors and producers, dating back to Roman times has employed terms as 'incentive', 'reward', 'natural rights', 'public interest', 'utilitarian', 'welfare' and more recently 'stakeholder'.<sup>7</sup> Consequently, theories have been constructed around these terminologies as jurisprudential foundations of modern intellectual property rights. The Kant or the Hegelian natural right, ethical or human right justification for the protection of authorial personality and the Lockean concept of property have formed the cornerstones of modern IP rights systems.<sup>8</sup>

Justifications for creation of patents fall within four fundamentally different lines of argument each of which starts from a different point but arriving at the same conclusion.<sup>9</sup> The first type of argument is that a man has a natural property right in his own ideas. The appropriation of such ideas by others must be condemned as stealing and society is morally obligated to recognise and protect this property right. Enforcement of the exclusive property right by the use of a patented invention is the only appropriate way for society to recognise this property right.<sup>10</sup> The second type of argument posits that justice requires that a man receive, and the society secure to him, reward for his services in proportion to the usefulness of these services to society. Inventors render useful services and the most appropriate way to secure to inventors rewards commensurate with their services is by means of exclusive patent rights in their inventions. The third type of argument posits that industrial progress is desirable to society and inventions and their exploitation are necessary to secure industrial

<sup>1</sup> Adejoke O. Oyewunmi, (2014) *Nigerian Law of Intellectual Property* (University of Lagos Press & Bookshop Ltd) 164.

<sup>2</sup> ICC and WIPO (n 2) 6.

<sup>3</sup> Chidi Oguamanam, (2008-2009) 'Beyond Theories: Intellectual Property Dynamics in the Global Knowledge Economy' 9(2) Wake Forest Intellectual Property Law Journal, 105.

<sup>4</sup> Adam Moore and Ken Himma (2014) 'Intellectual Property' *The Stanford Encyclopedia of Philosophy* Edward N. Zalta (ed), <<http://plato.stanford.edu/archives/win2014/entries/intellectual-property/>> accessed on 20 September 2021.

<sup>5</sup> Adam Moore and Ken Himma (n 10).

<sup>6</sup> Adebambo Adewopo, (2012) *According to Intellectual Property: A Pro-Development Vision of the Law and the Nigerian Intellectual Property Law and Policy Reform in the Knowledge Era* (NIALS) 5.

<sup>7</sup> Adebambo Adewopo, (n 12) 5.

<sup>8</sup> Adebambo Adewopo, (n 12) 6-7. See also Graham Dutfield and Uma Suthersanen (2008), *Global Intellectual Property Law* (Edward Elgar Publishing Limited) 47, 48.

<sup>9</sup> Fritz Machlup and Edith Penrose, 'The Patent Controversy in the Nineteenth Century' (1950) 10 (1) *The Journal of Economic History* 1, 10.

<sup>10</sup> Fritz Machlup and Edith Penrose, (n 15) 10.

progress. Neither invention nor exploitation of invention will be obtained to any adequate extent unless inventors and capitalists have hopes that successful ventures will yield profits which make it worth their while to make their efforts and risk their money. The simplest, cheapest, and most effective way for society to extend these incentives is to grant exclusive patent rights in inventions.<sup>1</sup> Argument Type Four holds that industrial progress is desirable to society and to secure it at a sustained rate it is necessary that new inventions become generally known as parts of the technology of society. In the absence of protection against immediate imitation of novel technological ideas, an inventor will keep his invention secret. The secret will die with him, and society will thereby lose the new art. Hence it is in the interest of society to induce the inventor to disclose his secret for the use of future generations. This can best be done by granting exclusive patent rights to the inventor in return for public disclosure of his invention.<sup>2</sup> The theories can be categorised into two, the non-utilitarian theory and the utilitarian theory. The non-utilitarian theory is concerned with the philosophical basis for the grant of property rights in respect of ideas whilst the utilitarian theory explains the economic reasons.<sup>3</sup>

Several theoretical patterns dominate the present intellectual property discourse. Most of the recent theoretical writing on IP consists of struggles among and within four approaches.<sup>4</sup> In his 'Theories of Intellectual Property',<sup>5</sup> Fisher identified four analytical constructs which run through discussions on IP. Wilkof referred to these constructs as 'theories',<sup>6</sup> namely utilitarian for maximising net social value, labour theory which is ascribed to John Locke (one has the right to the fruits of his intellectual labour); protection of personality in works which he ascribed to Kant and Hegel; and fostering a just and attractive culture ascribed to the writings of Marx, and early realists.<sup>7</sup> These constructs fall under four broad categories, the economic theory, the natural rights theory, the reward/incentive theory and the development theory.<sup>8</sup> Justifications for protection of intellectual property centre on two basic principles, the utilitarian and non-utilitarian principles. The utilitarian principles are basically the economic justifications for IPR while the non-utilitarian principles are the philosophical justifications for the grant of property rights to IP. They all however meet at the convergence of incentive, that is the need to grant some concession to the inventor in order to induce him to invent more and ultimately for the benefit and betterment of the society.

### 3. Right to a Patent – Employer vs. Employee

As a general rule, the right to apply for a patent belongs to the inventor. However, this right can be transferred or assigned to another person, thus an applicant for a patent need not be the true inventor. Under the Nigeria Patents and Designs Act, the right to a patent in respect of an invention is vested in the statutory inventor. A statutory inventor is the person who is the first to file or validly claim a foreign priority for a patent application in respect of the invention, whether or not he is the true inventor.<sup>9</sup> This is the first to file approach which places the onus of prompt filing on an inventor. However, the true inventor is entitled to be named as such in the patent, whether or not he is also the statutory inventor. This entitlement is absolute and is not modifiable by contract.<sup>10</sup> The PDA further goes on to protect the true inventor in the event of a misappropriation of the invention by another person. It provides that if the essential elements of a patent application have been obtained by the purported applicant from the invention of another person (or from that other person's successor in title) without the consent of that other person (or his said successor) both to the obtaining of those essential elements and to the filing of the application, all rights in the application and in any patent granted in pursuance of it shall be deemed to be transferred to that other person or his said successor, as the case may be.<sup>11</sup>

In the case of joint invention, all the parties may jointly apply for the patent. However, a person who has merely assisted in doing work connected with the development of the invention without contributing to inventive activity is not an inventor for the purposes of the act.<sup>12</sup> In *Norris Patent*<sup>13</sup> the court held that a person whose idea forms a significant aspect of the invention disclosed in the patent has some right in the invention and is entitled

<sup>1</sup> Fritz Machlup and Edith Penrose, (n 15) 10.

<sup>2</sup> Fritz Machlup and Edith Penrose, (n 15) 10.

<sup>3</sup> E.E. Udoaka, 'An Analysis of the Theories of Intellectual Property' (2008-2009) 1 (2) Lead City University Law Journal 494, 495.

<sup>4</sup> William Fisher, *Theories of Intellectual Property* (2001) <<https://cyber.harvard.edu/people/dfisher/iptheory.pdf>> accessed 15 May 2021.

<sup>5</sup> William Fisher, (n 20).

<sup>6</sup> Neil Wilkof, (2014) 'Theories of Intellectual Property: Is it worth the effort?' *Journal of Intellectual Property Law and Practice* <<http://jiplp.blogspot.com/2014/03/theories-of-intellectual-property-is-it.html>> accessed 15 May 2021.

<sup>7</sup> Neil Wilkof, (n 22); William Fisher, (n 20); Ned Snow, (2021) *Moral Bars to Intellectual Property: Theory & Apologetics*, 28 UCLA ENT. L. REV. 75, 77-78.

<sup>8</sup> Adejoke Oyewunmi, (2015) 'Setting the Context for Public-Private Partnership Through Intellectual Property Technology Transfer from University to Industry in Nigeria' in Edward Oyelowo Oyewo and Abiola Sanni (Eds.) *Commemorative Essays on 50<sup>th</sup> Anniversary of Faculty of Law University of Lagos* (Faculty of Law University of Lagos) 30, 39.

<sup>9</sup> Patents and Designs Act (PDA) Cap P2 Laws of the Federation of Nigeria (LFN) 2004, Section 2(1).

<sup>10</sup> PDA, Section 2 (2).

<sup>11</sup> PDA, Section 2 (3).

<sup>12</sup> PDA, Section 2 (5).

<sup>13</sup> [1988] RPC 159.

to be named in the patent.

Issues often arise as to the ownership of patent for an invention made by an employee in the course of employment. For an employee who comes up with an invention that falls within the employer's operational area, there are certain limitations to the inventor's right to the invention. The limitations are dependent on how close the connection is between the employee's work tasks and the invention. Does the right inure in the employee/inventor who has exercised skills and exerted inventive faculty in devising the new product or process, or in the employer who has provided the equipment, materials and facilities which made the invention possible?<sup>1</sup> The basis of any employment relationship is the employment contract, which determines the rights and obligations of each party. The employment contract provides the nexus between the parties and determines the ownership of the invention. At common law, the invention is generally regarded as belonging to the employer in the absence of an agreement to the contrary. It is an implied term in the contract of service of any workman that what he produces by the strength of his arm or the skill of his hand or the exercise of his inventive faculty shall become the property of the employer.<sup>2</sup> Thus for an employee to claim patent rights in respect of inventions made in the course of employment, such has to be stated in the contract of employment. However, most employees are unlikely to dictate their terms of employment considering the fact that they do not have equal bargaining powers with their employers. Often, employers have standard contracts of employments which the employees are expected to execute.

In line with the common law position, the PDA provides that "where an invention is made in the course of employment or in the execution of a contract for the performance of specified work, the right to a patent in the invention is vested in the employer or, as the case may be, in the person who commissioned the work."<sup>3</sup> However, in recognition of the efforts of the employee, the PDA further provides that where the contract of employment does not require an employee to exercise any inventive activity but the employee has in making the invention used data or means that his employment has put at his disposal<sup>4</sup> or the invention is of exceptional importance,<sup>5</sup> the employee is entitled to fair remuneration taking into account his salary and the importance of the invention.<sup>6</sup> For an employee to be entitled to additional remuneration, the invention must have occurred outside of the employee's normal job schedule, that is, the contract of employment does not require the employee to exercise any inventive activity but he has in making the invention used data or means provided by the employer. The employee is also entitled to additional remuneration where the invention is of "exceptional importance."<sup>7</sup>

The PDA did not indicate the nature of the invention that would be considered 'exceptionally important' for the purpose of entitling an employee to remuneration, neither did it lay down a procedure for determining an exceptionally important invention. In practical terms, this could lead to difficulties as it may be complicated to determine what constitutes an 'exceptionally important' invention. While it may be easy to determine situations where an employee has utilised the data or facilities of the employer for an inventive activity, it is not clear when an invention would be considered to be of 'exceptional importance' and who should make that determination for purposes of remunerating the inventor. There is no doubt that, given the option, any inventor would consider his work to be 'exceptionally important', while most employers might think otherwise.

The PDA also provides that a fair remuneration should be paid to the employee taking into account his salary and the importance of the invention.<sup>8</sup> Anchoring a fair remuneration on the employee's salary and the importance of the invention is problematic and may work some injustice to the employee.<sup>9</sup> On the one hand, the quantum of the remuneration that will be regarded as fair is subjective depending on the individual concerned. Secondly, the salary of the employee/inventor may be meagre compared to the pecuniary benefit accruing from the invention and this may work injustice to the employee. The importance of the invention may not be immediately evident, it may acquire great importance over time and yield so much money and the true inventor will be at a loss because he is paid once.<sup>10</sup>

The test of what constitutes exceptional importance should be the usefulness of the invention to the society especially in meeting the long felt need of the society. It has been suggested that giving the employer a choice of

<sup>1</sup> Adejoke O. Oyewunmi, (2014) *Nigerian Law of Intellectual Property* (University of Lagos Press & Bookshop Ltd) 164.

<sup>2</sup> *Patchet v Sterling*, [1955], AC 534 per Lord Simmonds at 544.

<sup>3</sup> PDA, Section 2 (4). See also *Uwemedimo v Mobil Producing (Nig.) Unltd.* [2011] 4 NWLR 83.

<sup>4</sup> PDA, Section 2 (4)(a) (i).

<sup>5</sup> PDA, Section 2 (4)(a) (ii).

<sup>6</sup> PDA, Section 2 (4)(a).

<sup>7</sup> PDA, Section 2 (4)(a) (ii).

<sup>8</sup> PDA, s 2(4) (a) (ii).

<sup>9</sup> Oladiran Akinsola Ayodele and Falade Olugbenga Damola, (2017) 'Patentability of Inventions under the Nigeria's Patents and Designs Act: An Examination 8(2) Nnamdi Azikiwe University Journal of International Law and Jurisprudence 56.

<sup>10</sup> Mary Imelda Obianuju Nwogu, (2015) 'The Dialectics of the Right of Ownership of Patentable Inventions under the Nigerian Legal System' 3(3) *International Journal of Social Science Studies* 96, 99, doi:10.11114/ijsss.v3i3.758. See also Oladiran Akinsola Ayodele and Falade Olugbenga Damola, (n 38) 56.

election to either relinquish the title to the invention if the work is not considered exceptionally important enough to warrant compensating the inventor. Otherwise, the inventor should be entitled to remuneration once the employer or any other person entitled to claim title over the invention has elected to claim such a title. This obviates a situation where someone elects to claim title to an invention and still refuses to remunerate the inventor on the ground of the invention not being exceptionally important.<sup>1</sup> This approach also has its own shortcoming as it envisages a once and for all payment to the inventor. The PDA further provides that the entitlement to remuneration is not modifiable by contract and may be enforced by civil proceedings.<sup>2</sup> Considering that the employer and employee do not have equal bargaining strengths, this would forestall a situation where an employee may be coerced into contracting out his right.

The law relating to ownership of IP differs under the PDA and the Copyright Act. While under copyright, authorship vests initially in the author irrespective of whether the work was created under a contract of employment.<sup>3</sup> This constitutes a radical departure from the position in UK and US.<sup>4</sup> For the employer to enjoy ownership, it must be clearly stated in an agreement in writing. The employer does not enjoy automatic transfer of ownership. The rationale for this radical departure from the norm is that the Nigerian author usually bargains from a weaker position when being employed. Divesting such an employee of ownership automatically in the absence of any agreement to the contrary would amount to double jeopardy.<sup>5</sup> However, s.10(5) provides that ‘copyright conferred by section 4 of this Act shall vest initially in the Government on behalf of the Federal Republic of Nigeria, in the State authority on behalf of the State in question, or in the international body in question, as the case may be and not in the author.

The law relating to ownership employee invention differs from country to country. Under the Chinese patent regime, Articles 6 and 16 of the Patent Law set out the general position with regard to ownership of patent rights and remuneration of inventors.<sup>6</sup> Article 6 of the Patent Law provides that a “service invention” is an invention made in the course of employment duties or mainly using the material and technical resources of the employer. Although the default position under Article 6 is that the right to apply for a patent over a service invention belongs to the employer, whereas the right to apply for a patent over a non-service invention remains with the inventor or designer, companies can expressly override the default rules and determine the ownership of patent rights and the right to apply for patents by contract. Article 16 of the Patent Law provides that a company that obtains a patent over a service invention must, upon exploitation of the patent, pay the inventor a reasonable remuneration taking into account the extent to which the patent is exploited and the income earned from such exploitation. Employee compensation must be paid within three months of the issuance of a patent, and the compensation amount must be reviewed annually over the life of the patent. The parties are free to agree contractually to the amount payable for the invention; should they fail to do so, the statute stipulates that an annual remuneration is payable of at least 2% of the profits resulting from the invention’s exploitation, or 10% in the case of a license. Given the potential for huge pay-outs, it is wise to fix an amount in a contract.<sup>7</sup>

In Germany, Section 6 of the German Patent Act (PatG) provides that the right to obtain a patent vests in the inventor as an individual. An invention made by an employee belongs to the employee. The invention and the proprietary rights relating to it remain the property of the employee until they are transferred to the employer, which will only happen if the employer claims the invention in return for monetary compensation. If the inventor is an employee, there is no “work for hire” doctrine.<sup>8</sup> If the employer desires ownership of the invention and the issuance of a patent, it is necessary for the employer to comply with specific statutory requirements under the German Act on Employee Inventions (GAEI) and, depending on the facts of the case, the contractual obligations in any employment agreements and agreements with third party inventors. The GAEI distinguishes between inventions which are subject to the full provisions of the Act (defined as “service inventions”) and “free inventions”. Service inventions are those made during the term of employment which either result from the employee’s activities in the business or public service, or are significantly based upon the experience or activities of the business or public service. In practice, most inventions made in the course of the employment relationship are service inventions. All other inventions are free inventions which are owned by the employee but subject to the limitations of Sections 18 and 19, namely that the employee inventor has an obligation to notify the employer

<sup>1</sup> Templars, ‘Patentability under the Nigerian Patents and Designs Act (PDA): An Introductory Analysis’ Templars IP Newsletter, <<https://www.templars-law.com/wp-content/uploads/2015/05/Patentability-Under-the-Nigerian-Patent-Act.pdf>> accessed 21 October 2021.

<sup>2</sup> PDA, s 2 (4) (b).

<sup>3</sup> Copyright Act Cap C28 LFN 2004 s 10.

<sup>4</sup> Adejoke O. Oyewunmi, (n 7) 63.

<sup>5</sup> Bankole Sodipo, *Copyright Law: Principles, Practice and Procedure* (2<sup>nd</sup> ed Swan Publishing 2017) 96.

<sup>6</sup> Morrison & Foerster LLP, ‘Employees’ rights to inventions and rewards under the revised Patent Law’ 2010 <<https://www.lexology.com/library/detail.aspx?g=93ee3a62-f04a-47aa-88f2-34dff7233385>> accessed 11 November 2021.

<sup>7</sup> Stuart Buglass, ‘Who Owns an Employee Invention?’ <<https://www.radiusworldwide.com/blog/2015/9/who-owns-employee-invention>> accessed 5 November 2021.

<sup>8</sup> Latham & Watkins, LLP, ‘Employee inventions and improvements: a perspective from employers and investors’, 2012, <<https://www.lexology.com/library/detail.aspx?g=6870be6e-2eb3-43d3-8275-3464e674c8be>> accessed 11 November 2021.

of the invention and offer the employer at least a non-exclusive license, if it wishes to exploit the invention.<sup>1</sup> The GAEI does not adhere to “work for hire” principles, but instead gives an employer the option to claim an invention made by an employee, provided that certain requirements are fulfilled.<sup>2</sup>

The Act also entitles the employee to additional compensation. The GAEI applies to inventions and to technical improvement proposals made by employees in private employment, by employees in public service, by civil servants, and by members of the armed forces.<sup>3</sup> The compensation takes into account the economic value of the invention. The amount paid to the employee will depend on the level of his or her contribution and the degree of inventiveness required of his or her role. A claim for additional compensation persists for the life of the patent issued for the invention.<sup>4</sup> If the employer no longer wants to maintain a patent or utility model, the employer must offer the patent or utility model to the inventor. The GAEI in Section 42 expressly provides that inventions made by professors, lecturers and scientific assistants, in their capacity as such, at universities and higher schools of science shall be free inventions.

#### 4. Ownership of Intellectual Property in the Academia in Nigeria

Universities are established for three basic purposes. The first is teaching and it is the primary role of universities in transmission of knowledge and the training of minds. The second is research and this is a central role of universities, to conduct research that could lead to the advancement of knowledge and contribute directly and indirectly to economic progress and the quality of life. The third is community service which places on the universities the duty to serve as change agents by diffusing knowledge, skills and technology to the transformation of the society through enhancing the production of goods and services, better hygiene and improved efficiency.<sup>5</sup>

From the early history of tertiary education in Nigeria, the goals of manpower development, the development of cultured citizens and the promotion of basic research have been conferred on the university system. The National Policy on Education states that, ‘The teaching and research functions of higher education have an important role to play in national development, particularly in the development of high-level manpower. Furthermore, universities are one of the best means for developing national consciousness’.<sup>6</sup>

In the last few decades, tertiary education worldwide has moved from the periphery to the centre of governmental agendas as universities are now seen as crucial national assets in addressing many policy priorities.<sup>7</sup> There is a growing interest in the economic utilisation of university research results with both developed and developing countries seeking to increase the contribution that university researches make to national economic growth and in maximising the translation of government funded research into commercial outcomes across the world.<sup>8</sup> In most countries, universities that rely heavily on public funding are pressured to ‘pay back’ the community and this has created what is known as the third role of the universities.<sup>9</sup> This has led governments to restructure the legal and institutional environment, usually through establishing intellectual property ownership policies in favour of universities, and by providing support programmes for the commercialisation of technology.<sup>10</sup>

The development of the knowledge economy has placed universities at the heart of economic and social development processes in relation to their teaching, research and outreach functions.<sup>11</sup> This places pressure on universities to consider the need for internal transformations to make them ‘fit for purpose’ to meet their new more ‘entrepreneurial’ roles.<sup>12</sup> Many universities are now obliged to contribute to the society through research

<sup>1</sup> Gesetz über Arbeitnehmererfindungen (German Act on Employee Inventions (of July 25, 1957, as last amended by the Law of June 24, 1994) Section 4.

<sup>2</sup> Latham & Watkins, LLP (n 47).

<sup>3</sup> Gesetz über Arbeitnehmererfindungen (German Act on Employee Inventions (of July 25, 1957, as last amended by the Law of June 24, 1994) Section 1.

<sup>4</sup> Latham & Watkins, LLP (n 47).

<sup>5</sup> Is-haq Oloyede, (2010) ‘Research and National Development: Challenges and the Way Forward’, A Keynote Address Presented by the Vice-Chancellor, University of Ilorin, CODAPNU Workshop at the University of Ilorin on October 26, 2010.

<sup>6</sup> A. I. Odebiyi and Olabisi I. Aina, (1999) ‘Alternative Modes of Financing Higher Education in Nigeria and Implications for University Governance’ *Final Report* Submitted to Association of African Universities, Accra, Ghana, 1999, <<http://www.ppv.issuelab.org/resources/19599/19599.pdf>> accessed 5 October 2021, citing the National Policy on Education.

<sup>7</sup> Geoffrey Boulton, (2009) ‘What are universities for?’ *University World News* 29 March 2009 Issue No:69, <<http://www.universityworldnews.com/article.php?story=20090326200944986>> accessed 1 October 2021.

<sup>8</sup> IP Australia, ‘University–Industry Collaboration and Patents’ 2017 <[https://www.ipaustralia.gov.au/sites/g/files/net856/f/reports\\_publications/university-industry\\_collaboration\\_and\\_patents.pdf](https://www.ipaustralia.gov.au/sites/g/files/net856/f/reports_publications/university-industry_collaboration_and_patents.pdf)> accessed 5 September 2021.

<sup>9</sup> Shiri M. Breznitz, *The Fountain of Knowledge: the Role of Universities in Economic Development*, (Stanford University Press 2014) 2.

<sup>10</sup> Ramika Bansia and Karunanidhi Reddy, ‘Intellectual Property from Publicly Financed Research and Intellectual Property Registration by Universities: A Case Study of a University in South Africa’ (2015) 181 *Procedia - Social and Behavioral Sciences* 185, 186.

<sup>11</sup> Michael Harloe and Beth Perry, ‘Rethinking or Hollowing out the University? External Engagement and Internal Transformation in the Knowledge Economy’ (2005) 17:2 *Journal of the Programme on Institutional Management in Higher Education: Higher Education Management and Policy* 29, 29.

<sup>12</sup> Michael Harloe and Beth Perry (n 58) 29.

and development, collaborations, and technology transfer with industries.<sup>1</sup>

While many universities in Nigeria now appreciate the need to be entrepreneurial and have specific offices for entrepreneurship, research and innovation, many have not yet appreciated the role of IP in the equation as many do not have IP policies.<sup>2</sup> For those universities of who have IP policies, most of the policies identify a broad range of IP rights, including patents, copyright, trade secrets, industrial designs; while also referring to the university logo and technology-based materials, research proposals, traditional knowledge and other IP-related assets, created by persons covered by the policies.<sup>3</sup> An appraisal of the policies of those universities that have IP policies shows that ownership of IP vests firstly in the university. The statutory provisions for additional remuneration in case of exceptional invention appears to be gaining ground in universities and research institutions as the intellectual property policies of some of these institutions provide for researcher/inventor's right to share profits from commercialisation of inventions.<sup>4</sup>

#### 4.1 Babcock University

Babcock has a Research, Innovation and International Cooperation unit that has the responsibility of promoting the commercialisation of IP generated in the University as well as provision of necessary linkage of researchers with sponsors and/or external partners among other obligations.<sup>5</sup> Babcock developed an IP policy that spells out a reward system for inventors. Under the Policy, Babcock would provide financial and moral support that enhances effective administration of IP, while taking steps legally to protect university generated IP against unauthorised use for the benefit of the institution and creator of the IP.<sup>6</sup> Under the policy, Babcock would own the intellectual property created by any person hired or commissioned for that purpose. Ownership of IPRs derived from collaborative research between Babcock and any organisation would be governed by the agreement between Babcock and such organisation.<sup>7</sup> Where there is no written agreement between Babcock and a grantor or funding agency or where the agreement fails to address the issue of who owns the attendant IP rights, the rights in the result of such research would be vested in the Babcock.

Babcock would retain 100% of revenue derived from commercialisation of IP until all out of pocket expenses associated with the legal protection, exploitation of the patent or copyright have been reimbursed, thereafter the net income would be shared in the following ratio: 30% to the inventor/author; 35% to Babcock; 10% to the School of the inventor/author; 10% to RIIC for use in research work and 15% to the department of the inventor/author.<sup>8</sup>

#### 4.2 University of Lagos

Under the University of Lagos (UNILAG) Policy,<sup>9</sup> the general rule is that the UNILAG owns all rights in IP developed by researchers in the course of their employment or engagement with the University and developed as a result of the University's support.<sup>10</sup> Where the research has been funded by a sponsor under a grant or sponsored research agreement, ownership shall be mutually agreed upon by all the parties with guidance from the policy. For UNILAG, where the IP is disclosed in a manner prescribed in the policy to the Research and Innovation Office, and if the Office decides to pursue protection of IP, the office shall take steps to file relevant

<sup>1</sup> Shiri M. Breznitz, (n 56) 2 - 3.

<sup>2</sup> OOU has a Centre for Entrepreneurship and Innovation in addition to a Directorate for Research, Innovation and International linkages. It however does not have an IP Policy.

<sup>3</sup> The UNILAG policy for instance covered a wide range of IP assets. The policy covers all IP including but not limited to patents, trade and service marks (including the logo and insignia of the university), industrial designs, copyright, utility models, discoveries, indications of geographical origin, new plant varieties, trade secret (confidential data or information, including formulae, patterns, compilations, programmes, devices, methods, techniques, or processes used in research and business), technology-based materials in online courses and distance learning, research proposals, indigenous and traditional knowledge as well as any other intellectual property-related assets that may be created by persons covered by the policy. UNILAG IP Policy 2014 Article 4 Part A.

<sup>4</sup> Adejoke O. Oyewunmi, (n 7) 164.

<sup>5</sup> Nathaniel Adebayo, 'Babcock University Develops Intellectual Property Policy' *NILPWatch* 6 September 2017 <<https://nilpw.com/babcock-university-develops-policy-on-intellectual-property/>> accessed 1 March 2020.

<sup>6</sup> Nathaniel Adebayo, (n 64).

<sup>7</sup> Comms Week, 'Babcock Develops Policy on Intellectual Property' 1 September 2017, <<https://www.nigeriacommunicationsweek.com.ng/babcock-develops-policy-on-intellectual-property/>> accessed 1 March 2020. See also 'Babcock Develops Policy on Intellectual Property' *The Nation* 31 August 2017 <<https://thenationonlineng.net/babcock-develops-policy-intellectual-property/#comments>> accessed 26 December 2020.

<sup>8</sup> Comms Week, (n 66).

<sup>9</sup> University of Lagos Intellectual Property Policy 2014, Article 1 Part B.

<sup>10</sup> This includes investigators who use the facilities or resources of the university or who participate in university research to develop IP. Specifically included are all full-time and part-time faculty and non-faculty members of staff; students who participate in research and use facilities of the university research fellows; and visitors to the university's faculties, colleges whether academic collaborators from other universities or collaborators from industry; non-employees who use university funds, facilities or other resources, or participate in University-administered research, including visiting faculty, industrial personnel and fellows, regardless of obligations to other companies or institution. University of Lagos Intellectual Property Policy, Article 3 Part A.

applications for the registration of the IP and bear the costs.<sup>1</sup>

UNILAG IP Policy provides that the university will share royalties, equities and other incomes derived from licensing, assignment or other activities including transfers of technology involving non-patented technology and material transfer agreement with the inventor, unless prohibited or restricted by a third-party agreement. Equity sharing shall be on the net income. The royalty is to be shared as follows:

50% to researcher(s) in their personal capacity

25% shall be allocated pro rata to the environment(s) of the researcher(s) as follows:

8% shall be allocated to the University Research account of the researchers for use in their research work;

7% shall be allocated to the Department/Unit/Research Centre of the Researcher;

10% shall be allocated to the Researchers Faculty. These funds shall be applied for research only and shall not be allocated to any individual for personal gains;

25% shall be allocated to the Central Account of the University for general research purpose.<sup>2</sup>

#### 4.3 University of Ibadan

The University of Ibadan (UI) Policy provides that the University shall own any IP that is made, designed, discovered or created by its members of staff, research students, visiting scholars in the course of their employment and responsibilities and/or makes significant use of University of Ibadan's resources in connection with its development.<sup>3</sup> Under the UI policy, researchers must disclose any information available to them in the course of carrying out a research which could potentially lead to IP asset(s). Unless otherwise agreed, all costs associated with the application for the IP protection of IP assets for which UI is seeking protection and commercialisation shall be borne by UI.<sup>4</sup> The provisions of UI IP policy on sharing of net profit are *in pari materia* with the UNILAG IP policy.<sup>5</sup>

#### 4.4 Covenant University

For Covenant University, all students and faculty with patentable materials are required to file their applications for patents through the Covenant University Centre for Research, Innovation and Discovery (CUCRID) at no cost. The inventor(s) and Covenant University will jointly own the patent on award in line with the commercialisation policy. Where an external body is involved in the research with Covenant University, both organisations will own the Intellectual property rights together with the team of investigators as agreed on in the Memorandum of Understanding (MoU) or other legal documents. Where external funding is used for the research, such shall be declared at the onset and the conditions of ownership agreed.<sup>6</sup> For the purpose of sharing profit among the parties, only the net profit indicated by audited account documents shall be shared. Before such sharing, 62.5% shall be credited to the financiers, (investors), while the remaining 37.5% shall be shared as follows: Inventor (personal share) -26% (9.75%) Inventor (research share) -12% (4.5%) University -27% (10.125%) Proprietor -15% (5.625%) Departments -20% (7.5%).<sup>7</sup>

Universities like Olabisi Onabanjo University (OOU) and Federal University of Agriculture Abeokuta (FUNAAB) have research policies in which issues of IP ownership are not properly articulated. For OOU, while the research policy objectives were elaborately enumerated, the issue of intellectual property was perfunctory. On IP, the policy provides that 'Research activities in the university shall comply with extant provisions on Intellectual Property Rights. These include, but not limited to trademarks, patents, designs and copyright'.<sup>8</sup> The FUNAAB research policy provides that the University shall develop and operate a policy on intellectual property and that staff, students and visiting scholars shall abide by the intellectual property policy. It further provides that staff, students and visiting scholars shall acknowledge the contribution of the university to the success of their research activities in all publications and research outputs.<sup>9</sup>

The essence of an IP policy is to protect IP, facilitate optimal utilisation of intellectual knowledge generated by researchers within and outside the university, harmonise conflicting interests of stakeholders relating to ownership of IP, distribution of income, commercialisation, marketing, and licensing of patents and faculty, staff

<sup>1</sup> Article 3.1 Part C.

<sup>2</sup> University of Lagos Intellectual Property Policy, 2014, Article 2 Part E.

<sup>3</sup> University of Ibadan Intellectual Property Policy, 2012, Article 3.1.

<sup>4</sup> Article 5.3.

<sup>5</sup> See Article 5.5.2 of the University of Ibadan IP Policy 2012.

<sup>6</sup> Covenant University Centre for Research, Innovation and Discovery (CUCRID) Policy, Terms and Conditions <<http://m.covenantuniversity.edu.ng/Research2/Policy-Terms-and-Conditions#.XxXTj2hKjDc>> accessed 20 July 2020.

<sup>7</sup> Covenant University Centre for Research, Innovation and Discovery (CUCRID) Policy, Terms and Conditions <<http://m.covenantuniversity.edu.ng/Research2/Policy-Terms-and-Conditions#.XxXTj2hKjDc>> accessed 20 July 2020.

<sup>8</sup> OOU, *University Research Policy* approved by Senate 1<sup>st</sup> December 2014, 17.

<sup>9</sup> FUNAAB Policy on Research approved by Senate on 2<sup>nd</sup> October 2012, Article 13.

and students ownership of IP.<sup>1</sup> An IP policy provides structure, predictability and a beneficial environment in which entrepreneurs and researchers can access and share knowledge, technology and IP. The absence of intellectual property and innovation policies in many universities and research institutes in the country hinders the stimulation of entrepreneurship among researchers and students.

## 5. Conclusion

Rules surrounding intellectual property created by employees can be complicated. The protection of employee inventors' right to remuneration is critical to maintaining a balance between the employee inventors and the employers. The PDA has tried to strike a balance between the need to incentivise the employee and encourage the creation of employee inventions and the need to ensure return on investment for the employer. However, the PDA has not laid down the modalities for determining inventions that are of exceptional importance for which the employee would be entitled to remuneration. Anchoring the employee's compensation to the present salary may work injustice to an employee of meagre salary who has come up with an exceptional invention. The compensation should be based on the importance of the invention and the pecuniary benefits to the employer.

The adoption of intellectual property policies by some Nigerian universities is apt and timely. It is imperative for other universities to formulate IP policies that would incentivise creativity and innovation.

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