Employees in a wide range of fields, including engineering, science, and design, are required to sign intellectual property (IP) assignment agreements at the start of employment. These agreements assign IP generated by the employee to the employer. IP assignment agreements are often all-encompassing. The agreement may categorically claim all IP that the employee generates even if the employee creates the IP in the comfort of her own home outside the scope of employment. The agreement may also claim IP created by the employee after the termination of employment, which can restrict the employee’s ability to control the future of her career.

When employees have tried to rely on the unconscionability defense to escape an overly broad IP assignment clause, courts have generally determined that the defense does not apply because these clauses are not unconscionable—regardless of their restrictions on the employee’s ability to create inventions for herself. Legal commentators have also dismissed the unconscionability defense as unfit for the IP context. This Note aims to show that IP assignment clauses can be unconscionable when the clauses unreasonably restrict the employee. This Note also considers whether IP assignment clauses may be void for public policy in light of the strong desire to promote individual innovation underlying U.S. IP law.

I. Introduction

Intellectual property (IP) assignment clauses are pervasive, especially in employment contracts for employees involved in creating or innovating, such as designers,[[1]](#footnote-1) engineers,[[2]](#footnote-2) and researchers.[[3]](#footnote-3) IP assignment clauses give the
employer IP rights, such as patents, trademarks, copyrights, and trade secrets, that are generated by the employee.[[4]](#footnote-4) Because an IP assignment clause is typically signed at the outset of employment, the employee does not know the value of the IP she is giving to her employer when signing the agreement.[[5]](#footnote-5) Rather than having to execute an agreement every time an employee creates an invention, an IP assignment clause laid out in an initial employment contract covers future inventions created by the employee.[[6]](#footnote-6)

IP assignment clauses are used because, by default under U.S. law, IP is owned by the inventor not her employer.[[7]](#footnote-7) Without an IP assignment clause, an employer generally does not own inventions that are created using the employer’s time and resources.[[8]](#footnote-8) In the absence of an IP assignment agreement, if the invention was created within the scope of employment and using company resources, the employer will receive a “shop right,” which allows the employer to use the invention as if it had received a nontransferrable, nonexclusive license.[[9]](#footnote-9) But relying on the shop right limits the employer’s rights to the employee’s IP, since the employer only receives a nonexclusive license to use the invention.[[10]](#footnote-10) The employer cannot license the shop right to other entities, transfer the license to a subsidiary or parent company, or sell the invention.[[11]](#footnote-11) Thus, employers use IP assignment clauses to ensure full ownership of employee inventions.

However, IP assignment clauses can be surprisingly expansive. For instance, some cover all of the inventions made by the employee regardless of whether the invention relates to the employer’s business or was created using the employer’s time and resources.[[12]](#footnote-12) As an example, an expansive IP assignment clause for a software engineer could cover that engineer’s hobby of writing comic books despite the fact that the comic books were written on her own time and have little to do with her employer’s business. Other IP assignment clauses claim inventions that are created after the termination of employment.[[13]](#footnote-13) Extending the IP assignment past the termination of employment can make it difficult for the employee to find employment elsewhere, especially if the employee’s generation of IP is important to her next employer.[[14]](#footnote-14)

This Note asks whether overly expansive IP assignment clauses may be unconscionable or void for public policy. Courts have been reluctant to evaluate the unconscionability of IP assignment clauses.[[15]](#footnote-15) And some commentators view unconscionability as an inadequate doctrine for the IP context.[[16]](#footnote-16) But, as this Note aims to illustrate, IP assignment clauses exhibit many of the red flags of an unconscionable contract. IP assignment clauses are often signed in a context with at least a degree of procedural unconscionability where employers have a clear advantage in terms of bargaining power and can dictate the terms of the agreement through contracts of adhesion. IP assignment clauses can also be substantively unconscionable because they are particularly one-sided in claiming inventions created without the use of the employer’s time or resources. And these clauses may also be void for public policy as they can be contrary to the United States’ policy for encouraging innovation and discouraging anticompetitive behavior. This is not to say that all IP assignment clauses are unconscionable or void for public policy, but some may be—especially if they include particularly overbroad language.

While the majority of the examples and cases relied on in this Note focus on patents and technical employees, the analysis can apply to other IP generating employees, such as writers, visual artists, and designers. The Note primarily focuses on patents and technical inventions because most relevant case law is found in that area, but the intention is not to suggest that IP assignment clauses may be unconscionable only in the patent context. Throughout the Note, “IP,” “invention,” and “creation” are used interchangeably to represent intellectual property for convenience.

II. Background

To understand how IP assignment clauses can be overbroad and potentially unconscionable or void for public policy, it is helpful to first consider two different types of overbreadth that occur in IP assignment clauses: (1) temporal overbreadth, where an employer claims a former employee’s inventions created after termination of employment;[[17]](#footnote-17) and (2) subject-matter overbreadth, where an employer claims an employee’s inventions that are created outside of the scope of employment when the employee is at home or off the job.[[18]](#footnote-18) Both types of overbreadth are discussed in more detail below.

A. Temporal Overbreadth in IP Assignment Clauses

Temporal overbreadth extends the IP assignment clause past the termination of employment. Clauses with temporal overbreadth are often called “trailer clauses” or “holdover clauses.”[[19]](#footnote-19) Here is an example of a temporally overbroad clause:

In case any invention is described in a patent application or is disclosed to third parties by me *within one (1) year after terminating my employment with [Employer]*, it is to be presumed that the invention was conceived or made during the period of my employment for [Employer], and the invention will be assigned to [Employer] as provided by this Agreement, provided it relates to my work with [Employer].[[20]](#footnote-20)

Typically, in a trailer clause the employer claims the former employee’s inventions for a set period after the termination of employment.[[21]](#footnote-21) This period is typically between one to ten years.[[22]](#footnote-22)

One rationale for including a temporally overbroad IP assignment clause is to prevent a former employee who used her employer’s resources and confidential information to conceive of an invention from taking the invention to a new employer or starting her own business based on the invention.[[23]](#footnote-23) As the unconscionability section below discusses in more detail, trailer clauses, like noncompete clauses, restrict the employee’s ability to pursue future employment.[[24]](#footnote-24) If an employee has signed a temporally overbroad IP assignment clause, it will be more difficult for her to leave her current employer to create her own business or join a new organization because, for that period of time after termination, her IP is owned by her former employer.[[25]](#footnote-25) And like a noncompete clause, it can also have an anticompetitive effect because it restricts competition in the marketplace by reducing the former employee’s ability or motivation to compete with the former employer’s business.[[26]](#footnote-26)

Some courts have expressed disfavor towards trailer clauses, but other courts have enforced these clauses despite the negative impact on the former employee and the anticompetitive effect. For instance, courts in California have found some trailer clauses unenforceable under an anti-noncompete statute.[[27]](#footnote-27) Those courts have held that trailer clauses function as noncompete clauses and unduly restrain employees from engaging in subsequent employment.[[28]](#footnote-28) But if the temporally overbroad clause is narrowly tailored so that it claims only inventions created using the former employer’s confidential information, the clause is typically enforceable in California.[[29]](#footnote-29) In other jurisdictions, a few courts have found temporally overbroad IP assignment clauses unenforceable for public policy considerations.[[30]](#footnote-30) These courts have held that it is unreasonable for an employer to claim all post-termination inventions because it would unreasonably restrict the employee.[[31]](#footnote-31) The courts in these cases recognize that an employer may have an interest in preventing a former employee from taking the employer’s proprietary information to use elsewhere, but trailer clauses that claim all post-termination inventions too greatly interfere with the public policy of encouraging innovation and discouraging anticompetitive behavior.[[32]](#footnote-32) Despite anti-noncompete statutes and public policy considerations, other courts have enforced temporally overbroad IP assignment clauses.[[33]](#footnote-33)

*B. Subject-Matter Overbreadth in IP Assignment Clauses*

 Subject-matter overbreadth extends the IP assignment clause to cover creative activities of the employee when the employee is off the job. Subject-matter-overbroad clauses give employers ownership of inventions and other IP that the employee creates outside of the scope of employment. Below is an example of a subject-matter-overbroad IP assignment clause:

[I do hereby assign to Employer] [i]nventions made, authored and conceived by me, either solely or jointly with others, . . . during my employment, *whether or not during normal working hours or whether or not at [Employer’s] premises.*[[34]](#footnote-34)

The rationale for subject-matter-overbroad clauses is to ensure that the employer receives all of the inventions created by its employees using the employer’s time and resources.[[35]](#footnote-35) However, subject-matter-overbroad clauses prevent an employee from being able to create or invent for herself. As one court has put it, a broad IP assignment clause acts as “a mortgage on a man’s brain” by binding all “future labors as an author or inventor.”[[36]](#footnote-36) Subject-matter-overbroad clauses have an anticompetitive effect because employees are unable to use their own time to create alternatives to compete with their employer’s product, even if that alternative is not based on proprietary or confidential information of the employer. And as courts have noted, the United States has a strong policy favoring an individual’s ability to create IP for herself.[[37]](#footnote-37) A subject-matter-overbroad IP assignment clause can interfere with that policy because all of the employee’s inventions will belong to the employer regardless of where the inventions are created and whose time is used to create them.

Some states have passed legislation that limits employers’ ability to claim their employees’ inventions that are created outside the scope of employment. For example, California Labor Code § 2870 states:

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer 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 except for those 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.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.[[38]](#footnote-38)

Illinois, Minnesota, North Carolina, and Washington have similar laws.[[39]](#footnote-39) To comply with these statutes, some employers use a somewhat limited form of subject-matter overbreadth that only covers inventions that fall within the employers’ anticipated business.[[40]](#footnote-40) However, even this somewhat limited form of subject-matter overbreadth does not protect an employee from an overbroad IP assignment clause. Looking at the California Code as an example, depending on the employer, the scope of the “employer’s business” or “actual or demonstrably anticipated research or development”[[41]](#footnote-41) can be quite expansive. For instance, General Electric has business in the following technical areas: additives, aviation, digital, healthcare, lighting, power, and renewable energy.[[42]](#footnote-42) If a chemical engineer in General Electric’s additives business tinkers with a design for a new insulin pump in her free time, that new design could fall within the anticipated research and development of General Electric’s healthcare business even though the chemical engineer likely did not use the employer’s confidential or proprietary information to create the design, since medical devices are outside the scope of her employment in the additives industry.

Courts have generally found subject-matter-overbroad IP assignment clauses enforceable despite recognizing that employment agreements are often contracts of adhesion that the employee has little opportunity to negotiate.[[43]](#footnote-43) At least one court has found that subject-matter-overbroad IP assignment clauses are void for public policy.[[44]](#footnote-44) In this case, the court concluded that subject-matter overbreadth was contrary to the public policy of encouraging innovation.[[45]](#footnote-45) But many courts have enforced subject-matter-overbroad IP assignment clauses even though these clauses allow employers to take inventions created fully in the employee’s free time.

III. Unconscionability Analysis

Unconscionability acts as a defense to the enforcement of a contract against a party.[[46]](#footnote-46) Unconscionability is a limitation on the freedom of contract when the court considers the contract “such as no man in his senses and not under delusion would make on the one hand, and no honest or fair man would accept, on the other.”[[47]](#footnote-47) *Williams v. Walker-Thomas Furniture Co.*[[48]](#footnote-48) is often considered the touchstone case of the unconscionability doctrine.[[49]](#footnote-49) For the purposes of this Note, the unconscionability analysis outlined in *Williams* will be used to illustrate how IP assignment clauses with temporal or subject-matter overbreadth can be unconscionable.

In *Williams*, the court divides the unconscionability analysis into two components, which have since been coined “procedural” and “substantive” unconscionability.[[50]](#footnote-50) Procedural unconscionability looks at whether the party claiming the unconscionability defense lacked meaningful choice in the contract.[[51]](#footnote-51) On the other hand, substantive unconscionability looks at whether the terms themselves are unreasonably favorable to the party wanting the court to enforce the contract.[[52]](#footnote-52) In addition to this basic framework spelled out in *Williams*, many states have augmented the analysis. In some jurisdictions, a showing of procedural unconscionability or substantive unconscionability alone is sufficient.[[53]](#footnote-53) In other jurisdictions, a sliding-scale approach is used so that if there is gross substantive unconscionability, the requirement for procedural unconscionability is minimal, and vice versa.[[54]](#footnote-54)

Unconscionability analysis tends to be fact-specific,[[55]](#footnote-55) which raises a roadblock in attempting to address the unconscionability of all IP assignment clauses. The aim of the analysis in this Note is to illustrate how these factors *may* lead to a finding of unconscionability where courts have assumed that unconscionability does not exist.[[56]](#footnote-56) This is not to say that every IP assignment clause is unconscionable, but rather that some IP assignment clauses, particularly those with temporal or subject-matter overbreadth, may be unconscionable when they apply to at least some employees. The argument attempts to highlight where significant deviations may exist for certain classes of workers, but it still largely relies on generalizations out of necessity.

A. Procedural Unconscionability

Under the *Williams* framework, procedural unconscionability looks at whether the party asserting the unconscionability defense lacked meaningful choice when she entered into the contract.[[57]](#footnote-57) Courts evaluate a lack of meaningful choice by considering the circumstances surrounding the transaction.[[58]](#footnote-58) Procedural unconscionability can be shown in a variety of ways including a gross inequality in bargaining power, how the contract was entered into, and whether the party asserting the unconscionability defense had a reasonable opportunity to understand the important terms of the agreement.[[59]](#footnote-59) Procedural unconscionability focuses on the manner and circumstances in which the parties entered into the contract, as opposed to the substance of the agreement between the parties.[[60]](#footnote-60)

Procedural unconscionability may exist in IP assignment clauses that are either temporally overbroad, subject-matter overbroad, or both. The first consideration—whether there is a gross inequality of bargaining power—is implicated in the employer–employee relationship. The relationship between employers and employees is often asymmetrical.[[61]](#footnote-61) Employers have a necessity—jobs—which many workers need to get by. And while employers need employees to continue to grow, when a job is desirable, employers tend to have their pick of employees.[[62]](#footnote-62) If a potential employee digs her heels in and refuses to agree to an overly broad IP assignment clause, the employer can often find someone else. And most employers require employees involved in generating IP to sign an IP assignment clause as a requirement for employment.[[63]](#footnote-63) Therefore, it would be difficult for such an employee to shop around to evade assigning her IP rights away.

In determining the bargaining power of an individual in a contractual relationship with an organization, courts sometimes evaluate individuals based on their status as “professionals.”[[64]](#footnote-64) The assumption is that once an individual becomes a professional—regardless of whether her profession gives her leverage to negotiate—she has equal bargaining power.[[65]](#footnote-65) For instance, in *McNeil v. Currie*,[[66]](#footnote-66) the court held that because the plaintiff was a businesswoman, the insurance-company defendant did not have the upper hand in negotiating a contract.[[67]](#footnote-67) But the court did not consider the relative positions of the two parties. In *McNeil*, the plaintiff was a small business owner, and the company she contracted with was a national insurance provider.[[68]](#footnote-68) Even though the plaintiff was a businesswoman and may have had a better understanding of what she was getting herself into compared to the average consumer, the assumption that she was on equal footing with a national insurance company to dictate the contours of the agreement is likely incorrect. An employee’s status as a professional does not necessarily show that she has equal bargaining power, although some courts may assume that it is the case.[[69]](#footnote-69)

It is important to note that in some contexts, workers will have greater equality in the bargaining relationship with their employers. For instance, in highly-sought-after fields, workers will have more access to employment offers from different organizations to compare the terms of employment. These workers will have more ability to negotiate those terms to their liking. Because many organizations want to hire these workers, potential employers will be more likely to accept concessions in the bargaining process, and the workers will be more likely to have the opportunity to bargain with their potential employer. If a highly-sought-after worker does not like the terms of an offer and the potential employer will not negotiate, she has the ability to move on to the next employer. Therefore, the more sought after the employee is, the more equal her bargaining power is with her employer. There may also be other contexts, such as when someone is a partner of a business rather than a low-level employee, that the bargaining relationship becomes more equal. But the purely “professional” or “non-professional” dichotomy used by some courts does not capture the essence of the issue.[[70]](#footnote-70) The better indicator is whether the worker can negotiate the terms of the agreement, or if the employer will move on to the next person in line if the prospective employee attempts to negotiate.

This leads to the next consideration in evaluating procedural unconscionability: the manner in which the contract was entered. One principal factor is whether the contract is a contract of adhesion, meaning that the potential employer dictated the agreement and the worker had to take it or leave it as is.[[71]](#footnote-71) Employment agreements are typically contracts of adhesion.[[72]](#footnote-72) The worker plays a minimal role in drafting the language of the agreement.[[73]](#footnote-73) And many prospective employees are not notified before employment that they will be required to sign an IP assignment agreement.[[74]](#footnote-74) While some highly-sought-after workers may be able to negotiate terms to their liking as discussed above, workers with less bargaining power will likely have to accept the contract as the employer drafted it. They will have to agree to boilerplate language that is not tailored to the specific circumstances of their employment. The fact that most employment agreements are contracts of adhesion suggests that a degree of procedural unconscionability may be inherently present in employment contracts.[[75]](#footnote-75)

A final consideration for procedural unconscionability is whether the party seeking application of the unconscionability doctrine had a reasonable opportunity to understand the terms of the agreement. To determine whether a party had a reasonable opportunity to understand the terms, courts consider the education of the individual and whether terms were obscured by fine print or deceptive business practices.[[76]](#footnote-76) While engineers and scientists that sign IP assignment clauses typically have more education than the consumers who appear as plaintiffs in predatory lending cases such as *James v. National Financial, LLC*[[77]](#footnote-77) and *Williams*,[[78]](#footnote-78) that does not necessarily mean that engineers and scientists have the education needed to understand the implications of an IP assignment clause. Engineers and scientists may have advanced degrees, but they do not necessarily have a legal education.[[79]](#footnote-79) They have not been trained to decode the legalese found in their employment agreements. And writers and artists who are also impacted by IP assignment clauses will not necessarily have a legal education either. These employees are greatly impacted by IP assignment clauses but lack the education that would help them understand the contract—although they may be well educated in their specific field.

It could be contended that where these individuals lack legal education, they can compensate in hiring legal services to look over and help negotiate the employment agreement. And that may be the case for some workers.[[80]](#footnote-80) But there are also other workers, such as entry-level employees fresh out of college, that likely lack the capital and foresight to hire a lawyer to look over their employment contracts. The lack of legal education and lack of access to legal services for some employees indicates that not all employees impacted by IP assignment clauses have a reasonable opportunity to understand the terms of the employment contract.

It is difficult to generalize about whether employers hide IP assignment clauses in employment contracts using microscopic print or deceptive practices to prevent a prospective employee from understanding the terms of the agreement. But it is relevant that IP assignment clauses are not likely top of mind for a worker on the job hunt. Where other aspects of employment are high on the priorities list, like compensation, benefits, location, and duties, the IP assignment clause is likely to fall close to the bottom of the pile.[[81]](#footnote-81) If an employee can negotiate her employment agreement, she is likely to negotiate those other terms with what bargaining power she holds.[[82]](#footnote-82) And that is partly due to the nature of IP assignment clauses. IP assignment clauses in employment agreements are signed pre-invention.[[83]](#footnote-83) Workers assign away inventions that have yet to be created; the prospective employee has no idea whether the clause will force her to assign a highly profitable invention to her employer without any additional consideration.[[84]](#footnote-84)

While some courts have painted individuals who accept pay day loans as a unique group “exhibit[ing] unrealistic optimism, or fundamental attribution error, meaning that they overestimate their ability to control future circumstances,”[[85]](#footnote-85) it is easy to see how a worker signing a pre-invention IP assignment clause would lose sight of the negative ramifications of the agreement as well. She has no idea if she will ever create something valuable, and the honeymoon stage of employment may cause her to assume her relationship with her employer will continue indefinitely. If the employee has no idea what she is giving up because the inventions the clause assigns have yet to be created, it is unlikely she will be able to adequately understand the consequences of the agreement.

Looking at the three considerations—gross inequality of bargaining power, the manner in which the contract was made, and whether there was a reasonable opportunity to understand the terms of the contract—there appears to be at least a degree of procedural unconscionability, especially in cases of entry-level employees and employees who are not highly sought after. While the procedural unconscionability present in the IP assignment clause context is undoubtedly less so than that present in predatory lending for example, there can be procedural unconscionability present that impacts a prospective employee’s ability to negotiate, control, and understand the terms of the employment contract. Particularly in jurisdictions that use a sliding-scale approach to unconscionability, where only a minimal degree of procedural unconscionability is necessary, the procedural unconscionability present in a typical employee’s IP assignment agreement may be more than enough to show that the contract is unconscionable.

B. Substantive Unconscionability

In *Williams*, the court describes substantive unconscionability as “contract terms which are unreasonably favorable to the other party.”[[86]](#footnote-86) To examine whether contract terms are unreasonably favorable, the contract should be considered in light of the circumstances existing when the contract was made and in light of the general commercial background and the commercial needs of the particular trade or case.[[87]](#footnote-87) The goal of substantive unconscionability is to consider the terms of the contract itself rather than the circumstances of the bargain. Since the substantive unconscionability of the IP assignment clause will depend on the terms themselves, temporal overbreadth and subject-matter overbreadth are each considered separately in the following sections.

 1. Substantive Unconscionability of Temporal Overbreadth.—To determine whether a temporally overbroad IP assignment clause is so unfairly one-sided as to be substantively unconscionable, the reasonableness of the contract terms must be considered in light of the circumstances of the case and the general commercial background.[[88]](#footnote-88) Courts generally assume that the legitimate purpose behind trailer clauses is to protect the business from loss of confidential information when an employee leaves to work for a competitor.[[89]](#footnote-89) But if the goal is to protect confidential information and inventions created in the scope of employment, these clauses exceed those goals. For instance, in *Applied Materials, Inc. v. Advanced Micro-Fabrication Equipment (Shanghai) Co.*,[[90]](#footnote-90) the employer required the employee to sign an IP assignment clause that turned over all inventions created within one year of termination of employment under the presumption that any post-termination invention must have been conceived or made during the period of employment, even if there was no evidence that the invention was made while the employee was employed at the company.[[91]](#footnote-91) This is an excessive scope to achieve the legitimate purpose of the trailer clause. An employee could easily leave her current position, move to a competitor, and begin creating new inventions for her new employer without any theft of trade secrets or confidential information, yet fall within the scope of the clause and be forced to assign the inventions to her previous employer. Or potentially worse, the employee could be thrust into litigation because both her previous employer and her current employer claim ownership of the invention, and both have IP assignments claiming the invention. Temporally overbroad IP assignment clauses often surpass the supposed purpose of protecting the confidential information of the former employer.

But merely exceeding the legitimate interest of the employer is not sufficient to constitute substantive unconscionability. The contractual clause must be unreasonably one-sided as well.[[92]](#footnote-92) Trailer clauses may be unreasonably one-sided because they cause substantial harm to the former employee. Temporal overbreadth restricts the employee’s ability to leave her current employer and move on to other gainful employment.[[93]](#footnote-93) If a research engineer is under an IP assignment agreement that extends past the termination of employment, she will have a difficult time leaving her current employer for another position because a potential future employer will likely not want to hire a research engineer encumbered by a post-termination IP assignment clause.[[94]](#footnote-94) The engineer will also be restricted from starting her own business because the inventions she develops in the set period after termination of employment are not her own. And despite the restriction of the employee’s ability to move freely from her current position, the employee typically does not receive any additional compensation in exchange for the encumbrance of the post-termination IP assignment clause.[[95]](#footnote-95)

It may be that some employees are sufficiently well compensated during the term of employment that it accounts for the post-termination IP assignment. But others, such as entry-level employees, will likely have not received sufficient compensation to account for being unemployed or underemployed for the designated period after termination of employment. And even well-compensated employees can be harmed by a break in employment if they are unable to work for the period that the post-termination IP assignment clause covers.[[96]](#footnote-96) It could impact their professional reputation and ability to gain employment after the trailer clause period ends.[[97]](#footnote-97) Thus, employees can be financially and professionally harmed by IP assignment clauses that restrict their subsequent movement after termination of employment.

Because it could be difficult for an employee under a temporally overbroad IP assignment clause to receive subsequent employment for the period the clause covers, the employee is more closely tied to the current employer.[[98]](#footnote-98) Voluntarily leaving the position will trigger the trailer clause, which will make it more difficult to find another similar position. Thus, the employee’s best option may be to stay at the current employer even if it does not offer the best benefits, salary, or opportunities for the employee. This further weakens the employee’s bargaining power for requesting raises or other benefits from her current employer.[[99]](#footnote-99) If the employee’s best option is to stay with her current employer because of the trailer clause, any requests for changes to the terms of employment may fall on deaf ears. The employer and employee may both be aware that the employee is unlikely to leave the employer for another opportunity because of the trailer clause and the risk of unemployment for the duration of the trailer clause period. Thus, in addition to restricting the employee’s ability to move on from the employer, it ties the employee even more closely under the control of the employer for the remainder of her employment.

It is important to note that if the employer narrowly tailors the trailer clause to only cover theft of confidential information or trade secrets, the employee would not be so restricted by the trailer clause. The employee would be able to leave the employer and move on to subsequent endeavors, so long as she did not create inventions based on the confidential information or trade secrets of her former employer. The employee would be free to take a new position with a competitor or launch her own business and conceive of new inventions for her new employer or herself.[[100]](#footnote-100) While under a temporally overbroad IP assignment clause all of her inventions would be the property of her former employer, now only a subset would. While the employee is of course somewhat restricted by the clause, it is reasonable based on the legitimate interest of the former employer to protect its confidential information.

The harm of an overly broad IP assignment clause can also be felt by the market. Overly broad trailer clauses have an anticompetitive effect by restricting the flow of knowledge and skill from the former employer to a competitor.[[101]](#footnote-101) These clauses encourage employees to remain with their current employers, since they may have trouble finding subsequent employment after termination during the period covered by the trailer clause.[[102]](#footnote-102) This prevents movement of employees from one employer to another. Movement of employees within the marketplace creates a more competitive market where knowledge and ideas move among competitors, rather than one where employees and their knowledge stagnate under their current employer.[[103]](#footnote-103) This increase in competition is lost if employees remain with their current employer to avoid triggering the trailer clause.

Additionally, if an employee does leave her employer despite a temporally overbroad IP assignment clause, the employee may be discouraged from innovating and creating during the period covered by the trailer clause. She may refuse to create in that time frame to avoid allowing her employer to gain possession of the IP rights. If she chooses not to invent, society will lose the benefit of the innovation that the employee could have created in that period. The flow of the former employee’s knowledge and skill will also be delayed by the period of the trailer clause, which will reduce competition because a competitor will not be able to use the employee’s inventive skills to compete with the former employer until after the trailer clause period ends.[[104]](#footnote-104) By then, especially if the period covered by the trailer clause is particularly long or if the technical area evolves quickly, the employee’s knowledge and skills may be outdated.[[105]](#footnote-105) Thus, it is not only the employee but also the marketplace and innovation landscape that are harmed by overly broad trailer clauses.

Employers that use temporally overbroad IP assignment clauses may claim that they do so because writing a narrowly tailored clause, focused only on protecting confidential information, is difficult to accomplish.[[106]](#footnote-106) Rather than trying to narrowly carve out the inventions that are necessary for the business to protect, the employer instead claims all post-termination inventions to ensure that its confidential information is protected. But doing so paints the issue with an excessively broad brush. Overly broad IP assignment clauses claim the post-termination inventions of honest former employees who did not use the former employer’s confidential information in the creation of their inventions.[[107]](#footnote-107) Instead of requiring the employee to release all inventions created for a period after the termination of employment, the employer can more narrowly tailor the trailer clause to only cover inventions created using information, such as trade secrets, that the employee learned of by virtue of a confidential relationship with the employer.[[108]](#footnote-108)

While drafting a narrowly tailored clause is more difficult than drafting a trailer clause that claims all post-termination inventions, the narrowly tailored clause will protect the employee and society from the negative effects of an overly broad IP assignment clause. The employee should be able to take nonconfidential knowledge and skill that the employee gathered during her employment to use in future opportunities.[[109]](#footnote-109) After all, the consideration for the employee in exchange for employment may not be just salary and benefits; the employee may have also accepted the position to gain knowledge and skill to take with her moving forward.[[110]](#footnote-110) Overly broad trailer clauses may unduly restrict the movement of the employee’s knowledge and skill to the detriment of the employee and the marketplace.

 2. Substantive Unconscionability of Subject-Matter Overbreadth.—Subject-matter overbreadth, where the employer claims inventions created outside of the scope of employment, may also be substantively unconscionable because the terms can be unreasonably one-sided. Employers have a legitimate interest in the inventions that are created within the scope of employment.[[111]](#footnote-111) The employer has invested significant time and resources into the employee’s inventive efforts, and therefore, it has a legitimate interest in reaping the benefits of that investment if the employee succeeds in inventing.[[112]](#footnote-112) But when it comes to inventions created by the employee outside the scope of employment, the employer’s interest is far more strained. The employer is presumably not compensating the employee to invent, or not invent, while off the job. And even if the employer had made a legitimate bargain to control the employee’s at-home inventive activities, it may be unreasonable for it to control the employee’s entire right to invention in exchange for employment, especially considering that U.S. courts have recognized the deeply personal nature of inventive activity.[[113]](#footnote-113)

Yet employers frequently claim employee inventions created outside the scope of employment and not based on the employers’ confidential information. For instance, in *Harsco Corp. v. Zlotnicki*,[[114]](#footnote-114) the employee conceived of the invention entirely at home without relying on any of his employer’s resources.[[115]](#footnote-115) The IP assignment clause covered this invention even though it was not created within the scope of employment.[[116]](#footnote-116) Despite having a desire to tinker at home and being resistant to signing an IP assignment clause in the first place, the employee was required to lose the ability to invent for himself as a term of employment.[[117]](#footnote-117) The employer received rights to the invention even though it was created on the employee’s time without use of the employer’s resources, and the employee received no additional compensation for turning over the invention to the employer.[[118]](#footnote-118)

Subject-matter-overbroad IP assignment clauses can be unreasonably one-sided in application. First, the clauses harm employees at the benefit of employers. Like temporal overbreadth, subject-matter overbreadth restricts an employee’s ability to freely move to a new position. If an employee wants to launch a start-up business while employed in the hopes of later transitioning to running the start-up full-time, a subject-matter-overbroad IP assignment clause would prevent her from doing so because any invention created for the start-up would be owned by the employer. Additionally, the employee cannot create her own patent portfolio to take to a subsequent employer or license out her own to earn additional compensation. Subject-matter-overbroad IP assignment clauses also impact the employee’s motivation to create for herself. The employee may lose motivation to invent because inventing will not benefit her personally.[[119]](#footnote-119) This effect may cause the employee to miss the opportunity to grow and learn through the inventive process. Thus, subject-matter-overbroad IP assignment clauses negatively impact the employee’s ability to create new opportunities for herself outside the scope of employment.

In addition to harming the employee, subject-matter-overbroad IP assignment clauses also harm the market at large. First, employees may be discouraged from creating inventions outside the scope of employment because any invention they create will be owned by their employer.[[120]](#footnote-120) Or an employee might create something for the passion of invention but choose not to commercialize it because the employer would receive the benefit of the invention.[[121]](#footnote-121) If an employee is discouraged in this way, society will lose the benefit of the employee’s potential innovations. Society will also lose the additional knowledge that would have been acquired if the employee had created the invention and disclosed it through the patenting system.[[122]](#footnote-122) Subject-matter-overbroad IP assignment clauses can also have an anticompetitive effect. If an employee could create an invention on her own time that would compete with either her employer or another organization but chooses not to because she cannot personally gain from the invention, the marketplace loses out on competition that could drive prices down or improve quality or access. Thus, not only can subject-matter-overbroad IP assignment clauses harm employees themselves, but they can also harm the marketplace more broadly.

Employers may contend that they claim a broad scope in IP assignment clauses to ensure that all inventions that were created by the employee during the scope of employment are covered by the IP assignment clause. The presumed rationale is that the broader an IP assignment clause is written, the less likely an invention that was created within the scope of employment or using the employer’s resources slips through the cracks. But again, this rationale paints the issue with an excessively broad brush. The law of agency has already formulated a test for what is and is not within the scope of employment.[[123]](#footnote-123) Employers can use the existing legal framework to tailor IP assignment clauses to ensure that inventions created using the employer’s time or resources are captured by an IP assignment clause.

It is worth noting that laws passed in California, Illinois, Minnesota, North Carolina, and Washington limit the ability of an employer to claim subject-matter overbreadth in IP assignment clauses.[[124]](#footnote-124) Those laws only allow an employer to claim inventions made outside the scope of employment that relate to the employer’s actual or anticipated business, or result from the employee’s work for the employer.[[125]](#footnote-125) These laws are undoubtedly a step in the right direction. They prevent employers from claiming their employees’ IP that is unrelated to the employer’s business, such as a comic book created by an engineer working for a software company. But they do not prevent an employer from claiming an employee’s invention that falls within the employer’s business but is not created with the employer’s resources or time. For instance, in *Mattel, Inc. v. MGA Entertainment, Inc.*,[[126]](#footnote-126) an employee of Mattel designed the Bratz doll line purely on nights and weekends, when he was not at work for Mattel.[[127]](#footnote-127) The Bratz doll designs would be permissible for the employer to claim under the statutes of California, Illinois, Minnesota, North Carolina, and Washington because they overlap with Mattel’s actual business in the doll manufacturing industry.[[128]](#footnote-128) But even though this would be permissible under the statutes, it may exceed the employer’s interest in the employee’s work within the scope of employment.

At first glance, it may seem logical for the employer to own the property that relates to its actual or anticipated business. After all, the employee should work for the benefit of, not to compete with, the employer. But even the limited form of subject-matter overbreadth required by these statutes harms the employee and society. The employee will still be discouraged from creating inventions that relate to her employer’s actual or anticipated businesses on her own time, even though many of those businesses may fall outside the scope of the employee’s work for the employer. And the actual or anticipated business of the employer may be so expansive that it encompasses everything the employee would have interest in inventing in her free time.[[129]](#footnote-129) Society will also lose valuable inventions if the employee chooses not to invent in her spare time because inventing would generate no value for her. Thus, even the more limited form of subject-matter overbreadth required by these state statutes can be unreasonably one-sided, depending on the expansiveness of the employer’s actual or anticipated business.

IV. Void for Public Policy Analysis

At least one court has found that overly broad IP assignment clauses are void under the policies of the United States’ IP system.[[130]](#footnote-130) There are two dominant policies underlying the IP system in the United States.[[131]](#footnote-131) The first is a utilitarian policy, which is implied within the U.S. Constitution.[[132]](#footnote-132) This policy suggests that the IP system is designed to promote science and the useful arts by encouraging creation and innovation through rewarding authors and inventors with a limited monopoly in their creation.[[133]](#footnote-133) The second policy is based on a natural rights theory, which suggests that the inventor owns her inventive work because it is the fruit of her labor.[[134]](#footnote-134) Both policies could be interpreted to render overbroad IP assignment clauses unenforceable.

Turning first to the utilitarian theory of IP law, the purpose of IP under this theory is to promote scientific development by encouraging inventors to invent.[[135]](#footnote-135) The U.S. Constitution explicitly supports this policy of intellectual property by stating that Congress has the power to “promote the [p]rogress of [s]cience and useful [a]rts.”[[136]](#footnote-136) Congress promotes science and the useful arts by issuing a limited monopoly to inventors for the purpose of motivating inventors to create.[[137]](#footnote-137) However, temporal and subject-matter overbreadth may be void for public policy by contradicting the utilitarian rationale of IP. Where IP policy seeks to promote individual creation by providing a reward to an individual for innovation, overbroad IP assignment clauses can contradict that policy by discouraging individual creation. If there is temporal overbreadth, the employee may choose to not invent for the period after termination of employment that is claimed by the former employer because the former employer, not the inventor, receives the benefit of invention. And if there is subject-matter overbreadth, the employee may choose not to invent outside of working hours because the employer, not the inventor, receives the benefit of invention.

Additionally, if Congress has set up a limited monopoly for the utilitarian purpose of encouraging innovation, overbroad IP assignment clauses counteract that limited monopoly policy by using IP assignment clauses to further reduce competition beyond Congress’s intent. For temporally overbroad IP assignment clauses, an assignment clause’s extension past the termination of employment can act to effectively hold employees hostage, especially if other employers would not hire them encumbered with a trailer clause.[[138]](#footnote-138) This reduces competition because the employee’s innovation, knowledge, and skills are trapped with the employer, rather than flowing freely among competitors. And for subject-matter-overbroad IP assignment clauses, the assignment acts to reduce competition by discouraging employees to invent competing technologies. Under the utilitarian policy behind IP law, the limited monopoly is a specific concession that Congress was willing to make under its constitutional power to promote science and the useful arts.[[139]](#footnote-139) Employers that use overbroad IP assignment clauses are extending the anticompetitive effect of the limited monopoly past congressional intent by reducing the competition that their employees or former employees can create.

The other predominant policy behind IP in the United States is based on a natural rights theory that inventors should own the fruits of their own labor.[[140]](#footnote-140) Courts recognize that IP has a deeply personal element.[[141]](#footnote-141) This theory is reflected in U.S. law through the rule that inventors, not their employers, own inventions in the absence of assignment.[[142]](#footnote-142) And it is also supported by certain aspects of copyright law, such as statutory termination, where the author can terminate assignment and regain rights in a work that she previously assigned away.[[143]](#footnote-143) Overly broad IP assignment clauses may be contrary to this policy by removing the employee’s ability to invent for herself. If the IP assignment clause is temporally overbroad, the employee will be unable to invent for her own benefit for the claimed period after termination of employment. All inventions created during this period after termination will be owned by the former employer with no benefit to the inventor. And if the IP assignment clause is subject-matter overbroad, the inventor will lose her ability to invent for herself for the entire duration of employment. Thus, overbroad IP assignment clauses can contradict the public policy that individuals should generally own the fruits of their labor underlying IP law in the United States.

As courts have previously recognized, overly broad IP assignment clauses can be contrary to the general policies of promoting innovation and providing inventors with ownership over their personal creations.[[144]](#footnote-144) While not all IP assignment clauses are necessarily void for public policy, when the IP assignment clause is so contrary to the public policies underlying U.S. IP law that the negative ramifications of the clause exceed the benefit to the employer, the clause may be unenforceable.[[145]](#footnote-145)

V. Conclusion

As courts have recognized, there is a place for IP assignment clauses to protect the confidential information of the employer.[[146]](#footnote-146) IP laws in the United States on their own do not protect the employer’s right to inventions created within the scope of employment.[[147]](#footnote-147) IP assignment clauses have a legitimate place in ensuring that employers have access to inventions they invest in.[[148]](#footnote-148) And courts have long accepted IP assignment clauses as a legitimate means of transferring ownership of employee inventions.[[149]](#footnote-149) However, as illustrated in this Note, IP assignment clauses often exceed the purpose of protecting the employer’s information and investment. While courts generally do not find IP assignment clauses unconscionable or void for public policy under federal IP laws, the purpose of this Note is to illustrate that IP assignment clauses raise some of the red flags of unconscionability. While all broad IP assignment clauses may not be unconscionable or void for public policy in the specific circumstances of the relationship between the employee and employer, temporally overbroad and subject-matter-overbroad IP assignment clauses raise unconscionability issues that can be addressed by courts, legislatures, and individual actors.

When an employee raises an unconscionability defense, courts should evaluate the unconscionability of the IP assignment clause rather than dismiss the defense under the assumption that IP assignment clauses are never unconscionable[[150]](#footnote-150) or professionals can never be the victim of an unconscionable contract.[[151]](#footnote-151) And legislatures, as they have already begun to do in California, Illinois, Minnesota, North Carolina, and Washington,[[152]](#footnote-152) should continue to restrict employers’ ability to claim employee inventions created without employers’ resources or time. Lastly, employers, as the

typical drafters of employment agreements, should tailor the terms of the IP assignment clause to not exceed their legitimate interest in their employees’ inventive activities. This will protect employees’ interests in their own innovation, and it will protect employers from future claims of unconscionability.

1. .*See* Mattel, Inc. v. MGA Ent., Inc., 782 F. Supp. 2d 911, 941, 943 (C.D. Cal. 2011) (discussing the scope of an IP assignment clause in a product designer’s employment contract). [↑](#footnote-ref-1)
2. .*See* Whitewater West Indus., Ltd. v. Alleshouse, 981 F.3d 1045, 1046–48 (Fed. Cir. 2020) (discussing the validity of an IP assignment clause in an engineer’s employment contract). [↑](#footnote-ref-2)
3. .*See* Univ. Patents, Inc. v. Kligman, 762 F. Supp. 1212, 1215–16 (E.D. Pa. 1991) (discussing the applicability of a university’s IP assignment policy to a researcher who conducted work on his own time and not at the university’s expense). [↑](#footnote-ref-3)
4. .Parker A. Howell, *Whose Invention Is It Anyway? Employee Invention-Assignment Agreements and Their Limits*, 8 Wash. J.L. Tech. & Arts 79, 83 (2012). [↑](#footnote-ref-4)
5. .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, 164 (1994). [↑](#footnote-ref-5)
6. .*Id.* at 171. [↑](#footnote-ref-6)
7. .Solomons v. United States, 137 U.S. 342, 346 (1890). There is a limited exception to this principle. In situations where an employee is specifically hired to solve a particular problem or create a specific invention, the invention is owned by the employer. Standard Parts Co. v. Peck, 264 U.S. 52, 59–60 (1924). But if someone is merely hired to participate in research and development, not create employer-specified inventions, then she owns her own inventions in the absence of an IP assignment. *See* Pisegna-Cook, *supra* note 5, at 167 (“[T]hose [inventions] made partly or wholly at the employer’s expense but not at [its] specification[] are the property of the employee-inventor.”). Unlike patent law, copyright law has a work-made-for-hire doctrine, where the employer can own the copyright outright, but much like an IP assignment clause, the employer must make an agreement with the author to gain ownership rights. 17 U.S.C. § 201(b). [↑](#footnote-ref-7)
8. .Teets v. Chromalloy Gas Turbine Corp., 83 F.3d 403, 407 (Fed. Cir. 1996) (citing Hapgood v. Hewitt, 119 U.S. 226 (1886)) (“Consistent with the presumption that the inventor owns his invention, an individual owns the patent rights even though the invention was conceived and‌/or reduced to practice during the course of employment.”). [↑](#footnote-ref-8)
9. .Univ. Patents, Inc. v. Kligman, 762 F. Supp. 1212, 1220 (E.D. Pa. 1991). [↑](#footnote-ref-9)
10. .Pisegna-Cook, *supra* note 5, at 171. [↑](#footnote-ref-10)
11. .*See* United States v. Dubilier Condenser Corp., 289 U.S. 178, 189 (1933) (noting that an employer with a shop right is entitled to use the invention in his business but has no power to “demand conveyance of the invention” because “[t]his remains the property of him who conceived it, together with the right conferred by the patent, to exclude all others than the employer from accruing benefits”). [↑](#footnote-ref-11)
12. .*See, e.g.*, Milliken & Co. v. Morin, 731 S.E.2d 288, 290 (S.C. 2012) (holding that an IP assignment clause covering all inventions made by an employee regardless of whether the invention relates to the employer’s business or was created using the employer’s time and resources was not overly broad). [↑](#footnote-ref-12)
13. .*See, e.g.*, Applied Materials, Inc. v. Advanced Micro-Fabrication Equip. (Shanghai) Co., 630 F. Supp. 2d 1084, 1086–87 (N.D. Cal. 2009) (involving an IP assignment clause that claimed inventions created by “former employees within one year of the conclusion of their employment”). [↑](#footnote-ref-13)
14. .*See* Marc B. Hershovitz, Note, *Unhitching the Trailer Clause: The Rights of Inventive Employees and Their Employers*, 3 J. Intell. Prop. L. 187, 198 (1995) (explaining that trailer clauses effectively “restrict the employee’s ability to work in the same field as his former employer”). [↑](#footnote-ref-14)
15. .Pat. & Licensing Corp. v. Olsen, 188 F.2d 522, 525 (2d Cir. 1951) (citing Paley v. Du Pont Rayon Co*.*, 71 F.2d 856 (7th Cir. 1934)) (“It is well settled that an agreement on the part of an inventor to assign inventions developed while in the employ of another is not inequitable, or unconscionable.”). *But see* Dalzell v. Dueber Watch Case Mfg. Co., 149 U.S. 315, 320, 323 (1893) (stating in dicta that “it may be well doubted” whether an IP assignment clause without additional consideration would not be “too unconscionable a one between employer and employed”) (citations omitted). [↑](#footnote-ref-15)
16. .Amit Elazari Bar On, *Unconscionability 2.0 and the IP Boilerplate: A Revised Doctrine of Unconscionability for the Information Age*, 34 Berkeley Tech. L.J. 567, 630–36 (2019) (cataloguing the IP scholarship that dismisses the unconscionability doctrine’s application to IP issues). [↑](#footnote-ref-16)
17. .*E.g.*, Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 388 (7th Cir. 1934). [↑](#footnote-ref-17)
18. .*See,* *e.g.*,Milliken & Co. v. Morin, 731 S.E.2d 288, 290 (S.C. 2012) (discussing an IP assignment clause covering all inventions made by an employee regardless of whether they were created using the employer’s time and resources). [↑](#footnote-ref-18)
19. .*See* Ingersoll-Rand Co. v. Ciavatta, 542 A.2d 879, 887 (N.J. 1988) (noting that clauses assigning “future or post-employment inventions” are commonly referred to as “trailer” or “holdover” clauses). [↑](#footnote-ref-19)
20. .This assignment clause is from *Applied Materials, Inc. v. Advanced Micro-Fabrication Equip. (Shanghai) Co.*, 630 F. Supp. 2d 1084, 1086 (N.D. Cal. 2009) (emphasis added), and the court found that it was overbroad due to its temporal scope, *id.* at 1090–91. Minor alterations were made to make it a generic example for illustrative purposes. [↑](#footnote-ref-20)
21. .Hershovitz, *supra* note 14, at 188. [↑](#footnote-ref-21)
22. .*See, e.g.*, Armorlite Lens Co., Inc. v. Campbell, 340 F. Supp. 273, 274 n.1 (S.D. Cal. 1972) (discussing a one-year trailer clause); GTI Corp. v. Calhoon, 309 F. Supp. 762, 765 (S.D. Ohio 1969) (discussing a five-year trailer clause); United Shoe Mach. Co. v. La Chapelle, 99 N.E. 289, 289 (Mass. 1912) (discussing a ten-year trailer clause). Some trailer clauses are indefinite in time. *See* Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 387–88 (7th Cir. 1934) (discussing a trailer clause covering inventions the employee made at any time after employment). [↑](#footnote-ref-22)
23. .*See* Winston Rsch. Corp. v. Minn. Mining & Mfg. Co., 350 F.2d 134, 138 (9th Cir. 1965) (“[R]estrictions upon an employee’s disclosure of information which was developed as a result of the employer’s initiative and investment, and which was entrusted to the employee in confidence, are necessary to the maintenance of decent standards of morality in the business community.”). [↑](#footnote-ref-23)
24. .Hershovitz, *supra* note 14, at 198–99. [↑](#footnote-ref-24)
25. .*See id.* (explaining that business competitors will not want to hire an employee encumbered by a temporally overbroad IP assignment clause). [↑](#footnote-ref-25)
26. .*Winston Rsch*., 350 F.2d at 137 (“[Trailer clauses] inhibit an employee from either setting up his own business or from adding his strength to a competitor of his employer, and thus they diminish potential competition.”). [↑](#footnote-ref-26)
27. .*E.g.*, Applied Materials, Inc. v. Advanced Micro-Fabrication Equip. (Shanghai) Co*.*, 630 F. Supp. 2d 1084, 1086, 1088–91 (N.D. Cal. 2009); Conversion Logic, Inc. v. Measured, Inc., No. 19-CV-05546, 2019 WL 6828283, at \*6 (C.D. Cal. Dec. 13, 2019); *see also* Whitewater West Indus., Ltd. v. Alleshouse, 981 F.3d 1045, 1047, 1051 (Fed. Cir. 2020) (discussing California Business and Professions Code § 16600 in the context of a patent assignment clause). [↑](#footnote-ref-27)
28. .*E.g.*, *Applied Materials*, 630 F. Supp. 2d at 1086, 1088–91. [↑](#footnote-ref-28)
29. .*See, e.g.*, *id.* at 1091 (implying that an assignment clause covering post-employment inventions would be enforceable under California law if the inventions “were based on [the employer’s] confidential information”). [↑](#footnote-ref-29)
30. .*See, e.g.*, Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 388–89 (7th Cir. 1934) (holding that the trailer clause was void for public policy because it conflicted with the public policy of encouraging invention and discouraging prevention of a former employee from subsequent employment); Ingersoll-Rand Co. v. Ciavatta, 542 A.2d 879, 886–87, 895–96 (N.J. 1988) (holding that the trailer clause was unenforceable because it would unreasonably restrict the individual’s ability to invent). [↑](#footnote-ref-30)
31. .*Guth*, 72 F.2d at 388; *Ingersoll-Rand*, 542 A.2d at 896. [↑](#footnote-ref-31)
32. .*Guth*, 72 F.2d at 388–89; *see Ingersoll-Rand*, 542 A.2d at 894–96 (discussing the public policy of promoting and encouraging technological improvement as a relevant factor in whether to enforce a trailer clause and holding that a particular trailer clause was invalid). [↑](#footnote-ref-32)
33. .*See*, *e.g.*, Milliken & Co. v. Morin, 731 S.E.2d 288, 295 (S.C. 2012) (“[T]he one-year holdover provision is eminently reasonable.”). [↑](#footnote-ref-33)
34. .This example is based on the assignment clause in *Milliken*. 731 S.E.2d at 290. It has been edited to serve as a generic example for illustrative purposes. [↑](#footnote-ref-34)
35. .*Id.* at 294 (explaining that an employer “has a legitimate interest in protecting inventions that are the fruits of its employees’ efforts while working for the company”). [↑](#footnote-ref-35)
36. .Aspinwall Mfg. Co. v. Gill, 32 F. 697, 700 (C.C.D. N.J. 1887). [↑](#footnote-ref-36)
37. .*See, e.g.*, *Ingersoll-Rand*, 542 A.2d at 887 (“Our society has long recognized the intensely personal nature of an invention and the importance of providing stimulation and encouragement to inventors.”). [↑](#footnote-ref-37)
38. .Cal. Lab. Code § 2870 (West 2021). [↑](#footnote-ref-38)
39. .*See, e.g.*, 765 Ill. Comp. Stat. Ann. 1060‌/2 (West 2020) (limiting employers’ ability to claim employee-made inventions); Minn. Stat. Ann. § 181.78 (West 2021) (same); N.C. Gen. Stat. Ann. §§ 66-57.1, .2 (West 2020) (same); Wash. Rev. Code Ann. §§ 49.44.140, .150 (West 2021) (same). [↑](#footnote-ref-39)
40. .*See, e.g.*, Cubic Corp. v. Marty, 185 Cal. App. 3d 438, 444, 447 (Cal. Ct. App. 1986) (upholding the enforcement of an assignment agreement covering all inventions “coming within the scope of [the] Company’s business or related to [the] Company’s products or to any research, design[,] experimental or production work carried on by [the] Company”). [↑](#footnote-ref-40)
41. .Cal. Lab. Code § 2870(a)(1) (West 2021). [↑](#footnote-ref-41)
42. .*Directory*, General Electric, https://‌www.ge.com‌/directory‌/business [https://‌perma.cc‌/
7G98-YCXS]. [↑](#footnote-ref-42)
43. .*See, e.g.*, *Cubic Corp.*, 185 Cal. App. 3d at 450 (holding that an IP assignment clause that includes inventions created outside the scope of employment was not unconscionable even though it was an adhesive contract); Harsco Corp. v. Zlotnicki, 779 F.2d 906, 907, 911–12 (3d Cir. 1985) (upholding the refusal of an economic duress defense against an employment agreement assigning the employer patent rights); Mattel, Inc. v. MGA Ent., Inc., 782 F. Supp. 2d 911, 946 (C.D. Cal. 2011) (concluding that an assignment was not unconscionable as a matter of law and whether the employee was forced to sign it was a credibility determination for the jury). [↑](#footnote-ref-43)
44. .Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 388 (7th Cir. 1934). [↑](#footnote-ref-44)
45. .*Id.* at 388–89. [↑](#footnote-ref-45)
46. .Dalton v. Santander Consumer USA, Inc., 385 P.3d 619, 621 (N.M. 2016) (quoting Strausberg v. Laurel Healthcare Providers, LLC, 304 P.3d 409, 421 (N.M. 2013)). [↑](#footnote-ref-46)
47. .James v. Nat’l Fin., LLC, 132 A.3d 799, 813 (Del. Ch. 2016) (quoting Tulowitzki v. Atl. Richfield Co., 396 A.2d 956 (Del. 1978)). [↑](#footnote-ref-47)
48. .350 F.2d 445 (D.C. Cir. 1965). [↑](#footnote-ref-48)
49. .*See* Anne Fleming, *The Rise and Fall of Unconscionability as the “Law of the Poor*,*”* 102 Geo. L.J. 1383, 1387 (2014) (discussing the impact of *Williams* in the law school classroom). [↑](#footnote-ref-49)
50. .*Id.* at 1423. [↑](#footnote-ref-50)
51. .*See Williams*, 350 F.2d at 449 (“Unconscionability has generally been recognized to include an absence of meaningful choice on the part of one of the parties . . . .”). [↑](#footnote-ref-51)
52. .*See id.* (“Unconscionability has generally been recognized to include . . . contract terms which are unreasonably favorable to [one of the] part[ies].”). [↑](#footnote-ref-52)
53. .*See, e.g.*, State *ex rel.* King v. B & B Inv. Grp., Inc., 329 P.3d 658, 675 (N.M. 2014) (explaining that a contract does not need to be both procedurally and substantively unconscionable to be invalidated). [↑](#footnote-ref-53)
54. .*See, e.g.*, James v. Nat’l Fin., LLC, 132 A.3d 799, 815 (Del. Ch. 2016) (“The two dimensions of unconscionability do not function as separate elements of a two-prong test. The analysis is unitary, and it is generally agreed that if more of one is present, then less of the other is required.” (internal quotations omitted)). [↑](#footnote-ref-54)
55. .OTO, L.L.C. v. Kho, 447 P.3d 680, 699 (Cal. 2019). [↑](#footnote-ref-55)
56. .*See* Pat. & Licensing Corp. v. Olsen, 188 F.2d 522, 525 (2d Cir. 1951) (“It is well settled that an agreement on the part of an inventor to assign inventions developed while in the employ of another is not inequitable, or unconscionable.” (citing Paley v. Du Pont Rayon Co., 71 F.2d 856 (7th Cir. 1934))). [↑](#footnote-ref-56)
57. .*Williams*, 350 F.2d at 449. [↑](#footnote-ref-57)
58. .For example, *Williams* states: “Whether a meaningful choice is present in a particular case can only be determined by consideration of all the circumstances surrounding the transaction.” *Id.* [↑](#footnote-ref-58)
59. .*Id.* [↑](#footnote-ref-59)
60. .James v. Nat’l Fin., LLC, 132 A.3d 799, 815 (Del. Ch. 2016). [↑](#footnote-ref-60)
61. .Aditi Bagchi, *The Myth of Equality in the Employment Relation*, 2009 Mich. St. L. Rev. 579, 579–80; *see also* Lawrence H. Summers, *It’s Time to Balance the Power Between Workers and Employers*, Wash. Post (Sept. 3, 2017), https://‌www.washingtonpost.com‌/opinions‌/lawrence-summers-its-time-to-balance-the-power-between-workers-and-employers‌/2017‌/09‌/03‌/b1c9714e-901e-11e7-8df5-c2e5cf46c1e2‌\_story.html?utm‌\_term=.3a4951b9fe94 [https://‌perma.cc‌/3ENU-KV9D] (explaining that employers have progressively increased their bargaining power while employees have progressively lost their bargaining power). [↑](#footnote-ref-61)
62. .This assumption is based on the fact that many individuals are unemployed and underemployed in the United States. For instance, forty-three percent of college graduates were underemployed between the years 2000 and 2017. Melissa Korn*, Some 43% of College Grads Are Underemployed in First Job*, Wall St. J. (Oct. 26, 2018, 5:30 AM), https://‌www.wsj.com‌/articles‌/study-offers-new-hope-for-english-majors-1540546200 [https://‌perma.cc‌/PGM2-XQXS]. Even engineering degree recipients had a twenty-nine percent probability of having a first job that did not require a college degree. *Id.* Of course, this assumption would not hold in highly-sought-after fields, as will be discussed further in the subsequent analysis. [↑](#footnote-ref-62)
63. .Mark B. Baker & Andre J. Brunel, *Restructuring the Judicial Evaluation of Employed Inventors’ Rights*, 35 St. Louis U. L.J. 399, 401 (1991). [↑](#footnote-ref-63)
64. .Allison E. McClure, *The Professional Presumption: Do Professional Employees Really Have Equal Bargaining Power When They Enter Into Employment-Related Adhesion Contracts?*, 74 U. Cin. L. Rev. 1497, 1506 (2006); *see also, e.g.*, McNeil v. Currie, 830 P.2d 1241, 1245 (Mont. 1992) (finding that a businesswoman was not on inherently unequal footing with a national insurance company); Mosser Indus. Inc. v. Hagar, No. 20, 1978 WL 21734, at \*9 (Pa. Ct. Com. Pl. Jan. 11, 1978) (finding that an engineer did not have such unequal bargaining power with his employer to render a contract unconscionable). [↑](#footnote-ref-64)
65. .McClure, *supra* note 64, at 1498. [↑](#footnote-ref-65)
66. .830 P.2d 1241 (Mont. 1992). [↑](#footnote-ref-66)
67. .*Id.* at 1245. [↑](#footnote-ref-67)
68. .*Id.* at 1242. [↑](#footnote-ref-68)
69. .McClure, *supra* note 64, at 1498. [↑](#footnote-ref-69)
70. .*See* Paul Spiel, *Express Employee Patent Assignments: Staying True to Intellectual Property’s Credo of Rewarding Innovation*, 99 J. Pat. & Trademark Off. Soc’y 79, 90–92 (2017) (coining the “professional versus non-professional dichotomy” and discussing its impact on unconscionability analysis in the patent assignment agreement context). [↑](#footnote-ref-70)
71. .James v. Nat’l Fin., LLC, 132 A.3d 799, 832 (Del. Ch. 2016) (quoting Fritz v. Nationwide Mut. Ins. Co., No. 1369, 1990 WL 186448 (Del. Ch. Nov. 26, 1990)). [↑](#footnote-ref-71)
72. .Baker & Brunel, *supra* note 63, at 426. [↑](#footnote-ref-72)
73. .*Id.* [↑](#footnote-ref-73)
74. .*Id.* [↑](#footnote-ref-74)
75. .Some courts find that contracts of adhesion are always procedurally unconscionable at least to a degree. Baltazar v. Forever 21, Inc., 367 P.3d 6, 11 (Cal. 2016) (explaining that contracts of adhesion “contain a degree of procedural unconscionability even without any notable surprises”). For other courts, this is merely one factor in evaluating whether the contract is unconscionable. State *ex rel.* King v. B & B Inv. Grp., Inc., 329 P.3d 658, 669 (N.M. 2014) (explaining that adhesion contracts are not unconscionable in every case). [↑](#footnote-ref-75)
76. .*E.g.*, Williams v. Walker-Thomas Furniture Co., 350 F.2d 445, 449 (D.C. Cir. 1965). [↑](#footnote-ref-76)
77. .132 A.3d 799 (Del. Ch. 2016). [↑](#footnote-ref-77)
78. .*See, e.g.*, *Williams*, 198 A.2d at 915 (describing Ms. Williams, the same plaintiff at issue in the D.C. Circuit *Williams* decision, as “a person of limited education”); *James*, 132 A.3d at 830 (“James is unsophisticated and undereducated.”). [↑](#footnote-ref-78)
79. .As purely anecdotal evidence, the author received an undergraduate engineering degree and did not receive any training on IP rights through her degree plan. [↑](#footnote-ref-79)
80. .*See* Harsco Corp. v. Zlotnicki, 779 F.2d 906, 908 (3d Cir. 1985) (explaining that the engineer who signed the agreement consulted his attorney first before signing the assignment). [↑](#footnote-ref-80)
81. .This is somewhat analogous to what Randy Barnett characterizes as “invisible terms.” *See* Randy E. Barnett, *Consenting to Form Contracts*, 71 Fordham L. Rev. 627, 637–38 (2002) (arguing that a person can agree to be “legally bound to (unread) terms that are not radically unexpected”). While an IP assignment clause may not rise to the level of “radically unexpected” to be considered unenforceable in Barnett’s view, the lack of visibility of an IP assignment clause would seem to impact whether a party would have a reasonable opportunity to understand the term. If the party is all too consumed with the other aspects of the employment contract, it becomes easier for an employer to include an overly broad IP assignment clause. [↑](#footnote-ref-81)
82. .*See* Baker & Brunel, *supra* note 63, at 410 (explaining that employees rarely negotiate IP assignment agreements). [↑](#footnote-ref-82)
83. .Pisegna-Cook, *supra* note 5, at 164. [↑](#footnote-ref-83)
84. .*See* Steven Cherensky, Comment, *A Penny for Their Thoughts: Employee-Inventors, Preinvention Assignment Agreements, Property, and Personhood*, 81 Calif. L. Rev. 595, 598 (1993) (explaining that employees who sign pre-invention assignment agreements have no knowledge of what they are getting and giving up). [↑](#footnote-ref-84)
85. .State *ex rel.* King v. B & B Inv. Grp., Inc., 329 P.3d 658, 666 (N.M. 2014). [↑](#footnote-ref-85)
86. .*See* Williams v. Walker-Thomas Furniture Co., 350 F.2d 445, 449 (D.C. Cir. 1965) (providing a description of what was later coined “substantive unconscionability”); Fleming, *supra* note 49, at 1423. [↑](#footnote-ref-86)
87. .*Williams*, 350 F.2d at 450. [↑](#footnote-ref-87)
88. .*Id.* [↑](#footnote-ref-88)
89. .Winston Rsch. Corp. v. Minn. Mining & Mfg. Co., 350 F.2d 134, 138 (9th Cir. 1965); Ingersoll-Rand Co. v. Ciavatta, 542 A.2d 879, 892 (N.J. 1988). [↑](#footnote-ref-89)
90. .630 F. Supp. 1084 (N.D. Cal. 2009). [↑](#footnote-ref-90)
91. .*Id.* at 1086. [↑](#footnote-ref-91)
92. .*Williams*, 350 F.2d at 449. [↑](#footnote-ref-92)
93. .Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 388 (7th Cir. 1934). [↑](#footnote-ref-93)
94. .Hershovitz, *supra* note 14, at 198–99. [↑](#footnote-ref-94)
95. .See, for example, *Applied Materials, Inc.*, 630 F. Supp. at 1086, for a typical trailer clause in which the employee receives no additional compensation for the post-termination encumbrance. [↑](#footnote-ref-95)
96. .Hershovitz, *supra* note 14, at 199. [↑](#footnote-ref-96)
97. .*Id.* at 199; *see also* Sue Shellenbarger, *You Can Overcome a Long Gap in Your Résumé*, Wall St. J. (Oct. 14, 2019, 5:30 AM), https://‌www.wsj.com‌/articles‌/you-can-overcome-a-long-gap-in-your-resume-11571045407 [https://‌perma.cc‌/Y7Z4-L53Z] (presenting statistics that suggest the longer a prospective employee’s employment gap is, the less likely she will be asked to interview). [↑](#footnote-ref-97)
98. .*See* Winston Rsch. Corp. v. Minn. Mining & Mfg. Co., 350 F.2d 134, 137 (9th Cir. 1965) (explaining that one negative ramification of trailer clauses is that the employee is tied to the employer). [↑](#footnote-ref-98)
99. .*Id.* (stating that trailer clauses “weaken [the employee’s] bargaining power with that employer”). [↑](#footnote-ref-99)
100. .*See* Milliken & Co. v. Morin, 731 S.E.2d 288, 294–95 (S.C. 2012) (explaining that an employee subject to a trailer clause that only claimed inventions resulting from work at the former employer was still marketable to future employers). [↑](#footnote-ref-100)
101. .*See Winston Rsch.*, 350 F.2d at 137–38 (“[Trailer clauses] inhibit an employee from either setting up his own business or from adding his strength to a competitor of his employer, and thus they diminish potential competition. Such restrictions impede the dissemination of ideas and skills throughout industry.”). [↑](#footnote-ref-101)
102. .*See* Hershovitz, *supra* note 14, at 198–99 (noting that employers either underutilize or do not hire these employees because the benefits of their work product do not accrue to the new employer). [↑](#footnote-ref-102)
103. .Alan Hyde, *Should Noncompetes Be Enforced?*, Regulation, Winter 2010–2011, at 6, 10–11 (reporting that noncompete clauses restrict employee mobility, flow of information, and economic growth). [↑](#footnote-ref-103)
104. .*See id.* at 10 (explaining the harms, such as loss of human capital, that result from enforcing noncompete clauses). [↑](#footnote-ref-104)
105. .*See* Hershovitz, *supra* note 14, at 199 (“In today’s society, where technology is advancing at breakneck speed, under-utilization or non-utilization of inventive skill may cause an inventive employee’s creative capabilities and talent to atrophy.”). [↑](#footnote-ref-105)
106. .*Id.* at 201 (explaining that establishing a narrow scope of subject matter in a trailer clause may be difficult for employers). [↑](#footnote-ref-106)
107. .*See* Armorlite Lens Co. v. Campbell, 340 F. Supp. 273, 275 (S.D. Cal. 1972) (explaining that requiring a former employee to turn over to his former employer all new ideas for a period after termination of employment is unnecessarily broad and captures inventions of honest former employees that did not use the former employer’s confidential information to conceive of their inventions). [↑](#footnote-ref-107)
108. .*See* Boost Co. v. Faunce, 86 A.2d 283, 286 (N.J. 1952) (explaining that “one who by reason of a confidential business relationship with the owner has gained knowledge of his trade secret will be restrained by a court of equity from betraying the trust imposed in him by using the secret for his own gain” and noting that for the purpose of this rule, “a confidential relation . . . is one which gives rise to a duty not to use or divulge the secret to the detriment of the owner”). [↑](#footnote-ref-108)
109. .*Id.* (“It is a well settled rule of law that an employee, upon terminating his employment, may carry away and use the general skill or knowledge acquired during the course of employment.”). [↑](#footnote-ref-109)
110. .Hershovitz, *supra* note 14, at 193–94 (“[W]hen an employee leaves the employment relationship he is free to take the experience, knowledge, memory and skill he accumulated while working for the employer and use it to his benefit.” (internal quotations omitted)). [↑](#footnote-ref-110)
111. .Teets v. Chomalloy Gas Turbine Corp., 83 F.3d 403, 407 (Fed. Cir. 1996). [↑](#footnote-ref-111)
112. .Hershovitz, *supra* note 14, at 191. [↑](#footnote-ref-112)
113. .*See* Ingersoll-Rand Co. v. Ciavatta, 542 A.2d 879, 887 (N.J. 1988) (“Our society has long recognized the intensely personal nature of an invention and the importance of providing stimulation and encouragement to inventors.”). [↑](#footnote-ref-113)
114. .779 F.2d 906 (3d Cir. 1986). [↑](#footnote-ref-114)
115. .*Id.* at 907–08. [↑](#footnote-ref-115)
116. .*Id.* at 908, 912. [↑](#footnote-ref-116)
117. .*Id.* at 907–08. [↑](#footnote-ref-117)
118. .*Id.* at 912 (holding that the employee failed to raise a genuine issue of material fact that precluded summary judgment in favor of the employer, which gave the employer ownership over the invention). [↑](#footnote-ref-118)
119. .Emily A. Sample, Note, *Assigned All My Rights Away: The Overuse of Assignment Provisions in Contracts for Patent Rights*, 104 Iowa L. Rev. 447, 470 (2018). [↑](#footnote-ref-119)
120. .*Id.* [↑](#footnote-ref-120)
121. .But even creating and not disclosing an at-home invention could itself be a breach of a subject-matter-overbroad IP assignment clause. *See* Milliken & Co. v. Morin, 731 S.E.2d 288, 290, 294–95 (S.C. 2012) (discussing an IP assignment agreement that required employees to disclose inventions, even inventions made exclusively at the employee’s home). [↑](#footnote-ref-121)
122. .In the patenting process, the inventor discloses to the public the invention so that others could create it. 35 U.S.C. § 112(a). This disclosure adds to the public knowledge. *But see* Sean B. Seymore, *The Teaching Function of Patents*, 85 Notre Dame L. Rev. 621, 624–25 (2010) (explaining that most do not view patents as a useful tool for conveying technical discoveries and knowledge). [↑](#footnote-ref-122)
123. .Restatement (Third) of Agency § 7.07(2) (Am. L. Inst. 2006) (“An employee acts within the scope of employment when performing work assigned by the employer or engaging in a course of conduct subject to the employer’s control.”). [↑](#footnote-ref-123)
124. .Cal. Lab. Code Ann. § 2870 (West 2021); 765 Ill. Comp. Stat. Ann. 1060‌/2 (West 2020); Minn. Stat. Ann. § 181.78 (West 2021); N.C. Gen. Stat. Ann. §§ 66-57.1, .2 (West 2020); Wash. Rev. Code Ann. §§ 49.44.140, .150 (West 2021). [↑](#footnote-ref-124)
125. .Cal. Lab. Code Ann. § 2870 (West 2021); 765 Ill. Comp. Stat. Ann. 1060‌/2 (West 2020); Minn. Stat. Ann. § 181.78 (West 2021); N.C. Gen. Stat. Ann. §§ 66-57.1, .2 (West 2020); Wash. Rev. Code Ann. §§ 49.44.140, .150 (West 2021). [↑](#footnote-ref-125)
126. .782 F. Supp. 2d 911 (C.D. Cal. 2011). [↑](#footnote-ref-126)
127. .*Id.* at 947. [↑](#footnote-ref-127)
128. .*See* Cal. Lab. Code Ann. § 2870 (West 2021) (establishing that an employer may claim proprietary rights to an invention developed by an employee entirely on her own time if that invention relates to the practice of the employer’s business); 765 Ill. Comp. Stat. Ann. 1060‌/2 (West 2020) (same); Minn. Stat. Ann. § 181.78 (West 2021) (same); N.C. Gen. Stat. Ann. §§ 66-57.1, .2 (West 2020) (same); Wash. Rev. Code Ann. §§ 49.44.140, .150 (West 2021) (same). [↑](#footnote-ref-128)
129. .*See* discussion *supra* subpart II(B) (discussing the limitations of a subject-matter-overbroad IP assignment clause on a hypothetical General Electric employee). [↑](#footnote-ref-129)
130. .*E.g.*, Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 388 (7th Cir. 1934). [↑](#footnote-ref-130)
131. .Lawrence C. Becker, *Deserving to Own Intellectual Property*, 68 Chicago-Kent L. Rev. 609, 609 (1993) (explaining that utilitarianism and natural rights theories are standard justifications of IP rights); *see also* *Guth*, 72 F.2d at 388–89 (explaining that a contract that claims all post-termination inventions “conflicts with the public policy of the land, which is one that encourages inventions”). [↑](#footnote-ref-131)
132. .*See* U.S. Const. art. I, § 8, cl. 8 (giving Congress the power to “promote the Progress of Science and useful Arts” which suggests that the goal of patent and copyright law is to encourage the development of science and the arts). [↑](#footnote-ref-132)
133. .William Fisher, *Theories of Intellectual Property*, in New Essays in the Legal and Political Theory of Property 168, 169 (Stephen R. Munzer ed., 2001). [↑](#footnote-ref-133)
134. .*Id.* at 170. [↑](#footnote-ref-134)
135. .*Id.* at 169. [↑](#footnote-ref-135)
136. .U.S. Const. art. I, § 8, cl. 8. [↑](#footnote-ref-136)
137. .*See* Fisher, *supra* note 133, at 169 (describing “the power of exclusive rights to stimulate the creation of inventions and works of art”). [↑](#footnote-ref-137)
138. .Hershovitz, *supra* note 14, at 198–99. [↑](#footnote-ref-138)
139. .*See* Fisher, *supra* note 133, at 169 (discussing legislatures’ balancing of a monopoly’s ability to incentivize inventors with its power to withhold innovation from the public). [↑](#footnote-ref-139)
140. .*Id.* at 170. [↑](#footnote-ref-140)
141. .*E.g.*, Ingersoll-Rand Co. v. Ciavatta, 542 A.2d 879, 887 (N.J. 1988). [↑](#footnote-ref-141)
142. .Univ. Pats., Inc. v. Kligman, 762 F. Supp. 1212, 1218–19 (E.D. Pa. 1991). [↑](#footnote-ref-142)
143. .17 U.S.C. § 304(c). [↑](#footnote-ref-143)
144. .*E.g.*, Guth v. Minn. Mining & Mfg. Co., 72 F.2d 385, 388 (7th Cir. 1934). [↑](#footnote-ref-144)
145. .*Ingersoll-Rand Co.*, 542 A.2d at 891 (explaining that the balancing test for analyzing IP assignment clauses, like noncompete clauses, is to weigh the “competing interests of the employee, employer, and the public”). [↑](#footnote-ref-145)
146. .*See, e.g.*,Milliken & Co. v. Morin, 731 S.E.2d 288, 296 (S.C. 2012) (explaining that the employer has a legitimate business interest in protecting its confidential information). [↑](#footnote-ref-146)
147. .*See* Solomons v. U.S., 137 U.S. 342, 346 (1890) (holding that the mere fact that an inventor is at the time of the invention in the employ of the employer does not transfer to it any title to, or interest in, it). [↑](#footnote-ref-147)
148. .Teets v. Chromalloy Gas Turbine Corp., 83 F.3d 403, 407–08 (Fed. Cir. 1996). [↑](#footnote-ref-148)
149. .*See, e.g.*, *Guth*, 72 F.2d at 387–88 (suggesting that assignment contracts are generally enforceable unless contrary to public policy). [↑](#footnote-ref-149)
150. .Pat. & Licensing Corp. v. Olsen, 188 F.2d 522, 525 (2d Cir. 1951) (“It is well settled than an agreement on the part of an inventor to assign inventions developed while in the employ of another is not inequitable, or unconscionable.” (citing Paley v. Du Pont Rayon Co., 71 F.2d 856 (7th Cir. 1934))). [↑](#footnote-ref-150)
151. .*E.g.*, McNeil v. Currie, 830 P.2d 1241, 1245 (Mont. 1992); Mosser Indus. Inc. v. Hagar, No. 20, 1978 WL 21734, at \*9 (Pa. Ct. Com. Pl. Jan. 11, 1978). [↑](#footnote-ref-151)
152. .Cal. Lab. Code Ann. § 2870 (West 2021); 765 Ill. Comp. Stat. Ann. 1060‌/2 (West 2020); Minn. Stat. Ann. § 181.78 (West 2021); N.C. Gen. Stat. Ann. §§ 66-57.1, .2 (West 2020); Wash. Rev. Code Ann. §§ 49.44.140, .150 (West 2021). [↑](#footnote-ref-152)