

# Labour Crisis and Employee's Invention: Need for Authoritative Legislation

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## Abstract

The dawn of industrialization was sustained by the protection of intellectual property rights on the basis that every man has the right to benefit from the fruits of his intellect and ideas. One of the mechanisms that have helped in the area of protecting ideas and inventions over the years has been the use of patents. Industrialization is made possible by good labour relations based on the continuous mutual adjustments of the respective interests and goals of the employers and employees. In order to avoid labour crisis and further industrialization, certain duties are implied by law between the employers and the employees. One of such duties as it concerns employees is the duty of faithful service which necessarily involves the disclosure of employee's inventions or discoveries to the employer where same was made in the course of his employment. Such disclosure however, raises the issue of proprietary right to its patent. As a result, the ownership of any patentable invention tends sometimes to generate some form of discord between the parties. The common law which originally provides for the rules in settling such discord is not all-encompassing and appears to be harsh on the employee. In order to maintain good relation, the Patents and Designs Act<sup>1</sup> has intervened with a view to filling the lapses at common law. However, the salving effect of the 'messianic-statute' is more than meets the eyes, since the statute is no more than a declaration of the common law principles. The essence of this article therefore, is to critically examine the statute vis-à-vis similar statutes in other common law countries and make the necessary recommendations.

**Keywords:** patent, intellectual property, invention, industrialization, labour relations.

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<sup>1</sup> Cap. P2, *Laws of the Federation of Nigeria*, 2004.

## Introduction

The word 'patent' is from the Latin word *patere* which means 'to lay open' (*i.e.* to make available for public inspection)<sup>2</sup>. The term 'patent'<sup>3</sup> is derived from the fact that the forms of grant were *literae* patent or open letter, being addressed to all whom they may come. While 'letters patent' were granted for a number of other purposes such as in the appointment of High Court judges or grant of mining rights, they were most frequently granted to inventors which eventually was used to describe inventors' monopoly.<sup>4</sup>

Patents originally were discretionary grants from a government authority. The work of defining the scope of the patent privilege was advanced more by administrative custom than by explicit law. In the late 18<sup>th</sup> century, full-blown patent laws appeared in

United States and France and were part of the revolutionary assertion of individual rights, thus breaking finally from the notion of royal prerogative. Full patent codes were adopted by many countries around the world by 1850, with Japan adopting western style before 1900. By the middle of 19<sup>th</sup> century, part of the problems in connection with invention includes: what inventions are patentable, the meaning of an invention, among others.<sup>5</sup>

In this wise therefore, different applicable laws had tried defining what an invention is, which admittedly is an elusive concept; and in order to make clearer the meaning, these laws set out what inventions are not patentable. This is based on the fact that some of these definitions relate to novelty rather than invention.<sup>6</sup> Our Patents and Designs Act does not attempt any definition.

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<sup>2</sup> When the Crown granted any right to an individual, it could do so by writing out a document to which its seal was appended. If anyone challenges that individual's right to do what was within the terms of his royal privilege, the holder of the document could show it to the objector by way of proof of his entitlement to do it. Such a grant was evidenced by 'letters patent' *i.e.* a document which was not sealed up, but rolled up, with the seal being appended at the bottom; it was thus open.

<sup>3</sup> Short for letters patent.

<sup>4</sup> J. Phillips & A. Firth, *Introduction to Intellectual Property Law*, 4<sup>th</sup> edn, Oxford University Press, Oxford, 2001, p. 1 *et seq.*

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<sup>5</sup> The earliest known grants of 'letters patent' was under the 'Venetian Statute' by the Italian province of Venice in the year 1474 and English 'Statute of Monopolies of 1623'. See generally, "History of Patent Law", Retrieved from [http://en.wikipedia.org/wiki/History\\_of\\_patent\\_law.html](http://en.wikipedia.org/wiki/History_of_patent_law.html), Last accessed on 20/05/12 at 2:41am.

<sup>6</sup> Between the UK Statute of Monopolies 1623 to Patents Act of 1949 invention has been defined as "any manner of new manufacture". A vague definition which may be regarded as providing a necessary condition without which something is not invention but which does little to help identify any given set of fact. S. 1 (1) Ghana Patents Law, No

In view of this fact, the problem of attempting a comprehensive definition of an invention has been judicially recognized in *Crossley Radio Corporation v Canadian General Electric Company Ltd.*<sup>7</sup> where Rinfret J. stated that “it would be idle to attempt a comprehensive definition. It is a question of a fact and degree depending upon practical considerations to a large extent that upon legal interpretation.” On the above premise therefore, this discourse proceeds on the presumption that invention is rather a matter of conception than definitive, hence, no definition is herein attempted. Help would be found by the exclusion of certain items which do not amount to an invention within the meaning of the Act.

### **The Concept of Invention**

The Oxford Advanced Learner’s Dictionary defines the term ‘invent’ as meaning “to produce or design something that has not existed before...”<sup>8</sup> It then goes further to

define ‘invention’ as “a thing or idea that has been invented...; the act of inventing something...”<sup>9</sup> Similarly, the Blacks Law Dictionary defines the term ‘invention’ as meaning “a patentable device or process created through independent effort and characterized by an extraordinary degree of skill or ingenuity; a newly discovered art or operation...”<sup>10</sup> It is submitted that the above definitions do not fully capture the essence of ‘invention’ in the context of granting of patents, because patents can be granted over something that has been produced before but later engineered to be applied in a different way in a manner that qualifies as an inventive process. Therefore, an attempt to precisely define an ‘invention’ is unhelpful for the present purposes. This was the stance taken by the Court in *Crossley Radio Corporation v Canadian General Electric Co. Ltd.*<sup>11</sup> in stating that:

It would be idle to attempt a comprehensive definition. In certain cases, the decision must necessarily be the result of nicety. It is a question of fact and degree...depending upon practical considerations to a

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305A, 1992 defined invention as “solution to a specific problem in the field of labour”. This definition is even vaguer. See B.A. Garner, *Black’s Law Dictionary*, Abrid. 8<sup>th</sup> edn., Thomson West, St. Paul – Minnesota, 2005, p. 947.

<sup>7</sup> (1936) D.L.R. 508.

<sup>8</sup> A.S. Hornby (ed.), *Oxford Advanced Learners’ Dictionary of Current English*, 7<sup>th</sup> edn, Oxford University Press, Oxford, 2006, p. 786.

<sup>9</sup> *Ibid.*

<sup>10</sup> B.A. Garner, *op. cit.* p. 685.

<sup>11</sup> *Supra.*

large extent rather than upon legal interpretation.

As against attempting to define what constitutes an ‘invention’ for the purposes of granting a patent, Section 1 of the Patents and Designs Act stipulates the circumstances under which an invention could be considered patentable. It stipulates that an invention is patentable if:

- i. it is new, results from inventive activity and is capable of industrial application; or
- ii. it constitutes an improvement upon a patented invention, and also, is new, results from inventive activity and is capable of industrial application.

The incidence of ‘newness’ seems to be cardinal in the contemplation of the Act. This is also called the incidence of ‘novelty.’ The newness of an invention is usually gauged against the ‘state of the art or existing knowledge based, and prior use.’ In further explaining the import of a new invention, the Act states that an invention is new if it does not form the state of the art, in other words, being part of the existing body of knowledge in the field concerned which has been made available in writing or orally to the public before the date the application

for patent was filed.<sup>12</sup> On the other hand, an invention is said to result from inventive activity if it does not obviously follow from the state of the art; as to the method, the application, the combination of methods, or the product which it concerns, or as to the industrial results which it produces.<sup>13</sup>

In any case however, under the Patents and Designs Act, scientific principles and discoveries are not classified as inventions for purposes of a patent application and grant.<sup>14</sup> Under section 1(1)(c) of the Act, an invention is said to be capable of industrial application if it can be manufactured or be used in any kind of industry, including being usable for agricultural purposes.

It is pertinent to point out that discovery is not synonymous with an invention.<sup>15</sup> This distinction is made necessary by the fact that under the Patents and Designs Act, only inventions are patentable.<sup>16</sup> It must however

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<sup>12</sup> Section 1(2)(a), Patents and Designs Act, *supra*.

<sup>13</sup> Section 1(2)(b).

<sup>14</sup> Section 1(5).

<sup>15</sup> *Lane-Fox v Kensington & Knightbridge Electric Lighting Co. Ltd.* (1891) 8 R.P.C. 277; *Reynolds v Herbert Smith & Co. Ltd.* (1913) 20 R.P.C. 123.

<sup>16</sup> This is in line with the position under article 27 of the TRIPs Agreement. The TRIPs Agreement refers to the World Trade Organization (WTO) Agreement on Trade Related Aspects of Intellectual Property Rights. It was signed by all WTO member countries in 1994 and covers all types of intellectual property including patents, copyright and trademarks. It requires intellectual

be stated that the Patents and Designs Act does not define the term ‘discovery’. Usually, inventions are seen as “an original solution of a technical problem.”<sup>17</sup> An invention can be a product or a process of making a product. For example, the European Patent Office (EPO)<sup>18</sup> has traditionally held that an invention must be ‘technical’ in order to be called a patentable invention, technical meaning as having technical character, or providing a technical contribution.<sup>19</sup> In other words, an invention is something which is ‘created’ by the inventor. On the contrary, making a discovery is revealing something which already exists in nature, but which has not yet been discovered. A mere discovery – which cannot be patented – is distinct from an invention because no inventive activity is

required to produce it. A discovery is, in other words, the mere knowledge about something existing in nature, whereas an invention implies the ability of a human being to use this knowledge in a technical way. Thus, Einstein could never have patented the famous law  $E=mc^2$ , nor could Newton have patented the law of gravitation. As confirmed by the US Supreme Court in the *casu celebra Diamond v Chakrabarty*,<sup>20</sup> “such discoveries are manifestations of ... nature, free to all men and reserved exclusively to none.”

### The Employee’s Invention at Common Law

Generally, under the Common law, the employee’s invention is deemed to belong to his employer with the consequent patent rights<sup>21</sup> based on the fact that, had the employer not set the employment in motion, the invention would not have been possible.<sup>22</sup> The Common law operates on the principle of ‘winner-takes-it all’ which

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property rights to be protected in all WTO member countries

<sup>17</sup> See A. Vanzetti & V. di Cataldo, *Manuale di Diritto Industriale*, Giuffrè, Milano, 2005, p. 331.

<sup>18</sup> The EPO provides a uniform application procedure for individual inventors and companies seeking patent protection in up to 37 European countries. It is the executive arm of the European Patent Organization. The latter is an intergovernmental organization that was set up on October 7, 1977 on the basis of the European Patent Convention (EPC) signed in Munich in 1973: it has two bodies, the above mentioned EPO and the Administrative Council, which supervises EPO’s activities.

<sup>19</sup> See the EPO case T 1173/97 *Computer Program Product v IBM*, decision of Technical Board of Appeal of July 1, 1998, OJ EPO, 199 @ 609.

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<sup>20</sup> *The Diamond v Chakrabarty* 447 U.S. 303 (1980).

<sup>21</sup> Hepple & O’Higgins, *Employment Law*, 4<sup>th</sup> edn., Sweet and Maxwell, London, 1979, p. 212.

<sup>22</sup> *British Reinforced Concrete v Lind* (1917) 34 R.P.C. 101; *Adamson v Kemsworth* (1932) 49 R.P.C. 57; *British Celanese v Moncrieff* (1948) Ch. 564.

supposes that the employee is not entitled to any reward for his invention beyond his contractual pay. Hence, it does not matter if the invention is remotely expected and of exceptional importance, because being a businessman and not a philanthropist, the employer engages in his undertaking in order to maximize profit, and he therefore expects his employees to produce the best they are capable of to boost his enterprise.<sup>23</sup> After all, it would be argued that the employer having fulfilled his own duties of provision of materials for work and remuneration for labour, it behooves the employee to fulfill his own corresponding duties of exercising reasonable skill and of faithful service without expecting anything in return beyond his contractual pay.

This general principle of Common law could be modified by the contract of employment. That is to say, if the contract says that the ownership of a patent in any invention be vested in either the employer or the employee, then the courts will have no option than to enforce the agreement of the parties.<sup>24</sup> This is based on the trite law that parties to a contract are presumed to

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<sup>23</sup> *Sterling Engineering Co. Ltd. v Patchet* (1955) AC 534.

<sup>24</sup> *British Celanese v Moncrieff* (1948) Ch. 564.

negotiate on equal footing.<sup>25</sup> The employer being at a vantage position<sup>26</sup> to pick and choose amongst the jobless population whom to work with is unlikely to be a signatory to a contract in which ownership of a patentable invention, however remotely connected with the employment, belongs to the employee-inventor.<sup>27</sup>

However, where the contract of employment is silent on the issue of ownership of patent, such is ascertained by the courts by looking at whether the invention is connected with the employee's work,<sup>28</sup> or whether the use of the invention would involve a breach of trust and confidence on the part of the employee, from the point of view of equity. Hence, according to Roxburgh J. in *British Syphon Co. Ltd. v Homewood*,<sup>29</sup> the question to ask is: "would it be consistent with good faith, as between master and servant, that he

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<sup>25</sup> *Lloyds Bank Ltd. v Bundy* (1975) Q.B. 326; *Williams v Walker Thomas Furniture Co.* 350 F. 2d 445 (1965); *James v Morgan* (1663)83 E.R. 323; *Earl of Chesterfield v Janssen* (1751)28 E.R. 82, (1751)2 Ven Sen 125; *National Westminster Bank v Morgan* (1985) A.C. 686; *Earl of Aylesford v Morris* (1873) L.R. 8 Ch. App. 484; *Cresswell v Potter* (1978)1 WLR 255; *Backhouse v Backhouse* (1978)1 WLR 243.

<sup>26</sup> Especially in a recessive economy.

<sup>27</sup> G.O.S. Amadi, "Employees Invention and the Contract of Employment", (1989-1990)4 *N.J.R.* pp. 59-69.

<sup>28</sup> *British Reinforced Concrete v Lind* (*supra*); *British Syphon Co. v Homewood* (1956) RPC 225.

<sup>29</sup> *Supra*

should in that position be entitled to make some invention in relation to a matter concerning a part of the plaintiff's business and... keep it from his employer, if and when asked about the problem?" If this is proved against the employee, then it does not matter if the invention was made at his expense and or in his spare time or even occurred just after the cessation of the employment.<sup>30</sup> Finally, where the contract is silent on the issue of ownership of patent, but the employer used the employer's time and materials, the invention belongs to the employer.

In any of the above circumstances, the employer is not bound at Common law to pay the employee anything beyond his contractual remuneration. Remuneration if at all payable can be categorized into two. The first involves compensating the employee for his invention which may turn out to be of immense financial benefits to the employer. The second concerns cases where the employee used his spare time and materials for the invention. This means paying the employee for using his extra-contractual time and defraying the cost of

the materials used for the invention.<sup>31</sup> However, it seems that the only situation where the employee's invention may belong to him at Common law is where he invents something by work which he is not paid to do (not connected with his employment), in his spare time, with his own materials and does not make use of his employer's trade secrets.<sup>32</sup>

### Employee's Invention under the Statute

The ownership of patentable invention under the Nigerian law is regulated by the Patents and Designs Act. Firstly, it is provided in the Act that the right to a patent in respect of an invention is vested in the statutory-inventor, whether or not he is the true inventor.<sup>33</sup> However, for the purposes of our discourse, only one section<sup>34</sup> is relevant. Hence, section 2(4) provides thus:

Where an invention is made in the course of employment or in 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

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<sup>30</sup> *British Celanese v Moncrieff (supra)*.

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<sup>31</sup> G.O.S. Amadi, *op. cit.*

<sup>32</sup> *Re Selz's Applications Ltd.* (1954) 71 RPC 188.

<sup>33</sup> Section 2(1), (2) & (3) of the Patents and Designs Act, *supra*.

<sup>34</sup> Section 2(4).

may be, in the person who commissioned the work;

Provided that, where the inventor is an employee, then:-

(a) if-

(i) his contract of employment does not require him to exercise any inventive activity but he has in making the invention used data or means that his employment has put at his disposal, or

(ii) the invention is of exceptional importance;

he is entitled to fair remuneration taking into account his salary and the importance of the invention; and

(b) the entitlement in question is not modifiable by contract and may be enforced by civil proceedings.

The substantive provision<sup>35</sup> is to the effect that the right to patent in the employee's invention belongs to the employer or the commissioner of the work, as the case may be, where such is made in the course of employment or execution of a specified work. That is to say, whether or not the inventor is an employee, whether or not he used his own materials, provided it was made in the execution of the specified work or in the course of the employment, the employer acquires ownership, and no remuneration is payable.

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<sup>35</sup> Section 2(4).

As aforesaid, this provision is declaratory of the Common law in codifying the same injustice to the employee applicable at Common law; hence, all the arguments in justification of the principle proffered under the Common law is applicable here. Hence, the essential element under the main provision is the element of "being made in the course of the employment or a specified work."

However, the harsh effect of the main provision is doused by the provisos.<sup>36</sup> Under the first paragraph of the proviso,<sup>37</sup> if the inventor is an employee, he will be entitled to a fair remuneration where his contract of employment does not require him to exercise any inventive activity and he does invent making use of the data or means his employment has put at his disposal. It seems here that if the employee's contract does not require him to exercise any inventive activity and he invented using his own materials, the invention belongs to the employer because he would have made that in the course of his employment, and hence no issue of remuneration will arise.

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<sup>36</sup> Section 2(4)(a).

<sup>37</sup> Section 2(4)(a)(i).



The second paragraph of the proviso<sup>38</sup> is to the effect that where the invention is of exceptional importance, the inventor-employee will be entitled to a fair remuneration. That it to say that for the inventor-employee to be entitled to a fair remuneration under the paragraph, the invention in question must be of exceptional importance otherwise no remuneration is payable.

However, it is importance to note that the provisos do not deal with the issue of ownership of a patentable invention, but are rather concerned with the issue of fair remuneration only. Hence, it has no effect on the main provision which deals with the issue of determining the ownership of such invention. This proposition is base on the trite law that a proviso cannot be read to alter the meaning of a substantive enactment where it is plain and not susceptible to more than one meaning.<sup>39</sup> It is further provided in the Act that the mode of calculating the remuneration payable will take into account the salary of the employee and the importance of the invention, and that the entitlement in question is not modifiable by

contract and may be enforced by civil proceedings. Essentially, under the provision, fair remuneration is payable where either invention is remotely expected<sup>40</sup> and the employee does invent with the means or data made available by his employment; or the invention is of exceptional importance.<sup>41</sup> Hence, apart from these two disjunctive circumstances, the issue of fair remuneration cannot arise under the Act.

Demonstratively, three circumstances can be envisaged under the provisos, namely

- i. where the contract of employment does not require exercise of inventive activity and the employee does invent without the use of the employer's materials;
- ii. where the exercise of inventive activity is required and the employee does invent with the employer's materials;
- iii. where the exercise of inventive activity is required and the employee does invent without the use of the employer's materials.

Strictly speaking, under the Act, in none of the above circumstances can the employee be fairly remunerated except where it is of

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<sup>38</sup> Section 2(4)(a)(ii).

<sup>39</sup> *Nabhan v Nabhan* (1967) 1 ALL NLR 47; *Anya v State* (1966) NMLR 62.

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<sup>40</sup> Contract of employment does not require exercise of inventive activity

<sup>41</sup> Whatever that might mean.

exceptional importance. Therefore, though the provisos are disjunctive in their applications and meanings, it can rightly be argued that the issue of “exceptional importance” should properly arise when the claim under the first paragraph of the proviso has failed, and to be fairly remunerated, the employee can argue his case under exceptional importance. Otherwise, the first paragraph would have been appropriate than the employee going through the rigours of proving that the invention is of exceptional importance to the employer.

## A Comparative Study of Other Common Law Countries

### (a) United Kingdom

The ownership of a patentable invention is regulated by the U.K. Patents Act, 1977. Generally, unlike the position in Nigeria, a patent for an invention is primarily granted, under the U.K. Patents Act, to the inventor or joint-inventors<sup>42</sup> *i.e.* the actual deviser of the invention.<sup>43</sup> Unlike our Act, the U.K.

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<sup>42</sup> Section 7(2)(a) U.K. Patents Act, 1977. It is important to note that grant of patent in an invention is different from the ownership of the invention; for though a patent grant may reside in one, ownership may vest in another.

<sup>43</sup> Section 7(3).

Act devotes four sections to the subject matter of ownership of an invention: (a) right to employee’s invention,<sup>44</sup> (b) compensation of an employee for invention,<sup>45</sup> (c) amount of compensation payable,<sup>46</sup> and (d) the enforceability of contracts relating to employee’s invention.<sup>47</sup>

Section 39 of the Act which deals with ownership provides thus:

- (1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if-
  - (a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or
  - (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the

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<sup>44</sup> Section 39.

<sup>45</sup> Section 40.

<sup>46</sup> Section 41.

<sup>47</sup> Section 42.

nature of his duties and the particular responsibilities arising from the nature of his duties he had special obligation to further the interests of the employer's undertaking.

- (2) Any other invention made by an employee shall, as between him and his employer, be taken for those purposes to belong to the employee.

Though the provision is to some extent declaratory of the Common law, it is rather clear-cut and unambiguous and interesting is the qualification in subsection 2 of the section 39.<sup>48</sup>

Under 'paragraph a' of subsection 1, for the invention to become the employer's, it must be made on the course of normal duties of the employee,<sup>49</sup> or in course of duties outside his normal duties which was specifically assigned to him,<sup>50</sup> and the two situations must be such that invention is

reasonably expected to result.<sup>51</sup> The provision will apply where an employee's duties include making an invention, for instance, where engaged in a research and development capacity. They would also apply where a workshop manager was given the task of trying to solve a particular problem with the employer's equipment and an invention is made; but it will not normally apply where, say, a clerical worker working for a manufacturing company devised an invention which improved his employer's assembly line and which has nothing to do with his normal course of duties and in respect of which he had not been assigned any relevant specific duties.<sup>52</sup> The terms of contract of employment, express or implied, will assist the court in determining whether the circumstances in which the invention was made fall into either of the above two categories.<sup>53</sup>

Finally, under the second paragraph, the invention belongs to the employer if made in the course of the employee's duties and the nature thereof is that the employee is

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<sup>48</sup> Any other invention not falling under section 39(1) belongs to the employee.

<sup>49</sup> And not necessarily what he undertakes on his own to do outside his normal duties, though with his employer's materials and in the course of his employment.

<sup>50</sup> Such that the invention will belong to the employee even if he undertakes to do that for the employer's interests but which was not specifically assigned to him.

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<sup>51</sup> This provision prevents the employer from taking advantage of what would ordinarily belong to the employee where such is remotely expected.

<sup>52</sup> D. Bainbridge, *Intellectual Property*, 4<sup>th</sup> edn., Longman, London, 2002, p. 4 *et seq.*

<sup>53</sup> *Electrolux Ltd. v Hudson* (1977) FSR 312; *Greater Health Board Applications* (1996) RPC 207.

expected specially to further the interests of the employer's undertaking. It can confidently be argued that under the U.K. Patents Act, determination of ownership of invention by usage of the employer's materials<sup>54</sup> and course of employment *per se* is no longer necessary. This is because of the fact that although an invention made in the course of normal duties necessarily arises in the course of employment, but not all invention made in the course of employment arises in the course of normal duties.<sup>55</sup>

Unlike the Nigerian position, the issue of fair remuneration is determined either by the court or the Comptroller-General,<sup>56</sup> and the criteria for assessing the remuneration payable is based on the benefits the employer has derived or is reasonably expected to derive from the patent among other factors.<sup>57</sup>

#### (b) Ghana

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<sup>54</sup> Though may be relevant in calculating the remuneration payable

<sup>55</sup> An invention made in the employee's break time is made in the course his employment, because it is incidental to his employment to go on break; but it does not arise in the course of his normal duties because he is on break from his normal duties.

<sup>56</sup> Section 40.

<sup>57</sup> Section 41.

The right to patent is regulated by Ghana Patents Law No. 305A of 1992. Just like the U.K. Patents Act, the right to grant of patent belongs to the inventor or joint-inventors as the case may be.<sup>58</sup> The criteria for determination of ownership are dealt with in S. 10 of that Law. Thus, for the invention made in the execution of a specified work or on contract of employment to belong to the employer,<sup>59</sup> it must be such that the express object of the work or employment is research or the exercise of inventive activity. However, the employee will only be entitled to a fair remuneration where the invention is of exceptional importance.

It is further provided in section 10(2) that the invention will belong to both the employer and the employee in equal shares where the employee in making the invention, made use of the employer's materials, installations or equipment.

#### Critique of the Nigerian Position

The provision of our law is without doubt clumsy and ambiguous. The first problem to encounter in the construing the provision is whether the main provision and the provisos

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<sup>58</sup> Section 8(1) & (2), Ghana Patent Law

<sup>59</sup> In the absence of any contractual agreement.

are dependent on each other or stand alone in their meanings and interpretations.<sup>60</sup> However, as aforesaid, they are independent in their meaning<sup>61</sup> since the import of the provisos is the issue of remuneration where made in certain circumstances and does not affect the main provision which import is plain enough to make it stand naked and alone. The main provision is merely declaratory of the Common law principle of “winner-takes-it all” where no issue of fair remuneration can be entertained. This provision perpetuates injustice to the employee such that the employer will lay claim on an invention made by the employee where it is remotely expected, whether with or without the employer’s materials; whether done in the course of his normal duties or not, provided it was made in the course of his employment,<sup>62</sup> and can only be fairly remunerated.

On the issue of fair remuneration, though such entitlement cannot be modified by any contract, it is interesting to note that the Act does not address the inequitable issue in which the employer can under the contract reserve the right to claim, without any

compensation, the employee’s unexpected invention, made with the latter’s materials and at his spare time and not connected with his work.

Secondly, the “paragraph” does not address the issue of how to determine when the employee uses data or means that his employment has put at his disposal. In this wise therefore, it seems that “employment” as used in the paragraph should refer to contractual duties which the employee was employed to do and not ones outside it, based on the trite law that a servant is not bound to undertake activities outside his contractual obligations.<sup>63</sup> Hence, it follows that means or data put at one’s disposal by his employment when construed in the light of his contractual duties will exclude any such means or data found outside the employee’s contractual duties which was used in making the invention. This is based on the fact that one’s employment put at his disposal means or data to be used in carrying out his work.

The argument here is that, the issue of fair remuneration in the first paragraph of the proviso seems to be concerned with where

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<sup>60</sup> G.O.S. Amadi, *op. cit.*

<sup>61</sup> *Nabhan v Nabhan (supra)*.

<sup>62</sup> The distinction between normal course of duties and employment having being made.

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<sup>63</sup> *Head of Federal Military Govt. v Public Service Commission & Ors. Ex Parte Maclean Kubeinje* (1974) 11 SC 79.

the employee was not employed to exercised any inventive activity, but invention is reasonably expected to occur, and means or data are deliberately, and not by chance, put at the employee's disposal for the purpose of carrying out his work. For it will be ill-argued that an employer, having regard to the mentality of profit and loss in the business world would for the purpose of invention, put data or means at the disposal of an employee whose contractual duties cannot possibly lead to any invention.<sup>64</sup> The paragraph admittedly is an ambiguous piece of legislation.

Thirdly, the second paragraph of the proviso is not without its own problem. The ambiguity inherent here lies on how to determine when an invention is of exceptional importance and whether exceptional importance refers to when the employee is employed to invent or when invention is remotely expected. However, it has by suggested<sup>65</sup> that the determination of what is of exceptional importance may be approached from the point of view of materialism (financial benefits) or intellectualism (relating to particular time, space and facilities available).

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<sup>64</sup> G.O.S. Amadi, *op. cit.*

<sup>65</sup> *Ibid.*

## Recommendations

Having assessed the lapses in our law vis-à-vis two other Common law countries, our recommendations herein are as follows: the issue of grant of patent right in our law should be revisited to vest such right in the inventor and the not statutory-inventor who may or may not be the actual inventor.<sup>66</sup> This is to keep to term with what is in accordance with common sense and equity as obtainable in other jurisdictions namely, UK and Ghana.

Secondly, the issue of ownership of an invention in our law is rather ambiguous and perpetuates injustice. It is suggested that the criteria for determining ownership under our law should go beyond the issue of course of employment to whether such invention was made in the course of normal duties of the employee and whether invention is reasonably expected to result; or better still, whether the employee was employed for research or to exercise inventive activity. Any other invention made outside the above circumstances should rightly belong to the

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<sup>66</sup> It is not enough naming the true inventor in the invention where he is not the statutory-inventor.



employee and no issue of fair remuneration would arise.

Thirdly, in the light of what has been suggested above, though the invention may belong to the employer by virtue that the employee was employed to exercise inventive activity or invention is reasonably expected, it will be inequitable to leave the employee without any compensation where the invention is of exceptional importance and made in the spare time of the employee, with his own materials. If this is allowed, it will amount to bringing through the back door the Common law principles which has been pushed out through the front door. Hence, it is the suggestion here that fair remuneration should only arise where the employee was employed to exercise inventive activity or invention is reasonably expected to occur and the invention is of exceptional importance.<sup>67</sup> These suggestions render the first paragraph of the proviso unnecessary and attach issue of fair remuneration only to where the invention is of exceptional importance and accordingly removes the ambiguity inherent in the

paragraph as to when the issue of exceptional importance should arise.<sup>68</sup>

Fourthly, criteria for ascertaining what is of exceptional importance should be provided; and this should preferably be based on the “materialism approach” and with respect to the particular employer concerned and not any other. This is based on the fact that the employer, being a businessman who wants to maximize profits, exceptional importance should be assessed from his stand point on the financial benefits accruing to him from the invention. It is inequitable for him to pay for an invention which may be of exceptional importance to the society at large or another employer but which might be of little importance to him. Furthermore, the criteria for assessing the remuneration payable based on the employee’s salary and the importance of the invention may work injustice to the employee based on the fact that his salary may be low and the income yield of the invention may not be

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<sup>67</sup> this is the aged long effect of equity on law

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<sup>68</sup> The ambiguity on whether exceptional importance relates to when the employee is not employed to exercise any inventive activity and he does invent what is of exceptional importance or where he was employed to so exercise and he does invent what is of exceptional importance.

immediately known when determining the importance of the invention.<sup>69</sup>

It is suggested that the remuneration should be fixed by a neutral body set-up by law based on the benefits which the employer has derived, or may reasonably be expected to derive from the annual profits of the invention. In this wise therefore, it is suggested that assessment of remuneration payable which is left presumably to the employer should be reversed and vested in body to be set up by law or by the court as obtainable in the UK Act.

Finally, the Act made no provision with respect to ownership of non-patentable invention in the contract of employment, may be because the Act is mostly concerned with intellectual property rights which are protectable under it, in this wise patentable, and not exclusively concerned with labour. On this premise therefore, it suggested that the Labour Act<sup>70</sup> should be amended to include the determination of the right to ownership of non-patentable invention in a contract of employment. In determination of such right, it is suggested that the

recommendation herein made under patentable invention will be of help.

## Conclusion

A major purpose of any legislation in the field of contract of employment is to maintain good labour relation while avoiding crisis, or at least to reduce to the barest minimum, the Common law vestige of superiority-inferiority complex in the modern contractual relationship. In spite of the presumption that parties to a contract of employment negotiate on the same pedestal, the underdog status of the employee is never in doubt. The reason for this is not far, if could be remembered that the contract of employment at common law is founded on the master/servant philosophy; a philosophy that smacks of feudalism and savours of the psychological superiority-inferiority complex.<sup>71</sup> The essence of every law is justice; and justice is mingled with equity, hence legally inseparable. It is thought that the Patents and Designs Act should have done just that in regard to the issue of ownership of employee's patentable invention. Having failed to achieve its essence therefore, though understandably was made by the military, a call for its

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<sup>69</sup> F.O. Babafemi, **Intellectual Property: The Law and Practice of Copyright, Trade Marks, Patent and Industrial Designs in Nigeria**, Justinian Books Ltd, Nigeria, 2006, p. 342.

<sup>70</sup> Cap. L1, *Laws of the Federation of Nigeria*, 2004

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<sup>71</sup> G.O.S Amadi, *op. cit.*





amendment is hereby made in order to foster industrialization as it concerns labour.  
good labour relations and promote

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