

New York Limits Employee Invention Assignment Provisions

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Governor Kathy Hochul signed a bill into law last month that amended the New York State Labor Law by adding a new section (203-f). The law prohibits any clause in an employment agreement that requires employees to assign their inventions to their employer if the employee created them on their own time and without using the employer's resources or trade secrets.

Specifically, the law states “[a]ny 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.”

The law does not apply to inventions that at the time of conception or reduction: (i) relate to the “employer's business or actual or demonstrably anticipated research or development of the employer; or (ii) result from any work performed by the employee for the employer.”

Noticeably, the law does not create a private right of action. Still, the law does deem any provision in an employment agreement that is outside the scope of this law as unenforceable and against public policy.

3 Steps Employers Should Take Next

This labor law has already gone into effect, so employers should do the following:

1. Revise their employment agreements to ensure that they comply with this law.
2. Define and safeguard their trade secrets and ensure that they are confidential and not accessible to the public.
3. Consider requiring employees to disclose prior inventions when they are hired.

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