Allocations of Ownership of Inventions in Joint Development Agreements — The Malaysian Perspective

by Timothy Siaw

Since the paper by Mr. O'Reilly appearing earlier in this issue of les Nouvelles very thoroughly sets out the US position on the hypothetical case, I will only highlight where there are differences in Malaysia.

INVENTIONS MADE BY EMPLOYEES

Unlike in the US, an invention made by an employee who had used data or means placed at his disposal by the employer accrues to the employer even if his contract of employment does not require him to engage in any inventive activity. The employee will be entitled to equitable remuneration that may be fixed by the Court.

An inventor's right to further remuneration in the event that the invention acquires an economic value much greater than the parties could have reasonably foreseen at the time of concluding of the contract of employment or the execution of the work cannot be restricted by contract.

ASSIGNMENT OF INVENTIONS FROM EMPLOYEES TO EMPLOYERS

The Patents Act provides that the rights to a patent for an employee's invention "accrues to" as compared to "deemed to be transferred" the employer. For the avoidance of doubt, employers should include a clause in the employment contract for an automatic assignment of legal title to itself of all rights and patents to the inventions that are made by its employees.

ALLOCATIONS OF RIGHTS TO THE RESULTS OF R&D

The various permutations set out in Mr. O'Reilley's paper are also possible in Malaysia:

- Allocation of all ownership rights to one party who will license the other.
- Creation of a separate entity to own all the rights.

An entity resident in Malaysia must not file an application outside Malaysia within 2 months of filing in Malaysia without the permission from the Registrar. Malaysia is not yet a PCT member.

- Allocation of ownership by employment/subject matter.

Separate the individual contributions made by employees of the parties into separate patent applications.

EXPLOITATION OF THE RESULTS OF R&D

Under the Patents Act, in the absence of any agreement to the contrary, joint owners of a patent application or patent may, separately,

- assign or transmit their rights or
- exploit the patented invention or
- take action against an infringer

but may only jointly

- withdraw the patent application,
- surrender the patent or
- conclude a licence contract

INFRINGEMENT PROCEEDINGS

Any licensee, may, if he proves that the owner of the patent refuses or fails to institute legal proceedings against an infringer within three months of receipt of the licensee's request, may institute proceeding in his own name. Notwithstanding the 3-month notice period, the Court may grant an appropriate injunction to avoid substantial damage upon application by the licensee.

PATENTED PROCESS AND THE PRODUCTS OF THE PROCESS

The exclusive rights in relation to a patent in respect of a process includes the exploitation i.e. making, importing, offering for sale, selling or using the product obtained directly by means of the process.

IMPLIED TERMS AND CONDITIONS

Under the Sale of Goods Act and common law, unless expressly excluded, it could be implied that the purchaser of a patented product has also been granted the licence to use any patented system necessary for the use or enjoyment of the product.

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