

# PUBLICATION

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## Who Owns the Invention?

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**The process of drilling for and producing hydrocarbons can be highly technical. Companies who employ state-of-the-art technology for oil and gas operations enjoy a competitive advantage. As a result, many oil companies and service companies have become increasingly diligent in protecting patentable inventions.**

In some instances, a dispute may arise between an oil company and an employee concerning ownership of an invention. An example of this is discussed in the case of *Preston v. Marathon Oil Co.*, 684 F.3d 1276 (Fed. Cir. 2012). This case involved a pumper who worked for a subsidiary of Marathon Oil Company in Wyoming. The pumper worked in the Powder River Basin where coal bed methane is being produced.

The pumper conceived of a downhole baffle that was designed to reside within an annular region formed between a string of production tubing and a surrounding casing string. The baffle is designed to reduce a condition known as "gas lock." There was some question at trial as to whether the pumper conceived of the invention before or shortly after his employment with the Marathon company began. The employee's evidence of invention prior to employment was very weak and was uncorroborated. Nevertheless, the employee argued that he owned his invention because his original employment agreement said nothing about the ownership of intellectual property.

Marathon argued that the employee had signed a post-employment assignment of intellectual property rights, including an assignment of "all inventions, discoveries, developments, . . . and any other work product made or conceived by EMPLOYEE during the term of employment with MARATHON . . ." Under Wyoming law, continued employment is adequate consideration for a post-employment assignment of intellectual property rights.

The Federal Circuit held that Marathon owned the invention. The court stated that "because the assignment clause in the April Employee Agreement states that the employee agrees to 'hereby assign' all 'Intellectual Property,' it is an express assignment of rights in future inventions that automatically assigned rights to Marathon without the need for any additional act."

The lesson to be learned is that any employee of an oil company or service company who might be in position to contribute to the technical know-how of the company should be required to sign an IP assignment at the time his or her employment commences. The contract should include the phrase "agrees to assign and does hereby assign all rights in and to any inventions conceived during the term of employment related to or in furtherance of the business of the company."