

# Ownership in work-product IP: how to avoid pitfalls

**I**ntellectual property rights have become increasingly valuable assets for many companies and are often critical to their competitiveness. Therefore, it has become crucial for companies to secure ownership in IP assets created by employees in the course of their employment.

In spite of this, many companies have overlooked this issue and failed to ensure that necessary agreements are put in place and that employees are properly informed of their rights and obligations with respect to IP assets created while working at the company and after their employment terminates. Often this is because management rarely understands IP and is unaware that steps need to be taken to safeguard the company's rights in IP created by employees.

Consequences from such an oversight, however, can be catastrophic.

While a healthy body of IP legislation exists in Thailand governing the employee/employer ownership of work-product IP, in some cases the established rules create presumptions that adversely

affect an employer's right in work-product IP created by employees. Generally speaking, presumptions of ownership created by most Thai IP legislation favour the employee-creator, unless agreements deviating from the presumptions exist.

For copyrightable work, the ownership of copyright belongs to the employee-creator of that work, unless the employer and employee agreed otherwise in writing. Hence, unless there is a written agreement to the contrary, the employee owns the copyright during the course of his employment. In contrast, if a person, i.e., an independent contractor, is commissioned, the copyright in that work belongs to the employer, unless the parties agreed otherwise.

Getting copyright ownership straightened out is particularly important in the case of software and creative businesses because copyright provides the primary, if not the only, protection for these types of work. Additionally, as companies increasingly resort to copyright protection to protect industrial

designs in the absence of design patents, management must treat the IP ownership issue with care.

As for a patentable inventions or designs that has been created by an employee within the scope of his employment or a commissioned work, unless there is a written agreement to the contrary, the right to apply for the patent belongs to the employer. Even where the employment contract does not require the employee to engage in any inventive activity, the right to apply for the patent belongs to the company if the employee has created the invention using any means, data or report that were available to him through his employment.

However, the employer needs to ensure the co-operation of employee-inventor in applying for a patent. Ideally, this obligation to co-operate should continue not only while the employee-inventor works at the company, but also after termination of his employment. Additionally, employers should note that the Patent Act confers a right on an

employee for extra remuneration where an employer benefits from his invention.

With regard to trade secrets, such as a company's know-how and commercial information that are kept confidential, the Trade Secrets Act defines the "owner of a trade secret" as the person who discovered, invented, compiled or created the trade information that is a trade secret. The creation of a trade secret in the context of an employment relationship is not specifically addressed. Therefore, unless there is a written contract that clearly defines the parameters of ownership, it is arguable that an employee who has devised proprietary information or knowledge amounting to a trade secret could be regarded as the owner of that IP.

Ambiguities in various pieces of IP legislation in respect of employer-employee ownership of work-product IP and the statutory presumptions favouring the employee-creator of the work warrant careful treatment of ownership in the employment agreement. Moreover, most IP laws

require that an assignment of IP asset be in writing and signed by both the assignor (employee-creator) and the assignee (employer).

It is common for an employee to feel that his intellectual creation should remain his property, as opposed to the property of the company. Therefore, a conflict could easily arise where an employee has not been informed of his rights in advance.

Employers should carefully review and revise their employment agreement to protect their rights to IP and ensure that all necessary assignments are executed and legal formalities followed.

Most importantly, prospective employees should be aware of the company's policy and their rights and obligations before deciding whether or not to accept employment.

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