INTELLECTUAL PROPERTY RIGHTS IN EMPLOYMENT RELATIONS UNDER NIGERIA LAW: UNTYING THE GORDIAN KNOT

David T. Eyongndi[♣]
Oluwakemi A. Dawodu-Sipe[♦]

Abstract
In an employment contract, the employee offers his labour in exchange for wages from the employer. In the course of the employment, the employer is duty-bound to provide the employee with tools and necessarily implements as well as a conducive environment to work. During the subsistence of the contract, or immediately after, it is possible for the employee who has conceived an idea to birth an invention. Where this happens, the issue of intellectual property right arises. Between the employer and the inventor-employee, who is the owner of such an invention? Where the employment contract makes provision for ownership, the issue is settled as pacta sunt servanda prevails however, if it is silent, the quagmire is hazy. Would it make any difference if the invention is a product of the employee's spare time or made from materials personally sourced by the employee? This paper adopts doctrinal research methodology in examining these issues by interrogating the common law and statutory position on the subject. It examines ownership between an independent contractor and the person who contracted the work resulting to the invention. It found that the common law position protects capital against labour while the statutes lay down general rules to regulate such inventive endeavours. The paper through recommendations, suggest an equitable meeting point on the issue of ownership of invention as between the employer and the employee invented during or immediately after the determination of the employment contract.
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Introduction

In an employment contract, the employer usually employs the employee who in exchanged for agreed wages, offers his labour or services to the employer.[1] This employment relationship, creates reciprocal rights and duties between the parties.[2] Customarily, the employer has the duty of providing the employee with all necessary

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♣ David T. Eyongndi, LL.B (Hons.) UNICAL, LL.M (Ibadan) BL, Lecturer, Department of Private and Commercial Law, Faculty of Law, Bowen University, Iwo, Osun State, Nigeria. Email: eyongndidavid@gmail.com Phone Number: +2347033252212. David Eyongndi is at present a Doctoral Candidate at University of Ibadan and his areas of research interests are in International Commercial Arbitration and Labour and Industrial Relations Law.

♦ Oluwakemi A. Dawodu-Sipe, LL.B (Hons.) (Ibadan) LL.M (Ibadan) BL, Email: kemmydake@yahoo.com Phone Number: +2348037475514. Oluwakemi A. Dawodu-Sipe is at present a Doctoral Candidate at University of Ibadan.

[1] Okoro, C. Barnabas, *Law of Employment in Nigeria,* Lagos, Concept Publications Ltd., 2013, P. 12.

[2] Elizabeth A. Oji and Offornze, O. Amucheazi, *Employment and Labour Law in Nigeria,* (Lagos, Mbeyi and Associates (Nig.) Ltd., 2015) 13.

tools and implements for the performance of his/her job.[3] While the employee on the other hand is expected to use the tools and implements to the highest benefit of the employer, is under a duty of fidelity not to benefit at the expense of the employer.[4] During the subsistence of the employment contract, the employee is expected to deploy his skill, knowledge and expertise to the benefit of the employer who has so engaged him/her.[5] The employee, no matter how engaged, cannot be sequestrated from the benefit of having "spare time" which he can used for productive ventures. When an employer hires an employee, it does so with the intention that the employee will advance its socio-economic fortunes while also actively seeking his own economic and career progress.[6]

In the course of the employment or immediately after, it is possible for the employee to make a discovery or an invention which is pecuniary beneficial. Where this happens, several legal issues bothering on intellectual property emerges. Foremost is, the issue of ownership of such a discovery or invention as between the employer and the employee.[7] Where the employment contract clearly makes provision for the ownership of such discovery or invention, the issue is regarded as settled because the agreement between them prevails on the principle of *pacta sunt servanda.*[8] However, if the contract is silent on it, it becomes controversial as both parties may seek to assert their right to ownership. Would the fact the discovery or invention was made from materials solely provided by the employee using his spare time vest the ownership in him? If such an invention is not connected to the work engagement of the employer, would this not vest the ownership in the employee? How can balance be created between the contending interests of labour and capital? To what extent should the remuneration of the employee be countenance in deciding ownership of an invention by the employee in the course of his/her employment? These issues form the crux of this article.

This article is divided into five sections. Section one contains the general introduction. Section two contains a succinct discussion on the subject of intellectual property rights. Section three discusses on a comparative basis the various rules on ownership of intellectual property arising from the course of employment. Section four contains a discussion of ownership intellectual property in relation to an independent contractor while section five contains the conclusion and recommendations.

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[3] *Collier v. Sunday Referee Publishing Co.* (1941) 2 K.B 647 at 650.
[4] Emiola, A. *Nigerian Labour Law*, 4th ed., Ogbomosho, Emiola Publishers Ltd., 2008, Pp. 79-85.
[5] Agomo, C. Kanu, *Nigerian Employment and Labour Relations Law and Practice*, Lagos, Concept Publications Ltd., 2011, P. 68.
[6] Femi Daniel, *Introduction to Computer Law in Nigeria*, Lagos, Ink-Spire Ventures Ltd., 2015, P. 107.
[7] Elizabeth A. Oji and Offornze, O. Amucheazi, (No. 1) *Op. cit.* Pp. 133-134
[8] *Barclays Bank Plc. v. Ente Nazionale di Previdentialza Ed Assistenzadei Medicie DegliOdontoiatri* [2015] EWHC 2857 (Comm.).

contrary to public policy or morality. The person who is first to file for patent, whether he/she is the true inventor or not, is the one the patent is vested in.

Thus, in the course of employment, an employee's inventive capability could be explicated and protected through any of these mediums.

2. Ownership of Employee Invention at Common Law

This section of the paper analyses the ownership of an invention by an employee during the course of his employment. It is apposite to note that the common law principle of copyright ownership, is that the creator of the product of intellectual labour is the first owners of the property rights subsisting in the work.[25] There could be no assignment or assignor of this right except with the consent of the owner, a court order or legislative intervention.[26] This position is *in tandem* with the provisions of section 9 (1) of the Copyright Act[27] which recognises the author's first ownership of his work.

The ownership of the employee's invention at common law is approached from various angles. Generally, at common law, the employee's invention belongs to the employer.[28]In *British Syphon Coy Ltd. v. Homeward*[29] the defendant was employed by the plaintiffs as their chief technician to advise them on all technical matters relating to their business, which included the manufacture of soda water syphons. He was in charge of design and development until 3rd day of May 1955. From that period up until 30th September 1955, he was employed in a different capacity. Before 3rd May 1955, the defendant designed and formed the intention of applying for letters of patent relating to an improved form of soda water syphon. On 30thAugust 1955, he applied for letter of patent in relation to the invention. The plaintiffs claimed an order that the defendant should assign his interest to them

The Court held that the defendant was liable to transfer the patent to the plaintiffs because doing so was not inconsistent with good faith as between master and servant and it would be against reasonable expectations to allow the defendant to make an invention in relations to a matter pertaining to his employer's business and to dispose of it as he/she deems fit. Such an employee has a duty not to put himself in a position in which he would have personal reasons for not giving to the employer the best possible advice and services. In coming to this conclusion, Roxburgh J. posed the question that:

> Would it be consistent with good faith, as between master and servant, that he should be entitled to make invention in relation to a matter concerning a part of

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[25] Femi Daniel, *Introduction to Computer Law in Nigeria*. Lagos, Ink-Spire Ventures Ltd., 2015, P. 110.
[26] *Ibid.*
[27] Copyright Act Cap. C28 LFN 2004.
[28] *British Celanese v. Moncrieff* (1848) Ch.564.
[29] (1956) 2 All E.R. 89.

> the plaintiff's business and... keep it from his employer, if and when asked about this problem?

This decision explicates the elastic nature of the employee's duty of fidelity and faithful service to his employer. This duty enjoins the employee to use his best of skill and knowledge to promote and safe guard the socio-economic interest of his employer.[30] Particularly since the invention formed part of the employee's contractual obligation. In *British Reinforced Concrete Co. Ltd. v. Lind*[31] the defendant was employed by the Plaintiff in their drawing office to workout designs and calculations for tenders for supporting roofs of mine. While doing this, he worked out a method more satisfactory than that used by his employers. With full knowledge of his employers, he obtained a patent to which his employers laid claim. Eve J. held that as the Defendant was employed to work out solution to this problem, he was bound to produce the best solution of which he was capable. Thus, the patent belongs to the employer.

It is contended that the duty of fidelity placed on the employee to disclose information that comes to his or her knowledge in the course of the employment, once carried out, should exculpate the employee of any wrongdoing. In the instant case, the court did not consider the fact that the application for the patent was done with the knowledge of the employer who could have stopped it but fold its arms and wait for it to be granted then contest it subsequently. The court seems to be taking the position that once the invention is connected to the employer's work, knowledge of the fact of the invention and steps taken by the employee to retain the ownership, is immaterial. If the employer has acted in a way that is suggestive of his bequeathed of the invention to the employee, having been informed of same, an action seeking to transfer whether the patent or copyright to him is *mala fide* and therefore, should not be countenanced.

In deciding whether the invention formed part of the employee's contractual obligation so as to vest its ownership in the employer, recourse must be had to the status of the particular employee, whether he is a specialist in the concerned field expected to engage in such an activity capable of resulting in the invention in issue.[32] Thus, for the invention to belong to the employer, it must be of a nature that it is akin to the employer's work, where it is incidental, the fact that the employee used the time and material of the employer in birthing it will not vest its ownership in the employer as it is not an expected outcome of the employer's work.[33]

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[30] See *Secretary of State for Employment v. A.S.L.E.F.* (No. 2) (1972) 2 Q.B. 455.
[31] (1917) 116 L.T. 243.
[32] Agomo, C. Kanu, *Nigerian Employment and Labour Relations Law and Practice*, Lagos, Concept Publications Ltd., 2011, P. 126.
[33] Babafemi, F.O.B. "The Nigerian Patent Law: A Critical Analysis" Vol. 7, *Nigeria Journal of Constitutional Law*, 1976, Pp. 48-50.

copyright relates to the publication of the work in any newspaper, magazine or similar periodicals; or to the reproduction of the work for the purpose of its been so published; but in all other respects, the author shall be the first owner of the copyright in the work.[40]

The summary of the above is that, under the Act, ownership of an invention is vested in the statutory inventor.[41] However, where the inventor is an employee and it arose from the course of his employment, the ownership is vested in the employer, if it is a commissioned work, the commissioner as opposed to the inventor, is the owner.[42]

4. Independent Contractor and Ownership of Invention

For the position under common law to be applicable, it must be established that a contract of service subsists between the parties. Independent contract works under a contract for service and therefore, not subject to the control of the hirer/employer. Where an invention is made during work, for its ownership to be determined, the nature of the work relationship must first and foremost, be ascertained. The importance of this cannot be overemphasised. The importance of this distinction was established in *University of London Press Ltd. v. University Tutorial Press Ltd.*[43] in this case, two visiting lecturers decided to get their books published. They used examination questions and models answers they had set while working part-time with the plaintiff university to convey their points. The plaintiff felt they were under contract of service and as such, works made during the course of their engagement, belonged to it. The court discountenanced the plaintiff's action asserting ownership of the defendants published book using material made in the course of working for it. Because of its importance in illuminating the issue being discussed, the position of the Court is reproduced *in extenso* hereunder.

> The meaning of the words 'contract of service' has been considered on several occasions, and it has been found difficult, if not impossible, to frame a satisfactory definition for them. In Simmons v. Health Laundry Co. *supra,* in which the meaning of these words in the Workmen's Compensation Act, 1906, was discussed, Fletcher Moulton LJ pointed out that a contract of service was not the same thing as a contract of service, and the existence of direct control by the employer, the degree of independence on the part of the person who renders services, the place where the service is rendered, are all matters to be considered in determining whether there is a contract of service. As Buckley LJ indicated in the same case, a contract of service involves the existence of a servant, and imports that there exists in the person serving an obligation to obey the orders of the person served. A servant is a person who is subject to the command of his master as to the manner in which he shall do his work. A person who is employed by a company at a fixed annual salary to supply weekly articles for a

[40] *Ibid.* Section 9 (3) Copyright Act Cap. C28 LFN 2004.
[41] *Ayman Enterprises Ltd. v. Akuma Industries Ltd. & Ors.* [2003] 12 NWLR (Pt. 836) 22.
[42] *Patkun Industries Ltd. v. Niger Shoes Manufacturing Co. Ltd.* [1988] 5 NWLR (Pt. 93) 138.
[43] (1916) 2 Ch. 601.

> periodical is not a servant within section 209 of the Companies Consolidation Act, 1908... in the present case the examiner was employed to prepare the paper on the subjects in respect of which he was appointed examiner. He had to set papers for September 1915 and January and June 1916, and his duty also comprised the perusal of the student's answers, and the consideration of the mark to be awarded to the answers or this, he was to be paid a lump sum. He was free to prepare his questions at his convenience so long as they were ready by the time appointed for the examination, and it was left to his skill and judgment to decide what question at his convenience so long as they were ready by the time for the examination, and it was left to his skill and judgment to decide what questions should be asked, having regard to the syllabus, he book work, and the standard of knowledge to be expected at the matriculation examination... in my judgment, it is impossible to say that the examiner in such circumstances can be appropriately described as the servant of the University, or that he prepared these papers under a contract of service.[44]

The above decision laid too much emphasis on the presence of "control" which was espoused by Bramwell L.J. in *Yewen v. Noakes*[45] and adopted by the Nigerian Court per Streatfield J in *Dola v. John*[46]to the effect that "who has the right at the moment to control the manner of the execution of the acts of the servant"[47] The degree of control may vary with the nature of the duty or duties involved. The test is only useful in relation to simple relationship where the master is deemed to be in possession of superior knowledge and skill and can therefore, dictate the manner in which the work is to be done. In situation where the worker possesses commensurate or superior skill and knowledge as in professionals, the test is inadequate.[48]

In *Performing Rights Society Ltd. v. Mitchell and Booker Ltd.*[49] the defendants were sued for the breach of copyright by a jazz band whose liability depended on the band members being their employees, which they alleged to be. The judge concluded that the task involved, the freedom given, the importance of the contract amount, the way it was going to be paid and the powers of dismissal all play a critical role in determining the status of an employee.[50]

While it is the case that an independent contractor works for himself, but it is difficult to dichotomise between his work and that of a contractor. The independent contractor is usually "commissioned" to use his tools and skill and knowledge to execute the job. For a commissioned work to belong to the commissioner at first instance, it must be created in pursuance of the commission. In *Appeal Corps Ltd. v. Cooper*[51]it was held that the act of commissioning must come before the creation of the work, imposing an obligation to pay for

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[44]Gopalakrishnan, N.S. and Agitha, T.G. *Principles of Intellectual Property*, Delhi, Eastern Book Co., 2014, P. 326-327.
[45](1880) 6 QBD 530.
[46](1973)1 NMLR 58.
[47]*Atedoghu v. Alade* (1957) WNLR 184.
[48]*Gold Essex v. County Council* (1942) 2 All ER 237.
[49] (1924) 1 KB 762.
[50]*Gould v. Minister of National Insurance* (1951) 1 KB 731.
[51] (1993) FSR 286.

the work, prior to its creation. What this means is that where an independent contractor is commissioned to perform a job, any invention resulting pursuance to the commissioned work, belongs to the commissioner and not the contractor. It is not the case that there must be subsistence of an employer employee status. Also, where there is an agreement to pay for a design provisional upon it being liked by the person, alleging that it was created under commission will not make the design to fall within the provisions of commissioned work as was held in *Sales v. Stromgberg*[52]

One other aspect that has an interesting dimension to the issue of ownership of intellectual property right arising from employment relationship, is that of academic research endeavour. It is common knowledge that lecturers are mostly, employees of the various universities they work in. Primarily, a lecturer's work consists of teaching and research, in the course of these, a lecturer could come forth with an invention and the issue of ownership could arise. It is also possible for a lecturer to write a book or other publication as a result of his teaching and research in the university in the course of his/her employment. The patent or copyright in such a work, as a rule, under the various intellectual property rights regulatory statutes discussed above, resides in the statutory inventor, who in this case is the lecturer and not the University. This is so despite the employer-employee relationship. Once a lecturer fulfils his obligation of research and teaching, whatever outcome, in form of an invention, a book written, cannot belong to the university as the ownership resides in the person who wrote the book or made the discovery. In fact, it has become a norm not to see any university asserting ownership over such intellectual rights of their staff but to rather encourage them to do more as the glory finally goes to the university in form of goodwill and reputation while the pecuniary benefits goes to the concern staff.

The above notwithstanding, it is doubtful, whether where a university commissioned its lecturers to write a book, for instance a book of readings for its students, the staff can lay claim to the copyright ownership in the book. It such a situation, *ab initio,* it is obvious that it is at the instance of the university that the book was written and not the lecturer (s) who actually wrote it. Such commissioned work, its ownership will reside with the commissioner however, the employees who undertook the task of writing the book, would be entitled to commission for their intellectual efforts. A seemingly hazy issue, is where a university builds a laboratory, provides funds and materials for research wherein an invention is made, considering the resources expended, would such an invention belong to the inventor or the institution? Or consider the position of those employed to engaged in intellectual activities in research institutes where inventions are the expected outcome, would such be owned by the researcher or the institute? In these scenarios, the lecturers/inventors have always been the ones in which ownership, whether in form of copyright or patent resides as a means of encouragement of scholarship. Aside this, the provisions of both the Copyrights Act and Patent and Designs Act, permits the statutory inventors to be the owners unless otherwise stated which the case in academics is never.

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[52] (2006) FSR 89.

5. Conclusion and Recommendations

An employment contract, creates right and obligations between the parties. As the employee executes the work of the employer, it is possible for creativity to come forth through the inventions. Such an invention, is usually of economic benefit to the employee as well as the employer. Where this happens, the issue of its ownership comes forth. At common law, the general rule is that whatever the employee invents in the course of his employment, which is connected to the employment, belongs to the employer. However, where the invention is unconnected to the employment and was made out of the employee's spare time, it is owned by the employee. This position seems to place labour at the altar of capital and remuneration as the exchange of creativity. Nigeria, by her colonial history, adopted this common position but same has been modified by various post independent statutes dealing with intellectual property right. The need for clarity on the subject of ownership of intellectual property right cannot be overemphasised, an invention is capable of radically transforming the financial fortune of an employer or the employee, where its ownership is not clearly stated in the contract of employment, like other terms and condition, this could lead to avoidable acrimony capable of upsetting the tranquillity of the relationship.

It is therefore recommended that in order to ensure that conflict of ownership is minimized in the event that an employee's creativity pays off, every employer should adopt an intellectual property right policy wherein the issue of ownership is clearly spelt out just as the terms and conditions of the employment.