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STATE MATTERS:
Patent Policy

Ronald E. Stackler
Director
Department of Registration and Education
628 East Adams Street
Springfield, Illinois 62786

Dear Director Stackler:

This responds to your request for an opinion as to the validity of the "Patent Policy and Procedures for The Scientific Surveys". You have enclosed with your opinion request a copy of that policy and also an assignment of a patent to the Department executed in accordance with that policy.

The substantive part of the policy provides that "any discovery or invention (a) which is the result of research carried on by or under the direction of any employee of the

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Survey and having the costs thereof paid from Survey funds, or (b) which is made by any employee of the Survey as a direct result of his duties with the Survey, or (c) which has been developed in whole or in part by the utilization of Survey resources or facilities; belongs to the Survey and shall be used and controlled in ways to produce the greatest benefit to the State of Illinois and to the public". The policy of the Department provides further that the Board of Natural Resources and Conservation shall decide whether to retain the assignment or to release it to the discoverer or inventor and further, if the Board decides that the Department should keep the assignment, what percentage of royalties should be paid to the discoverer or inventor.

I am of the opinion that the basic patent policy is valid, but that the procedure and details are invalid. Thus, opinion No. 38, issued March 2, 1960 (1960 Ill. Att'y. Gen. Op. 100) is contradicted to some extent. That opinion advised that there was no statutory authority for the Department of Public Welfare to impose a requirement that an employee of the Department who makes an

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invention or discovery shall assign his patent rights to the Department.

The United States Supreme Court in U. S. v. Dubilier Condenser Corp., 289 U.S. 178, summarizes the rights to a patent between an employee and employer. In general, whether the employer or employee is entitled to the patent depends on the employment contract. The court stated as follows at pages 187, 188:

" * * *

A patent is property and title to it can pass only by assignment. If not yet issued an agreement to assign when issued, if valid as a contract, will be specifically enforced. The respective rights and obligations of employer and employee, touching an invention conceived by the latter, spring from the contract of employment.

One employed to make an invention, who succeeds, during his term of service, in accomplishing that task, is bound to assign to his employer any patent obtained. The reason is that he has only produced that which he was employed to invent. His invention is the precise subject of the contract of employment. A term of the agreement necessarily is that what he is paid to produce belongs to his paymaster. Standard Parts Co. v. Peck, 264 U.S. 52. On the other hand, if the employment be general, albeit it cover a field of labor and effort in the performance of which the employee conceived the invention for which he obtained a patent, the contract is not so broadly construed as to require an assignment of the patent. Hapgood v. Hewitt, 119 U.S. 226; Dalzell v. Dueber

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Watch Case Mfg. Co., 149 U.S. 315. In the latter case it was said [p. 320]:

'But a manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services to devising and making improvements in articles there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect.'

* * *

The relationship between a governmental employer and employee is no different than that between a private employer and employee. (Solomons v. U. S., 137 U.S. 342.) Therefore, the Department may enter into the type of agreement contemplated by your patent policy if the Department is so authorized.

There are no specific provisions relating to the State obtaining the assignment of a patent; however, a patent is property (U. S. v. Dubilier Condenser Corp., supra.) and a State has the right to acquire property. (1953 Ill. Att'y. Gen. Op. 157.) Section 16 of The Civil Administrative Code of Illinois (Ill. Rev. Stat. 1975, ch. 127, par. 16) provides as follows:

"§ 16. The director of each department and the Secretary of the Department of Transportation is empowered to prescribe regulations, not inconsistent with law, for the government of his department, the conduct of its employees and clerks, the distribution and performance of its business and the

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custody, use and preservation of the records, papers, books, documents, and property pertaining thereto."

Under this section the Director of the Department of Registration and Education is empowered to protect the property of the State and to prescribe rules for the government of his department and conduct of its employees. The patent policy of your Department is a valid attempt to protect the property and resources of the State. The requirement that the employees assign patent rights to their discoveries or inventions is a valid rule for the government of the department and conduct of such employees.

I note, however, that the assignment of the patent is made to the Department of Registration and Education and that the statement of policy provides that any discovery or invention belongs to the particular scientific survey. The assignment should be made to the State of Illinois. It is property of the State and not the Department or Survey. See opinion No. 107 issued January 8, 1954. 1954 Ill. Att'y. Gen. Op. 47, citing People v. Barrett, 382 Ill. 321.

There is no indication as to who established the patent procedure, the Board or the Director. Since the patent

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is the property of the State, any agreement with regard to the use of the patent should be in accordance with rules of the Director of the Department as promulgated pursuant to section 16 of The Civil Administrative Code, supra. I do not believe that the authority of the Board of Natural Resources and Conservation, acting through its subcommittees under section 63 of The Civil Administrative Code of Illinois (Ill. Rev. Stat. 1975, ch. 127, par. 63) to "consider and decide all matters pertaining to natural history, geology, water and water resources, forestry, and allied research, investigation and scientific work;" eclipses the Director's power with regard to basic patent policy.

There is also a problem with payment of royalties to the employees. While an assignment by an employee of the State of Illinois with an agreement to share in the royalties is merely part of the employment agreement between the individual and the State and not a contract within the contemplation of section 11.1 of the Illinois Purchasing Act (Ill. Rev. Stat. 1975, ch. 127, par. 132.11-1), the procedure whereby the Department, Board or Survey pays proceeds from the patent directly to the employee is invalid. The Department is required to pay

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all moneys received to the State treasury. See sections 1 and 2 of "AN ACT in relation to the payment and disposition of moneys received by officers and employees of the State of Illinois by virtue of their office or employment". Ill. Rev. Stat. 1975, ch. 127, pars. 170 and 171.

Very truly yours,

A T T O R N E Y G E N E R A L