PATENTS – DISPUTE OVER RIGHT TO SPECIFY

Case No. 01-4

Facts:

Engineer A, a structural engineer, designs structural systems for large developers on hotel projects. Developer B would like to use a unique flooring system, but the system is patented by Inventor C, who is a professional engineer. Developer B contacts Attorney D, who tells Developer B that Inventor C has a legitimate patent and recommends that Developer B negotiate with Inventor C to obtain a license for Inventor C's patent. Developer B enters into negotiations with Inventor C, but the negotiations fail. Thereafter, Developer B hires Attorney E, who reviews the patent and indicates that he disagrees with Attorney D, and also indicates that, in his professional view, there is a genuine dispute as to the legitimacy of Inventor C's patent. Developer B tells Engineer A that he wants Engineer A to proceed with the project and have Engineer A specify the flooring system into the structural design of the project.

Question:

Would it be ethical for Engineer A to proceed with the project and reference the flooring system of the project's structural design?

References:

Section I.6.	-	*Code of Ethics:*	*Engineers, in the fulfillment of their professional duties, shall conduct themselves honorably, responsibly, ethically, and lawfully so as to enhance the honor, reputation, and usefulness of the profession.*
Section III.1.b.	-	*Code of Ethics:*	*Engineers shall advise their clients or employers when they believe a project will not be successful.*
Section III.9.	-	*Code of Ethics:*	*Engineers shall give credit for engineering work to those to whom credit is due, and will recognize the proprietary interests of others.*
Section III.9.b	-	*Code of Ethics:*	*Engineers using designs supplied by a client recognize that the designs remain the property of the client and may not be duplicated by the Engineer for others without express permission.*
Section III.9.c.	-	*Code of Ethics:*	*Engineers, before undertaking work for others in connection with which the Engineer may make improvements, plans, designs, inventions, or other records that may justify copyrights or patents, should enter into a positive agreement regarding ownership.*

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Discussion:
Respect for the intellectual property rights of others, including patent and copyright, is fundamental to ethical professional practice. The NSPE Board of Ethical Review has long recognized the importance of intellectual property rights (see NSPE Code Sections III.9., III.9.a., III.9.b., and III.9.c.).

One of the earliest cases considered by the Board involving patent rights related to patent ownership. In BER Case No. 74-11, Engineer A, an expert in food processing machinery and systems, was retained by verbal agreement by a patent attorney who, in turn, had been retained by a food machinery manufacturing company in connection with a lawsuit in which the manufacturing company alleged that certain of its patented machinery was being infringed. Engineer A's assignment was to study the machines in question and reach a determination whether, in his opinion, there was an infringement. If so, he would testify to that effect at the trial. In the course of his study, Engineer A conceived an idea he believed to be patentable on the basis that it constituted an improvement in the state of the art of the particular food machinery involved in the pending litigation. Engineer A submitted the idea to the patent attorney and to the food machinery manufacturing company. After a three-month wait, Engineer A requested that the patent attorney and the manufacturer advise him, within a reasonable time, of the extent of the manufacturer's interest in his claimed improvement. This request was interpreted by the patent attorney and the manufacturer as being a "pressure move" for Engineer A to obtain additional fees. The patent attorney demanded that Engineer A assign all rights to his idea to the manufacturer without assurance of any additional compensation. Engineer A refused this demand and was released from further activity in connection with the patent infringement suit. In concluding that it was not ethically permissible for Engineer A to take the position indicated with regard to Engineer A's patent idea arising out of his original employment, the Board noted that the engineer's obligation to act in professional matters as a "faithful agent or trustee," runs to both clients and employers. Said the BER, "to be a 'faithful agent or trustee' means". . . to act in a manner best calculated to serve his employer's interests." By withholding a patentable idea, Engineer A acted contrary to the interests of his employer."

The Board concluded that the criteria should be applied without regard to the relationship being one of consultant-client rather than employee-employer. The Board noted that on this issue, the NSPE Code may not be a model of clarity to indicate to the profession some helpful guidance in patent ownership matters arising out of a consultant-client relationship. On the surface it only requires that the parties spell out their respective rights. But the Board noted that it can be read to mean more in the context of the facts presented. The Board indicated that it is not without significance that the language calls upon the engineer to enter into a positive agreement regarding the ownership of such patent rights as might emerge from the relationship. In other words, it was incumbent upon the engineer to take the initiative during the negotiations for his services to reach an agreement on the patent rights of the parties. The Board recognized as a practical matter that under the facts, Engineer A did not likely think of the possibility that he might develop a related patentable idea from his studies for the client, but, even so, if he had the

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ethical duty to act in this regard and failed to do so he must bear the ethical burden when his position is challenged under these circumstances.

The Board concurs with much of the reasoning contained in BER Case No. 74-11 and believes that many of the issues discussed are applicable to the case at hand. Although the factual situations are somewhat different in the two cases, certain basic principles apply to the present case. For example, under the facts in the present case, Engineer A has an ethical obligation and must take the positive initiative in seeking to resolve the ethical issue. However, unlike BER Case No. 74-11, the ethical issue relating to the patent does not involve Engineer A's ownership of the patent in question or similar concerns. Instead, in the present case, the issue relates to a patent held by a third party (Inventor C) who has a potential adversarial position to Engineer A's client, Developer B. Under the facts in the present case, Engineer A does not claim any intellectual property rights. In addition, in view of the fact that Inventor C is also a professional engineer, Engineer A has an ethical obligation to respect the rights and give proper and due credit to Inventor C, and to respect the proprietary rights of Inventor C, however clouded.

Clearly, Engineer A has an obligation to consider and balance various ethical considerations. Under the facts, Engineer A is being placed in a particularly difficult position due to the conflicting opinions being offered by Attorneys D and E concerning the legitimacy of Inventor C's flooring system patent rights. As a professional engineer, Engineer A cannot be expected to make a competent professional judgment relating competing legal rights between Inventor C's patent rights and Developer B. Patent questions are highly technical legal issues and engineers are generally not competent in these areas.

Considering the issues at stake in the present case, the Board believes that there are at least two potential courses of action that Engineer A could take under the facts. First, Engineer A could explore with Developer B the possibility of using an alternative flooring system on the project in order to avoid the possibility of infringing upon Inventor C's patent rights. Although Developer B was particularly interested in the unique flooring system patent claimed by Inventor C, an experienced structural engineer should be resourceful enough to explore other possible comparable alternatives. A second option would be for Engineer A to communicate the importance of Developer B and Inventor C resolving the patent issue to permit Engineer A to proceed with the work without the ethical and legal clouds hanging over this project. Developer B would obviously need to determine how important the unique flooring system is to the success of the project and advise Engineer A.

The Board believes that these options appear to be the most practical approaches and place the responsibility for resolving the issues at hand before the parties in the best position to resolve those matters—Developer B and Inventor C.

The Board notes that this case presents two conflicting legal opinions, and before going forward, Engineer A must be convinced that whatever course of action he proceeds with is in accordance

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with the NSPE Code. The BER recognizes that this approach places engineers in a difficult position and requires the ethical high road, possibly at odds with the engineer's client.

Conclusion:
It would be unethical for Engineer A to specify the flooring system into the project's structural design until the patent and proprietary rights of Inventor C are resolved.

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