Report on a Case by the Board of Ethical Review

Case No. 69-12

Mandatory Patent Assignment

Facts:
Engineer A is president of a large industrial company which employs several thousand engineers. Engineer B, a department manager of the company, interviews Engineer C for employment and hires him. When Engineer C reports to work he is given an agreement which assigns all of his inventions to the company if they are related to his work for the company or the business of the company. The agreement is to remain in force during his employment and for six months following termination of employment. Engineer C objects to the agreement and points out to Engineer B that he is an active inventor with several patents issued to him and two patent applications pending. He further contends that he was not told of the patent agreement at the time of the interview and that by signing it he would hinder future employment opportunities in his field of technical skill for six months after leaving the company.

Engineer B urges Engineer C to sign the agreement since it is company policy and all the other engineers have signed it and that many of them who had signed such an agreement and left the company had not had any difficulty in obtaining new employment because of the agreement. The problem is referred to Engineer A who comments that the patent agreement is company policy and that no exception will be made for Engineer C. Engineer A further comments that the company has never enforced the termination clause of the agreement.

Questions:
Q.1. Is it ethical for Engineer A to establish a company policy which requires engineers to sign a patent agreement of the type indicated?

Q.2. Is it ethical for Engineer B to offer employment to Engineer C without mention of the patent agreement at the time of interview? Q. 3. Is it ethical for Engineer B to urge Engineer C to sign such an agreement for the reasons indicated?

References:
Code of Ethics-Section 15(e)- "He will provide a prospective engineering employee with complete information on working conditions and his proposed status of employment and after employment will keep him informed of any changes in them."

Discussion:
In Case 68-1 we discussed the type of agreement involved in this case, indicating the opposing views of employers and engineers on the equity of such patent agreements. We stated that it was not within the jurisdiction of the Board of Ethical Review to pass upon the comparative merits of the policy differences on this point, but we did conclude

Copyright © 1969 National Society of Professional Engineer (NSPE) www.nspe.org . All rights reserved.
To request permission to reproduce this NSPE Board of Ethical Review Case, please contact the NSPE Legal Department (legal@nspe.org).

under the facts of Case 68-1 that the engineer was under an ethical duty to disclose his invention to his employer.

On the basis of that earlier discussion as applied to the facts before us we believe that the policy question of such agreements is not a matter governed by the Code of Ethics; it is a business judgment of the parties.

However, when we apply the facts to the instant case we must conclude that there is an ethical aspect of the case in terms of Section 15(e) of the Code. That section of the Code makes it clear that Engineer C was entitled to be advised of all pertinent conditions of employment by engineers who interviewed him or made the decision to hire him. True, the patent agreement condition of employment was made known to him when he reported for duty, but that is not enough, as we read Section 15(e). An engineer is entitled to be advised of all pertinent conditions of employment before he makes a decision to enter into a particular employment. This is borne out by the use of "prospective engineering employee."

There remains for consideration the role of Engineer B in urging Engineer C to sign the agreement for the reasons given. We have no difficulty in concluding that Engineer B was entitled to urge Engineer C to sign the agreement because it is company policy and because other engineering employees have signed it. However, this does not absolve Engineer B from the requirement of disclosing this condition of employment during the interview. That is merely a statement of his reasons for advocating and supporting the company policy and is part of the business judgment aspect alluded to above.

We are more troubled, however, by the statement to Engineer C that he should sign the agreement because the company does not enforce the termination clause. We believe this reason borders on a violation of Section 15(e) in that it placed Engineer C in the position of relying on a statement which is not supported by the agreement itself and which may be repudiated by the employer at will. This is not in keeping with the concept that the prospective engineering employee should have complete information on conditions of employment as we interpret "complete information" to mean factual information. If Engineer-A were sincere in his statement, and if his statement on the point is true, the proper course of action should be to delete the termination clause in the agreement.

Conclusions*:

Q.1. It is ethical for Engineer A to establish a company policy which required engineers to sign a patent agreement of the type indicated.

Q.2. It is not ethical for Engineer B to offer employment to Engineer C without mention of the patent agreement at the time of interview.

Copyright © 1969 National Society of Professional Engineer (NSPE) www.nspe.org . All rights reserved.
To request permission to reproduce this NSPE Board of Ethical Review Case, please contact the NSPE Legal Department (legal@nspe.org).

Q.3. It is not ethical for Engineer B to urge Engineer C to sign such an agreement for the reasons indicated, and particularly for the reason that the company does not or will not enforce the termination clause of the agreement.

***Note**-This opinion is based on data submitted to the Board of Ethical Review and does not necessarily represent all of the pertinent facts when applied to a specific case. This opinion is for educational purposes only and should not be construed as expressing any opinion on the ethics of specific individuals. This opinion may be reprinted without further permission, pro vided that this statement is included be fore or after the text of the case.

BOARD OF ETHICAL REVIEW CASE REPORTS: The Board of Ethical Review was established to provide service to the member ship of the NSPE by rendering impartial opinions pertaining to the interpretation of the NSPE code of ethics.

BOARD OF ETHICAL REVIEW: Frank H. Bridgers, P.E; C.C. Hallvik, P.E.; Sherman Smith, P.E.; Kurt F. Wendt, P.E.; Albert L. Wolfe, P.E.; TC Cooke, P.E., chairman.

Copyright © 1969 National Society of Professional Engineer (NSPE) www.nspe.org . All rights reserved.
To request permission to reproduce this NSPE Board of Ethical Review Case, please contact the NSPE Legal Department (legal@nspe.org).