**Employee Deed of Assignment**

**of Intellectual Property Right**

Explanatory Note

This schedule sets out key terms on intellectual property created by a founder to inject the same into a start-up business.

This schedule merely gives you one of many options for dealing with such intellectual property. This particular format is envisaged for use as a schedule in a shareholders agreement or founders agreement (with acknowledgement).

In some jurisdictions it is compulsory, or, if not compulsory, beneficial (e.g. to give third parties notice of the assignment), to record an assignment of Intellectual Property Rights at the relevant intellectual property office. Often the assignment document is made available on the online portal of the relevant intellectual property office. To avoid confidential information contained in an SPA/shareholders agreement being readily accessible to the public on such online portal, parties often choose to effect the assignment in a standalone intellectual property assignment document. This means that only the intellectual property assignment document is uploaded on the portal (and is therefore visible to the public). So, depending on the jurisdiction it might be beneficial for a separate intellectual property assignment to be entered into as opposed for being used as a schedule in a shareholders’ agreement or founders’ agreement. If you opt for the separate intellectual property assignment, please note that a number of boilerplate provisions will need to be included (such as rules of interpretation, governing law provisions, entire agreement clauses etc) as well as consideration for the assignment.

This format envisages a concept called Excluded Content. Excluded Content could be third party content such as open source software, proprietary software and content owned by third parties (material you developed while studying or working for another company). Before you use or work on any Excluded Content in the course of your engagement with the Company, you must declare this to the Company in writing and must arrange for a license allowing the Company the right to use and adapt such Excluded Content for the purpose of the Company’s business.

If you use any materials that you own in the Materials you work on for this Company (for example, software that you wrote on your own time before starting the Company), they fall within the Materials and will be assigned to the Company even if created before you started working for the Company.

You may further customise this for incorporation into an employment agreement (for employees) or a consultancy services agreement (for service providers) or as a standalone deed (to be used with a deed signature block).

**ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS**

## The definitions in this clause apply in this agreement:

"Assigned Rights" means all the Intellectual Property Rights arising, or to arise, from any work done in relation to or on behalf of the Company by the Founder other than the Excluded Content;

"Excluded Content" means any material used or worked on by the Founder in the course of his engagement with the Company as an employee and/or manager, which is not owned by the Founder or Company;[[1]](#footnote-1)

"Intellectual Property Rights"meanspatents, utility models, rights to inventions, copyright and neighbouring and related rights, trade marks and service marks, business names and domain names, rights in get-up and trade dress, goodwill and the right to sue for passing off, rights in designs, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world, [including all intellectual property set out in the Appendix][[2]](#footnote-2);

# **ASSIGNMENT**

## The Founder hereby confirms the assignment to the Company, assigns to the Company and its successors and assigns absolutely all of his right, title and interest in and to the Assigned Rights, whenever they may be created, including:

### the absolute entitlement to any registrations granted pursuant to any of the applications comprised in the Assigned Rights;

### [in respect of any invention the rights to which are contained within the Assigned Rights, the right to file and prosecute to grant any patent or other form of protection in respect of such invention (in whole or in part) anywhere in the world;]

### all goodwill attaching to any trade marks, trade names, service marks and business names (whether or not registered) contained within the Assigned Rights and which relates to the goods or services in respect of which such marks and names are or have been used; and

### the right to bring, make, oppose, defend, appeal proceedings, claims or actions and obtain relief (and to retain any damages recovered) in respect of any infringement, or any other cause of action arising from ownership, of any of the Assigned Rights whether occurring before, on, or after the date of this agreement.

## The Founder, to the extent permitted by law, unconditionally and irrevocably waives all moral rights (including a right of attribution of authorship, a right not to have authorship falsely attributed, a right of integrity of authority and all analogous or similar rights) worldwide relating to the Assigned Rights.

# **COVENANTS**

## The Founder covenants, at the direction of the Company and at the [Founder’s own] cost, to execute all such documents, forms and authorisations and depose to or swear any declaration or oath as may be required for absolutely vesting of the full right title and interest to the Assigned Rights in favour of the Company.

## The Founder covenants that before using or working on any Excluded Content in the course of his engagement with the Company, the Founder will declare this to the Company in writing[[3]](#footnote-3) and will procure a licence allowing the Company the right to use, [reproduce in material form, modify, enhance, and create derivative works of], such Excluded Content for the purpose of the Company’s business. The Founder shall not use or work on any Excluded Content that is subject to a licence requiring, as a condition of use, modification or distribution of the Excluded Content, that any derivative work based upon and/or incorporating the Excluded Content be (a) licensed for the purpose of making derivative works; or (b) redistributable at no charge.[[4]](#footnote-4)

# **WARRANTIES**

## The Founder hereby warrants that:

### he is the sole legal and beneficial owner of, and owns all the rights and interests in, the Assigned Rights and has the full power to enter into and perform this agreement;

### he has not licensed or assigned any of the Assigned Rights;

### the Assigned Rights are free from any security interest, option, mortgage, charge or lien;

### he is unaware of any infringement or likely infringement of any of the Assigned Rights;

### so far as he is aware, all the Assigned Rights are valid and subsisting and there are and have been no claims, challenges, disputes or proceedings, pending or threatened, in relation to the ownership, validity or use of any of the Assigned Rights;

### [so far as he is aware,] exploitation of the Assigned Rights will not infringe the rights of any third party; and

### the Materials are his original work and have not been copied in whole or in part from any other source.

# **INDEMNITY**

## The Founder shall indemnify the Company against any claim that the Company’s use or possession of the Assigned Rights [and Excluded Content] contemplated herein infringes the Intellectual Property Rights of any third party provided that the Founder is notified promptly in writing of any claim, that the Founder is given immediate and complete control of such claim, that the Company does not prejudice the Founder’s defence of such claim, that the Company gives the Founder all reasonable assistance with such claim (at the cost of the Founder) and that the claim does not arise as a result of the use of the Assigned Rights [and Excluded Content] in combination with any materials not supplied or approved by the Founder or by reason of any alteration or modification which was not made by the Founder or with his prior written consent. The foregoing states the entire liability of the Founder to the Company in respect of the infringement of the Intellectual Property Rights of any third party.

## ***Signed, sealed and delivered[[5]](#footnote-5) by [Founder]***

## ***………………………..***

## ***in the presence of:***

## ***...............................***

## ***Witness***

## ***Name:***

## ***Address:***

## ***Executed and delivered as a deed by [name of director][[6]](#footnote-6)***

## ***on behalf of [insert name of Company]***

## ***………………………..***

## ***Director***

## ***Name:***

## ***in the presence of:***

## ***...............................***

## ***Witness***

## ***Name:***

## ***Address:***

1. Drafting Note: There are potential problems which may arise out of using Excluded Content. For instance, the terms of the licence allowing use of Excluded Content may not allow the Company to make derivative works from, or to adapt, the Excluded Content. If any of the Excluded Content is open source, depending on which open source licence is used, the Company may be obliged to make any derivative works incorporating the Excluded Content open source as well. This can be problematic if the Company intends to commercialise the derivative works. [↑](#footnote-ref-1)
2. Drafting Note: To consider setting out for clarity the known intellectual property that will be transferred. [↑](#footnote-ref-2)
3. Drafting Note: consider whether there should be a requirement to seek the Company’s consent before using any Excluded Content. [↑](#footnote-ref-3)
4. Drafting Note: This seeks to mitigate the risk that the Founder uses / works on Excluded Content under an open source licence which requires any derivative works to be open source as well. [↑](#footnote-ref-4)
5. Drafting Note: The “personal seal” (small red sticker) should be affixed. [↑](#footnote-ref-5)
6. Drafting Note: Each party should obtain legal advice, as appropriate, to ensure that its manner of execution of this deed as a deed is in compliance with law and its constitutional documents (if any) and is binding on it. [↑](#footnote-ref-6)