

Client Alert **Employment and Labor**

New York Limits Employer Invention Assignment Provisions

New York State has enacted a new law that bans the enforcement of employee assignment of invention provisions that entitle employers to intellectual property developed by employees entirely on their own time and without the use of an employer's resources.

On September 15, 2023, Governor Kathy Hochul signed into law, Section 203-f of the New York Labor Code, prohibiting any provision in an employment agreement requiring an employee to assign inventions to an employer that were or are developed during the employee's tenure, but entirely on the employee's own time and without use of the employer's equipment, supplies, facilities, or trade secret information. Under the new law, provisions requiring an employee to assign an invention in violation of this new law are deemed against New York State public policy and as such are unenforceable. The law went into effect immediately.

The new law includes two exceptions. It does not apply to inventions that (1) "relate at the time of conception or reduction to the practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) result from any work performed by the employee for the employer."

The new law does not create an express private right of action for employees to file claims based on alleged violations. Further, the text of the new law does not indicate that it applies retroactively, so seemingly agreements entered prior to the effective date will not be impacted.

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New York joins a growing number of states that have enacted similar laws, including California and New Jersey. However, New York's new assignment of inventions law seems to be one of the most expansive in terms of employee rights and protections. Employers should review their current New York employment agreements and agreements for New York based employees to take steps to ensure compliance with the new law. Given the variation in state laws regarding assignment of employee inventions, employers should take caution in applying form agreements throughout a multi-state workforce to all employees.

Our Sills Cummis Employment and Labor Practice Group attorneys are available to advise on these issues and potential solutions.

Eric Moreno, Esq.

Client Alert Issue Author; Associate, Employment and Labor Practice Group
emoreno@sillscummis.com | (973) 643-5898

Grace A. Byrd, Esq.

Client Alert Issue Editor; Of Counsel, Employment and Labor Practice Group
gbyrd@sillscummis.com | (973) 643-6792

Patricia M. Prezioso, Esq.

Chair, Employment and Labor Practice Group
pprezioso@sillscummis.com | (973) 643-5041

James M. Lemonedes, Esq.

Member, Employment and Labor Practice Group
jlemonedes@sillscummis.com | (973) 643-5888

Jill Turner Lever, Esq.

Of Counsel, Employment and Labor Practice Group
jlever@sillscummis.com | (973) 643-5691

Jordan E. Pace, Esq.

Of Counsel, Employment and Labor Practice Group
jpace@sillscummis.com | (973) 643-4295

Vimal K. Shah, Esq.

Of Counsel, Employment and Labor Practice Group
vshah@sillscummis.com | (973) 643-5896

Rachel N. Overlander, Esq.

Associate, Employment and Labor Practice Group
roverlander@sillscummis.com | (973) 643-4970