

34:1B-265

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2017 **CHAPTER:** 346

NJSA: 34:1B-265 (Protects employee rights to ownership and usage of employee inventions developed entirely on employee's own time and without using employer's resources.)

BILL NO: A492 (Substituted for S3577)

SPONSOR(S) Russo and others

DATE INTRODUCED: 1/27/2016

COMMITTEE: **ASSEMBLY:** Labor
 SENATE: Labor

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 1/8/2018
 SENATE: 12/18/2017

DATE OF APPROVAL: 1/16/2018

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second Reprint enacted)	Yes
A492	
SPONSOR'S STATEMENT: (Begins on page 2 of introduced bill)	Yes
COMMITTEE STATEMENT:	
ASSEMBLY:	Yes
SENATE:	Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	No

S3577

SPONSOR'S STATEMENT: (Begins on page 2 of introduced bill)	Yes
COMMITTEE STATEMENT:	
ASSEMBLY:	No
SENATE:	No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	Yes
LEGISLATIVE FISCAL ESTIMATE:	No

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

RH/CL

Title 34.
Chapter 1B.
Part XV.
(Rename)
Business
Assistance and
Innovation
§1 - C.34:1B-265
§2 - Note

P.L. 2017, CHAPTER 346, *approved January 16, 2018*
Assembly, No. 492 (*Second Reprint*)

1 AN ACT concerning certain employee inventions and supplementing
2 P.L.1974, c.80 (C.34:1B-1 et seq.).
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. a. (1) Any provision in an employment contract between an
8 employee and employer, which provides that the employee shall
9 assign or offer to assign any of the employee's rights to an
10 invention to that employer, shall not apply to an invention that the
11 employee develops entirely on the employee's own time, and
12 without using the employer's equipment, supplies, facilities or
13 information, including any trade secret information, except for
14 those inventions that:

15 (a) relate to the employer's business or actual or demonstrably
16 anticipated research or development; or

17 (b) result from any work performed by the employee on behalf
18 of the employer.

19 (2) To the extent any provision in an employment contract
20 applies, or intends to apply, to an employee invention subject to this
21 subsection, the provision shall be deemed against the public policy
22 of this State and shall be unenforceable.

23 b. ²**¶**If an employee, outside the context of an employment
24 contract, voluntarily offers to the employee's employer an
25 opportunity to acquire any of the employee's rights to an invention
26 subject to subsection a. of this section, following the development
27 of the invention, which development may include the idea or
28 concept for the actual production of the invention, the employer
29 shall have no more than nine months from the initial date of the
30 employee's offer to the employer to accept or reject the opportunity
31 to acquire any rights. After this period, the employee shall retain
32 all of the employee's rights to the invention, and the employer shall

EXPLANATION – Matter enclosed in bold-faced brackets **¶** thus in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ALA committee amendments adopted October 13, 2016.

²Senate SLA committee amendments adopted November 30, 2017.

1 be barred from any further opportunity to acquire any of the rights】
2 No employer shall require a provision made void and unenforceable
3 by this act as a condition of employment or continued employment.
4 Nothing in this act shall be construed to forbid or restrict the right
5 of an employer to provide in contracts of employment for:
6 (1) disclosure, provided that any disclosure shall be received in
7 confidence, of all of an employee's inventions made solely or
8 jointly with others during the term of the employee's employment;
9 (2) a review process by the employer to determine any issues
10 that may arise; and
11 (3) full title to certain patents and inventions to be in the United
12 States, as required by contracts between the employer and the
13 United States or any of its agencies².
14 ¹c. Nothing in this act shall be deemed to impede or otherwise
15 diminish the rights of alienation of inventors or patent-owners.¹
16
17 2. This act shall take effect on the first day of the third month
18 next following enactment, and shall apply to any employment
19 contract entered into on or after that effective date.
20
21
22 _____
23
24 Protects employee rights to ownership and usage of employee
25 inventions developed entirely on employee's own time and without
26 using employer's resources.

ASSEMBLY, No. 492

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Assemblyman DAVID C. RUSSO

District 40 (Bergen, Essex, Morris and Passaic)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Protects employee rights to ownership and usage of employee inventions developed entirely on employee's own time and without using employer's resources.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning certain employee inventions and supplementing
2 P.L.1974, c.80 (C.34:1B-1 et seq.).

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. (1) Any provision in an employment contract between an
8 employee and employer, which provides that the employee shall
9 assign or offer to assign any of the employee's rights to an
10 invention to that employer, shall not apply to an invention that the
11 employee develops entirely on the employee's own time, and
12 without using the employer's equipment, supplies, facilities or
13 information, including any trade secret information, except for
14 those inventions that:

15 (a) relate to the employer's business or actual or demonstrably
16 anticipated research or development; or

17 (b) result from any work performed by the employee on behalf
18 of the employer.

19 (2) To the extent any provision in an employment contract
20 applies, or intends to apply, to an employee invention subject to this
21 subsection, the provision shall be deemed against the public policy
22 of this State and shall be unenforceable.

23 b. If an employee, outside the context of an employment
24 contract, voluntarily offers to the employee's employer an
25 opportunity to acquire any of the employee's rights to an invention
26 subject to subsection a. of this section, following the development
27 of the invention, which development may include the idea or
28 concept for the actual production of the invention, the employer
29 shall have no more than nine months from the initial date of the
30 employee's offer to the employer to accept or reject the opportunity
31 to acquire any rights. After this period, the employee shall retain
32 all of the employee's rights to the invention, and the employer shall
33 be barred from any further opportunity to acquire any of the rights.

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35 2. This act shall take effect on the first day of the third month
36 next following enactment, and shall apply to any employment
37 contract entered into on or after that effective date.

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STATEMENT

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42 This bill prohibits an employment contract between an employee
43 and employer that requires the assignment by the employee of any
44 employee invention developed entirely on the employee's own time
45 and without using the employer's resources. However, this
46 prohibition shall not apply to any such invention that: (1) relates to
47 the employer's business or actual or demonstrably anticipated

1 research or development; or (2) results from any work performed by
2 the employee on behalf of the employer.

3 To the extent any provision in an employment contract applies,
4 or intends to apply, to any such employee invention falling under
5 the scope of the bill, the provision shall be deemed against the
6 public policy of this State and shall be unenforceable.

7 The bill further provides that, outside the context of an
8 employment contract, if an employee voluntarily offers to the
9 employee's employer an opportunity to acquire any of the
10 employee's rights to an invention, following the development of the
11 invention, which development may include the idea or concept for
12 the actual production of the invention, the employer shall have no
13 more than nine months from the initial date of the employee's offer
14 to the employer to accept or reject the opportunity to acquire any
15 rights. After this period, the employee shall retain all of the
16 employee's rights to the invention, and the employer shall be barred
17 from any further opportunity to acquire any of the rights.

18 The general intent of this bill is to preserve an employee's
19 common law rights to the exclusive ownership and usage of any
20 employee invention totally unrelated to the job functions of the
21 employee and created wholly without using any employer
22 resources. Under current law in New Jersey, nothing prevents an
23 employer from acquiring the rights to any such employee invention
24 through the express terms of an employment contract. This bill
25 would prevent the employer's acquisition of rights to such invention
26 through such a contract, thereby preserving the employee's rights to
27 the employee's own invention. It also intends to preserve these
28 rights by setting a limited period, of nine months, during which an
29 employer can acquire rights to such inventions when voluntarily
30 offered by the employee. Beyond this period, the employee shall
31 retain all of the employee's rights, and the employer shall be barred
32 from any further opportunity to acquire them.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

with committee amendments

ASSEMBLY, No. 492

STATE OF NEW JERSEY

DATED: OCTOBER 13, 2016

The Assembly Labor Committee reports favorably and with committee amendments Assembly Bill No. 492.

As amended, this bill prohibits an employment contract between an employee and employer that requires the assignment by the employee of any employee invention developed entirely on the employee's own time and without using the employer's resources. However, this prohibition shall not apply to any such invention that: (1) relates to the employer's business or actual or demonstrably anticipated research or development; or (2) results from any work performed by the employee on behalf of the employer.

To the extent any provision in an employment contract applies, or intends to apply, to any such employee invention falling under the scope of the bill, the provision shall be deemed against the public policy of this State and shall be unenforceable.

The bill further provides that, outside the context of an employment contract, if an employee voluntarily offers to the employee's employer an opportunity to acquire any of the employee's rights to an invention, following the development of the invention, which development may include the idea or concept for the actual production of the invention, the employer shall have no more than nine months from the initial date of the employee's offer to the employer to accept or reject the opportunity to acquire any rights. After this period, the employee shall retain all of the employee's rights to the invention, and the employer shall be barred from any further opportunity to acquire any of the rights.

The general intent of this bill is to preserve an employee's common law rights to the exclusive ownership and usage of any employee invention totally unrelated to the job functions of the employee and created wholly without using any employer resources. Under current law in New Jersey, nothing prevents an employer from acquiring the rights to any such employee invention through the express terms of an employment contract. This bill would prevent the employer's acquisition of rights to such invention through such a contract, thereby preserving the employee's rights to the employee's own invention. It also intends to preserve these rights by setting a limited period, of nine months, during which an

employer can acquire rights to such inventions when voluntarily offered by the employee. Beyond this period, the employee shall retain all of the employee's rights, and the employer shall be barred from any further opportunity to acquire them.

The bill provides that it does impede or otherwise diminish the rights of alienation of inventors or patent-owners.

This bill was pre-filed for introduction in the 2016-2017 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amendment clarifies that the bill does impede or otherwise diminish the rights of alienation of inventors or patent-owners.

SENATE LABOR COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 492

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 20, 2017

The Senate Labor Committee reports favorably Senate Bill No. 492 (1R), with committee amendments.

As amended by the committee, this bill prohibits an employment contract between an employee and employer that requires the assignment by the employee of any employee invention developed entirely on the employee's own time and without using the employer's resources. However, this prohibition shall not apply to any such invention that relates to the employer's business or actual or demonstrably anticipated research or development, or results from any work performed by the employee on behalf of the employer.

To the extent that any provision in an employment contract applies, or intends to apply, to any employee invention falling under the scope of the bill, that provision is deemed against the public policy of this State and shall be unenforceable.

The bill provides that no employer may require a provision made void and unenforceable by the bill as a condition of employment or continued employment. The bill also provides that it is not to be construed to forbid or restrict the right of an employer to provide, in contracts of employment, for: disclosure of all employee inventions made during the term of employment, provided that the disclosures are confidential; a review process to determine any issues as may arise; and full title to certain patents and inventions to be in the United States as required by contract between the employer and any federal agency.

The general intent of this bill is to preserve an employee's common law rights to the exclusive ownership and usage of any employee invention totally unrelated to the job functions of the employee and created wholly without using any employer resources. Under current law in New Jersey, nothing prevents an employer from acquiring the rights to employee inventions through the express terms of an employment contract. This bill would prevent the employer's acquisition of rights to employee inventions through a contract, thereby preserving the employee's rights to the employee's own invention.

The bill provides that it does not impede or otherwise diminish the rights of alienation of inventors or patent-owners.

Committee amendments:

The amendments adopted by the committee:

1. Remove language from the bill providing employers with a nine-month period in which the employer may acquire the rights to an employee invention, if the employee voluntarily offers those rights to the employer;

2. Provide that no employer may require a provision made void and unenforceable by the bill as a condition of employment or continued employment; and

3. Provide that the bill is not to be construed to forbid or restrict the right of an employer to provide, in contracts of employment, for: disclosure of all employee inventions made during the term of employment, provided that the disclosures are confidential; a review process to determine any issues as may arise; and full title to certain patents and inventions to be in the United States as required by contract between the employer and any federal agency.

SENATE, No. 3577

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED DECEMBER 4, 2017

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Protects employee rights to ownership and usage of employee inventions developed entirely on employee's own time and without using employer's resources.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain employee inventions and supplementing
2 P.L.1974, c.80 (C.34:1B-1 et seq.).

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. (1) Any provision in an employment contract between an
8 employee and employer, which provides that the employee shall
9 assign or offer to assign any of the employee's rights to an
10 invention to that employer, shall not apply to an invention that the
11 employee develops entirely on the employee's own time, and
12 without using the employer's equipment, supplies, facilities or
13 information, including any trade secret information, except for
14 those inventions that:

15 (a) relate to the employer's business or actual or demonstrably
16 anticipated research or development; or

17 (b) result from any work performed by the employee on behalf
18 of the employer.

19 (2) To the extent any provision in an employment contract
20 applies, or intends to apply, to an employee invention subject to this
21 subsection, the provision shall be deemed against the public policy
22 of this State and shall be unenforceable.

23 b. If an employee, outside the context of an employment
24 contract, voluntarily offers to the employee's employer an
25 opportunity to acquire any of the employee's rights to an invention
26 subject to subsection a. of this section, following the development
27 of the invention, which development may include the idea or
28 concept for the actual production of the invention, the employer
29 shall have no more than nine months from the initial date of the
30 employee's offer to the employer to accept or reject the opportunity
31 to acquire any rights. After this period, the employee shall retain
32 all of the employee's rights to the invention, and the employer shall
33 be barred from any further opportunity to acquire any of the rights.

34 c. Nothing in this act shall be deemed to impede or otherwise
35 diminish the rights of alienation of inventors or patent-owners.

36

37 2. This act shall take effect on the first day of the third month
38 next following enactment, and shall apply to any employment
39 contract entered into on or after that effective date.

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42

STATEMENT

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44 This bill prohibits an employment contract between an employee
45 and employer that requires the assignment by the employee of any
46 employee invention developed entirely on the employee's own time
47 and without using the employer's resources. However, this
48 prohibition shall not apply to any such invention that relates to the

1 employer's business or actual or demonstrably anticipated research
2 or development, or results from any work performed by the
3 employee on behalf of the employer.

4 To the extent any provision in an employment contract applies,
5 or intends to apply, to any employee invention falling under the
6 scope of the bill, that provision is deemed against the public policy
7 of this State and shall be unenforceable.

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9 void and unenforceable by the bill as a condition of employment or
10 continued employment. The bill also provides that it is not to be
11 construed to forbid or restrict the right of an employer to provide, in
12 contracts of employment, for: disclosure of all employee inventions
13 made during the term of employment, provided that the disclosures
14 are confidential; a review process to determine any issues as may
15 arise; and full title to certain patents and inventions to be in the
16 United States as required by contract between the employer and any
17 federal agency.

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20 employee invention totally unrelated to the job functions of the
21 employee and created wholly without using any employer
22 resources. Under current law in New Jersey, nothing prevents an
23 employer from acquiring the rights to employee inventions through
24 the express terms of an employment contract. This bill would
25 prevent the employer's acquisition of rights to employee inventions
26 through a contract, thereby preserving the employee's rights to the
27 employee's own invention.

28 The bill provides that it does not impede or otherwise diminish
29 the rights of alienation of inventors or patent-owners.

STATEMENT TO
SENATE, No. 3577

with Senate Floor Amendments
(Proposed by Senator TURNER)

ADOPTED: DECEMBER 18, 2017

These Senate amendments:

1. Remove language from the bill providing employers with a nine-month period in which the employer may acquire the rights to an employee invention, if the employee voluntarily offers those rights to the employer;
2. Provide that no employer may require a provision made void and unenforceable by the bill as a condition of employment or continued employment; and
3. Provide that the bill is not to be construed to forbid or restrict the right of an employer to provide, in contracts of employment, for: disclosure of all employee inventions made during the term of employment, provided that the disclosures are confidential; a review process to determine any issues as may arise; and full title to certain patents and inventions to be in the United States as required by contract between the employer and any federal agency.