

2019

**SUSTAINABILITY OF JOINT OWNERSHIP  
OF RIGHTS TO A SOFTWARE INVENTION  
IN NIGERIA**

**BY  
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## **ABSTRACT**

*The Nigerian Patent Registry refuses patent applications for Software or Computer-implemented inventions. This paper addresses the mundane practice and administrative policy which refuses the registration of software inventions and proposes that these practices be changed in line with the rapid development in the field of computer technology. This paper further examines these registration challenges and recommends that there is urgent need to improve on the technical and legal knowledge of how the rights of ownership of software inventions are apportioned.*

## **INTRODUCTION**

Intellectual Property is a piece of work which emanates from the ingenuity of an individual or corporate organization. It is usually abstract. Examples of intellectual properties are books, poems, songs, movies, computer software, patents, industrial designs but to mention a few. Intellectual Property laws are very essential to software design and engineering. How do they apply to software technology? How are the rights of ownership apportioned?

Intellectual property rights are the crux of the software technology industry. The law provides different methods for protecting these rights of ownership based on their type.

There are essentially four types of intellectual property rights relevant to software to protect it from unauthorized use. They are: patents, copyrights, trade secrets/non-disclosure agreement and trademarks. Each affords a different type of legal protection. Patents, copyrights and trade secrets can be used to protect the technology itself. Some software developers prefer one medium of software protection to the other based on the scope and advantage of the legal protection covered by each. As a software developer, making a decision on which type of software protection to employ is a very critical step in the process of securing adequate protection. For example, trademarks do not protect technology, but the names or symbols used to distinguish a product in the marketplace.

## **COPYRIGHT**

Copyright is a legal means of protecting an author's work. It is a type of intellectual property that provides exclusive publication, distribution, and usage rights for the author. This means whatever content the author created cannot be used or published by anyone else without the consent of the author. The length of copyright protection may vary from country to country, but it usually lasts for

the life of the author plus 70 years after the death of the author.

In Nigeria, computer invented programs, whether in source or object code, are protected under copyright. Section 39 of the Nigerian Copyright Act 1988 defines a computer program as “a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result”. It creates an opportunity for the owner of a creative work or innovation to own the exclusive right to produce, publish, translate, broadcast or adapt such works.

## **TRADEMARK**

A trademark is a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark whether with or without any indication of the identity of the person, and means, in relation to the certification trade mark, a mark registered or deemed to have been registered under Section 43 of the Trademarks Act<sup>1</sup>. Prior to marketing

software, it is important for software developers to take adequate steps to create, develop and protect the brand name for the software. Trademarks are used to protect the name of one’s company, product, internet domain names, symbols, logos images, symbols, slogans, colors, product designs and product packaging.

Protecting your computer software by trade marking your software name is very important especially in cases where your computer software is not secured by other forms of legal protection. For example, an internet browser may not be patentable or protected by copyright. However, a trademarked brand name can create a perception of the browser by the public as a unique product solely associated with a particular business organization.

## **TRADE SECRETS**

A trade secret is defined as any valuable business information that is not generally known and is subject to reasonable efforts to preserve confidentiality. Generally speaking, a trade secret will be protected from exploitation by those who either obtain access through improper means, those who obtain the information from one

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<sup>1</sup> Section 67 of the Trade Marks Act 1965

who they know or should have known gained access through improper means, or those who breach a promise to keep the information confidential.

To identify the trade secrets in your idea, you need to understand the definition of a trade secret. A “trade secret” is any valuable information that is not publicly known and of which the owner has taken “reasonable” steps to maintain secrecy. These include information, such as business plans, customer lists, ideas related to your research and development cycle, etc.

Inventors are encouraged to take adequate steps towards developing and securing a trade secret protection program for computer software programs. It is necessary for a software developer to maintain confidentiality of the source code in order to ensure the protection of his computer software program from intellectual theft. A proper protection program will include processes such as drafting confidentially agreements, having password protection, ensuring limited access to source codes, and creating a limit to the number of individuals or organizations with access to such sensitive information.

## **PATENT**

A patent is the granting of a property right by a sovereign authority to an inventor. This grant provides the inventor exclusive rights to the patented process, design, or invention for a designated period in exchange for a comprehensive disclosure of the invention.

The idea behind this paper is to establish that a patent is considered personal property of the inventor. Once the investor is granted a patent, she may transfer her patent rights to another. For example, a research company may employ a scientist who invents a new medical device. Once the patent is granted, the scientist will transfer the patent to the company as part of her contract with the employer.

### **WHAT IS PATENT?**

A patent is an exclusive right granted for an invention – a product or process that provides a new way of doing something, or that offers a new technical solution to a problem. A patent provides patent owners with protection for their inventions. A patent grants property rights on an invention, allowing the patent holder to exclude others from making, selling, or using the invention. Inventions allow many businesses to be successful as they develop new or better processes or products that

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offer competitive advantage in the marketplace.

## **OWNERSHIP OF SOFTWARE PATENT**

The right to obtain a patent is vested in the statutory inventor, invariably the person who is the first to file, or validity to claim a foreign priority for, a patent application in respect of the invention. The right conferred by a patent on patentees or inventors is spelt out in the Act<sup>2</sup>. It must, however, be noted that the rights conferred by Patents and Designs Law extend only to industrial and commercial activity on patentable inventions.

Although the Act appears to protect and confer extensive rights on the holder of a patent, it concedes certain rights, to persons who are not holders of patents, but who, if their right to a particular process or invention is curtailed, would cause untold hardship to them especially in cases with foreign priority element.

A patent owner has the right to decide who may – or may not – use the patented invention for the period during which it is protected. Patent owners may give permission to, or

license, other parties to use their inventions on mutually agreed terms. Owners may also sell their invention rights to someone else, who then becomes the new owner of the patent.

Patent rights can only be transferred through a written document. In other words, an oral agreement will not transfer any rights. This requirement means that it is critical to create written agreements for all transfers of patent rights. A patent holder also has the ability to grant a license to another person or entity to use the invention in return for payment of a fee or royalty. For example, a company may hold a patent on a machine but then decide it really does want to manufacture or market that machine. Instead, the company decides to license the right to manufacture and sell the machines to one or more companies who will pay the patent holder a certain percentage of each sale called a royalty.

The Nigerian Patent Registry does not accept patent applications for Software or Computer-Implemented Inventions on the grounds that the Nigerian Legislature when enacting the Patents and Designs Act did not anticipate the registration of software

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<sup>2</sup> Section 6 Patent and Designs Act 1970

Patents<sup>3</sup>. However, Computer programmes and Software inventions are been granted patent protection essentially in the United States of America. Although Computer programmes and Software inventions are not patentable under the European Patent Convention, patents are been granted to some Computer programmes and Software inventions that met the requirements of Patentability. Nigeria should not be left out of the recent changes in law that concerns Computer programmes and Software inventions.

A Nigerian software patent is only valid in Nigeria. If protection of a patent is sought in other countries, one will necessarily need to make a separate application in each of those countries. This is due to the fact that patent laws vary from country to country and are largely territorial in application<sup>4</sup>.

Patent protection means an invention cannot be commercially made, used, distributed or sold without the patent owner's consent. Patent rights are usually enforced in courts that, in most systems, hold the authority to stop patent infringement. Conversely, a court can also

declare a patent invalid upon a successful challenge by a third party.

Patent protects new inventions and covers how things work, what they do, how they do it, what they are made of and how they are made. It gives the owner the right to prevent others from making, using, importing and or selling the invention without permission. Your invention must be new, have an inventive step that it is not obvious to someone with knowledge and experience in the subject, be capable of being made or used in some kind of industry and not be, a scientific or mathematical discovery, theory or method, a literary, dramatic musical or artistic work, a way of performing a mental act, playing a game or doing business, the presentation of information, or some computer programs, an animal or plant variety, a method of medical treatment or diagnosis, against public policy and morality.

## **JOINT OWNERSHIP OF SOFTWARE PATENT**

A patent can be owned jointly if devised jointly by more than one person. As far as

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<sup>3</sup> This statement is credited to Intellectual Property Institute on 3 March 2013. Accessed on 17<sup>th</sup> June 2019.

<sup>4</sup> Ufoma Akpotaire, "Some Basic Facts about Patents In Nigeria" (Posted on January 6, 2019) Nigerian Law Intellectual Property Watch. [www.nlipw.com](http://www.nlipw.com), accessed 28th July 2019.

US patent law is concerned, the default rule is that each joint owner can utilize or exploit the patent without the permission of the other joint owners. Further, the exploiting joint owner has no responsibility to share royalty revenues with any other joint owner. However, to enforce the patent, all the joint owners must join in the law-suit. If one joint owner wishes to sue rather than license a third party, any other joint owner can terminate the law-suit by simply refusing to join in or by granting a license.

It is most important to realize that there are multiple regimes of intellectual property protection. The situation with joint ownership becomes even more complicated if multiple forms of IP are involved, each with differing default rules. For example, contrary to the US patent rule joint owners of a US copyright must share royalties. Almost all useful products are protected by multiple forms of intellectual property such as patents, designs, trademarks and copyright. Such complexity arises for example when a software product that is covered by both patent and copyright is licensed by a joint owner. Joint owners would need to determine which percentage of the software product is exempt from royalty-sharing under US patent law and

which percentage is subject to royalty sharing under US copyright law.

In China, The Chinese Patent Law was first promulgated in 1984 and has since been amended twice, in 1992 and 2000. China passed the Third Amendment to the PRC Patent Law in 2008, becoming effective in 2009. One of the important changes in this amendment concerned joint ownership as the existing law did not address the rights of joint owners of patents. The new law now includes a provision that specifies the rights of joint owners of patents. It provides that unless otherwise agreed upon by joint owners, a joint owner is entitled to exploit the jointly owned patent alone or grant a non-exclusive license to a third party to exploit such patent, and any fees generated from such license must be shared among all joint owners. All other types of exploitation of a jointly-owned patent must be agreed upon by all joint owners. Therefore, under this new law, assigning or granting exclusive license to a jointly owned patent must be agreed upon by all joint owners of the said patent.

In the UK, in relation to UK patents, section 36 of the Patents Act 1977 addresses the rights of co-owners. It states that, subject to an agreement to the contrary, each co-owner has the right to exploit the patent

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itself but it must obtain the other owner's consent: (a) to amend or revoke the patent; (b) to grant a license under the patent; or (c) to assign or mortgage its share of the patent.

The issue of joint ownership of intellectual property is therefore even more complicated when the same IP asset is protected in multiple jurisdictions because different countries have different laws on this subject matter. In addition, parties based in different countries, looking at joint ownership according to their individual national laws, may have entirely different expectations and/or experiences of what it means to be a joint owner.

## **THE LEGAL REGIME OF PATENT LAW GOVERNING SOFTWARE INVENTIONS IN NIGERIA**

The Patent and Designs Act LFN 2004 (The Act) is the substantive law governing affairs of patents in Nigeria, while the Patent Rules regulates the procedures adopted at the Patent Registry.

According to Section 1(1) of the Act, an invention is patentable if only it is new, result from inventive activity and is capable of industrial application. It is now trite that the global standard or criterion for granting

a patent is that the invention must be patentable. **Article 83 European Patent Convention** was referred to in the case of **Novartis v Johnson and Johnson**.<sup>5</sup> Article 83 requires an invention to be disclosed in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. As against attempting to define what constitutes an 'invention' for the purposes of granting a patent, Section 1 of the Nigerian Patents and Design Act stipulates the circumstances under which an invention could be considered patentable. Under the section, an invention is patentable if: (a) if it is new, results from inventive activity and is capable of industrial application; or (b) if it constitutes an improvement upon a patented invention and also is new, results from inventive activity and is capable of industrial application. For the purposes of subsection (1) of this section- (a) an invention is new if it does not form part of the state of the art, (b) an invention results from inventive activity if it does not obviously follow from the state of the art, either as to the method, the application, the combination of methods, or the product which it concerns, or as to the industrial result it produces; and (c) an invention is

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<sup>5</sup> Cour d'Appel of Paris, France, 27 October 2010, Case no. 09/08135.



capable of industrial application if it can be manufactured or used in any kind of industry, including agriculture.

The Federal High Court is conferred with exclusive jurisdiction to hear and determine disputes arising under the PDA<sup>6</sup>. The Court is established by the Constitution with powers to hear and determine disputes on several matters, including disputes arising from any federal enactment relating to patents. The Court is properly constituted when it is composed of a single judge. There is no jury system in Nigeria. Although the Court is not a specialised court, a fair amount of expertise can be expected from the Court because it is the only court of first instance with jurisdiction to adjudicate patent disputes. In determining patent disputes, the Court is empowered to sit with and be advised by experts having knowledge of the issues involved. **Order 53 Rule 11; Order 41 of the Federal High court (Civil Procedure) Rules** (the Rules) empowers the Court to appoint an expert with or without the application of the parties before it. The Rules provide for the procedure that will be

adopted by the expert in producing his or her report in relation to such matter.

In the recent case of **Mode Ng Nigeria Applications Limited v. Visocom Limited et al**<sup>7</sup> the Federal High Court dismissed a dispute involving the invalidation of all patents granted by the Nigerian Patent Registry in respect of a software often used by telecommunication companies, on the grounds that the said invention is unpatentable, owing to its failure to meet the requirements of the Patent and Design Act, Nigeria's patent legislation. The major issue to be decided by the Court was whether the said invention was patentable in Nigeria, considering that the technology already formed part of the state of the art. The action involved several parties, including a financial technology company, various telecommunications companies as well as the Nigerian Patent Registry and other government entities. The suit was dismissed on a technical ground. It was expected that the decision of the Court will be appealed against, since the decision did not resolve the main issues in the suit. There is every likelihood that an appeal will be lodged against the decision.

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<sup>6</sup> Section 251 (f) of Constitution of the Federal Republic of Nigeria, 1999; Section 251(f); Section 26 of the Patent and Designs Act

<sup>7</sup>(Suit No.: FHC/L/CP/273/2016) (unreported), decided on 21 June 2017

## **WHO OWNS PATENT RIGHTS IN EMPLOYMENT: EMPLOYER OR INVENTOR?**

The general rule is that you own the patent rights to an invention you create during the course of your employment unless you either:

- Signed an employment agreement assigning invention rights, or
- Were specifically hired (even without a written agreement) for your inventing skills or to create the invention.

In practice, one of those two exceptions almost always applies, thus ensuring that employers hold the patents to their employees' creations. Almost all sophisticated employers, particularly those hiring workers at chemical companies, technology firms, or design companies, require employees to sign pre-invention assignments at the time of their hire. These are often included in the employment documents that an employee will fill out on his or her first day—documents that probably also include nondisclosure and confidentiality agreements.

Most companies in the business of innovating require employees to sign an employment agreement containing an assignment of inventions clause. Similarly, universities and academic institutions may require certain students to sign an assignment of inventions agreement. In both cases, such IP assignment agreements typically state that the employer owns the IP to anything developed by the employee within the scope of, or related to, the employee's duties.

This section of the paper will create answers to the following questions:

- Was the invention developed by the employee entirely on his or her own time?
- Was the invention developed by the employee without using the employer's equipment, supplies, facilities or trade secret information?
- Did the invention result from any work performed by the employee for the employer?

As far as patent applications are concerned, the "applicant" usually means the owner. A patent applicant specifically refers to a person (which may also be a company – aka "juristic person") who has the right to apply

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for the patent – in other words, the patent owner. Therefore, in the typical situation where an employee’s invention is owned by the employer, the employee would be identified as the inventor and the employer the applicant.

The right to the grant of a patent is vested in the statutory inventor. This is the person who, whether or not he is the true inventor, is the first to file, or validly to claim a foreign priority for, a patent application in respect of the invention.<sup>8</sup> However the law requires that the true Inventor is named as such in the patent and this requirement is mandatory and cannot be negotiated or waived by the true inventor. Where an invention has been made by a person employed by another person or in the execution of a contract for the performance of a specified type of work, the right to a patent over such an invention will be vested in the employer or the person that commissioned the inventor to produce the work. However, a point to note is that the right of the employer or the person that commissioned the production of a specified work to be granted a patent is not absolute. Where the employee, by the nature of his employment, is not required to undertake

inventive activities but has utilized the facilities or data provided by his employer, or where the invention is considered to be of exceptional importance, the inventor is entitled to fair remuneration, taking into cognizance his salary and the importance of the invention.<sup>9</sup>

Under the Patents and Designs Act, this right to remuneration cannot be modified by contract between the inventor and his employer and the inventor is entitled to approach the Court to enforce his right, where necessary. On the persons who employ or commission others to make an invention, the Patent law provides that; ‘...in the case of an invention made in the course of employment or in the execution of a contract for the performance of a specific work, the right to a patent in the invention is vested in the employer or the person who commissioned the work’.

Where an invention is made in the course of employment or in the execution of a contract for the performance of specified work, the right to a patent in the invention is respectively vested in the employer or the person who commissioned the work<sup>10</sup>. The phrase “in the course of employment” was

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<sup>8</sup> Section 2(1) Patents and Designs Act 1970.

<sup>9</sup> Section 2(4) Patents and Designs Act 1970.

<sup>10</sup> Section 2(4)(a) Patent and Designs Act 1970.

interpreted by the court in the case of **Patchet v. Sterling**<sup>11</sup>, to mean the use of the employer's time and materials. It, therefore, follows that if an invention is made in the spare time of the employee (e.g. while on break or vacation) with his own materials, the right to a patent in such an invention would be vested in the said employee.

Nevertheless, where an invention is made by an employee in the course of employment, section 2(4)(a) of the Act makes provisions for remuneration of the employee by the employer in certain cases.

Importantly, even if your employer does not acquire ownership of the patent under one of these two methods—the pre-invention assignment or the work-for-hire doctrine—the employer may still acquire a limited right to use your patent (called a "shop right") without paying you.

Shop rights arise when an employee uses an employer's resources to create an invention. "Resources" might include the employer's computers, laboratories, or equipment, among other things. While this doctrine is flexible, it ordinarily allows employers to continue to use the

employee's invention internally, but not to sell or assign that invention to third parties. The concept arises from the common law (created by courts, not legislatures) and is considered to be an equitable arrangement whereby employers still benefit, to some degree, from employees' inventions that they helped to subsidize.

## CONCLUSION

### *1. Patent Pool Arrangement*

One issue to consider is that having multiple owners of a patent creates a number of potential risks. One of the rights that comes with a patent is the right to prevent other people from making, using, selling, or import the invention. If a patent is owned by multiple parties, any of the owners can provide a license to a third party that provides this right. In other words, a single owner could grant rights to a third party to make, use, sell, or import the invention.

Joint ownership of intellectual property is generally fraught with danger and contrary to common perception is unworkable.

In the light of the foregoing, I would recommend to avoid jointly owned

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<sup>11</sup> [1955] AC 534

intellectual property and never perceive it as an easy option. However, If the parties do decide that joint ownership is the best solution, the most important thing to remember is that the agreement between the parties should set out in detail the worldwide rights and obligations of all of the parties involved in relation to the jointly owned intellectual property. Also, when multiple parties are involved in a collaborative innovation of a software, and there is a large portfolio of intellectual property in existence, then a “patent pool”<sup>12</sup> type arrangement should be sought and an administrator appointed.

Patent pools can be defined as an arrangement between two or more patent owners to license one or more of their patents to another or to third parties.

## **2. Registration of Software Inventions**

In the technologically driven world of today, where ‘knowledge moves at the speed of thought’, it is necessary that regulations and laws that were made with the mindset of the 20th century must be upgraded and reformed to meet the fresh challenges of the 21st century. One of those

key challenges relates to the issue of patentability or otherwise of software and computer related inventions. On the issue of novelty, the position of the law is that any publication to the public will invalidate novelty and render the product not patentable. It is also recommended that once an invention satisfies the requirements of patentability it should be patented. The Nigerian Patent Registry does not accept patent applications for Software or Computer-implemented inventions. The protection of computer software is provided for under the Copyrights Act<sup>13</sup> as a literary work.

## **3. Royalties**

Furthermore, fair remuneration to employee in case of software inventions may be unfair injustice to the employee especially in circumstances where the income earned is low and the income yield of the invention may not be immediately known when determining the importance of the invention. The income accruing from the invention may well be running into huge figures but once the inventor-employee has been remunerated there the matter will end.

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<sup>12</sup> WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO), PATENT POOLS AND ANTITRUST – A

COMPARATIVE ANALYSIS (2014), Page 3, accessed on 8<sup>th</sup> of June, 2019 @ 10:02pm.

<sup>13</sup> Section 1(1) Copyrights Act, Cap C 28 Laws of federation of Nigeria, 2004.

I would recommend the reward should be an agreed percentage paid overtime also known as “royalty” between the inventor-employee and the employer of the annual profit from the invention and if an agreement cannot be reached then the issue

should be resolved by any means of dispute resolution stipulated in the contract.

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