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[Ninth Circuit Finds Employment Agreement Ambiguous As To Whether An Employee's "Ideas" Were Assigned To Employer](#)

In *Mattel, Inc. v. MGA Entertainment, Inc.*, the Ninth Circuit Court of Appeals vacated the trial court's judgment awarding Mattel ownership rights to the Bratz brand of dolls. This decision was reached, in part, on a finding that the trial court erred in ruling that the employment agreement between Mattel and former employee Carter Bryant, assigned Bryant's "ideas" to Mattel.

The dispute between Mattel and MGA arose out of Bryant pitching his idea for Bratz to MGA while he was still employed by Mattel. Once Mattel discovered that Bryant originally conceived the Bratz idea while employed by Mattel, Mattel filed suit against MGA and Bryant alleging theories of copyright infringement and breach of the employment agreement.

The Ninth Circuit analyzed Bryant's employment agreement with Mattel to determine if the assignment of inventions contained in the agreement included Bryant's ideas. As detailed in the employment agreement, Bryant agreed to "communicate to [Mattel] as promptly and fully as practicable all inventions . . . conceived or reduced to practice by me (alone or jointly by others) at any time during my employment. I hereby assign to the Company . . . all my right, title and interest in such inventions, and all my right title and interest in any patents, copyrights, patent applications or copyright applications based thereon." The employment agreement went on to specify that "the term 'inventions' includes, but is not limited to, all discoveries, improvements, processes, developments, designs, know-how, data computer programs and formulae, whether patentable or unpatentable." Based on that language, the trial court found that the employment agreement assigned Bryant's "ideas" to Mattel, even though the word "idea" was not listed in the definition of "inventions."

In reversing the trial court's decision, the Ninth Circuit noted that there was ambiguity in Bryant's employment agreement. The Ninth Circuit reasoned that, even though the employment agreement could be read to include ideas, the text of the agreement does not necessarily compel such a reading. However, because the trial court determined that the employment agreement was unambiguous, it did not consider extrinsic evidence as to whether the parties intended employee ideas to be included as inventions. Accordingly, the Ninth Circuit found that the district court erred in instructing the jury, without first considering extrinsic evidence, that the employment agreement assigned Bryant's "ideas" to Mattel. As a result, the case was remanded for a retrial.

The lesson from this case is that employers that typically include an assignment of inventions or intellectual property in their employment agreements should revise those assignments to specifically include the employee's "ideas" so as to remove any ambiguity from the assignment provision.