OPINION NO. 225

A state employee asked us for an advisory opinion on whether he might make an assignment of a patent and to recover his investment in a certain device that he had invented.

He informed us that he had developed a certain device at his own expense, on non-state time, and at home. He indicated that his duties and responsibilities as a state employee did not include the development of a device such as the one in question. He further indicated that he had not acquired the techniques and the knowledge that he used for the development of this device from his state position. Prior to becoming a state employee, he designed and received several U. S. patents on similar devices.

He also informed us that he had filed for a U. S. patent for the new device. He stated that it would take over a year for a ruling to be made on whether the device was a novel one and whether a patent might be issued.

The employee further informed us that in connection with the development of the device, he had established a minimum-capitalized Hawaii corporation, of which he was an officer. His total investment to date in the development of the device was approximately $20,000.

Finally, the employee stated that he had informed a certain organization that it was his intention to assign the rights enjoyed under any patent that might be issued for the device to this organization. Neither the employee nor his corporation would be involved in any later developments in the manufacturing or production of the device. He indicated to our staff that any work that he might do on the device for compensation or on a cost-recovery basis would cease once the patent was assigned to the organization.

Based on the facts in this case, we held that the employee might, without violating the ethics law, assign the patent (or assign a "patent pending") for the device in question and receive a payment from the assignee for the expenses that he had incurred in developing the device. We pointed out that we had stated in a prior opinion (Opinion No. 56) that an "invention developed by a public employee on his own time, using his own equipment and his own materials, the development of which is not part of his duties, may properly be patented by an employee. This is true, even though the invention relates to his work."

We did not find any facts that the employee had violated HRS §84-13 (Supp. 1974)--this section prohibits a state employee from using his position to grant unwarranted advantages or treatment for himself or others--in his discussions with or with respect to his plans to assign the patent to the organization. It was our understanding that all of his discussions with the organization had been on an equal and "arm's length" basis.

We commended the employee for his concern for ethics of public servants.

Dated: Honolulu, Hawaii, July 22, 1975.

STATE ETHICS COMMISSION
Vernon F.L. Char, Chairman
Gwendolyn B. Bailey, Vice Chairman
Paul C.T. Loo, Commissioner
I.B. Peterson, Commissioner

Note: Commissioner Audrey P. Bliss was excused from the meeting at which this opinion was considered.