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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 8. SPECIAL BUSINESS REGULATIONS [18400 - 22949.92.2] (*Division 8 added by Stats. 1941, Ch. 44.*)

CHAPTER 17. Invention Development Services Contracts [22370 - 22395] (*Chapter 17 added by Stats. 1975, Ch. 967.*)

ARTICLE 3. Mandatory Contract Terms [22379- 22379.] (*Article 3 added by Stats. 1975, Ch. 967.*)

22379. Every contract for invention development services shall set forth in at least 10-point boldface type, or equivalent size if handwritten, all of the following:

- (a) The terms and conditions of payment required by Section 22373.
- (b) A full and detailed description of the acts or services that the invention developer undertakes to perform for the customer. To the extent that the description of acts or services affords the invention developer discretion to decide what acts or services are to be performed by the invention developer, the invention developer shall exercise that discretion to promote the best interests of the customer.
- (c) A statement whether the invention developer undertakes to construct one or more prototypes, models, or devices embodying the customer's invention.
- (d) A statement whether the invention developer undertakes to sell or distribute one or more prototypes, models, or devices embodying the customer's invention.
- (e) The name of the person or firm contracting to perform the invention development services, the name under which said person or firm is doing or has done business as an invention developer, and the name of any parent, subsidiary or affiliated company that may engage in performing the invention development services.
- (f) The invention developer's principal business address and the name and address of its agent in the State of California authorized to receive service of process.
- (g) The business form of the invention developer, whether corporate, partnership, or otherwise.
- (h) A statement of the fee charged, a statement that a portion of the fee charged will be paid as a commission or other similar payment, if in fact it is intended to be so paid, to a person inducing, directly or indirectly, a customer to contract for the services of the invention developer, which statement shall specify the names of the person or persons receiving said payment; and a statement of the approximate portion of the fee charged, if any, that will be expended for services relating to patent matters.
- (i) A statement that the invention developer does not intend to expend more for the invention development services than the fee charged the customer, if, in fact, it does not, and if it does, a statement of the estimated expenditures of the invention developer in excess of the fee received from the customer.
- (j) If any oral or written representation of estimated or projected customer earnings is made, a statement of such estimation or projection and the data upon which it is based.
- (k) A single statement setting forth both (1) the total number of customers who have contracted with the invention developer provided, however, that the number need not reflect those customers who have contracted within the last 30 days, and (2) the number of customers that have received, by virtue of the invention developer's performance of invention development services, an amount of money in excess of the amount of money paid by such customers to the invention developer.
- (l) A statement that the invention developer is required to maintain all records and correspondence relating to performance of the invention development services for that customer for a period not less than three years after expiration of the term of the contract for invention development services.
- (m) The name and address of the custodian of all records and correspondence relating to the performance of the invention development services.
- (n) A statement that the records and correspondence required to be maintained by subdivision (m) above will be made available to the customer or his representative for review and copying at the customer's expense on the invention developer's premises during

normal business hours upon seven days' written notice, said time period to begin from the date the notice is placed in the United States mail properly addressed first-class postage prepaid.

(o) A statement of the expected date of completion of the invention development services.

(p) A statement as follows:

"Your potential patent rights may be adversely affected by any attempt to commercialize your idea or invention before a patent application covering it is filed. Nonconfidential disclosures of your idea or invention may also trigger certain statutory deadlines for filing a patent application in the United States and would prevent you from obtaining valid patent rights in countries whose law provides that patent applications must be filed before there is a public disclosure.

"This contract between you and the invention developer is regulated by law. The invention developer is not qualified or permitted to advise you whether protection of your idea or invention is available under the patent, copyright or trademark laws of the United States or any other law. This contract does not provide any patent, copyright or trademark protection for your idea or invention. If your idea or invention is patentable, copyrightable or subject to trademark protection, or infringes an existing valid patent, copyright or trademark or a patent, copyright or trademark for which application has been made, your failure to inquire into these matters may affect your rights to your idea or invention."

(Amended by Stats. 1983, Ch. 332, Sec. 2.)