PREU BOHLIG & PARTNER

Employee Inventions in Japan and Germany

EU-Japan Policy Seminar

22 November 2016

Employee Inventions in Europe

- **No harmonized law**

  Art 8 Rome-I-Regulation: „ An individual employment contract shall be governed by the law chosen by the parties […]"

  Art 60 EPC: „If the inventor is an employee, the right to a European patent shall be determined in accordance with the law of the State in which the employee is mainly employed […]"

- **Special statutory laws**

  Germany, Danmark, Norway, Sweden, …

- **Provision(s) within patent laws**

  Great Britain, France, Italy, Spain, Netherlands, Austria, …

- **Case law**

  Belgium, (USA, Canada)

Basic rules of German Act on Employee Inventions

Employee?
- Employed engineers, key personnel (+)
- Managers, freelancers, cooperation partners (-)

Invention?
- Service Invention (+)
- Free Invention (-)

Transfer?
- (Deemed) claiming of invention by employer (+)
- Release by employer (-)

Effects?
- (German) IP application by employer
- Adequate remuneration for employee

Employee?

- **Employees in private companies**
  - (i) Employment agreement
  - (ii) Subject to instructions
  - (iii) Under managerial authority
  - (iv) Personally dependent

  → (-) for management level, freelancers, cooperation partners

  → (+) for developers, engineers, key personnel

  → Usually (+) for temporary employees

  → (+/-) for „foreign“ employees: Protective effect if „focus“ of work is Germany

- **Duration**

  Until full legal termination of employment

  Prior leave is irrelevant

  Potential ongoing obligations of employee (non-competition clause)?

Employee?

- **Employees in public service**

  Same „classification“ as employees in private companies

  Only difference: Employer is held by public sector

- **Officials, military service**

  Treated like employees in public service

- **Universities**

  (+) employees at Universities, including scientists

  (+) professors, junior professors, teachers

  (-) visiting professors, students, Ph.D. students

Invention?

- **Invention**

  Creation that solves a technical problem with technical means
  Patentable (novelty, inventiveness, industrial application) OR
  Registrable as a utility model (novelty, inventiveness, industrial application)
  !! „technical improvement“: possibility of remuneration !!

- **Service Invention**

  „Task“: generated by employee‘s work OR
  „Experience“: generated on the basis of existing know-how in company

- **Free Invention**

  Every invention that is not a service invention
  Generated in external sphere
  !! „right of first offer“ for non-exclusive license for employer !!

Transfer?

- **Owner of rights**

  Employee = owner of rights

  NO „contractual purpose“, NO „invention de mission“, NO „work made for hire“

  Transferability of exploitable rights ↔ personal rights

- **Notification by employee**

  Description of object, solution and „circumstances of creation“

  Case law: text form unnecessary if employer has all information (i.e. application)

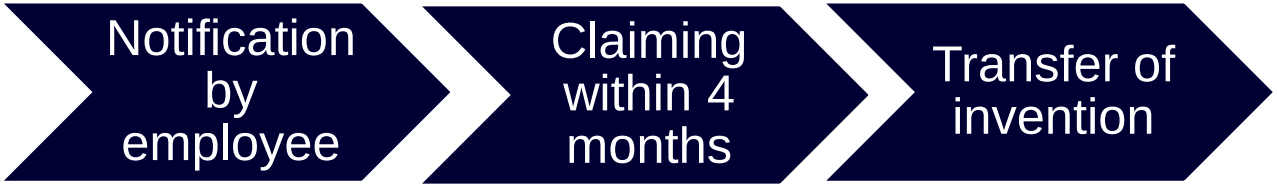
- **Claiming of invention by employer**

  4 months‘ period (starting with notification by employee)

  Release in text form OR (deemed) claiming of invention

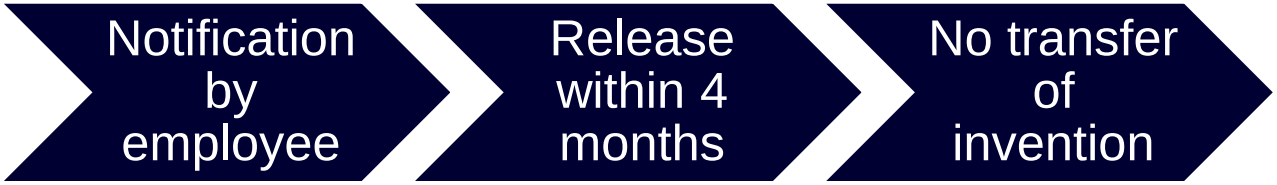
Transfer?

- **Invention made before 1 October 2009**



No reaction from employer during 4 months: Invention stays with employee

- **Invention made after 1 October 2009**



No reaction from employer during 4 months: Invention is transferred to employer

Effects?

- **German IP application by employer**

  Obligation to apply primarily for patent OR else for utility model
  Also covered by PCT or EP application
  Exception: Protection of trade or industrial secrets

- **Foreign IP application by employer**

  Right to apply for foreign IP rights
  Obligation to release invention rights for „unused territories“

- **Re-transfer of invention to employee**

  In case of withdrawal or abandonment of application
  Obligation to offer re-transfer to employee

  Waiver for obligations can be „bought“.

Effects?

- **Adequate remuneration for employee**

  Basic idea: Employee receives a share of financial benefit of employer!

  Guidelines for calculation of remuneration:

  Remuneration = Value of the invention x Proportional factor

  Value: license analogy (incl. reduction for high turnover) or internal benefit

  Proportional factor: position of employee and contribution of employer

- **Multiple inventors**

  Split-up of remuneration: per person OR pro rata

- **Determination of remuneration**

  Basic idea: Agreement between employer and employee

  If no agreement, determination by employer in text form

  Right of objection by employee within 2 months in text form

Effects?

Problem: Different legal background in international companies – rules on ownership of the invention and remuneration may differ significantly

- **Invention management**

  „Invention-friendly“ internal organization

  Proper collection of information and administration of inventions

  Additional motivation (internal inventor‘s awards); media relevance

- **Incentive systems**

  Internal rules for lump sum payments – „fair treatment for every inventor“?

  Example:
  1. Notification by employee: EUR 300 / JPY 35,000
  2. Filing of patent application: EUR 500 / JPY 60,000
  3. Start of exploitation: EUR 800 / JPY 90,000

  Problem: To be checked against the law (in Germany: no disproportion between profit and remuneration; restriction on “substantially unfair agreements”)

Special rules

- **Public service**

  Instead of claiming the invention, employer may agree on a financial participation:

  → Invention will be exploited by inventor. Employer will only receive a share of revenues.

  Exploitation if invention can be restricted in case of „public interest“

- **Universities**

  Priority of „freedom of teaching and research“

  → Right of inventor to disclose invention for teaching and research reasons

  → Right of inventor not to notify employer about invention

  → Statutory non-exclusive license for teaching and research

  (Statutory remuneration of 30% of revenues)

Side note: Copyright law

- **Basic rules of German Act on Copyrights**

  Copyright work: texts, music, pictures, computer programs

  Owner of copyright is the creative person him-/herself (i.e. not the employer)

  No transfer of copyright, but grant of rights of use

- **General provision on employees**

  Grant of rights based on „content and nature of the working or service relationship“

  Obligation of employee to grant rights for „service works“

  Implicit grant of rights based on „purpose of contract“

- **Computer programs**

  Work created „in fulfilling his tasks or following the instructions of the employer“

  Statutory exclusive right of use for employer

  Exclusive access of employer to all exploitable rights

  → Different (explicit) provision in (working) agreement is possible

Copyright law

- **Remuneration**

  Right of creator for payment of „adequate remuneration“

  Additional remuneration in case of disproportion between profit and remuneration

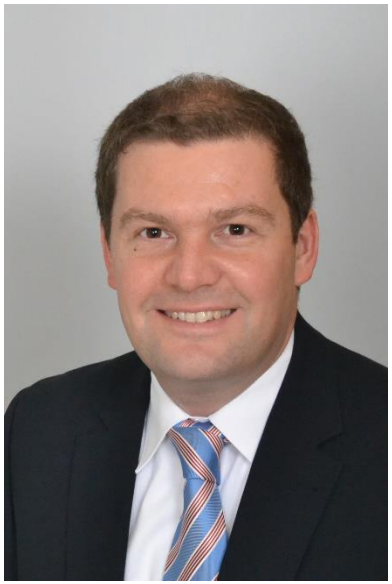
  In addition to salaries?

  → Case law: „catch all“ by salaries

  → Additional remuneration for extra efforts (beyond usual obligation to work)

  → No right for extra remuneration for computer programs

Thank you!



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