

## Questions

### I. Current law and practice

- 1) Please describe your Group's current law defining ownership of an invention made by an inventor employee and identify the statute, rule or other authority that establishes this law.

Answer:

It is stipulated in Article 7 and Article 8 of Taiwan Patent Act as the following:

#### (1)On-duty Invention:

Where an invention, a utility model or a design is completed by an employee **in the course of performing his duties during the period of employment**, the right to apply for a patent and the patent right shall be vested in the **employer** and the employer shall pay reasonable remuneration.

However, where there is an agreement providing otherwise, such agreement shall prevail.

(Paragraphs 1 and 2 of Article 7)

#### (2)Non On-duty Invention:

Where an invention, utility model or design made by an employee **has no connection to the course of performing his duties**, the right to apply for a patent and the patent right for such invention, utility model or design shall be vested in the **employee**.

However, if such invention, utility model or design is made through the utilization of the employer's resources or experiences, the employer may, after paying the employee a reasonable remuneration, exploit the invention, utility model or design concerned in the enterprise.

(Paragraph 1 of Article 8)

- 2) Does your Group's current law relating to ownership of an invention made by an inventor employee distinguish between types of employees, for instance between academic staff in universities and in for-profit organizations, or whether they are employed "to invent" (e.g., do research)?

Answer:

No, our law does not have such a distinction. Under the law in Taiwan, the invention made by an inventor employee is classified only into "On-duty invention" and "Non on-duty invention". Accordingly, ownership of an invention made by an inventor employee makes no distinction between types of employments.

- 3) If your Group's current law prescribes that employers own inventions made by inventor employees, does your law impose an obligation on employers to offer to

employees the right to file a patent application, or entitlement to a patent application already filed, in the event the employer does not pursue patent protection?

Answer:

No. the law does not impose such an obligation to the employer. According to the provision regarding "On-duty invention" above, it is only stipulated that "the right to apply for a patent and the patent right shall be vested in the employer". Presently, there is no such regulation in Taiwan with respect to the obligation on employers to subsequently offer to employees the right to file a patent application in the event the employer does not pursue patent protection.

- 4) Does your Group's current law provide in any statute or other regulation that an inventor employee is entitled to receive remuneration beyond their salary for an invention made by the inventor employee but owned by the employer? If yes, please briefly describe the entitlement.

Answer:

No. there is no such a statute or regulation so prescribed. Although not statutorily obligated, the "reasonable remuneration" may refer to remuneration beyond ordinary salary, according to IP Court decision, civi.app. no.89 (2011).

- 5) Under your Group's current law, is there any other basis, e.g. common law principles, upon which an inventor employee may claim a right to remuneration beyond their salary for an invention made by the inventor employee but owned by the employer?

*If your answer to question 4) or 5) is 'yes', please answer remaining questions 6) to 8). If no, please go to question 9)*

Answer:

Yes, the basis will be contracts of the Civil Law in addition to the court decision mentioned in the question 5) above.

Since the Taiwan Patent Act does not provide clear definition as to how reasonable the "reasonable remuneration" is, it would be possible to claim such a right according to the labor agreement between employers and employees.

- 6) To what extent do the following factors determine whether an inventor employee is entitled to remuneration?
- a) Nature of employment duties;
  - b) Extent to which the invention is relevant to the business of the employer;

- c) Use of employer time/facilities/resources in generating the invention; and
- d) Terms of the employment agreement or collective agreement.

Answer:

Presently, there is no specific regulation stipulating factors for determining whether an inventor employee is entitled to remuneration. However, it is believed that all of the above four factors could be used for such determination.

- 7) When does any right to remuneration arise? What stage(s) during the process for invention creation through to patenting, commercialisation or licensing trigger any right to remuneration?

Answer:

The Patent Act does not specify the timing when the right to remuneration arises, neither does the law prescribe any specific stages to trigger such a right. From the literal interpretation of the relevant provision of the Patent Act, the right to remuneration should arise as early as at the time the invention is filed for patent.

- 8) Is the amount of remuneration codified or variable? If variable, how is it determined? For example, **what circumstances affect the amount of remuneration?** If the amount of remuneration is based on revenue related to the patent (e.g., licensing revenue), **how is that amount determined?** What impact, if any, does the number of co-inventors have on the amount of remuneration to which any one of the inventors is entitled?

Answer:

No, the amount is not codified. Without being codified, the amount of remuneration is variable.

Generally, the amount shall be determined by the contract of the parties. In practice, some of the criteria, such as involvement of an industrial utility, the technical value, commercial value, demand, licensing fee, etc., would need to be considered while calculating the remuneration.

For plural inventors, the entitlement of each of the inventors on the amount of remuneration may also be determined on employment agreement basis, or by company policy, if there is one.

- 9) Does contract law (e.g., company employee contracts requiring assignability of inventions to the company) affect any remuneration payable by an employer to an inventor employee?

n/a (see above for our position)

- 10) Does your Group's current law provide for any entitlement to additional remuneration after an employee inventor has already accepted remuneration for the invention? For example, this could arise where the patent value has increased after any initial remuneration entitlement has been paid, and the inventor employee seeks additional compensation for the increased value arising from the issuance of a patent or later commercialisation.

Answer:

No, there is no such a law so regulated. Since there is no such regulation in Taiwan, any entitlement to additional remuneration shall be determined by employment contract and the dispute arising therefrom shall be resolved before the Court in individual cases.

- 11) If remuneration is based on the contribution each inventor made to the invention, how is that contribution determined and how is the remuneration then calculated?

Answer:

The Patent Act does not provide specific guidelines for determining the contribution and calculating the appropriate remuneration.

The Taiwan Patent Act does not specify any method to calculate such reasonable remuneration. Therefore, all type of remuneration shall be negotiated and determined in the agreement made by both parties mutually. Determining the contribution of an invention (creation of new design and/or utility model and/or invention) is an unclear circumstance, too. Therefore, the employee usually would sign an agreement to avoid any future disputes prior to involving in any working relationship. This can help to facilitate mutual understanding between the employer and employee as to what is to be expected.

- 12) Does any right to remuneration under your Group's current law apply to inventors located outside your jurisdiction if the employer is located in your jurisdiction?

Answer:

Yes, the right to remuneration imposed in the Patent Act is also applied to inventors located outside of this jurisdiction.

In Taiwan, the jurisdiction and nationality of the inventor cannot be considered as a metric for calculating remuneration. Once a person has a reasonable contribution in an invention, he/she must be considered as the inventor. And regardless of the jurisdiction as to where the invention is made, the inventor

deserves appropriate remuneration from the employer as governed by the Taiwan law.

- 13) Does any right to remuneration under your Group's current law apply to inventors located in your jurisdiction if the employer is located in another jurisdiction?

Answer:

Yes, the law also applies to an employer located outside of this jurisdiction as long as the case is accepted and adjudicated under the jurisdiction of the R.O.C Taiwan.

The whereabouts and the nationality of an employer are irrelevant for the application of the laws under this scenario. Once a person has a reasonable contribution in an invention, he/she must be considered as the inventor. And an inventor, in the jurisdiction of Taiwan, holds the right to claim appropriate remuneration from the employer located outside Taiwan, unless there is any conflict with the national law of such an employer.

- 14) If an employee inventor in your jurisdiction is a co-inventor with one or more inventors outside your jurisdiction, does the number of co-inventors or whether they are entitled to remuneration impact the inventor employee's entitlement to remuneration? Does it matter if the employer is in your jurisdiction or outside your jurisdiction?

Answer:

No, the number of co-inventors or whether they are entitled to remuneration does not impact the inventor employee's entitlement to remuneration.

No, it does not matter if the employer is in or outside of this jurisdiction.

## **II. Policy considerations and proposals for improvements of the current law**

- 15) If your Group's current law provides inventor employees with a right to remuneration for their inventions:

- a) is the law sufficiently clear as to the circumstances under which the right to remuneration arises?

No, the Taiwan Patent law is not sufficiently clear as to the circumstances under which the right to remuneration arises. For example, the law does not specify the timing and circumstances to trigger the right to inventor remuneration, nor does it specify whether the location where the invention is completed matters.

- b) does the law provide sufficient guidance as to how the remuneration is to be determined?

No, the Taiwan Patent law does not provide sufficient guidance as to how the remuneration is to be determined. The legislators might purposefully leave it blank to allow the parties to negotiate the terms and conditions by contract. In case of any disputes arose, parties should resolve it at the court forum.

- c) are there aspects of your law that could be improved to address remuneration of inventor employees?

Yes, for example, the law could specify the timing and circumstances to trigger the right to inventor remuneration, and to set the location where the invention is completed as a pre-requisite to give the local court a jurisdiction to govern.

are there any proposed reforms of your law with respect to such remuneration?

No. There are no proposed reforms.

- 16) If your Group's current law does not presently provide inventor employees with a right to remuneration for their inventions:

- a) Should it do so?

n/a

- b) Are there any proposals to introduce such rights? If yes, please describe such proposals.

n/a

### III. Proposals for harmonization

- 17) Is harmonization in this area desirable?

Yes.

*If yes, please respond to the following questions without regard to your Group's current law.*

*Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.*

- 18) Please propose a standard for remuneration for employee inventors that your Group considers would be an appropriate international standard, addressing both the circumstances that give rise to remuneration and to the basis for determining it.

We propose the following provision:

“Where an invention, a utility model or a design is completed by an employee in the course of performing his duties during the period of employment, the right to apply for a patent and the patent right shall be vested in the employer. **The employer shall pay reasonable remuneration to the employee inventor(s) if a patent right is granted to the aforesaid invention creation, and if the patent is later exploited by the employer.**

**The amount of Inventor remuneration shall be \$\_\_\_\_\_ due upon filing a patent application for the invention, and \$\_\_\_\_\_ due upon grant of the patent, and \$\_\_\_\_\_ upon licensing or implementing the patent; unless there is a contract agreed by parties.**

**The aforesaid amount shall be appropriated among all inventors; unless there is a contract agreed by parties.”**

Reasons are as follows:

Inventor Remunerations prefer to be a fixed amount due upon the happening of particular events, e.g. upon filing the initial application, upon issuance of a patent, upon licensing the patent, or at a number of such points.

If Inventor Remunerations are calculated on the basis of „revenues“ or „profits“, the unpredictability involved may hinder the economies of product commercialization, for the following reasons:

(1) It is difficult to appropriate efforts involved by different inventors, and „revenues“ or „profits“ gained may not be solely dependent on one or a few particular inventions involved in a final product or one process ever implemented to obtain the final product.

(2) Revenues or profits gained sometimes are not attributable to inventions involved in a final product or a process ever implemented to obtain the final product.

19) Please provide a standard that your Group considers would be an appropriate international standard for handling issues where employee inventors are located in different countries and the countries have differing laws relating to the remuneration of inventor employees.

**We propose the following standard:**

Where an invention, a utility model or a design **is completed in the territory of R.O.C. Taiwan** by an employee in the course of performing his duties during the period of employment, the right to apply for a patent and the patent right shall be vested in the employer. The employer shall pay reasonable remuneration to the employee inventor(s) if a patent right is granted to the aforesaid invention creation, and if the patent is later exploited by the employer.

The amount of Inventor remuneration shall be \$\_\_\_\_\_ due upon filing a patent application for the invention, and \$\_\_\_\_\_ due upon grant of the patent, and \$\_\_\_\_\_ upon licensing or implementing the patent; unless there is a contract agreed by parties.

The aforesaid amount shall be appropriated among all inventors; unless there is a contract agreed by parties.

**The nationality and residential place of an employee inventor is irrelevant.”**

Reaons:

Inventor remunerations prefer to be determined on the basis of where the invention is made. In case inventors are located in different countries and the countries have differing laws relating to the remuneration of inventor employees, the laws where each individual inventor is located should govern for different inventors. In this case, companies may decide whether they should establish an R&D facility in a specific country based on the inventor remuneration laws in that specific country.

One should expect that, country with inventor remunerations rules that are pro inventors but harsh to R&D facilities will have difficulties in recruiting investments relating to research and developments. On the other hand, a country with inventor remunerations rules that are pro R&D facilities but harsh to R&D inventors may have difficulty in retaining human resources relating to research and developments unless the R&D facilities are willing to provide better remunerations. A balance between inventors and R&D facilities may eventually be reached so that both can be benefitted.

*July 21, 2017*