

National/Regional Group: AIPPI Luxembourg

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Questions

1. CURRENT LAW AND PRACTICE

1.1 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.

Article 13 of the Act of 20 July 1992 modifying the patent regime ("loi du 20 juillet 1992 portant modification du régime des brevets d'invention," hereafter the "Patent Act") provides a legal regime of ownership, respectively remuneration, for an invention made by an employee which allows only for contractual derogations that are more favourable to the employee.¹

When the employee makes an invention either during the performance of a contract of employment comprising an inventive mission which corresponds to his or her actual functions, or while conducting studies or research which he or she has explicitly been entrusted with, the employer will be the sole owner of that invention.²

The same applies to an invention which has been made by an employee either during the performance of his or her functions, or in the field of activities of the company, or with the knowledge or use of techniques or specific means of the company or data provided by the company.³

1.2 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)?

The Patent Act applies the same ownership regime to all employees, ranging from those that are employed "to invent" to those that made an invention merely in the field of activities of the company.

Article 13 of the Patent Act also applies indistinctively to agents of the State, to public entities, public institutions, as well as any other legal entity governed by public law.⁴

1.3 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?

The Patent Act does not 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.

¹ Patent Act, article 13, paragraph 1.

² *Id.*

³ *Id.*

⁴ Patent Act, article 13, paragraph 7.

However, the Act provides a right to information which entails for both the employee and the employer an obligation to communicate any valuable information on the invention at issue.⁵

1.4 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 owner but owned by the employer? If yes, please briefly describe the entitlement.

The Patent Act provides for a right to remuneration beyond the inventor employee's salary.

If the employer makes a "significant profit" ("bénéfice notable") from the patent on the invention, he or she should grant the inventor employee a "fair share" ("part équitable") of the profit made.⁶

In the case where the inventor employee files and wins a legal suit against his or her employer who made a significant profit from the patent on the invention made by the employee, he or she is entitled to receive a "special remuneration".⁷ Paragraph 6 of article 13 of the Patent Act provides in a non-exhaustive six-factor test to determine this special remuneration. It can take on the form of a lump sum payment, of periodical payments or of both payment forms combined.⁸

1.5 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?

There seem to be no principles which would serve as a stand-alone legal basis for a claim for remuneration beyond the salary for an invention made by the inventor employee but owned by the employer. The parties may nevertheless contractually agree to such remuneration, provided such agreement is not less favourable to the employee than what is provided for in the Patent Act.

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

1.6 To what extent do the following factors determine whether an inventor employee is entitled to remuneration?

(a) Nature of employment duties;

Yes, *see* article 13, paragraph 6, factor b) of the Patent Act.

(b) Extent to which the invention is relevant to the business of the employer;

Yes, *see* article 13, paragraph 6, factor a) of the Patent Act.

(c) Use of employer time/facilities/resources in generating the invention; and

Yes, *see* article 13, paragraph 6, factor e) and, to some extent, f) of the Patent Act.

(d) Terms of the employment agreement or collective agreement.

⁵ Patent Act, article 13, paragraph 2.

⁶ Patent Act, article 13, paragraph 3.

⁷ Patent Act, article 13, paragraph 4.

⁸ Patent Act, article 13, paragraph 5.

Not explicitly, but as the judge is not limited to the six factors provided by the Patent Act, the terms of the employment agreement or collective agreement could weigh in the determination process of the inventor employee's special remuneration.⁹

1.7 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?

The right to remuneration derives from the “significant profit” that the employer draws from the patent on the invention made by the employee.¹⁰

However, the employee's right to file a suit is subject to a three-year limitation period, starting from the granting of the patent.¹¹ This leaves only a very short amount of time for the patent to become commercially successful and to generate a “significant profit.”¹²

1.8 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?

The amount of remuneration is not codified. The legislator has left the terms “significant profit” and “equitable share” deliberately vague in deference to the contract of employment to further define the inventor employee's remuneration.¹³

Otherwise, the determination of the remuneration is left to the wisdom of the judge who is guided by the six-factor test as set out in article 13, paragraph 6 of the Patent Act. This test includes factors such as the economic importance of the invention, the role and the salary of the employee, the skills and efforts he or she has dedicated to the invention, the involvement of any co-inventors or assistance of other persons, the part of the employer in the development and exploitation of the invention, or the nature and size of the company.

Surprisingly, in a case from 2000, despite an explicit inventor remuneration clause in the contract of employment, the Luxembourg labour court rejected a claim for special remuneration of an ex-employee on the basis that the contract of employment did not specify how the amount of the remuneration was to be calculated.¹⁴ The court also held that the recent salary raise of the ex-employee was significant and would consist in a “comfortable compensation for the services provided.”¹⁵ Furthermore, the court stated that the appointment of an expert could not provide a substitute for the lack of a precise method of calculation in the contract.¹⁶ The court's decision has been confirmed on appeal and the claim has not been further addressed before the Court of cassation, which squashed the lower court's decision on a strict labour law argument.¹⁷

⁹ Cf. Avis de la Chambre de Travail sur le projet de loi n°3011/02 portant modification du régime des brevets d'invention, Doc. Parl., Chambre, J-1989-O-0197, p. 1.

¹⁰ Patent Act, article 13, paragraph 3.

¹¹ Patent Act, article 13, paragraph 4.

¹² OCVIRK, P., « Inventions de salariés. Un régime équitable? », Les cahiers du droit luxembourgeois, 2009, vol. 7, p. 26.

¹³ Rapport de la Commission de l'Économie sur le projet de loi 3011 portant modification du régime des brevets d'invention, Doc. Parl., Chambre, 1991, C-1991-O-047-0002, p. 2287; see also Avis de la Chambre de Travail sur le projet de loi n°3011/02 portant modification du régime des brevets d'invention, Doc. Parl., Chambre, J-1989-O-0197, p. 1-2.

¹⁴ Labour court of Luxembourg, 25 April 2000, n°1826/2000.

¹⁵ *Id.* (free translation).

¹⁶ *Id.*

¹⁷ Cass., 24 April 2003, n°27/03.

1.9 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?

Article 13, paragraph 1 of the Patent Act allows for contractual derogations only if they are more favourable to the inventor employee. Therefore, employers can grant their employees a higher but not a lower remuneration for inventions than the law provides. *Cf.* answers to question 1.1 and 1.8.

1.10 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.

Due to a lack of case law, it is unclear to what extent the Luxembourg Patent Act provides for an entitlement to additional remuneration after an employee inventor has already accepted remuneration for the invention.

In the case where the patent on the invention does not generate a “significant profit,” the employee inventor does not seem to be entitled to any additional remuneration beyond that which he or she would have accepted beforehand.

Nevertheless, if the patent on the invention generates a “significant profit” for the employer, the Patent Act grants the inventor employee a “fair share” of that profit and allows the judge to allocate a “special remuneration.”¹⁸ Hence, it seems that the inventor employee could tackle a remuneration agreement that does not amount to the definition of a “fair share” of the profit made.

Furthermore, according to article 13, paragraph 5 of the Patent Act, the court who heard a case for a special remuneration, can, at the request of one of the parties, modify, repeal, or suspend the entirety or part of its decision to allocate such a remuneration.

1.11 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?

The Luxembourg Patent Act only provides vague guidelines on how the contribution of each inventor employee is to be determined and it does not provide any further reference as to how the respective remunerations should be calculated.

1.12 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?

The Patent Act does not provide in any rules in respect to a potential extraterritorial scope.

In general, however, a contract of employment which purports to be governed by Luxembourg law, but is performed in the jurisdiction of a member state of the EU, is governed by Luxembourg law in so far that it is more favourable to the employee than the overriding mandatory provisions of the foreign jurisdiction.¹⁹

In such case an inventor located outside of Luxembourg who signed a contract of employment under Luxembourg law with an employer located in Luxembourg would be entitled to the remuneration provided by the Luxembourg Patent Act.

¹⁸ *Cf.* answer to question 1.4.

¹⁹ Recital 34 and Article 8 of the Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), O.J.E.U., L.177, 4 July 2008, pp. 7 and 13.

1.13 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?

As a general rule, Luxembourg labour laws apply to any inventor located in Luxembourg whose contract of employment with a foreign employer is less favourable than the standard set by the Luxembourg legislator.²⁰

Consequently, if article 13 of the Patent Act is to be considered as labour law, then an inventor located in Luxembourg would in any case be entitled to inventor employee remuneration.

It is unclear, however, whether article 13 of the Patent Act falls under labour law or not. The fact that the law aims to set a minimum standard of protection for employees and that the Luxembourg Labour Code refers to the Patent Act in its article L. 414-9, paragraph 7, on the participation of the workers committee in determining the inventor employee remuneration would be an indication that article 13 falls under labour law. On the other hand, the fact that the labour court of Luxembourg held that claims brought under article 13 should be filed in the district court and not in the labour court would be an indication against such an interpretation.²¹

1.14 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?

While the six-factor test in article 13, paragraph 6 of the Patent Act explicitly considers whether other inventors have taken part in the development process of the invention, the test makes no distinction as to where those co-inventors would be located, nor as to whether any co-inventor is entitled to remuneration.

On the other hand, whether the employer is located in or outside of Luxembourg could impact the employee inventor's entitlement to remuneration by affecting the governing law.²²

2. POLICY CONSIDERATIONS AND PROPOSALS FOR IMPROVEMENTS OF THE CURRENT LAW

2.1 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?

The Patent Act should ideally provide a definition of the term "significant profit," which determines the threshold for the right to inventor employee remuneration.

On the other hand, it should be noted that the Patent Act provides a regime of minimum protection and companies who want to foster creative input from their employees could provide remuneration rules that are both clearer and more generous.

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

The legislator wanted to retain continuity with the former law dating back to 1922 by privileging contractual freedom and leaving a wide margin of manoeuvre to the courts for determining the profit

²⁰ Cf. *supra* and note 20.

²¹ Labour court of Luxembourg, 5 December 2016, n°4453/2016.

²² Cf. answer to question 1.13.

share of the employee.²³ As a consequence, the term “fair share” has been left deliberately vague (*supra*).

In respect to the judge, the legislator has been more precise and has provided a six-factor test for the judge to determine the remuneration.

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

(d) Are there any proposed reforms of your law with respect to such remuneration?

No.

2.2 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?

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

3. PROPOSALS FOR HARMONIZATION

²³ Rapport de la Commission de l'Économie précédant le projet de loi 3011 portant modification du régime des brevets d'invention, *Doc .parl.*, Chambre, 1991, C-1991-O-047-0002, p. 2287, 2296-2297 et 2300.