



## Summary Report

### Standing Committee on Patents

#### Inventor remuneration

#### Introduction

In response to an initial questionnaire the Standing Committee on Patents received Reports from the following Groups in 2017 ahead of the Sydney Congress: Argentina, Australia, Austria, Brazil, Bulgaria, Canada, Chile, China, Colombia, Denmark, Ecuador, France, Germany, Greece, Hungary, Indonesia, Ireland, Japan, Jordan, Luxembourg, Mexico, the Netherlands, New Zealand, Sweden, Switzerland, Turkey, Ukraine, United Kingdom (**UK**), United States (**U.S.**) and Vietnam and from the Independent Members (**IM**) of Iran, Taiwan and Mozambique.

Based on these Reports, a draft Position Statement was debated during the Sydney Congress. Subsequently, it was decided to send out an additional questionnaire in 2018 in order to prepare a draft Resolution to be presented to the ExCo at the Cancun Congress. In response to the additional questionnaire, Reports were received from the following Groups: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Denmark, Estonia, France, Germany, Hungary, Indonesia, Israel, Italy, Japan, Mexico, Norway, the Philippines, Romania, Spain, Sweden, Turkey, United Kingdom (**UK**), United States (**US**) and Vietnam.

For the initial questionnaire, 33 Reports were received, and for the additional questionnaire, 27 reports were received. The Standing Committee on Patents and the Reporter General thanks all contributors for their helpful and informative reports. As there is considerable overlap between the two questionnaires, this Summary Report reflects the combined information of the Reports received for both questionnaires.

All the Reports provide a comprehensive overview of the national and regional law and practice on the topic of inventor remuneration. This Summary Report does not attempt to reproduce the detailed responses given by each Group or Independent Member. If any question arises as to the exact position in a particular jurisdiction, or for a detailed account of any particular answer, reference should be made to the original reports. See <https://www.aippi.org>.

In this Summary Report:

- references to reports of or responses by one or more "Groups" may include references to Independent Members; and
- where percentages of responses are given, they are to the nearest 5%.

The answers as reported by the various Groups under their national/regional laws in response to the below questions can be summarized as follows:

**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**

In most of the Reports, it is stated that the law governing the ownership of an invention is the law regarding patents or intellectual property. In Germany and Sweden, laws specific to the right of employee invention are applied to define the ownership of an invention. In Norway, ownership to patentable inventions made by an employee is regulated by the Employee Inventors Act. In Belgium, the Belgian Code of Economic Law stipulates that the rights on patentable inventions belong to the employee-inventor. In other countries, the ownership of an invention is governed by the common law, including Australia, Colombia, Ecuador, Iran, Ireland, New Zealand, Switzerland and Ukraine.

In some of the Reports, it is stated that inventions made by an employee pursuant to their employment duties belong to the employer. See, e.g., Austria, Australia, Brazil, China, Denmark, Germany, Hungary, Ireland, Italy, Mozambique, Philippines and UK. In some of the Reports, it is stated that if an employee and an employer make an agreement on the ownership of an invention, such an agreement shall prevail. See, e.g., Bulgarian, Canada, Chile, Estonia, Indonesia, Iran IM, Israel, Japan, Netherlands, New Zealand, Taiwan IM and Vietnam. In the Israeli Report, it is stated that an employee has an obligation to notify their employer when they have made an invention, and may claim to own the patent in the absence of a contrary reply from their employer in 6 months. In the Spanish Report, it is stated if the purpose of an employment or service contract is for carrying out research, the ownership of the inventions belongs to the employee or service provider. The Australian Report, Chinese Report, and Indonesia Report, explain that when determining the ownership of an invention, data, facilities, or materials used by the employee for the invention are to be considered.

In the U.S. Report, it is indicated that no federal law or regulation exists to define inventorship and a common practice is for employers to require employees to assign their rights and interest in inventions developed during the regular course of the employee's duties, effectively "contracting away" any

rights the employee might have retained as an inventor. However, certain states in the U.S. have adopted statutes defining the rights of an employee who acts as an inventor regarding “non-work-related invention”, including California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah, and Washington.

In the French Report, it is stated that there are three categories of invention: (i) inventions made in the course of the employee’s duties, belonging to the employer; (ii) inventions made outside the course of the employee’s duties but during the execution of their functions or in the field of activity of the company or by reason of knowledge or use of technologies or specific means of the company or of data acquired by the company, belonging to the employee but assignable to the employer upon request; (iii) other inventions, belonging to the employee.

**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)?**

Some of the Reports indicate that their laws do not distinguish between types of employees (Australia, Brazil, Canada, China, Colombia, France, Greece, Hungary, Indonesia, Iran IM, Ireland, Israel, Japan, Jordan, Luxembourg, Mozambique IM, New Zealand, Philippines, Taiwan IM, UK, Ukraine, U.S. and Vietnam). Other Groups indicate that there are distinctions depending on different types of employees. In Germany, employees of universities retain a non-exclusive license for using the service invention for their teaching and research activities. The Austrian law sets out the type of position of the inventor employee at the employer and whether the employee is employed “to invent” is to be taken into account when assessing the amount of inventor’s remuneration. In the US, some universities have bylaws to provide extra compensation for professors and/or students, such as Delaware State University.

The Netherlands law distinguishes three types of employees: employees employed "to invent"; trainees; and employees of a university or research institution. The Argentinean law also defines three types of employees with the employee employed "to invent" being the same as under the Netherlands law. The other two types include employee inventions related to the activities of the employer and other inventions not falling under any of the criteria described above.

The Swedish law and Spanish law distinguish between employees or service provider whose primary task is to perform research or inventive activities and those who do not have this as a primary task. The Spanish law also

distinguishes between 3 different types of inventions. In the Ecuadorian law, a difference is made between an invention made by academic staff and employees in general.

**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 laws of some jurisdictions define such an obligation on employers (see e.g. Argentina, Denmark, Germany, Hungary, Mexico, Mozambique and Ukraine) whereas some Reports state that there is no such obligation on employers (see e.g. Austria, Australia, Brazil, Canada, Chile, China, Colombia, Ecuador, France, Greece, Iran IM, Ireland, Italy, Japan, Jordan, Luxembourg, Netherlands, New Zealand, Philippines, Sweden, Switzerland, Taiwan IM, UK, U.S. and Vietnam). In those jurisdictions defining such an obligation, generally a time limit is established for the employer to consider whether to acquire the right to the invention, for example, 90 days for Hungary, 4 months for Ukraine, 3 months for Bulgaria, 4 months for Denmark, 6 months for Mozambique, with the starting point generally being the time when the employee notifies the employer that the invention has been made. In the Spanish Report and the Israeli Report, for certain types of invention or in certain scenarios, the employer has the obligation of claiming to own the invention within a given period of time from the receipt of the employee's notice of the invention.

**4) In the absence of an explicit agreement between the employee and employer, 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**

In the vast majority of the Reports, it is stated that an inventor employee is entitled to receive remuneration beyond their salary. In the Reports of Australia, Belgium, Indonesia, Iran IM, Ireland, Jordan, New Zealand, Philippines, Taiwan IM and US, it is answered in the negative. In the Spanish Report, no extra compensation beyond the salary is statutorily entitled for "employees' service invention", but fair economic compensation is entitled for "employees' mixed inventions".

In the Chinese Report, the detailed numbers of the remuneration are defined as a lower limit. In the Vietnamese Report, the minimum rate of remuneration is defined to be 10% of benefits obtained from using the invention and 15% of the sum amounted from each license royalty. In the other Reports, the remuneration is generally defined to be reasonable, equitable, proper, or as

agreed in the contract. In the U.S. Report, it is mentioned that remuneration beyond a salary is most commonly extended, if at all, based on contract.

- 5) Under your Group's current law, and in the absence of an explicit agreement between the employee and employer, 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?**

In the vast majority of the Reports, it is indicated that there is no other basis for the right to remuneration, see e.g. Argentina, Austria, Australia, Belgium, Brazil, Bulgarian, Canada, Colombia, Denmark, Ecuador, Estonia, France, Germany, Indonesia, Iran IM, Ireland, Israel, Italy, Japan, Jordan, Luxembourg, Mexico, Mozambique IM, Netherlands, New Zealand, Norway, Philippines, Sweden, Switzerland, UK and Vietnam. In the Hungarian Report, the Hungarian Civil Code is mentioned. In the Taiwanese IM Report, the civil law is mentioned. In the Chinese Report, contract law is mentioned. In the Chilean Report, the general civil law is mentioned. In the Greek Report, Law. 1733/1987 is mentioned. In the U.S. Report, it is mentioned that an invention created within the scope of employment by an employee who was “hired to invent” can result in an obligation for that employee to assign the invention to the employer. If the employee was not “hired to invent” and there is no employment agreement term requiring assignment, then the employee may receive remuneration in exchange for assignment.

- 6) If there is an explicit agreement between the employee and employer, is the compensation stipulated therein enforceable, even if it is stipulated that there is no compensation beyond the employee's salary? Or is there a minimum additional compensation that the employee can claim? If so, how is this compensation determined?**

In some jurisdictions, e.g., Australia, Belgium, Brazil, Indonesia, Israel, Japan, Mexico, Philippines and US, such an explicit agreement between the employee and employer is enforceable. In other jurisdictions, e.g., Austria, China, France, Hungary, Italy, Sweden and Turkey, such an agreement is not enforceable if the agreement stipulates that the employee is not entitled to any compensation beyond his/her salary. In the vast majority of the jurisdictions, no specific minimum additional compensation is regulated. In China and Vietnam, a specific amount of money or propriety of benefit from using the patent is regulated. In the Vietnamese Report, it is stated that the agreement between the employee and employer should regulate a compensation no less than a minimum compensation.

In the Danish Report, it is stated that the employee has a right to compensation unless the value of the invention does not exceed what the employee is expected to produce.

In the Estonia Report, it is stated that an employee is entitled to receive remuneration beyond his salary in case of value of an invention much higher than previously estimated.

In the Norway Report, it is stated that “reasonable compensation” in excess of his/her salary and other benefits is eligible for transfer of rights to patentable inventions provided certain criteria are met.

In the UK Report, it is stated that compensation in favor of the employee agreed in contract between the employee and employer will be enforceable according to ordinary principles of contract, however any term that purports to diminish the inventor’s rights in the invention, or any patent or patent application in respect of such invention will be unenforceable.

In the U.S. Report, it is stated that there is no minimum additional compensation required by law and compensation stipulated in explicit agreements are enforceable even if there is no compensation beyond the employee’s salary. However, in certain states, additional consideration may be required to create a new obligation to assign an employee’s invention. There is a split between the states regarding whether continuation of at-will employment constitutes consideration. In Washington and North Carolina, mere continuation is generally insufficient. In California, Utah, Minnesota, Illinois, Delaware, and Kansas continuation is sufficient to constitute consideration.

*If your answer to question 4) or 5) is 'yes', please answer remaining questions 7) to 9). If no, please go to question 10)*

- 7) 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.**

Some Groups indicate that all of these four factors are defined statutorily for determining entitlement to remuneration. See e.g. Argentina, Chile, Colombia, France, Germany, Greece, Hungary, Japan, Spain, and Ukraine. Other Groups indicate that none of these four factors are defined statutorily. See e.g. Austria, Ecuador, Iran IM, Ireland Mozambique IM, New Zealand and Switzerland. In some of the Reports, see e.g., Estonia, Israel, Italy,

Netherlands, Norway, Taiwan IM, it is mentioned that although not specifically stipulated, these factors would be taken into consideration in determining entitlement to remuneration.

Other Reports indicate that some of these four factors are statutorily defined. In some of the Reports, see e.g., Luxembourg, Swedish and UK , it is stated that factors a), b) and c) are considered, but factor d) is not explicitly considered. The Chinese Report states that factors b) and d) are considered in determining entitlement to remuneration. The Mexican Report states that factors a), b) and d) are considered. The Bulgarian Report states that factors b), c) and d) are considered. The Belgian Report states that factors b) and c) are the main elements in determining whether or not the invention was made within or outside the employment contact. The Vietnamese Report indicates that no direct link is defined between the remuneration and the four factors, but it is interpreted that factor a) is considered. In the Danish Report, it is mentioned that none of these four factors are determinative. The U.S. Report states that the four factors may be relevant in determining whether an invention is a non-work-related invention that cannot be the subject of mandatory assignment to the employer, thus remuneration is one method that can be used to obtain a voluntary assignment from the employee inventor.

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

In some of the Reports, it is expressly or implicitly indicated that the time when the right to remuneration arises is not specifically defined under the law or regulations. See e.g. Argentina, Belgium, Brazil, Japan, Norway and the U.S Reports. In the Report from the Japanese Group, it is mentioned that the time for the right to remuneration to arise may be stipulated by the employer. In the Colombian Report, it is mentioned that the time for the right to remuneration to arise has to be agreed upon by both the inventor employee and the employer. In the French Report, it is indicated that the date on which the remuneration is actually due depends on contractual provisions. The Vietnam Group took the position that the law can be interpreted such that the process for invention creation does not trigger the right to remuneration unless otherwise agreed between the owner and the inventor of an invention. According to the Report of the Israeli Group, an employee is not automatically entitled to remuneration for service inventions, but is granted a right to seek a decision regarding entitlement to remuneration. The Spanish Report distinguishes the different types of remuneration but did not indicate the time when the right to said remuneration arises.

Other Reports explain that the trigger of the right to remuneration varies: the Austrian and Turkish Groups indicated that it is as soon as the employer has

laid claim to the invention; the Reports from Sweden and France provided that it is when the employer succeeds to the employee's rights to an invention or the right to the invention is vested upon the employer; some Groups indicated that it is from the application of the invention (see e.g. Taiwan IM, Ukrainian, Mozambique IM and Switzerland); some Groups indicated that it is from the grant of patent (see e.g. Hungary, Netherlands, China and Estonia); the Mexican Group stated that it is once the employer benefits in a disproportionate manner with regard to the salary earned by the employee that developed the invention; and other Groups indicated it is from the exploitation of the patent (see e.g. Luxembourg, Bulgarian, Denmark, Greece). The Italian Report states that the right to remuneration is triggered either by the grant of the patent or by the decision of the employer to exploit the invention under a secrecy regime. The UK Report states that an application for compensation must be made within a prescribed period which begins when the relevant patent is granted and which expires one year after it has ceased to have effect.

The German Report mentions that two statutory conditions should be met for remuneration: (i) the invention is protected by a patent; (ii) the exploitation begins.

The Chinese Report mentions that the remuneration may either be given on an annual basis within the term of the patent during which the patent for the invention is implemented, or be given on a lump sum basis. The Austrian Report indicated a stepwise way of generating remuneration; i.e. the employer often pays a first lump sum when they have laid claim to the invention and a second lump sum when a patent is granted. In France, the date on which the remuneration is actually due depends on contractual provisions. In the U.S. Report, it is mentioned that although no federal remuneration right exists by statute and under the common law, contractual terms may provide remuneration at the commercialization stage in some states.

**9) 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?**

In the majority of the Reports, it is indicated that the amount of remuneration is variable and usually depends foremost on what is stipulated in the contract between employer and employee. Nine countries responded that they have no codified laws on computation of inventor remuneration, only variables that, by practice, determine inventor remuneration. See e.g. the Reports from Argentina, Austria, Belgium, Estonia, Israel, Mexico and US.

On the other hand, nine other countries have codified laws on inventor remuneration. See e.g. the Reports from China, Denmark, Italy, Norway, Spain, Sweden, Turkey, UK, and Vietnam. Of the nine countries with codified laws on inventor remuneration, seven countries have codified laws on the variables that determine inventor remuneration. See e.g. the Reports from Denmark, Italy, Norway, Spain, Sweden, Turkey and UK. China and Vietnam have codified laws on the minimum amount of inventor remuneration.

The variables considered to determine inventor remuneration are relatively the same for majority of the countries. The factors taken into account include the nature of the duties of the employee, the relevance of the invention to the employer's business, the contribution made by the employee to the invention, the use of the employer's resources and whether or not any licenses have been granted, the capacity in which the inventor is employed, and exclusivity of the use of the invention.

Any dispute on the amount of remuneration is generally resolved through the courts, which take into consideration the factors above-stated to determine inventor remuneration.

In some countries, there is a codified formula as to how the amount or remuneration is calculated. See e.g. the Reports from Turkey and Vietnam. Other countries have provisions in their laws that set a minimum (China and Vietnam) or maximum remuneration (Mexico) especially in the case of remuneration based on a share of royalties.

In many countries, there are no provisions dealing with multiple inventors. The co-inventors are left to decide among themselves. Only Spain and Norway expressed custom or practice that determines co-inventor remuneration. The said two countries, by practice, distribute inventor remuneration depending on the extent of the inventor's contribution to develop the invention. An inventor whose efforts significantly developed the invention will get a larger portion of the remuneration, while an inventor whose contribution is minimal will receive a smaller portion of the remuneration.

**10) 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?**

The vast majority of the Reports indicate that there is contractual freedom between employers and employees to agree on any remuneration. Generally, the consideration of this issue is left to the discretion of the parties. However, clauses that result in lower remuneration for the employee than would follow from the law are generally considered to be void. Thus, laws on inventor remuneration generally set minimum, not maximum thresholds.

The U.S. Group notes that, even in the absence of a contract, an employee may be prevented from recovering royalties for use of an invention by the employer under the theory of implied license. This is dependent on the applicable state law. Other countries, such as Austria, Norway and Sweden, use a “reasonable compensation” standard to determine remuneration.

In some countries where contract law affects the remuneration payable by an employer to an inventor-employee, particularly in China, parties may agree that the creation be owned by the employee despite the general rule that invention-creation made during the execution of the tasks of the entity to which they belong and made by them using the material and technical means of the entity is owned by the employer.

In Estonia, although there is no contract law affecting any remuneration payable to an employer to an inventor employee, under Estonian Patent Law and Utility Model Act, an author has the right to receive fair proceeds from the profit received from the invention.

As per the Argentine Patent Law and Contract Law, any agreement between the parties which is contrary to both laws will be considered null and void.

**11) 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**

Many of the countries' current laws do not provide for any entitlement to additional remuneration in favor of the inventor employee, either because there are no laws specifically to that effect or that their specific laws are silent with regard to the specific matter. Specifically, for Sweden, although their law is silent as to the matter, the general rule that the inventor-employee shall be entitled to reasonable remuneration applies.

For the other countries, additional remuneration can be requested subject to the discretion of both parties.

Only a small number of countries have provisions that provide for an additional remuneration. See e.g. Austria, Bulgaria, Denmark, Germany, China, Ecuador and the UK Reports. On the other hand, Germany is the only country where the remuneration may be reduced if the value of the invention turns out to be smaller than determined on the first assessment. The German Group indicates that generally the remuneration will only be adjusted if it is estimated to be below 50% of its proper value or more than 200%. Most other Groups

indicated that, despite the absence of any specific provision in their laws, the inventor is in any case entitled to a reasonable remuneration and based on contract or resolution by the courts this can in principle be readjusted.

With regard to Israel, it has a Compensation and Royalty Committee that may decide on the extent of remuneration that the employee inventor is entitled to.

**12) 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?**

Nearly all Groups indicate that their laws do not have any provisions in this regard. They refer to international private law on the basis of which the applicable law is to be determined. As a rule, the agreement of the parties governs the right to remuneration. See e.g. Austria, France, Indonesia, Israel, Italy and Mexico Reports.

The Danish Group states that their laws generally do not govern inventor remuneration for employees who are located outside Denmark, except for those working for universities, government research institutes, public-sector hospitals, and health-sciences research institutions.

Other Groups submit that if the invention was created in their country, or if the employee performs his/her duties in the said country, then their respective country's laws will apply. See e.g. Austria, Norway, Turkey and UK Reports.

Based on the China and Estonia Reports, the inventor employee has the same rights to remuneration whether located within or outside their respective jurisdictions.

**13) 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?**

Some Groups state that they have no law expressly governing the situation, while other Groups referred to their answers in Question 12 (see e.g. China, France). Still other Groups mention that it will depend on the applicable law to the relationship between employer and inventor (see e.g. Argentina, Denmark, US). Belgium, on the other hand, distinguishes between foreign researchers that are paid by the employer (or University) and so-called "free" researchers. Paid researchers will normally follow the same rules as inventors based in Belgium, while free researchers would have to be bound by a contract in order to regulate this.

Based on the China and Estonia Reports, the inventor employee has the same rights to remuneration whether located within or outside their respective jurisdictions.

With respect to Brazil, its laws may apply in connection with work contract being executed in Brazil.

**14) 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?**

Only a few countries specifically extend this right to employers located in another jurisdiction. Specifically, Austria, China and the UK grant such rights without distinction as to whether the employer is located within the jurisdiction of such country or that of another.

Some countries specifically extend this right only to employers located within such state's jurisdiction. For instance, Australia, Denmark, and Estonia follow this rule.

For Belgium, the laws regulating the employer in another jurisdiction will apply. On the other hand, the determining factor is the law under which the employment contract was signed. If it was signed according to the law of the other jurisdiction, the right to remuneration shall apply according to the rules of such jurisdiction.

Most Groups indicate that there is no specific law on this issue in their jurisdiction. See e.g. Israel, Italy, Japan, Norway, Sweden, the U.S. and Vietnam.

**15) 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?**

Most Reports state that the number of inventors (not the employer) outside the country's jurisdiction does not impact the employee's entitlement to remuneration. Several Reports, including Israel, Turkey, and the UK indicate that the number of co-inventors may affect the amount of the remuneration.

The Groups of Belgium, China, France, Mexico, and China indicate that a contractual relationship may govern.

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

### **16) 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?**

A majority of the Reports state that the law is sufficiently clear as to the right to remuneration, this includes those countries where it is clear that no remuneration is required.

Several Reports, including those from the Danish, Indonesian and Israeli Groups, state that there is some insufficiency in clarity of the laws. The Israeli Group further mentions that there is a lack of case law on remuneration which adds to the lack of clarity, for example, under which an employee is entitled to remuneration for a service invention and whether remuneration can be sought for any service invention or whether patentability or registration of a patent are prerequisites for seeking remuneration.

The French Group states there is some uncertainty or difficulty with respect to the calculation of remuneration for certain civil servants and public employees.

The Spanish Group reports that while the law is clear to entitlement of remuneration, Spanish law does not specify the moment when remuneration shall be implemented (e.g., notification of the invention, grant of the patent, or exploitation of the invention?). Spanish law also does not establish any term for claiming a right to remuneration.

According to the UK report, while the law is sufficiently clear as to the right, the test of “outstanding benefit to the employer” is difficult to apply and in practice establishes a hurdle which is difficult to overcome.

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

A majority of the Groups report that there is insufficiency in the current laws on how to calculate remuneration. The Austrian Group states that the flexibility of determination of remuneration guided by jurisprudence is preferred to it being codified in law. The Chinese Group states there is sufficient guidance with calculation and reward proportions specified in the law. Several countries, including Israel, Italy and Japan state that guidance is provided. In Israel there is a non-exhaustive list of general considerations.

The Italian Group states the IPC provides a list of statutory criteria, and case law provides guidance, to determine quantum of compensation beyond the salary.

The Japanese Group states that agreements providing reasonable benefits, citing guidelines of the Minister of Economy is respected in determining remuneration. If there is no agreement or it is unreasonable, the company must determine reasonable benefits by taking certain factors into considering, including: amount of profit to be received by the employer, from the invention, the employer, burden, contribution and treatment of the employee, and any other circumstances relating to the invention.

The French Group states that French law refers to contracts, including collective agreements, company agreements and individual employment agreements to control provided that the contracts are not unlawful, incomplete or don't address remuneration. Where there are no applicable provisions, case law does provide criteria that does lead to some uncertainty.

The Spanish Group states that Spanish law does not provide any method or criteria as to how the remuneration should be calculated. It does state that it should be fixed to the following factors:

- (i) the commercial and industrial importance of the invention;
- (ii) the company's contribution to the invention (i.e., means and/or knowledge contributed by the company) and
- (iii) the employee's or service provider's personal contribution and this it may consist of a share in the profits obtained by the company through the exploitation or assignment of the rights deriving from the invention.

The Swedish Group states that their Act provides parameters to guide determination, and, like Austrian law, prefers not to have detailed guidance under which "reasonable remuneration" is to be assessed will vary greatly between employers, business and individual employment and/or invention situations.

The UK Group also indicates that there is insufficient guidance in case law, which is in part the reason for lack of clarity in remuneration calculation.

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

The Groups from Argentina, Brazil, Denmark, Estonia, France, Israel, Japan, Mexico, Norway, Spain, Sweden, Turkey, UK and identify areas where their country's laws can be improved. Specifically:

The Argentinian Group would like more clarity on the amount of remuneration and regulation of international inventions. It would also like clearer guidance on employees' legal term to inform the existence of the inventions they develop

The Brazilian Group would like clearer guidance on the extension of “fair remuneration” and when the remuneration should be applied.

The Danish Group would like clearer guidance on how compensation is determined under certain Acts as well as remuneration in cases of multinational inventions subject to joint ownership rules.

The Estonian Group would like improvement by introducing different types and forms of remuneration in consideration of different use or non-use of the invention.

The French Group would like improved guidance in the determination of the amount of additional remuneration for inventions under mission realized by inventors for the private sector and for the determination of the fair price (both public and private sector), when no contractual provision or collective agreements apply. The law could provide more precise criteria for fair price due inventor in case of inventions beyond mission assignable to the employer

The French Group would also like to clarify the provisions regarding the starting point of the statute of limitations regarding actions to request payment of remuneration or to dispute the amount paid. And also, a majority of the French Group is in favor of a change to give more importance to business models and salary policies of the entities.

The Israeli Group stated there could be improvement in the law to make it clearer (1) that a waiver of the right to seek remuneration need not be explicit, (2) when the period of limitations applicable to claims for remuneration, and (3) that the question of remuneration should not be linked to the actual profits that the employer derives from the invention.

The Spanish Group would like improvements with respect to clarifying the areas identified in Question 16(c) stating uncertainty could be detrimental to employees and arguably discouraging them from engaging in research activities. Specifically, the report states Spanish law can be improved by:

- (i) establishment of time when the right to remuneration arises
- (ii) establishment of the term for claiming right to remuneration
- (iii) establishment of defined criteria as to how remuneration is determined and calculated
- (iv) establishment of guidelines dealing with the determination and calculation of the right to remuneration involving co-inventors located in multiple jurisdictions.

The Swedish Group suggests an improvement in their law to publish opinions by the National Board for employee inventions and to express what a minimum remuneration in relation to the invention should be.

The Turkish Report also recommends improvement in their country's laws for clarity on the impact of multinational inventors on the remuneration amount.

The UK Group favors a repeal of the remuneration rules mainly due to the difficulties in applying them.

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

All country Reports indicated that no proposed reforms are being considered at this time.

**17) 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?**

Most countries do not provide an answer to this question. The Belgian Report states that implementing the basic concept into law could bring more certainty to inventors but believed the actual terms and conditions should be left largely open thus creating only a legal framework.

The U.S. Group states that there are numerous considerations involved in reaching a conclusion. The costs, time and feasibility to evaluate the effect of providing a right to remuneration presents significant challenges and seems to be a major initiative requiring further study.

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

All countries reply with No or N/A.

**III. Proposals for harmonization**

**18) Is harmonization in this area desirable?**

***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.***

The Reports of 13 countries indicate that harmonization is desirable (Argentina, Belgium (not beyond a legal framework), Brazil, China, Denmark,

Israel (in determining applicable laws for service inventions), Italy (particularly involving cross-country IP conventions), Japan, Mexico, Norway, Philippines, UK (only to the extent that it increases freedom of contract))

The Australian Group does not want international harmonization to require the offering of remuneration or not as this is subject to many factors the employer must consider in attracting employees.

The French Group is not in favor of international harmonization as it such employee-inventor's rights more related to labor law than IP law. However, it does see an urgent need to harmonize the mechanisms for resolving conflicts of laws regarding the determination of inventorship and the remuneration for employee inventors.

The U.S. Group states that predictability and harmonization are worthwhile goals, and it again asserts that the costs, time and feasibility of undertaking to harmonize the law on inventor remuneration presents significant challenges and seems to be a major initiative requiring further study.

**19) 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**

Most Groups indicate areas where standardization is desirable or considerations that should be taken into account when providing standards for remuneration. Some of the considerations include:

- the success/profit/benefit/exploitability of invention received by the employer (Argentina, Estonia, Mexico, Denmark, Italy, Mexico);
- the employee's position or role, e.g., is the employee hired to innovate (Brazil, Denmark, Sweden, Italy);
- using three different types of inventions, Service, Dependent, and Free (Belgium)
- the employee's salary (Mexico, Denmark)
- a lump sum with allowance for additional remuneration if the invention proves to be very valuable

Norway proposed a specific standard:

- (a) assignment of invention: the higher of the inventor's share of (i) the present value of a reasonable license fee; (ii) a cost-based value; (iii) an earnings based value; (iv) a market price value

- (b) a user right: the present value of a reasonable license fee on the market terms.

Several Groups recommend that remuneration be left for contractual resolutions (France, Japan, UK, Italy), or not specifically codified (Belgium)

The U.S. Group restates its position that inventor remuneration presents significant challenges and seems to be a major initiative requiring further study.

The Vietnamese Group states that current regulations on remuneration are appropriate and makes no proposal for harmonization.

**20) 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**

Many Reports provide proposals for standard considerations and scenarios:

Argentina – Controlling law should be where the employer has its main place of business.

Brazil – As agreed between the parties to define the objective criteria.

China – the employer may prescribe in its company rules or in a contract with the employee the way and amount of the remuneration paid to the employee inventor or co-inventor regardless of where the employee is located. The minimum amount in the company rules should not be less than the minimum amount determined by the jurisdiction of the employer or employee.

Denmark – recommends any standard follows the principles found in the Rome I Regulation (EC. No. 593/2008), which relates to choice of law in contract matters, Art. 8 determines choice of law in employment matters. In the absence of an agreement, the court should apply the law of the country where the employee normally works or if difficult to determine, where the employer has its place of business. For multiple employees, these principles should be applied to each employee.

Estonia – All remuneration should be applied as contracted. Otherwise, the employee's domestic law applies.

France – For co-inventors, each co-inventor should be examined individually. Determination and right to remuneration should be that of contract under which each co-inventor contributes to the invention. Further, where a co-inventor is an employee, the applicable law should be that of their employment contract. The French Group also propose the adoption of the criteria proposed by Regulation No. 593/2008 (Rome I).

Japan – The appropriate standard should be that “Employee inventors shall adhere to the rules of the company to which they belong, regardless of where they are located”.

Mexico – Most Favored Nation principle, thus employee inventors located in different countries should be handled according to the local law most favorable for the inventor.

Norway – To avoid forum shopping and shopping of location for R&D work, the standard should be if one co-worker is entitled to remuneration, then all other co-inventors who are employees of entities in the same group of companies will be entitled to remuneration.

Spain – The law of the jurisdiction of the company should apply to determine inventorship, even if all inventors are located in another jurisdiction and the invention occurred in another jurisdiction. In joint-inventorship between multiple companies in multiple jurisdictions, the companies should be entitled to agree to the law that would apply to all inventors from both companies involved in the invention.

Sweden – The standard should be where the employer has its principal place of business.

UK – There should be no standard as this is not a subject for state interference.

U.S. – The issue of inventor remuneration presents significant challenges and seems to be a major initiative requiring further study.

**21) If your Group is of the opinion that harmonization is not desirable or achievable, would it be in favor of proposing that countries should choose from among a limited number of defined compensation schemes so as to provide improved clarity for both inventor and employer, and also reduce the burden on multinational companies?**

Eight Reports answer this question with NO (Australia, Austria, Estonia, France (see comments below), Hungary, Norway, UK, U.S. (see comments below))

Seven other Reports left this question unanswered (Argentina, China, Italy, Japan, Spain, Sweden, Turkey).

Four Reports answer this question with YES (Belgium, Brazil, Indonesia, Mexico (but difficult to achieve)) and one Report answers perhaps (Israel, provided sufficient schemes be made available).

### Additional comments

Australia: Difficult to answer in absence of knowledge in relation to the number of that have legislative compensation schemes.

Estonia: Due to the complexity of the issue and difference in national laws and judicial systems, soft law approach is the most desirable.

France: Harmonization is not necessary because the issue of employee-inventor rights is more related to labor law than IP law so that national differences are acceptable. Harmonization regarding the rules of conflict of laws to determine with certainty which national law has to be applied is however desirable when the invention at stake is a multinational invention and different national laws apply.

Mexico: Harmonization is desirable but difficult to achieve and could harm the principle of freedom of agreement by limiting options of employers and employees.

UK: Harmonization should only be considered to the extent that it increases freedom of contract.

US: This provides significant challenges requiring additional study. However, some would be in favor of a limited number of compensation schemes to harmonize and reduce the burden particularly on multinational companies, while protecting employee rights. Others who also believe there could be value in improving clarity are reluctant to restrict countries' independent remuneration schemes. Additional focused discussion would be helpful.