Summary Report

Question Q183

Employers' rights to intellectual property

The environment in which the intellectual property rights are exerted, knew significant changes since the Congress of Venice of 1969 when the AIPPI studied the question Q40 a: The employees inventions.

The globalisation of the economy, but also the appearance of the industrial property rights having a regional range, in particular in Europe, made the question of the attribution of the intellectual property rights for the various types of creations carried out within the framework or at the time of the contract of employment, of great importance.

The Congress of the AIPPI of Geneva will have thus to discuss on possibilities of the international harmonisation in this field and on the rules which could be established to lead to this harmonisation.

– The question met an interest from the National Groups.

The General Reporter received 32 Reports of the following Groups: American, Argentinean, Australian, Belgian, Brazilian, British, Bulgarian, Canadian, Chinese, Czech, Danish, Dutch, Egyptian, Finnish, French, German, Greek, Hungarian, Indian, Italian, Japanese, Latvian, Malaysian, Paraguayan, Philippine, Portuguese, Romanian, Singaporean, South-African, Spanish, Swedish and Swiss.

These Reports present not only the state of the substantive law currently into force, but also suggest national solutions and for the future international harmonisation.

And one must underline the very complete character, in particular from the point of view of the comparative law, of the Reports of the Groups Australian, Belgian, Brazilian, British, Canadian, Chinese, Danish, Spanish, French, German, Japanese, Dutch and South-African which constitute a very complete source of information on the legal rules applied in their country.

– The Reports from the National Groups underline, in general, the difficulty that the question of the rights of the employers presents when it comes to the creations of their employees in the field of the intellectual property.

Indeed, the creations carried out by the employees are of very varied nature.

And the role of some of their attributes, such as the moral right, varies according to the nature of these creations.

In the same way, the economic interest of these creations varies, which makes very difficult any attempt at synthesis of the solutions suggested by the Groups.

One can however note that the Groups in general express their approval of the idea according to which, whatever the conditions and the procedures chosen, it is, ultimately, the employer who must always profit from the rights attached to the creations carried out by his employees within the framework of the contract of employment.

The rules worked out by the countries to arrive at such a solution vary, but no Group seems to question this principle.

It is thus a consensus, which could support the international harmonisation in this field.

It was proposed in the working guidelines to examine the question of the employer's rights to the intellectual property by analysing initially the positive legal provisions in the various countries, for then requiring of the Groups to suggest solutions of possible harmonisation.

The Summary Report follows this division in the analysis of the answers of the Groups.

1. The State of positive Law

1) The Groups were invited to identify the type of rules governing the legal relations between the employers and the employees as regards the intellectual property.

The answers of the Groups are very complete on this question.

And one can note that in all the countries, the rules of the intellectual property right apply in principle to determine the statute of the creations carried out by employees within the framework or at the time of the fulfilment of a employment contract.

Only Argentina and Paraguay have rules in this field which result not only from the laws on the intellectual property, but also of the provisions of the laws on the law the labour.

Thus, it appears that the national legislators took account of the specificity of the intellectual property rights to regulate the relations between employer and employee on this point.

2) The Groups were also invited to specify if these rules were, or not, obligatory.

Indeed, if the rules of the labour law are generally characterised by their obligatory character (they are often regarded as being of *ordre public*), the rules relating to the titularity of the rights of ownership intellectual in general are regarded as subjected to the principle of contractual freedom.

The Group Reports confirm that the statute of the creations carried out by employees in the exercise or at the time of the contract of employment obeys the principle of contractual freedom.

The Australian, Canadian, Danish and Singaporean Reports confirm that this rule applies to the titularity of the intellectual property rights, which seems to correspond to the needs of the employers.

3) The Groups were also invited to specify for each type of intellectual property right (patent, copyright, designs etc.) the conditions of the possible attribution of these rights to the employers.

There are a very large variety of situations on this point.

And if all the Reports seem to indicate that in the final analysis, by the effect of the contract of employment, the employer will be able to profit from the creations carried out by his employees within the framework or at the time of the employment contract, the way of attribution of these rights to the employer vary from one country to the other and that in a very significant way.

And this phenomenon is accentuated by the diversity of the intellectual property rights of.

But one can try to gather the national positions according to following classifications:

a) The countries, which consider that creation belongs at the origin to the employee and that the employer has the right to get the right attributed to him, because of the legal or contractual provisions applicable.

It is in particular the position of the Groups Japanese, Australian, Canadian, Danish, Finnish and German, and that whatever the type of creation.

But the countries, which recognise the principle according to which the right on a creation belongs to the employee, which carried it out, indicate that the employment contract transfers to the employer the ownership on such creations.

Thus, if the employer does not have the quality of the holder of the right from the origin, he obtains this quality by the effect of a contract.

And no Group indicates that this system of transfer would raise practical problems actually preventing the employers to profit from the creations carried out by their employees within the framework or at the time of the employment contract.

b) Other countries recognise that the employer is the owner, right from the start, of creations of its employee, but there still, the situations can vary according to the types of right of ownership intellectual.

Indeed, in general, even for the countries which recognise such a right of ownership *ab initio* for the benefit of the employer, as soon as creation, that is carried out does not relate to the copyright.

It is in particular the case of France, China and the Czech Republic.

Other countries know the rules providing that the attribution of the rights on creations as well artistic as in technical field is done to the employer automatically.

It is the rule described in the Reports/ratios of the Groups Belgian, British, Singaporean and Spanish.

Finally in the United States, if the employer has the ownership right on artistic creations by the effect of the employment contract, it must obtain the transfer of the right on invention to be able apply for a patent.

c) There is also countries in which the employer may profit, right from the start, from the creations carried out by the employee, but if he does not exert this right, in particular in the field of the patents, the employee which carried out the invention becomes the owner of the right.

This is the solution existing in Bulgaria.

d) Lastly, certain countries envisaged a system of joint ownership on the inventions carried out by the employee apart from the inventive mission, but at the time of its employment contract and with the means of the company.

It is the case of Brazil.

e) It thus seems, in conformity with the nature of the economic relations which exist between a company and its employees, that it is generally admitted that the employer has the right to profit from the result of the research and creation carried out by his employee.

Only the mechanisms making it possible to the employer to obtain this right vary from one country to another, but there is a general consensus on this principle.

4) The Groups were also invited to inform about their knowledge and about the rules of procedure existing as regards the litigation in this field.

a) In general, it is noted that in fact the courts which have jurisdiction on the intellectual property right will rule on the question of the attribution of this rights and the consequences of this attribution, even when the problem of the attribution of the intellectual property right is raised in the course of a litigation on the execution of the employment contract.

It is in particular the situation in Spain, in China, in France, in Denmark and the United Kingdom.

But the Reports Spanish and British indicate that this general rule knows exceptions, in particular in the field of the copyright.

b) The procedure often envisages a preliminary stage of mediation, except in Czech Republic, Hungary or in Japan which do not know such obligatory conciliation.

c) Lastly, the Groups underline the characteristic of the rules concerning the dispute of the attribution of the ownership on the inventions which is subjected to courts which have jurisdiction as regards patent (it is in particular the situation brought back by the French and German Groups which recall in detail the organisation of the specific procedures in this field).

Only the Brazilian Group indicates that in fact the courts, which have jurisdiction as regards the labour law, may also decide on the litigation concerning the attribution of the rights in the field of the intellectual property.

d) One can thus note that, generally, the Groups are favourable to the prevalence of the competence of the civil jurisdictions to rule on in this type of litigation.

And it seems that the intervention of the courts which have jurisdiction on the labour conflicts is strongly reduced when it is a question of the attribution of the intellectual property right on the creations carried out by the employees within the framework of the fulfilment of their contract of employment.

And those rules relating to the action for the claim of these rights (in particular terms of limitation of this action) will be applied to determine the conditions of its exercise.

5) The Groups were also invited to announce their national rule about the possible particular compensations, which would be added to the wages perceived by the employee.

a) There still, the solutions vary between the countries in a considerable manner since there are countries, such as Canada or Australia which reaffirm the principle according to which no particular compensation is added to the wages due under the terms of the law and only the employment contract should determine the conditions of the supplementary compensation.

b) Other countries know the obligatory character of such compensations, in particular in the field of the patents.

This is in particular the case in Germany, Argentina, Bulgaria, China, Czech Republic, France, Hungary, Italy, Japan, Spain, Sweden and United Kingdom.

But the criteria making it possible to give place to the birth of such a right to compensation or the methods of its evaluation are very diverse.

And in particular if in Germany, the compensation is evaluated by taking into account the difference between the wages of the employee and the profits of the employer and if the rules organising the calculation of this compensation there are very detailed, in other countries, like Japan and Spain, it is the personal contribution of the inventor and the importance of his invention which will be used for to justify the payment of such a compensation.

It is advisable to observe, as the Report of the Japanese Group underlines it, that the Judges preserve in general, contrary to the German situation, a very great capacity of appreciation in the evaluation of this compensation.

c) This action in payment of the compensation is in general exerted in front of the same qualified jurisdictions as those to decide on the litigation as regards the patent rights and it is subject to relatively short terms of limitation (for example: Czech Republic 3 years, Spain 5 years).

But there are also countries, such as Italy or Japan, which provides that this action is limited only by 10 years term.

6) The Groups were also invited to come to a conclusion about the existence of possible differences between the researchers of the private sector and the researchers of the public sector and in particular of the universities as for the statute of the intellectual property rights on their work.

There still, one notes a rather great difference in situation, in particular with regard to the question of the determination of the quality of the owner of the rights.

In certain countries (as it is the case in the Netherlands), the researchers of the public sector appear to have a situation less favourable than the researchers of the private sector.

Elsewhere (the United Kingdom, Japan, Hungary), there are no difference between the statute of the researchers of the public sector and the private sector.

Other countries know a distinction resulting from the nature of the rights:

– thus creations related to the copyright will be treated in the same manner when they are made by researchers of the public or private sector,

– but on the other hand the treatment of technical creations will not be the same one according to the statute of their creators (it is the case in particular in Spain where a specific provision of the law on the patents organises the conditions of operating of the inventions carried out by the professors of universities and which are more advantageous for them than if it had been employed in the public sector).

Germany, which had known during many years such a difference, very favourable moreover to the researchers of the public sector, has just seen the system of the researchers of the public sector aligned on that of private sector.

There is finally countries, such as Finland, which exclude the application from the general rules of intellectual property to the statute of the researchers of the public sector, which seems to suppose that they profit from the more advantageous provisions compared to the researchers of the private sector.

Lastly, one can underline the completely particular case of France where the researchers of the public sector profit, with the title of the inventions which they carried out, of a very advantageous system of the calculation of the compensations by interesting them directly in the turnover of their inventions.

But such a provision seems completely exceptional and does not appear to have of equivalent in other countries.

– One can thus consider that in general, there is no major opposition between the statute of the creations carried out by the researchers of the public sector and the statute of those carried out by the researchers of the private sector neither with regard to the titularity of the rights on these creations, nor with regard to the conditions of the possible compensation due to paid for their exploitation.

7) The Groups were finally invited to present their experience of the litigation, which can exist in the field of the relationship between the employers and the employees about the intellectual property right.

And, generally, the Reports of the Groups note that the difficulties seem rare and the disputes restricted.

Only the German Group Report indicates the existence of a significant number of the disputes.

But those disputes, even if there are not very significant, are not non-existent.

Indeed, the Report of the French Group indicates that there are annually ten disputes in this field, and the Japanese Group stresses the economic importance of these litigations.

However, it is primarily in the field of the patents that such litigations exist, as recalled by the Report of the Dutch Group.

It is difficult to determine the causes of this relatively reduced number of the litigation because they can result from the fact that the national rules are well adapted to the situations in which the employers and the employees are, but may also result from the fact that there exists an economic imbalance between the employers and the employees, who prevents in fact the employees to dispute these rights during their employment contract.

However the Reports of the Groups do not give any information on the potential lack of satisfaction of the system.

One can thus suppose that the current solutions are balanced and preserve the rights of the two parties.

2. Suggestions with respect to International Harmonisation

1) Notwithstanding the very great diversity of the national situations, the Groups were in favour, in general, of the search of an international harmonisation.

It is in particular the case of the Reports American, Australian, Bulgarian, Chinese, French, German, British or Japanese.

The Finnish and Italian Groups stress that this harmonisation is particularly useful to discuss the titles having a regional range or within the framework regional arrangements.

On the other hand, the Groups Brazilian and Canadian are very sceptical as for the chances of such a harmonisation.

2) It should nevertheless be stressed that, even the Groups favourable to the harmonisation, do not seem to wish that it lead to very detailed rules.

a) Thus, the Japanese Group, favourable to the harmonisation in this field, does not wish to have uniform rules as for the attribution of the rights of ownership intellectual to the employer.

The Chinese Group does not wish that there is a harmonisation as for the amount of the possible compensation due to the employee, author of protectable creation.

b) Other Groups, if they are favourable in their principle to such harmonisation, wish that it be limited to pose completely clear, simple and precise principles.

c) But one must note a great difference as for the principles of the possible harmonisation.

In particular, the American and French Groups wish that the international harmonisation lead to make recognise to the employer the ownership right from the start on the creations carried out by the employees, whereas on the contrary, the German Group wishes that the harmonisation recognise the principle according to which the property belongs to the creator of a intellectual realisation.

And this divergence is found in other National Reports.

The harmonisation could perhaps be done, as suggests it the Japanese Group, according to the principle of the recognition of the contractual freedom of the parties in this field and while expressing, only on a purely subsidiary basis, the rules organising the attribution of the rights of ownership intellectual to the employer.

And this harmonisation should take into account the nature of each right and in particular of specificity of the copyright.

3) The Groups also put forward the reasons, which would justify such harmonisation.

Initially, the Reports underline the requirement of the harmonisation resulting from the globalisation of the exchanges.

But one can also raise a very practical observation formulated by the Report of the Czech Group which recalls that the harmonisation would make it possible to simplify the administrative steps in front of the various national patent offices which, in the current state, require very varied acts justifying titularity of the rights to accept a patent application.

4) The Reports of the Groups recognise also generally, that the establishment of a certain compensation, even being added to the wages, is one of the significant aspects of the question.

It is the opinion of the Groups Argentinean, Bulgarian, Egyptian, Hungarian and Portuguese.

On the other hand, the Spanish Group seems completely opposite with this idea because of the insecurity that the recognition of the principle of a compensation could give birth to in the field from the intellectual property right.

There still, it seems that the only possible harmonisation would consist in recognising the principle of contractual freedom by stressing that such an additional reward can have a very favourable effect on the creativity of the employees.

But it does not appear possible, in the current state of the opinions expressed by the Groups, to seek a more deep harmonisation in this field.

5) On the other hand, the Groups think quasi unanimous, that the conflicts between the employers and the employees concerning the statute of the intellectual property right must be regulated by the jurisdictions which are also generally competent for these rights.

It is the position in particular Groups of South Africa, of the Netherlands, of Finland or Hungary.

6) Lastly, the Groups were invited to come to a conclusion about the question of the statute of the researchers of the public sector within the framework of a possible harmonisation and it appears that no distinction should be made between the employees of the private sector and the employees of the public sector with regard to the statute and the exercise of the intellectual property right resulting from creations that they realised.

This opinion seems to result from the change of appreciation of the role of the universities in the countries.

Indeed, the universities, more and more often, are perceived not only like the “temples” of teaching, but also like enterprises implied concretely in the economic activity of the country and it is thus normal that there is not difference between the statute of the researchers of the sectors public and private, since they carry on their activity in the same economic environment.

Conclusion:

a) The question Q183 has a particularly broad range, because it relates to all aspects of the employer’s rights to the intellectual property.

And because of the extent of work and the controversies, which the possible harmonisation of the statutes of all the intellectual property rights risks to raise, it seems not easily possible to engage it at the same time for all these rights.

And it is all the more as well as the national positions, in particular with regard to the statute of creations in artistic matter, are very diverse.

b) The possible harmonisation could thus relate initially to the statute of the intellectual property rights in utility matter, such as the patents.

c) If the object of the harmonisation were initially to be limited to the patents and other rights of utility or technical nature, it seems that the possible harmonisation could be obtained on the following bases:

- The respect of the principle of the contractual freedom of the parts.
- The respect of the principle according to which the employer should profit from the right to use the inventions carried out by the employees within the framework of their contract of employment, and in particular when these inventions are carried out in the execution of an inventive mission, and that whatever the particular mode of the transmission of these rights for the benefit of the employer.
- The litigation concerning the attribution of the rights in this field should come under the responsibility of the Courts which rule in the field of the patents and if it appears useful to envisage a phase of conciliation, it should not be obligatory.
- The terms of limitation must be relatively short to avoid creating an uncertainty as for the titularity of the rights.
- And the starting point of the term of limitation must be also given.
- Lastly, if it appears justified to envisage a compensation particularly for the benefit of the authors of inventions which will be transferred to their employer and who would be additional with the wages that they perceive, the criteria for the evaluation of this additional remuneration must be simple so as to avoid any useless dispute.

It appears that on such bases, an eventual harmonisation is possible.

And it could be carried out within the regional framework in particular within the European Union where the need for harmonisation of the national laws on the whole of the points raised by the Q183 question is particularly large.