

Employees' Intellectual Property Rights

Second Edition

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Employees' Intellectual Property Rights: An Epilogue

Kacper Szkalej & Sanna Wolk

1 OVERVIEW

Ownership and control of intellectual property rights is mainly regulated by national legislation, and no major international harmonisation efforts are in progress regarding employees' intellectual property rights. However, national laws still vary to a material extent from jurisdiction to jurisdiction, and this even includes the full array of various intellectual property – some jurisdictions do not protect, e.g., utility models. Nevertheless, similarities also exist between national legislation concerning ownership of intellectual property rights created by employees in the course of their employment. For example, in many jurisdictions rules concerning the ownership of rights to inventions apply *mutatis mutandis* to other industrial property such as designs, utility models and topographies of semiconductor chips (where such property is protected). In the European Union, where rights to computer programs and (Community) designs are expressly regulated (Directive 2009/24/ EC on the legal protection of computer programs and Regulation (EC) No. 6/2002 on Community design, respectively) in this context, ownership of rights is initially attributed to the employer. However, whereas clarity in the form of express provisions is generally welcomed, such *lex specialis* results in unnecessary separation of various works protected by copyright, and therefore of default rules, especially where a creation is (or can be) protected by two different IPRs – be it a design protectable by design law and copyright, or a computer program protectable by copyright and, despite Article 52(2)(c) European Patent Convention, patent law (e.g. *Vicom* EPO T 0208/84). Nonetheless, many jurisdictions, while permitting the derivative assignment of the economic rights to the employer, provide that moral rights reside with the employee, such rights being non-transferable and attributable to the physical person who actually created the work.

One particular difference that is worth highlighting is that countries either regulate rights relating to inventions that subsequently become (or have become) the

object of a patent application and a patent, and, on the other hand, inventions which do not necessarily become the object of patent applications, i.e. *patentable* inventions. Such differences can create imbalance, especially in cross-border situations, for example. where in one jurisdiction the employee has a right to additional remuneration for a *patentable* invention, but does not have such a right in a jurisdiction where only *patented* inventions are subject to such rules (or where no additional remuneration is payable). The fact that an invention does not become the subject of a patent application does not necessarily mean that it is less valuable, or that it would have not satisfied the requirements of novelty or extended beyond the state of the art, had it become the object of a patent application. In fact, where the employer immediately proceeds to the commercial exploitation of the invention, it might very well evidence that the employer appreciates the value of the invention; or where every attempt is made to maintain an invention as a trade secret, that the invention as such might be valued at more than a 20-year monopoly right is worth.

One common thread for all intellectual property areas is that a properly drafted agreement can help ensure that the party seeking ownership of the relevant intellectual property rights will get what it bargained for and secure the value of its intellectual property assets. Freedom of contract appears to be respected generally in all jurisdictions in relation to IP ownership in employment contexts. However, on the other hand, it is worth noting that by virtue of being an employment relationship, the employer can be accepted to be in a stronger bargaining position, for which reason some jurisdictions do employ various measures for the benefit of the employee, such as additional remuneration based on the profit that is made once the intellectual creation (often an invention) is exploited commercially.

2 ARE UNIFORM RULES DESIRABLE?

The legal situation concerning employee intellectual property rights has been described in Part II. The final issue to be addressed is whether uniform legislation in the field of employee intellectual property rights is necessary, and if so, how it should be formed. This is indeed a challenging question today, for twenty-first century economies.

The existence of differences between national laws on employee intellectual property rights causes complications and problems for cross-national development and research, both within multinational enterprises and for co-operation between companies. Divergent rules concerning employee and employer rights create uncertainty, and the position can be further exacerbated by default, or indeed mandatory, rules prescribed by employment law which relate to the language and applicable law governing an employment contract (as a means to protect the employee). Furthermore, intellectual property rights have shown an increasing tendency to overlap, and a specific product of intellectual creativity may be covered by several and perhaps, regarding ownership, conflicting rights, which in turn can affect the scope of the exclusive rights that are granted. Such complicated uncertainty can arise where, e.g., a computer program is protected in one area by patent law, and by copyright in another – not only does this affect the type and scope of exclusive rights, duration of such rights

and their transferability (especially moral rights), but also the initial attribution of ownership by the legal framework. Here it should be stressed that whereas copyright protects the expression of ideas, patents can be said to protect the exploitation of ideas. Consequently, it is desirable to create uniform rules in this area, at least in terms of the initial attribution of ownership, with the caveat that the parties shall be free to agree differently.

There are a number of questions that have to be considered before it is possible to create uniform international rules regarding rights to employees' intellectual creations. Nevertheless, it is important to find a proper balance between the interests of the employee and the employer. On the one hand, a system giving employers control over employee intellectual property rights would be desirable; on the other, it is important to recognise, facilitate and reward creativity. It is suggested that employers should be able to acquire the entire right to employee creations, and employee-creators should be entitled to reasonable remuneration in compensation for the rights transferred to the employer, especially when some employed creators, depending on what intellectual property rights are created, are economically compensated through mandatory national provisions for the rights that are transferred to the employer. As noted above, several countries have already introduced mandatory provisions regarding an employed inventor's right to reasonable remuneration for the rights in the inventions that are transferred to the employer. Statutory employee-inventor compensation schemes have been established in many countries. For other intellectual creations, national solutions vary as regards the employed creator's right to economic compensation and there is no international homogeneity. Nevertheless, it is imperative to have balanced and coherent principles applicable to all intellectual property rights.