Questions

1. **The State of positive Law**

1.1 The Groups are invited to present the legal framework governing relations between employers and employees in the field of intellectual property rights.

In particular, the Groups are invited to state whether these rules arise from provisions concerning labour law or whether these rules arise from provisions concerning intellectual property rights.

In addition, the Groups are invited to state whether these rules may be considered as being public policy rules (i.e. mandatory rules) or whether, on the contrary, they may be modified by contractual relations between employees and employers.

The relations between employers and employees in the field of I.P. rights are generally covered in Italy by the Italian Patent Law (No 1127/1939) and subsequent amendments, apart from specific provisions dealing with R & D people working in the universities or under the Public Administration, the rights relating to designs and the authors of software.

In general terms, the relationship between the employer and the employee depends on the scope of the duties which the employee is officially entrusted with and on whether a specific compensation is provided for the employee for inventive activity.

With reference to the aforementioned special cases, Law No 383/2001 has amended the Patent Law as to the rights of researchers employed by a University or other research center under the Public Administration.

For Design registrations the ownership of the IP rights in principle belongs to the employer if the employee duties include the task of designing new models.

With regard to the copyright (Copyright Law No 633/1941 and subsequent amendments) the relationship between the concerned parties are in general ruled by contractual agreements. Only in the case of software the ownership thereof belongs to the employer if this activity is encompassed by the duties of the employee or the software has been developed on specific instructions of the employer.

It is worth to notice that a new law on IP, embodying an entirely reviewed regulation on the subject issue is expected to come in force in the next year.

1.2 The Groups are invited to specify, for each of the intellectual property rights (patents, plant variety rights, copyright or authors’ rights, patterns and models, and software rights, it being recalled that trademarks and brand rights are expressly excluded from the scope of the study in question) what are the legal solutions concerning ownership of rights over intellectual creations:
Do these rights originally belong to the employer or the employee?

If these rights belong to the employer from the outset, what are the conditions for this attribution?

And if these rights originally belong to the employee, does the employer have the right to have them transferred to it and under what conditions?

And the Groups are also invited to specify, as far as it concerns patents, if it is the employer who is the owner, from the outset, of the intellectual property rights over inventions made by employees in the context of their employment contract and in the performance of their tasks.

The Groups are invited to give replies both with respect to moral rights and economic rights for each type of intellectual property rights.

When an industrial invention is made in the course of the performance or fulfillment of an employment contract, patent and related rights (utility model patents and design registrations, plant variety rights,) belong to the employer, without prejudice to the right of the inventor to be recognized as such.

The inventor shall be entitled to a fair compensation unless his employment contract does mention a specific compensation for inventive activity. The fair compensation shall be related to the importance of the invention.

When the invention has no specific reference to the scope of the employment contract but falls within the field of activity of the employer, the latter shall have the right of pre-emption with regard to the exclusive or non-exclusive use of the invention or to the acquisition of the patent as well as the right to apply for or acquire patents for the same invention in foreign countries, against payment of a royalty or price. The royalty or price shall be fixed after deduction of an amount equivalent to the value of any assistance that the inventor may have received from the employer in the development of the invention.

1.3 The Groups are also invited to provide information on procedures concerning potential disputes concerning the ownership of intellectual property rights over employees’ creations.

Are these disputes within the jurisdiction of labour courts or, on the contrary, are they within the jurisdiction of the courts which are usually competent for intellectual property disputes?

Is there a prior conciliation stage and if so, does it take place before the same court as the one having jurisdiction over disputes concerning the ownership or conditions for use of intellectual property rights over creations made by employees?

Does the termination of the employment contract have an influence on the action which an employer can bring to obtain the attribution of rights over an employee’s creation?

Is there a limitation or statute-barring of the exercise of an action concerning the attribution of ownership rights over an invention or creation made by an employee in the context of an employment contract?

Can the employee require the filing of a patent application in order to protect his invention or his other creations (registering patterns and models, etc.)?

Disputes concerning the ownership of intellectual property rights over employees’ creations are within the jurisdiction of specialized courts which are the only ones competent for intellectual property matters (“Sezioni specializzate” in force as of 1st July 2003). A conciliation attempt ex-officio is at any time possible before the courts.

If no agreement can be reached on the fair compensation, royalty or price as provided for under 1.2, a decision thereon shall be taken by a Board of Arbitration without prejudice of recourse to the judicial authorities. The termination of the employment contract has no rel-
evance on the actions each party may exercise. However, it is to be noted that an industri-
al invention shall be considered as made during the performance of an employment con-
tract or relationship, when a patent for the invention has been applied for within one year
from the date on which the inventor left the service of the private enterprise or public ad-
ministration in whose field of activity the invention falls.

If the rights to the invention or other creation made by the employee pertain to the employ-
er there is no limitation or statute bar to the exercise by the employer of an action concern-
ing the attribution of ownership rights.

If the employer has a pre-emption right according to a.m. par. 1.2., the employer shall ex-
plot its right within 3 months from the date of receipt of the communication by the employ-
ee of the grant of a patent.

If the rights to the invention or other creation made by the employee pertain to the employ-
er, the employee has no right to require the employer to file an application for patent or re-
lated rights; the lack of the filing may raise, however, a plea for damages when it results of
detriment to the interest of the inventor.

1.4 **The Groups are also invited to state whether there is a difference in status between em-
ployees in the private sector and researchers in universities or research institutes which re-
ceive public funding from the point of view of the employers rights.**

As mentioned under 1.1, the rights of researchers employed by a university or other re-
search center under the public administration, that by statute pursues the aim of research,
are ruled by the law 383/2001 providing that the rights of the invention pertain to the inven-
tor. The inventor shall communicate the employer the filing of a corresponding patent appli-
cation.

Should the inventor or his successor in rights fail to exploit the invention within 5 years as of
the granting of a patent, the University or the Public Administration shall have the rights to
exploit free of charge on a non exclusive basis the invention or to grant licenses thereon to
third parties.

However it is likely that the forthcoming law will change this situation recognizing the rights
of University or Public Administration to be the owner of the invention against the contribu-
tion to the inventor of an adequate remuneration.

1.5 **An important question in practice is whether compensation is due to employees in return for
the rights of employers over the creations made by employees.**

Moreover, it is in this field that the greatest disparities are currently observed in the world.

The Groups are therefore invited to specify whether their domestic laws provide employees
with a right to compensation (financial or in nature) in return for the transfer of rights over
their creations to their employers.

*How is this compensation calculated?*

*What is the time limit for prescription or statute-barring of a claim for payment of this
compensation?*

As already reported, when the employee is entitled to a fair compensation, consideration
shall be paid to the importance of the invention. According to the prevailing case law, the cal-
culation of the compensation is effected by taking into account the economical benefits en-
joyed by employer as a consequence of the patent granting, the duties performed and the
remuneration received by the employee.

Claim for compensation payment is subject to a ten-years time limit.
1.6 Finally, the Groups are invited to state whether there is a significant level of dispute in their countries concerning the ownership and use of rights over intellectual creations made by employees, and to give a general opinion on the effectiveness and/or efficiency of the national system.

Most disputes in this area are settled out of the courts through conciliation or arbitration proceedings.

Pending the employment relationship, the employee shows an understandable reluctance to bring an action against the employer.

2. Suggestions with respect to International Harmonisation

2.1 Do the Groups think that such harmonisation is desirable on the international level for each of the types of intellectual property rights?

Do the Groups wish such harmonisation to be undertaken through labour law rules or through rules of intellectual property law?

As already mentioned a new law is foreseen to come in force in Italy next year in which the problems of the fair compensation of the inventors and of the relationships with the employer will be probably approached in a different way.

The Italian group, due to the public interest related to the subject issue, reputes that a harmonization process, although advisable in principle, could encounter substantive difficulties. In any event copyright seems require a separate treatment.

Better chances may be offered, within certain homogeneous regions such as the European Community, in the technical area, as for instance in providing some standards to define the criteria governing the fair compensation.

Ratione materia, it is submitted that the intellectual property law is more appropriate than other laws in ruling on the harmonization.

2.2 The Groups are requested to state whether as a general rule it is the employer who is to be the owner, from the outset, of the intellectual property rights over creations made by employees in the context of their employment contract and in the performance of their tasks, or whether, on the contrary, it is the employee who must conserve his rights, but with the possibility for the employer to have them attributed to it under certain conditions.

The Italian Group supports the solution adopted by the national legislator, i.e. the employer’s ownership when the intellectual creation is made in the context of the employment contract.

2.3 If the employer was to be considered as owner from the outset of the intellectual property rights over creations made by employees, do the Groups think that the employee should receive a particular reward, in addition to his salary, for these creations, or do they think that such a reward is not justified?

If, on the contrary, the employer is not vested from the outset in the intellectual property rights over creations made by employees, what would be the conditions for the attribution of these rights and, in particular, what could the remuneration be, corresponding with the possibility of having the intellectual property rights in question attributed to the employer?

Do the Groups consider that the adoption in principle of a reward could have an influence over the general system of intellectual property rights and if so, what would that influence be?

The Italian law provides different rules for employees of private sector or University or Public Administration Research Center, that by statute pursues the aim of research.
For private sector: a fair compensation is due to the employee in addition to his salary unless the employment contract provides for a specific remuneration for the inventive activity. In this respect the Group is of the opinion that the system, as it is, seems to represent a fair balance between the individual interest of the author of the invention, the innovation process alimented by the enterprises and the public interests inherently related to the patent system.

For Universities or Public Administration Research Centers it is provided that the rights of the invention pertain to the inventor.

In this respect and in view of the poor results of the present law 383/2001 that, contrary to the expectation, has not prompted the patent activity by the researchers employed with the Universities or Public Administration Research Centers, the Italian Group is of the opinion that it would be preferable to adopt a system based on the provisions of the forthcoming law mentioned into par.1.4 above.

2.4 The Groups are also invited to present their opinions on the organisation of disputes concerning the attribution of intellectual property rights over employees’ creations and concerning their use by employers.

Are the Groups of the opinion that such disputes should be governed by the courts which have jurisdiction in labour law matters, or are they more of the opinion that these disputes should be subject to those courts which judge intellectual property disputes?

It should be recalled that the disputes may concern various aspects of relations between employers and employees: attribution of ownership of such rights; decisions concerning the means of protection and, finally, any compensation as may be due.

The Italian Group is of the opinion that the disputes concerning the attribution of intellectual property rights over employees’ creations and concerning their use by employers should be governed by the specialized courts which are competent for Intellectual Property matter according to the present legislation as reported under 1.3 above.

2.5 The Groups are also invited to give their opinion on the existence of differences, if any, between the status of private sector employees and researchers in universities and in research institutes which are financed by public funds.

Are there any grounds for providing for a difference in treatment in the hypothesis of international harmonisation or, on the contrary, should all employees and researchers be treated in the same way?

The Italian Group feels that there should be no difference concerning the rights of ownership of the inventions and or intellectual creations between the private enterprises and the University / Public Administration Research Centers: the rights should pertain to the employer when the invention/intellectual creation is made in the context of a work contract.

Nevertheless a difference might be introduced with respect to the extent of the compensation provided to the inventors depending on weather they are employees of the private sector or in the University / Public Administration Research Center.

For suggestions concerning the international harmonization of the state of employer’s rights over employees’ intellectual creation see the comment under 2.3.

Abstract

The relations between employers and employees in respect of the ownership of Intellectual Property Rights are regulated by the Patent Law, with the exception of those rights which fall in the field of the Copyright Law (e.g. software).
In general, when an employee's invention or other intellectual creation is made in the course of the performance or fulfilment of an employment contract, the ownership rights belong to the employer without prejudice to the right of the inventor to be recognised as the author. The inventor is entitled to a fair compensation, unless his employment contract provides a specific remuneration for the inventive activity. The fair compensation shall take account of the importance of the invention.

An exception is made for the rights on inventions of researchers employed by a University or a Public Administration Research centre. According to a recently introduced legislation, such rights pertain to the inventor alone. The University or the Public Administration may nevertheless acquire the right to exploit free of charge the patent on an invention granted to the researcher, unless the latter or his successor in title has not exploited the invention within five years from the grant of the patent.

If an invention or other intellectual creation made by an employee has no specific reference to the scope of the employment contract but falls within the field of activity of the employer, this latter has a right of pre-emption with regard to the exclusive use or the acquisition of the patent and the rights related thereto (e.g. obtaining a patent abroad for the same invention), against a payment of a royalty or price.

It should be noted, however, that it is expected that a new legislation shall come into force in the first part of 2004, which may sensibly change the situation with regard to the fair compensation to researchers employed in the private sector and to the ownership of the inventions made by University or other Public Administration researchers.

The dispute concerning the ownership of the rights on employers' intellectual creation fall within the jurisdiction of the recently instituted specialized courts in charge of intellectual property matters.

With regard to the determination of the fair compensation, royalty or price, if no agreement is reached by the parties, the decision shall be rendered by a Board of Arbitration without prejudice of the right to have a recourse to the judicial authorities.

There are no limitations or statutory bar for the employer to take actions concerning the ownership of the rights on inventions made by the employee within the framework of an employment contract.

However, the above-mentioned pre-emption right must be exploited by the employer within 5 months from the date of the communication by the employee of the grant of the patent.

The employee has no right to request that the employer files an application for a patent or related rights, when the ownership of the invention or other intellectual creation pertains to the employer.

The Italian group is of the opinion that there should be no difference in ruling over the ownership of intellectual property creations made by employees of the private sector or of Universities or other Public Administration Research centers, when these are made within the terms of a work contract. The rights should pertain to the employer, while a difference could come out in the extent of the compensation due to the employers of the different sectors.

The Italian group also believes that a certain harmonization on the employer’s rights over intellectual property creations made by their employees can be achieved within economically homogeneous regions as the European Community.