National/Regional Group:Chile

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Questions

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.

The current Chilean Industrial Property Law N° 19.939, in its Article 68, establishes a general statute for inventions made by an employee, recognizing the exclusive right of the employer or the principal (in case of a service agreement), to acquire ownership of the invention. The only requirement for the applicability of this statute is the nature of the work or service, which should correspond to "an inventive or creative activity". However, the parties can expressly agree a different regime more beneficial to the employee in the labor contract:

Article 69, first paragraph, indicates that in case the employee has not been hired to perform an inventive or creative activity, he/she will be entitled to apply for protection and will retain all potential industrial property rights arising from the inventions, which will exclusively belong to the employee.

Article 69, second and third paragraphs, indicates that the aforesaid rule which transfers the IP rights to the employee, considers an exception: If in order to accomplish the invention, the employee has evidently benefited from the knowledge acquired within the company, or has used means provided by the company, the rights will belong to the employer. In this case the employer shall give to the employee an additional retribution to be agreed by the parties. The same will apply in case the invention exceeds the initial employer's request.

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)?

Yes, there is a special statute for academic staff.

The Article 70 of the Industrial Property Law states that the right to apply for protection in case of inventive and creative activities carried out by employees of Universities or research institutions listed in Decree Law No. 1,263 of 1975, will belong to such institutions or to whomever they appoint.

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?

No, under Chilean regulation employers have no obligation 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.

4) Does your Group's current law provide in any statute or other regulation that an inventor employee is entitled to receive remuneration beyond their salary for an invention made by the inventor owner but owned by the employer? If yes, please briefly describe the entitlement.

The general statute regarding remuneration beyond salary for service invention or inventor employee leaves the matter to the contractual freedom of the parties.

However, there is an exception to this rule in the Article 69, paragraphs 2 and 3 of the Law: See Question 1 above.

5) Under your Group's current law, is there any other basis, e.g. common law principles, upon which an inventor employee may claim a right to remuneration beyond their salary for an invention made by the inventor employee but owned by the employer?

General Civil Law principles could apply to rule those aspects that are not clear enough in the specific law.

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

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

a) Nature of employment duties;
It is considered by our law. See Question 1

b) b) Extent to which the invention is relevant to the business of the employer;
It is considered by our law. See Question 1

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

It is considered by our law. See Question 1

d) Terms of the employment agreement or collective agreement.

It is considered by our law. See Question 1. The terms of the labor agreement can modify the ownership of the IP rights and the remuneration in favor of the employees.

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

It is not regulated under our Law.

8) Is the amount of remuneration codified or variable? If variable, how is it determined? For example, what circumstances affect the amount of remuneration? If the amount of remuneration is based on revenue related to the patent (e.g., licensing revenue), how is that amount determined? What impact, if any, does the number of co-inventors have on the amount of remuneration to which any one of the inventors is entitled?

The law is silent about this. The amount of the remuneration for inventor employee is normally determined by the parties in the labor contract.

9) Does contract law (e.g., company employee contracts requiring assignability of inventions to the company) affect any remuneration payable by an employer to an inventor employee?

Contract Law requires express consent by both parties to pay anything additional to the remuneration payable by an employer to an inventor employee. Contract law cannot deprive the inventor employee from or affect the remuneration due by law for the inventive activity.

As our industrial property law doesn't contemplate an additional remuneration payable to the employee, unless the parties agree otherwise in the employment contract, only through the contract Law the parties can establish the obligation to an additional compensation for employee's invention. Once the contract law establishes an additional payment, this cannot be unilaterally changed by the employer

10) Does your Group's current law provide for any entitlement to additional remuneration after an employee inventor has already accepted remuneration for the invention? For example, this could arise where the patent value has increased after any initial remuneration entitlement has

been paid, and the inventor employee seeks additional compensation for the increased value arising from the issuance of a patent or later commercialization.

No, unless it is agreed by the parties.

11) If remuneration is based on the contribution each inventor made to the invention, how is that contribution determined and how is the remuneration then calculated?

It depends on the agreement signed by the parties. They are free to value the contribution of each inventor.

12) Does any right to remuneration under your Group's current law apply to inventors located outside your jurisdiction if the employer is located in your jurisdiction?

Yes

13) Does any right to remuneration under your Group's current law apply to inventors located in your jurisdiction if the employer is located in another jurisdiction?

Yes

14) If an employee inventor in your jurisdiction is a co-inventor with one or more inventors outside your jurisdiction, does the number of co-inventors or whether they are entitled to remuneration impact the inventor employee's entitlement to remuneration?

No

Does it matter if the employer is in your jurisdiction or outside your jurisdiction?

No

II Policy considerations and proposals for improvements of the current law

15) 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 remunerations arises?

The Industrial Property Law, in its Article 69, does not clearly define the circumstances under which a remuneration corresponds to an inventor for the inventive activity, since it only indirectly refers to this fact, in the second paragraph of article 69, as indicated in Question 1.

A special mention is made in article 70, related to all cases regarding creative and inventive activities carried out by people who work for universities or research institutions, as indicated in Question 2.

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

The Industrial Property Law does not provide sufficient guidance for determining the remuneration.

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

Yes. More guidance is needed to determine the moment and conditions under which the payment is triggered and owed to the employee.

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

The current draft law reform amending the Industrial Property Law does not provide for any legal modifications in this sense.

16.- 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

N/A. It already exists

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

N/A. It already exists

III Proposals for harmonization

17) Is harmonization in this area desirable?

Yes. Harmonization in this area is very important, specially knowing that the global trend in industrial property is the internationalization of its protection. Consequently, it is urgent to define the treatment that should be given to overseas inventors, because their IP rights protection or their right to obtain remuneration is not sufficiently clear, which may eventually result in a non-recognition of their inventive activity.

18) Please propose a standard for remuneration for the employees 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.

In principle, inventions made under labor contracts should pertain to the employers. Additional remuneration beyond the salary should be negotiated by the parties. In case that the inventive activity exceeds the field established in the labor contract, an additional amount should be paid.

Unless the parties agree otherwise, the basis to determine additional remuneration should be a royalty calculated on the effective commercialization of the invention. These labor disputes should be submitted to mandatory arbitration.

19) 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.

An international treaty is needed to harmonize this matter. Overseas inventors may lose their rights in key jurisdictions if there is not a balanced approach in the different jurisdictions. It is also necessary to determine the moment and conditions under which the payment is triggered and owed to the employees. Besides, the obligation to keep secret may affect personal research and development if the employee wants to change employer or country. A treaty may help to agree on the basic protection given to both employees and employers.