



Standing Committee on Patents Study on Inventor Remuneration

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Nature of this Study

- 1) This study is not being presented for a resolution at the Sydney Congress. However, it will be the subject of a plenary session to debate a possible form of draft position that may then be used to invite comments from GOs and other stakeholders. After consideration of all input, the Standing Committee intends to propose a resolution on inventor remuneration for adoption at the Cancun Congress in 2018.

Introduction

- 2) This study concerns the issue of remuneration for employee inventors for inventions made in the course of their employment. Specifically, this study will consider whether and to what degree employee inventors should be compensated in addition to their normal wages for such inventions.
- 3) In some countries, employer rights to employee inventions are regulated by national laws, whereby an employer can acquire the right to an invention made by an employee in a number of ways. In other countries, there is no such regulation. Some countries have various requirements relating to the amount of remuneration an employee must receive for an invention made by the employee and filed in a patent application by the employer. Where this is required, remuneration may be due upon the happening of particular events, e.g. upon filing the initial application, upon issuance of a patent, upon licensing the patent, or at a number of such points. On the other hand, some countries have no such requirements. This creates a complex compliance obligation for international organizations and an unclear compensation regime for inventors.
- 4) The issue becomes even more complex in the context of multinational inventions, i.e. where joint inventors of an invention reside in different countries. This is an increasingly common situation due to the prevalence of international corporations having geographically distributed R&D groups, multinational joint venture projects, international corporate/university collaborations, and other cross-border research projects.

- 5) For the purposes of this questionnaire, multinational inventions are inventions conceived by two or more inventors where different national laws concerning inventorship apply to the inventions.
- 6) Most member states of the EU have some legal framework governing employer rights to employee inventions, as well as employee inventor rights to economic compensation. In addition, there are special provisions governing employee inventor remuneration for the transfer of rights in the invention to the employer in a number of European countries.
- 7) Beyond Europe, codification in this area is not as common. For example, Australia lacks statutory provisions regulating employer rights to inventions developed by employees. In the US, with the exception of certain categories of federal employees, there is no explicit regulation by federal law. Employers' rights to employee inventions may be regulated by state law, and in general practice, employer rights to employee inventions are relatively extensive. Unlike Australia and the US, in Japan and China, employers' rights to employee inventions are regulated by statute. In addition, employee inventors have a right to seek reasonable remuneration for the transfer of the invention to the employer.
- 8) This questionnaire addresses the issue of compensating employee inventors of multinational inventions. For example, how do companies deal with inventions made by inventors in the US and a country with remuneration laws such as Germany or China? Do companies provide compensation only for their employee inventors in the countries requiring remuneration? How is compensation apportioned? These are current and important issues for multinational inventions, both employee inventors and their employers.

Previous work of AIPPI

- 9) AIPPI has previously studied inventor remuneration in the following contexts.
- 10) In the Resolution on Q40 – “The inventions of employees” (Helsinki, 1967), AIPPI resolved that:
 - a) *Unless otherwise provided by domestic laws or in the absence of an agreement between the parties concerned, the following regime should be applied:*
 - i. *The inventions eligible for protection made by the employees belong to the employer when they have been made with the means or experience of the latter or if connected with his type of activity. The employer shall enjoy the right of protecting the invention, in particular by a patent.*

Except in the case in which the invention is the result of a task entrusted to the employee, and is already remunerated, the employee shall have the right to request (to obtain) a special remuneration or a recompense which, in the absence of an agreement between the parties, shall be determined by a tribunal or by arbitration. This remuneration or this recompense shall take into account the importance of the invention and the contribution of the employee responsible for it.
 - ii. The employee shall have the right to be named as the inventor in the patent.

- iii. The inventions made by an employee which do not fall within the above mentioned cases shall be regarded as 'free' inventions and will be the property of the employee.

11) In Q183 – “Employers’ rights to intellectual property” (Geneva, 2004), AIPPI studied the legal frameworks governing relations between employers and employees in the field of intellectual property rights. This study concluded that, taking into account the diversity of rights, harmonisation could initially relate to the statute of intellectual property rights in technical creations, such as patents; and includes such principles as:

- a) *The respect of the principle of the contractual freedom of the parties;*
- b) *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;*
- c) *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;*
- d) *The terms of limitation must be relatively short to avoid creating an uncertainty as for the ownership of the rights;*
- e) *And the starting point of the term of limitation must be also given.*
- f) *Lastly, if it appears justified to envisage 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.*

12) In Q244 – “Inventorship of multinational inventions” (Rio de Janeiro, 2015), AIPPI studied inventorship of joint inventions where the inventors reside in different countries. This study evidenced a particular strong support for harmonisation of the definition of inventorship, for the ability to correct inventorship after the filing date, and the abolishment or simplification of first filing requirements. The remuneration of the co-inventors was expressly excluded from the scope of the proposals for harmonization due to the breadth of issues encompassed within inventorship per se. Remuneration for multinational inventions was the subject of a dedicated Panel Session at the AIPPI World Congress in Rio de Janeiro in 2015. From that discussion it was clear that inventor remuneration, particularly in the context of multinational inventions, is a significant problem facing employee inventors and employers alike.

National/Regional Group: France

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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.

As far as France is concerned, the ownership of the inventions made by employees is governed by law, namely by Article L. 611-7 of the French Intellectual Property Code¹

¹ Article L. 611-7 of the French Intellectual Property Code: *"Where the inventor is an employee, the right to the industrial property title, failing any contractual clause more favourable to the employee, shall be defined in accordance with the following provisions:*

1. Inventions made by an employee in the execution of an employment contract comprising an inventive assignment corresponding to its effective functions or of studies and research which have been explicitly entrusted to it, shall belong to the employer. The employer informs the employee who is the author of such an invention upon the filing of a patent application and, when applicable, upon the grant of the patent. The conditions under which the employee, who is the author of an invention belonging to the employer, shall enjoy additional remuneration shall be determined by the collective agreements, company agreements and individual employment contracts.

Where the employer is not subject to a sectorial collective agreement, any dispute relating to the additional remuneration shall be submitted to the joint conciliation board set up by Article L. 615-21 or the tribunal de grande instance.

2. All other inventions shall belong to the employee. However, where an invention is made by an employee during the execution of its 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, the employer shall be entitled, subject to the conditions and the time limits laid down by a decree in Conseil d'État, to have assigned to it the ownership or enjoyment of all or some of the rights in the patent protecting its employee's invention.

The employee shall be entitled to obtain a fair price which, failing agreement between the parties, shall be fixed by the joint conciliation board pursuant to Article L. 615-21 or the tribunal de grande instance; these shall take into consideration all elements which may be supplied, in particular by the employer and by the employee, to compute the fair price as a function of both the initial contributions of either of them and the industrial and commercial utility of the invention.

3. The employee author of an invention shall inform its employer thereof and the latter shall confirm receipt in accordance with the terms and time limits laid down by regulation.

The employee and the employer shall communicate to each other all relevant information concerning the invention. They shall refrain from making any disclosure which would compromise, in whole or in part, the exercise of the rights afforded under this Book.

Any agreement between the employee and its employer concerning an invention made by the employee shall be recorded in writing, failing which the agreement is void.

4. The implementing rules for this Article shall be laid down by a decree in Conseil d'État.

5. This Article shall also apply to the servants of the State, of local authorities and of any other public legal person under the terms to be laid down by a decree in Conseil d'État."

This provision is a public policy exception (meaning that one cannot derogate from it by contract) to the principle articulated in Article L. 611-6 of the same code, according to which the right to the industrial property right referred to in Article L. 611-1 (namely a patent or an SPC) shall belong to the inventor or its successor in title.

The rules provided for by the aforementioned Article L. 611 7 apply to patentable inventions, whether actually patented or not, but only when these inventions have been made by employees and civil servants.

Article L. 611 7 distinguishes three categories of inventions:

- inventions made in the course of the employee's duties ("inventions de mission", "inventions under mission"), which correspond to inventions made by the employee in the execution of their employment contract comprising an explicit mission to perform research and corresponding to their effective function or in the framework of studies or research expressly entrusted to the inventor by the employer; these inventions belong to the employer;
- inventions made outside the course of the employee's duties of which employer may demand ownership ("inventions hors mission attribuables à l'employeur", "inventions beyond mission assignable to the employer"), which correspond to inventions made by an employee who does not have an explicit mission to perform research but which are nevertheless made 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; these inventions belong to the employee but the employer may demand that the ownership of this patent be assigned to it;
- other inventions ("inventions hors mission non attribuables à l'employeur" "inventions beyond mission non assignable"), which correspond to inventions which do not fall in the previous two categories; these inventions belong to the employee.

The declaration and classification procedures for employees' inventions are governed by Articles R. 611-1 et seq. of the French Intellectual Property code which provide as follows:

- an employee who is the author of an invention shall immediately declare said invention to the employer;
- this declaration must contain adequate information to enable the employer to classify the invention into one of the three possible categories, and must also specify the category into which the employee believes that the invention falls; if the employee's declaration does not comply with this procedure or is incomplete, the employer must advise the employee as to the precise points which need to be supplemented;
- within a period of two months from the employee's declaration, the employer shall respond to the classification of the invention as set out in the employee's declaration, failing which the employee's proposal is deemed to be accepted by the employer;
- when the invention is classified as an invention beyond mission assignable to the employer, the latter has a four-month period (from receipt of the employee's declaration) to exercise its right to have ownership of the patent assigned to it, unless a longer time period is agreed by the parties; such request must be made by registered letter to the employee.

The classification resulting from such procedure is not final and can later be challenged by the parties.

But it constitutes a presumption of classification.

Collective agreements may also include provisions relating to employees' inventions but not as regards ownership.

- 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)?

Aforementioned Article L. 611-7 of the French Intellectual Property code applies to all inventor employees, whether hired by a private corporation or working as civil servants (annex to Article R 611-14-1 of the French Intellectual Property code lists the categories of civil servants to which the provisions apply).

Therefore, as regards the ownership issue specifically, French law does not distinguish between inventor employees of the private sector and civil servants (as opposed to the remuneration issue, detailed in subsequent questions).

However, as per its wording, Article L. 611-7 of the French Intellectual Property code discriminates between inventor employees and inventors who do not qualify as employees pursuant to French labour law.

The first requirement is therefore that the contract² of the inventor employee be subject to French labour law (this issue is addressed in questions № 12 et seq.).

Second, so as to qualify as an "employee", the inventor shall have signed an employment contract with their employer implying a subordinate relationship (this does not apply in the public sector).

Accordingly, Article L. 611-7 of the French Intellectual Property code does not apply to inventions made by:

- a student, either at school or university, or a trainee while working in a hosting company (the justification being that a student or trainee are not related to the public entity or hosting company through an employment agreement, but specific conventions instead); and
- corporate executives, who are not considered as employees in France (especially the chief executive of a company).

An invention made by a student or a corporate executive thus belongs to the inventor, not the private company nor the public employer, even if the invention was made while the inventor was working for a company (or a public research agency), or falls within the field of activity of the company, or is created using data, technologies or specific means of the company or the public research agency (Puech v. CNRS: Tribunal de grande instance of Paris, 3rd chamber, 3rd panel, 2 April 2002; Court of appeal of Paris, 4th chamber B, 14 September 2004; Cour de cassation, commercial chamber, 25 April 2006).

The ownership of inventions made by trainees in the course of their internships can be determined contractually; but if the individual agreement signed between the parties (trainee and hosting company / public research agency) does not address the issue, the trainee inventor retains ownership of their invention.

² The term „Contract” should be understood as referring to status for inventors of the public sector

- 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?

French law does not impose such an obligation on employers.

However, in the public sector, Article R. 611-12 of the French Intellectual Property code provides that *“if the public entity decides not to exploit the invention, the civil servant or public employee who has made the invention may enjoy the economic rights deriving from the invention in accordance with the conditions laid down in an agreement concluded with the public person”*.

This provision can be interpreted as an encouragement on the employer's part to negotiate the monetization of a civil servant's invention, in case the employer (i.e. the public entity) is not willing to exploit the invention; as far as the ownership issue is concerned, such negotiation can notably cover the right of the civil servant to file a patent application in its name.

Similarly, French law does not preclude employees from the private sector from entering such agreements with their employers in the event that the latter do not intend to exploit the invention.

In this respect, Article 175 of Decree № 2015-990 dated 6 August 2015 (known as *“Loi Macron”*) has introduced a new obligation for the employer: they must inform the employee when a patent application is filed or when a patent is granted on the basis of that employee's invention, which provides the inventor employee with increased transparency as to how their invention is being managed by their employer, although it does not cover commercial information (for example, concerning the exploitation and the economic results derived from a patent).

- 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.

Should an invention be classified as an invention under mission or an invention beyond mission assignable to the employer and the latter having demanded the assignment, the employee is entitled to:

- an additional remuneration for every invention made under mission, this sum being in addition to the salary;
- a fair price, for every invention beyond mission assigned to the employer, this sum not having the nature of a salary.

In the private sector, such payment is compulsory if the invention is patentable; it is public policy and it can not be negated by an agreement.

Only the conditions for its implementation can be adjusted by individual employment contracts, company agreements or collective agreements, but always in favour of the employee.

As indicated, these provisions apply to patentable inventions, whether actually patented or not. Therefore, the employer is obliged to pay either a fair price or an additional remuneration for such inventions, depending upon their classification.

The employer is under no obligation:

- to file a patent (it can decide to keep the invention secret);
- to exploit the invention.

Case law has declared null and void contractual or other provisions that impose conditions on or reduce the right to an additional remuneration, in particular any provision which would subordinate the payment of the remuneration to an interest to the employer or to its exploitation.

- 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?

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

No, there are no other bases than those mentioned above.

- 6) 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.

The above four factors a) b) c) d), or similar factors, are taken into consideration to determine whether an inventor employee is entitled to remuneration for inventions.

Factors a) and d), or similar ones, are used to determine whether the invention should be qualified as invention under mission which belongs to the employer and which grants the employee the right to receive “*an additional remuneration*”.

Factors b) and c), or similar ones, are used to determine whether the inventions beyond mission are assignable to the employer, in which case the inventor is entitled to receive a fair price if the employer exercises its right to be assigned the invention.

- 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?

The right to remuneration arises when the right to the invention is vested upon the employer:

- for inventions under mission, this is the date of conception of the invention;

- for inventions beyond mission assignable to the employer, this is the date on which the employer exercises its right to be assigned the invention.

However, the date on which the remuneration is actually due depends on the contractual provisions which may apply and which may result from employment contracts, company agreements, or collective agreements or on applicable legal provisions (for the public sector)³.

A study conducted by the French intellectual property office (October 2016) shows that companies usually pay an additional remuneration at one (or more) of the following stages:

- filing of patent application;
- filing of foreign patent;
- grant of patent;
- exploitation of patent;
- grant of license;
- assignment of patent.

For the inventors in the public sector, the additional remuneration consists of:

- a bonus paid each year based on the profits made by the public entity;
- a lump sum (currently € 3000) divided in two parts; 20% (*i.e.* € 600) paid one year after an application for a patent has been filed and 80% (*i.e.* € 2400) on the grant of a license or assignment of the patent.

- 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?

Neither the statutory provisions, nor the collective agreements provide a clear method for the calculation of the additional remuneration (except for the public sector: see hereunder) or the fair price. French law in fact encourages specifying the method for the determination of the amount of remuneration in the employment agreement, in company agreements or in collective agreements.

In practice, in the private industry, some collective agreements such as the one for the chemical industry provides general guidance by listing four elements to take into consideration, namely: *“the additional remuneration which may take the form of a lump sum, taking into consideration the general framework of research in which the invention is placed, the difficulties of practical implementation, the original personal contribution of the person involved in the individualization of the invention itself and of the commercial interest thereof”*.

No general legal provisions provide that the amount of remuneration must take into account the number of co-inventors. However, in practice, most agreements provide that the remuneration shall be shared between the co-inventors according to their individual contributions to the inventions.

³ Decree No. 96-857 of October 2, 1996, as amended by Decree No. 2001-140 of February 13, 2001, and Decrees No. 2005-1217 and No. 2005-1218 of September 26, 2005

The specific rules applicable to inventions made by public servants as set in article R. 611-14-1) IPC gives clear and complete method of calculation of the additional remuneration; in this case the additional remuneration consists in:

- a variable sum based on the revenues derived from the invention⁴;
- a lump sum of € 3000 paid in two steps one year after an application for a patent has been filed and when a licence is granted⁵.

In case of a plurality of inventors, the bonus is shared between the inventors according to their respective contributions.

Many companies, belonging to various industry sectors, have set policies to determine the amount of the additional remuneration, either based on fixed amounts paid at one or several stages (filing of patent application, filing of foreign patent application, grant of patents, exploitation of patents, grant of license, assignment of patent) or on amounts based on the revenue generated by the invention. Such policies are often contained in the employment agreements or in company agreements and are thus legally binding against employees.

- 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?

As mentioned in relation to question 1, contract law cannot affect the right to the employee to remuneration (additional remuneration or fair price). But contract law, when it exists, does affect the amount of remuneration, in the private sector.

As mentioned above, the statutory provisions contained in the French Intellectual Property Code (IPC) which set the rules regarding the ownership of employees inventions and the right to employees to receive remuneration (additional remuneration or fair price as explained above), explicitly state that : *“the conditions under which the employees receives an additional remuneration (i.e. for inventions under mission) are to be set by the employment contract, company agreements and collective agreements.*

Contract law may also affect the amount of remuneration (fair price) due for inventions beyond mission assignable to the employer.

In the public sector, contract law does not affect any remuneration payable by an employer to an inventor employee as all the rules are determined by the statutory provisions as provided in article R. 611-14-1) IPC.

⁴ The inventor is entitled to receive, each year, 50% of a) the licence fees paid to the public entity for the use of the invention, b) after deduction of all the direct costs borne by the public entity, c) adjusted by a coefficient which represents the contribution of the civil servant to the invention (e.g. if the invention was created by several civil servants) up to a maximum corresponding to one year of a high-level civil servant's salary. Beyond this maximum value, a percentage of 25% (instead of 50%) is used.

The additional remuneration is not limited in time and the inventor is entitled to receive it during the whole exploitation of the invention

⁵ The public sector inventor is entitled to receive 20% of a sum of €3,000 (i.e. €600), one year after an application for a patent has been filed. The other 80% of such sum (i.e. €2,400) is due when a licence has been granted.

- 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.

French law does not provide for any entitlement to additional remuneration after an employee inventor has already accepted remuneration (either additional remuneration or fair price) for the invention. The possibility for either the employee or the employer to revisit the amount of remuneration paid depends on the statute of limitations and on the circumstances under which the amount has been paid.

For example where the remuneration has been paid under a settlement agreement, the amount cannot be revisited. In contrast, where the sum has been decided by one party (usually the employer) the other party (the employee) can dispute the amount of remuneration within the applicable statute of limitations for legal action.

- 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?

No rule exists to determine the respective contributions of co-inventors. This is usually made by the employer, possibly upon suggestions of each co-inventor in the declaration of the invention.

In the private sector, no rule mentions how the contribution of each inventor should affect the way the remuneration is calculated. But in practice the number of co-inventors is often taken into account.

In public sector, article R. 611-14-1 IPC provides that in case of a plurality of inventors, the remuneration is shared between the inventors according to their respective contributions.

- 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?

As a general matter, right to inventor remuneration under French law is governed by the law which regulates the inventor's employment contract. If the inventor employee has an employment contract which is subject to French law - in accordance with Regulation (EC) No 593/2008 of 17 June 2008 - then that inventor has a right to remuneration according to French law as detailed in the responses to the questions *supra*.

In the specific case referred to above, if the employer is located in France and an inventor is located outside France, the inventor's right to remuneration will depend on whether their employment contract is regulated under French law. If the employment contract is governed by French law, then a right to remuneration arises. Whether the inventor is located in France or any other jurisdiction is not, in fact, relevant.

French courts⁶ consider that the rules regarding employee inventions are not a matter of public order which should apply to foreign agreements.

- 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?

Please see our response to question 12 *supra*.

In the specific case referred to above, it is not the location of the inventor or employer that counts, but rather the law governing the inventor's employment contract. If the employment contract is governed by French law, then a right to remuneration arises. Whether the inventor is located in France or any other jurisdiction is not, in fact, relevant

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

This is a question of contract relationship or negotiations between the inventor and the employer.

It would appear reasonable that if there are co-inventors, then those who are entitled to remuneration under French law would be remunerated based on their individual contribution to the invention. But this is not necessarily the case.

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 remuneration arises?

Overall, the French group's answer is "YES", subject to the following point: concerning civil servants and public employees as defined in Article R. 611-14-1 of the French IPC, said Article provides that "For civil servants or public employees of the state and its public institutions of the categories defined in the annex to this article and who are the authors of an invention referred to in 1 of Article R. 611-12 the additional remuneration provided for by Article L. 611-7 consists of a profit-sharing bonus of revenues from the invention by the public person who benefits and a bonus patent. The profit-sharing bonus is calculated, for each invention on a base made of the product before tax of income received each year under the invention by the public entity, net of all direct costs". However, it is not always easy to determine whether the public entity gets any revenue (and to which extent) in case of an internal valorization of the invention when said public entity exploits directly said invention.

⁶ TGI Paris, 3ème Chambre, 18 décembre 2015, Jacques P / Laboratoire Theramex

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

In common (private) law, the answer is « NO ».

As previously mentioned, for inventions under mission, the law refers to collective agreements, company agreements and individual employment contracts; however, the provisions of such agreements or contracts may be unlawful, incomplete or, worse, absent. In case of the absence of applicable provisions, the case law leaves it up to several criteria, leading to legal uncertainty.

Concerning inventions beyond mission assignable to the employer, for which the employer has decided to be assigned the ownership, the determination of the fair price, which has to be done at a moment when the correct value of the invention is difficult to evaluate, further creates uncertainty.

Finally, concerning civil servants and public employees as defined previously, in case of inventions under mission, the rules are precise enough (except in case of an internal valorization by the public entity as already mentioned), but in case of inventions beyond mission assignable to the employer, the common (private) law is applicable as regards the determination of the fair price, the uncertainty of which is described above.

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

The French group mainly regrets the lack of guidance in the law for the determination of the amount of the additional remuneration for inventions under mission realized by inventors of the private sector and for the determination of the fair price (both in the public and private sector), when no contractual provision or collective agreements apply.

The statutory provisions could continue to recommend setting the rules for the determination of the additional remuneration due to inventors of the private sector, in case of inventions under mission, in collective agreements, company agreements or individual employment contracts, but could also provide a method of determination which could apply in the absence of provisions in said agreements or contracts. Statutory provisions could state that the additional remuneration, which could be a lump sum, be determined while taking into account the fact that the employees have already received a salary for their work and according to one or more of the following criteria (i) the general research framework in which the invention occurred, (ii) the difficulties remaining to carry out the invention, (iii) the original personal contribution of the inventor, compared to that of other co-inventors (the number of co-inventors and/or their respective contribution to the invention is thus taken into account) and (iv) the economic interest of the invention.

The law could also provide precise criteria also for the determination of the fair price due to the inventor (both for the private and public sector) in case of inventions beyond mission assignable to the employer; The criteria could be coherent with the ones mentioned here above in relation to the determination of the additional remuneration due for inventions under mission.

The French Group also suggests to clarify the provisions regarding the starting point of the statute of limitation regarding actions to request the payment of a remuneration for employees inventions or to dispute the amount paid. The current limitation period is three years but it is not clear what is the starting point of this time period, notably if it starts on the day the employees were informed they were entitled to a remuneration or on the day they had all the information to determine the amount of remuneration.

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

No.

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?

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

This question is not applicable to the French Group.

III. Proposals for harmonization

17) 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.

Harmonization, where possible, would be desirable regarding remuneration of employee inventors rights. The French group considers more particularly that, should worldwide harmonization of both the right to a remuneration and the amount of such remuneration, not be possible or lengthy, there is an urgent need to harmonize the mechanisms for resolving conflicts of laws regarding the determination of inventorship and the remuneration for employee inventors. In other words, the French Group considers it necessary to have a clear mechanism to determine with certainty which law must be applied to determine whether a person who has contributed to the invention is an inventor, what are their rights on the invention and whether that person must receive a remuneration beyond the ordinary salary. Such harmonization of rules of conflict of laws is necessary to enable employers and other actors to manage the consequences of the existence of differences in regime regarding remuneration of employee inventors.

18) 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.

The French group favors the principle of contractual freedom regarding the amount of such remuneration. For employees, the amount of the remuneration may thus be set, for

example, in the employment contract, in a company agreement or in a collective agreement.

The group also favors the existence of legal regime which would provide, at least for inventors of the private sector, that, in the absence of contractual agreement:

- employees are entitled to a remuneration beyond their salary for their contribution to any patentable invention belonging to the employer;
- the remuneration is due on the date on which the right to the invention is vested in the employer (it can be the date of conception of the invention or the date on which the employer requested entitlement to the invention), but it may be paid at a later stage;
- the amount of the remuneration, which may be the subject of a single payment, is determined while taking into account the fact that the employees have already received a salary for their work and according to one or more of the following criteria (i) the general research framework in which the invention occurred, (ii) the difficulties remaining to carry out the invention, (iii) the original personal contribution of the inventor, compared to that of other co-inventors (the number of co-inventors and/or their respective contribution to the invention is thus taken into account) and (iv) the economic interest of the invention;
- if the employee is employed to invent, or has made the invention in circumstances such that the invention belongs to the employer, they should have no right to claim back the patent, even if the employer does not exploit the invention.

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.

The French Group proposes that, in situations where several persons contributed to an invention, the situation of each co-inventor should be examined in a distributive manner (i.e. by considering the rights of each co-inventor separately).

The law applicable to the determination of inventorship and to the right to remuneration should be that of the contract under which each co-inventor contributes to the invention.

Where a co-inventor is an employee, the applicable law should be that of their employment contract, which is the contract under which they contributed to the invention.

To determine the law of the employment contract, the French Group proposes the adoption on an international level of the criteria proposed by Regulation No 593/2008 (Rome I) of 17 June 2008, according to which the individual employment contract is governed by:

- the law chosen by the parties, with such a choice of law not having the result of depriving the employee of the protection afforded to them by provisions which cannot be derogated from by agreement under the law that, in the absence of choice, would have been applicable (Article 8(1) of Rome I);
- to the extent that the law applicable has not been chosen, the individual employment contract is governed by the law of the country in which or from which the employee habitually does their work in performance of the contract (Article 8(2) of Rome I) or, where the law applicable cannot be determined, by the law of the country where the place of business through which the employee was engaged is situated (Article 8(3) of Rome I).
- For non-salaried inventors, the French group suggest application of the same rule of conflict of laws

The French group considers that the recommendations made in relation to question 18 apply also to the situation considered in question 19