



Standing Committee on Patents Study on Inventor Remuneration

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: United States

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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.

In the United States no federal law or regulation exists to define inventorship. A common practice is for employers to require employees to assign their rights and interest in inventions developed during the regular course of the employee's duties, effectively "contracting away" any rights the employee might have retained as an inventor. Certain states, however, have adopted statutes defining the rights of an employee who acts as an inventor, including California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah, and Washington.

As used in this document, "non-work-related invention" means an invention that is not within the scope of an employment relationship, does not rely on resources or knowledge of the employer, and is not in the same field as an employer's business.

Delaware's law reads as follows:

§ 805 Employee's right to certain inventions.

Any provision in an employment agreement which provides that the employee shall assign or offer to assign any of the employee's rights in an invention to the employee's employer shall not apply to an invention that the employee developed entirely on the employee's own time without using the employer's equipment, supplies, facility or trade secret information, except for those inventions that:

- (1) Relate to the employer's business or actual or demonstrably anticipated research or development; or
- (2) Result from any work performed by the employee for the employer.

To the extent a provision in an employment agreement purports to apply to the type of invention described, it is against the public policy of this State and is unenforceable. An employer may not require a provision of an employment agreement made unenforceable under this section as a condition of employment or continued employment.

Del. Code., tit. 19, § 805.

Illinois has a statute similar to that of Delaware, which includes the additional obligation to notify employees that invention assignments do not extend to non-work-related inventions:

Employee rights to inventions--conditions.

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this State and is to that extent void and unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this subsection.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this Section as a condition of employment or continuing employment. This Act shall not preempt existing common law applicable to any shop rights of employers with respect to employees who have not signed an employment agreement.

(3) If an employment agreement entered into after January 1, 1984, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer.

Ill. Stat., Ch. 765 § 1060/2.

Kansas provides a similar carve-out and includes a notice obligation for employers, reproduced below:

Employment agreements assigning employee rights in inventions to employer; restrictions; certain provisions void; notice and disclosure.

(a) Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facilities or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless:

(1) The invention relates to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or

(2) the invention results from any work performed by the employee for the employer.

(b) Any provision in an employment agreement which purports to apply to an invention which it is prohibited from applying to under subsection (a), is to that extent against the public policy of this state and is to that extent void and unenforceable. No employer shall require a provision made void and unenforceable by this section as a condition of employment or continuing employment.

(c) If an employment agreement contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer shall provide, at the time the agreement is made, a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless:

(1) The invention relates directly to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or

(2) the invention results from any work performed by the employee for the employer.

(d) Even though the employee meets the burden of proving the conditions specified in this section, the employee shall disclose, at the time of employment or thereafter, all inventions being developed by the employee, for the purpose of determining employer and employee rights in an invention.

Kan. Stat. Ann. 44-130.

Minnesota's statute incorporates an analogous exclusion and notice model:

181.78 AGREEMENTS; TERMS RELATING TO INVENTIONS.

Subdivision 1. Inventions not related to employment.

Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer

was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

Subdivision 2. Effect of subdivision 1.

No employer shall require a provision made void and unenforceable by subdivision 1 as a condition of employment or continuing employment.

Subdivision. 3. Notice to employee.

If an employment agreement entered into after August 1, 1977 contains a provision requiring the employee to assign or offer to assign any of the employee's rights in any invention to an employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer.

Minn. Stat. 181.78.

North Carolina excludes non-work-related inventions while limiting the grounds for avoiding assignment obligations:

§ 66-57.1. Employee's right to certain inventions.

Any provision in an employment agreement which provides that the employee shall assign or offer to assign any of his rights in an invention to his employer shall not apply to an invention that the employee developed entirely on his own time without using the employer's equipment, supplies, facility or trade secret information except for those inventions that (i) relate to the employer's business or actual or demonstrably anticipated research or development, or (ii) result from any work performed by the employee for the employer. To the extent a provision in an employment agreement purports to apply to the type of invention described, it is against the public policy of this State and is unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this section.

§ 66-57.2. Employer's rights.

(a) An employer may not require a provision of an employment agreement made unenforceable under G.S. 66-57.1 as a condition of

employment or continued employment. An employer, in an employment agreement, may require that the employee report all inventions developed by the employee, solely or jointly, during the term of his employment to the employer, including those asserted by the employee as nonassignable, for the purpose of determining employee or employer rights.

(b) An employer's ownership of an employee's invention, discovery, or development that has or becomes vested in the employer by contract or by operation of law shall not be subject to revocation or rescission in the event of a dispute between the employer and employee concerning payment of compensation or benefits to the employee, subject to any contrary provision in the employee's written employment agreement. The foregoing provision shall not apply where the employee proves that the employer acquired ownership of the employee's invention, discovery, or development fraudulently.

(c) If required by a contract between the employer and the United States or its agencies, the employer may require that full title to certain patents and inventions be in the United States.

G.S. § 66-57.1-.2.

Utah provides similar protection for non-work-related inventions, but also authorizes employers to make continued employment contingent on assignment of inventions arising out of the employment relationship:

34-39-2 Definitions.

As used in this chapter: (1) "Employment invention" means any invention or part thereof conceived, developed, reduced to practice, or created by an employee which is: (a) conceived, developed, reduced to practice, or created by the employee: (i) within the scope of his employment; (ii) on his employer's time; or (iii) with the aid, assistance, or use of any of his employer's property, equipment, facilities, supplies, resources, or intellectual property; (b) the result of any work, services, or duties performed by an employee for his employer; (c) related to the industry or trade of the employer; or (d) related to the current or demonstrably anticipated business, research, or development of the employer. (2) "Intellectual property" means any and all patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications, and registrations relating to them.

34-39-3 Scope of act -- When agreements between an employee and employer are enforceable or unenforceable with respect to employment inventions -- Exceptions.

(1) An employment agreement between an employee and his employer is not enforceable against the employee to the extent that the agreement requires the employee to assign or license, or to offer to assign or license, to the employer any right or intellectual property in or to an invention that is: (a) created by the employee entirely on his own time; and (b) not an employment invention. (2) An agreement between an employee and his employer may require the employee to assign or license, or to offer to assign or license, to his employer any or all of his rights and intellectual property in or to an employment invention. (3) Subsection (1) does not apply to: (a) any right, intellectual property or invention that is required by law or by contract between the employer and the United States government or a state or local government to be assigned or licensed to the United States; or (b) an agreement between an employee and his employer which is not an employment agreement. (4) Notwithstanding Subsection (1), an agreement is enforceable under Subsection (1) if the employee's employment or continuation of employment is not conditioned on the employee's acceptance of such agreement and the employee receives a consideration under such agreement which is not compensation for employment. (5) Employment of the employee or the continuation of his employment is sufficient consideration to support the enforceability of an agreement under Subsection (2) whether or not the agreement recites such consideration. (6) An employer may require his employees to agree to an agreement within the scope of Subsection (2) as a condition of employment or the continuation of employment. (7) An employer may not require his employees to agree to anything unenforceable under Subsection (1) as a condition of employment or the continuation of employment. (8) Nothing in this chapter invalidates or renders unenforceable any employment agreement or provisions of an employment agreement unrelated to employment inventions.

U.C. § 34-39-1 to 34-39-3.

Washington excludes non-work-related inventions from mandatory employee assignment agreements, prohibits making employment contingent on acceptance of such terms, and requires notice of the scope of such agreements:

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent

against the public policy of this state and is to that extent void and unenforceable.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this section as a condition of employment or continuing employment.

(3) If an employment agreement entered into after September 1, 1979, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed [performed] by the employee for the employer.

RCW 49.44.140.

California's law is much like the law in Washington:

§ 2870

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

§ 2871

No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by the employer to determine such issues as may arise, and for full title to certain patents and inventions

to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

§ 2872

If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

Cal. Lab. Code § 2870–72.

- 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)?

No; there is no applicable federal law in the United States on this issue. In states that have not adopted a statute to protect employees' ownership rights in their inventions, the common law is followed. Also, if there is ambiguity as to whether an employment relationship exists that has implicitly granted rights to the employer, such ambiguities are resolved in the common law.

The state statutes identified in question 1 do not distinguish between different types of employees, but some universities may provide extra compensation for professors and/or students. For example, Delaware State University's Intellectual Property Policy provides that after the University recoups certain costs of the invention, an inventor is entitled to a percentage of income from commercializing the invention.

- 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.

- 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.

Currently, there is not a federal law in effect in the United States that defines when remuneration is required. However, the states listed above that regulate ownership of an employee invention can follow their respective guidelines and remuneration can be defined within an employment contract.

Remuneration beyond salary is most commonly extended via contract, either agreed upon in advance, or as compensation in return for signing a non-compete agreement (or similar document).

In Washington, mere continuation of an at-will employment relationship does not constitute consideration. Rather, consideration exists when there is a bargained-for exchange of new promises apart from the existing employment relationship. Thus, an assignment agreement entered after employment has commenced requires additional consideration.

Similarly, North Carolina courts have expressed that mere continuation of at-will employment may be inadequate consideration for binding the employee with new contractual obligations.

In Utah, in the case where the signing of the contract is done after employment has already been established, employee usually must receive compensation in return. However, Utah varies that rule and instead provides as follows:

An employer may require his employees to agree to an agreement within the scope of Subsection (2) [assignment of an employment invention] as a condition of employment or the continuation of employment.

U.C. § 34-39-3.

Kansas, California, Delaware, Illinois, and Minnesota do not require additional remuneration.

- 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?

Under some states' current law, ownership and lack of consideration appear to be the only principles upon which an inventor employee may claim a right to remuneration beyond salary. An invention created within the scope of employment by an employee who was "hired to invent" can result in an obligation for that employee to assign the invention to the employer. If the employee was not "hired to invent" and there is no employment agreement term requiring assignment, then the employee may receive remuneration in exchange for assignment.

When employment is ongoing, additional consideration may be required to create a new obligation to assign an employee's inventions. There is a split of between the states regarding whether continuation of at-will employment constitutes consideration. In Washington and North Carolina, mere continuation is generally insufficient. In California, Utah, Minnesota, Illinois, Delaware, and Kansas continuation is sufficient to constitute consideration.

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?

In some states, if an employee was not hired to invent, then the employee inventor may be entitled to remuneration.

The following four factors may be relevant in determining whether an invention is a non-work-related invention that cannot be the subject of mandatory assignment to the employer. Thus, remuneration is one method that can be used to obtain a voluntary assignment from the employee inventor.

- 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.

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

By statute and under the common law, no federal remuneration right exists. However, contractual terms may provide remuneration at the commercialization stage in some states.

- 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 amount of remuneration is variable because neither state nor federal law sets an amount of remuneration. Instead the amount can be determined within an employment contract. In situations where the amount of remuneration is based on revenue related to the patent, the amount can be determined by the employer and the employee through contract terms.

The number of co-inventors may decrease the amount of remuneration received by each inventor. Contract terms can also specify respective remuneration amounts.

- 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?

Salary is the main consideration for any inventions made in the course of employment. Some companies compensate inventors separately as a means of rewarding innovation. Case law has held that, particularly where employer property is used to develop an invention, implied licenses may exist which prevent the employee from recovering royalties for use of an invention. There is a split between the states.

In North Carolina and Washington: Yes, from the perspective that consideration is required for any new obligation to assign once the employment relationship already exists.

In California, Utah, Minnesota, Delaware, Illinois, and Kansas: No. Additional consideration is not required.

- 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, our Group's current law does not provide for any additional remuneration unless the right is created by contract.

- 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, our Group's current law does not provide for remuneration based on the contribution each inventor made to the invention unless the right is created by contract.

- 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?

The statutes listed in response to question 1 do not address the situation of the employer's location relative to the location of the employee. Any right to remuneration will likely be based on either ownership or lack of consideration, which are both controlled by the state law governing the employment relationship.

- 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?

The statutes listed in response to question 1 do not address the situation of the employer's location relative to the location of the employee. Any right to remuneration will likely be based on either ownership or lack of consideration, which are both controlled by the state law governing the employment relationship.

- 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?

The statutes listed in response to question 1 do not address the situation of the employer's location relative to the location of the employee. Any right to remuneration will likely be based on either ownership or lack of consideration, which are both controlled by the state law governing the employment relationship.

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?

No. There are no Federal laws regarding an employee's right to remuneration, and individual states that adopt laws protecting the ownership rights of an inventor do not include remuneration laws. As a result, any remuneration accorded to an employee for services performed during the course of the employee's employment are often contracted-for benefits. These benefits are often given to encourage disclosure of inventive concepts, and are not compulsory.

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

No; N/A.

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

N/A.

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

No; N/A.

- 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?

There are many considerations involved in reaching a conclusion on this question. The costs, time and feasibility to evaluate the effect of providing a right to remuneration presents significant challenges and seems to be a major initiative requiring further study.

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

N/A.

III. Proposals for harmonization

- 17) Is harmonization in this area desirable?

Predictability and harmonization are worthwhile goals. The costs, time and feasibility of undertaking to harmonize the law on inventor remuneration presents significant challenges and seems to be a major initiative requiring further study.

- 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.

See response to Question 17, *supra*.

- 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.

See response to Question 17, *supra*.

July 21,
2017