

Briefing

PATENT SERVICES

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REFORMED GERMAN ACT ON EMPLOYEES' INVENTIONS



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In rapidly developing technical fields such as biotechnology or nanotechnology companies have to invest enormous amounts of manpower and money into research and development in order to secure market shares and competitiveness. Since inventions of employees have a big share, IP counsels in multinational companies need to consider the legal provisions of the different countries on the transfer of invention rights from the employee to the employer. Germany's Act on Employees' Inventions has been criticized for a long time as being complicated and bureaucratic. Now, it has been reformed and modernized.

I. Simplified reporting of service inventions

Under the German Act on Employees' Inventions (»GAEI«) the employed inventor is obliged to report an invention without delay to his employer. Hitherto this report had to be separately, in written form and originally signed. The employer then, within a term of four months, had to claim the invention by a written and signed declaration to the employee. The burden of proof that the employee has received the claiming declaration lay with the employer. This prescribed formal claiming could not be replaced by an oral declaration or by an action implying intention such as filing a patent application. If an employer had neglected to do this, the invention would have become free and remained with the employee inventor.

Now the former strictly prescribed written form with original signature has been replaced by simple »text form« allowing reporting in any readable form with a mechanically reproduced signature. Thus, reporting per email, facsimile, or even data carrier is possible.

Advice to clients

For email reporting in order to become legally effective the prior consent of the employer is necessary. In any case the employer should limit email reporting to a specific addressee in order to avoid that a report is not noticed or that the invention is disclosed to unauthorized people.

II. No more formal claiming of service inventions

After reporting the employer now no longer needs to become active. According to the new law, an invention by »legal fiction« will be deemed to be claimed by



the employer four months after it has been reported by the employee. Nevertheless, it is still possible to expressly claim an invention, and this may be desirable if the employer does not want to wait for the expiration of the 4-month period, for example, because he has obligations to a third party such as a co-operation partner or group member-company. Claiming an invention is without formality, and even might be orally.

As soon as the invention is claimed all rights are transferred to the employer. On the other side, the employee obtains a right to reasonable compensation.

Only if the employer is not interested in an invention he now must expressly release the invention within four months after its reporting.

After claiming, the employer is obliged to file a German patent application (or utility model application if more appropriate). This obligation terminates if the employer releases the invention, if the employee has agreed that an application is not to be filed, or if the provisions for trade secrets are fulfilled. If the employer does not comply with his duty to file an application, and fails to do so within a reasonable additional period fixed by the employee, the employee may file an application in the employer's name and at the employer's expense.

Advice to clients

In view of the above consequences of an implied claiming (duty to pay compensation and to file a patent application) the employer should implement an internal procedure in order to minimize the risk of overseeing a reporting, which nevertheless would trigger the 4-month release period for an invention he is not interested in.

III. No more limited claiming of service inventions

It is no longer possible to claim a service invention on a limited basis as under the old GAEI. However, limited claiming never played an important role in practice since the employer only acquired a non-exclusive right to exploit the service invention within the company.

IV. Bankruptcy of the employer

In case of bankruptcy of the employer, the insolvency practitioner is now obliged to offer the service invention to the employee within a one year period starting from the opening of the insolvency proceedings. If the employee does not accept the offer within a two months' period, the insolvency practitioner may sell the invention with or without the business or may abandon the right. The former preemption right of the employee under the old law, if the insolvency practitioner sells the service invention without the business, has been omitted.

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