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Employees as inventors

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Background

If an inventor is in an employment relationship, he must clarify whether his invention falls under the criteria of a service invention. Employers and employee inventors have **obligations** required by law, the non-fulfilment of which can lead to claims for damages.

Small companies in particular are not always sufficiently informed about employee invention law, so that it is often not observed at all or only insufficiently. Employees usually have even less access to legal information about this topic. This information sheet provides an overview of the most important regulations. However, please note that this overview does not contain all legally relevant details and therefore cannot replace comprehensive legal advice in a specific situation.

Employee invention or free invention

An **employee invention** is deemed to exist if the invention is made during an employment relationship or immediately thereafter **and** is based on the tasks or experience of the work performed (Sec. 4 Para. 2 ArbEG). The period of time that must elapse between the end of the employment relationship and the invention in order to exclude an employee invention cannot be stated in general terms; it is always determined according to the circumstances of the individual case.

On the one hand, a **free invention** exists if there is no employee relationship whatsoever and the invention is not connected with an employee activity that ended immediately before. On the other hand, a **free invention** exists if the employee makes an invention in a field that has no connection with his current or previously terminated employment.

Duties and rights as an employee inventor

An employee invention must be reported to the employer **without delay** (Sec. 5 ArbEG). The report must be made **in writing** to the superior or another designated office, such as the patent department or the legal department, recognisably as an invention report, stating all information necessary for understanding. In terms of content, this includes information on the **technical task** (of the problem to be solved), the **technical solution** and **how the invention came about**. The employer is obliged to **confirm** the notification **in writing.**

The notification sets in motion a **period of four months** for the employer, within which he must decide whether or not to claim the notified invention (exception: public service, see below). The **claim** is either made by written declaration of the employer to the employee within this period, or it is **deemed to be declared** if the employer does not **release** the reported imployee invention **in writing** to the employee within this period (Sec. 6 ArbEG). Therefore, the verifiability of the written notification (see above) is important for the reliable determination of the expiry of the time limit.

By claiming the imployee invention, all rights to exploit the invention are transferred to the employer (Sec. 7 Para. 1 ArbEG). In return, the employer is **obliged to file an application for the invention in Germany,** unless the employer has a legitimate interest in maintaining secrecy or the employee consents to non-registration for other reasons (Sec. 13 ArbEG). Furthermore, the employee is entitled to **inventor's compensation** (Sec. 9 ArbEG), the type and amount of which is determined according to statutory provisions. In the further course, the employee has **duties to cooperate** in obtaining protective rights, provided the employer requests this (Sec. 15 Para. 2 ArbEG). The employer is **obliged** to **inform** the employee about the progress of obtaining the property right (Sec. 15 Para. 1 ArbEG).

The employer is also entitled to file an application for the imployee invention **abroad** in order to obtain protective rights. If he does not do so, he must release the invention to the employee within the priority year (1 year after the filing date in Germany), thus enabling the employee to obtain foreign protective rights.

The employee can freely dispose of a released imployee invention, i.e. he can decide himself whether he wants to register the invention or not (Sec. 8 Para. 2 ArbEG).

An (a priori) **free invention** must be disclosed to the employer at least if it is not obvious that it cannot be used in the employer's field of work (Sec. 18 ArbEG).

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Special rule for employees in the public service

In the case of employers in the form of companies or administrations of the **Federal Government, the federal states, the municipalities** and of corporations, institutions or foundations under **public law,** the **special provision** applies that instead of claiming the invention, an **appropriate share in the earnings** of the employee invention is possible if this additional option has been agreed (Sec. 40 ArbEG). In the case of a reported employee invention, the employer then has the option, in addition to pursuing protection himself (claiming) or complete release to the employee, to leave the obtaining of protection to the employee, but to receive an appropriate share in the earnings.

However, the **agreement on this additional option must have been made prior to the notification of the employee invention in question**, either in the form of an individual agreement between the employee and the employer or through a general regulation (e.g. service agreement, collective agreement), in order to be open to the employer as a choice in the specific case. If such an agreement was only concluded after the notification of the employee invention in question, only the above-mentioned two alternatives remain.

Although such an agreement can be made in an informal manner, it is advisable to put it **in writing** for reasons of clarity and legal security.