

Employees' Inventions and Model Agreements for Industry- Research Collaboration

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Employees' Inventions - The German „Problem“

- Definition of invention
- Definition of employee
- Service inventions
- Free inventions

Obligations of Employee after Invention - Private Practice and Public Service

- Notification / Information
 - ◆ Service inventions
 - ◆ Free inventions

Acquisition of Ownership by Employer

- Objections

- Claiming
 - ◆ explicitly
 - ◆ by fiction

- Releasing invention

Obligations of Employer after Acquisition of Ownership

- Protection of invention
- Remuneration for invention

Methods of Determining Remuneration for invention

- License analogy
- Cost savings
- Free estimation of value

License Analogy in Practice

- Royalty rate
- Share Factor
- Decreasing scale based on turnover

Determination of Share Factor

- Contribution to problem
- Contribution to solution
- Position of employee with company/employer

NPV Formula used for lump sum payment

$$\text{NPV} = C_0 + \frac{C_1}{1+r} + \frac{C_2}{(1+r)^2} + \dots + \frac{C_{ty}}{(1+r)^{ty}}$$

wherein C_0 is the royalty cash flow in the starting year, C_1 in the first year thereafter, and so on, until C_{ty} means the royalty stream in the terminal year of (patent) protected sales. Furthermore, r is the discount rate to be applied, i. e. the average bank interest rate for lending money to be applied, e.g. 10% interest means $r = 0.1$.

University Inventions - New Law (since 2002)

- Covers inventions of all university employees
- Includes inventions of professors and assistants
- No cover of inventions by non-“employees“ (students, scholars etc.)

University Inventions - New Law

- Inventor must notify University
- University can claim/acquire invention unilaterally
- Inventor has right not to publish
 - ◆ in this case no duty of notification

University Inventions - New Law

- If university claims/acquires invention, inventor is entitled in remuneration
- Remuneration is 30 % of gross income of university, e.g. of royalties

Rights of Universities and Professors (Researchers) in Germany

- University:
 - ◆ Right to claim and evaluate inventions
- Professor:
 - ◆ Right to get remuneration (30 % of University income)
 - ◆ Right not to publish
 - ◆ Right to decide on future consultancy
 - ◆ Right to file in foreign countries not „claimed“ by University/Industry
 - ◆ Right to continue patents given up by University/Industry

Common Criteria for Agreements in Industry-University Interactions

- “Trilateral” agreement between university, industry partner and inventor advisable
- Legal obligations and duties
 - ◆ Inventions - university/industry
 - ◆ Know-how and consultancy - researcher/industry
 - ◆ Renouncing of inventor - inventor/industry
- Joining declaration of all university members participating

Model Agreements in Germany

- Berlin Contract (edition 2007)
- Marburg Contract
- Max Planck Contract
- Munich Contract
- NRW Contract
- BMWi Contract

Berlin/BMWi Contract - Components for Research on Commission

- Research results belong exclusively to industry
- First filing
 - ◆ University and industry as joint applicants
 - ◆ Realization alternatively by university or industry
- Foreign filings
 - ◆ By industry in its sole name

Berlin/BMWi Contract - Invention Remuneration in Research on Commission

- 2.500 EUR after first application (first remuneration)
- Further remuneration according to following alternatives:
 - ◆ 2.500 EUR at start of commercial use, latest 7 years after first filing date
 - ◆ Further lump sum payments when reaching turnover milestones
 - ◆ After start of commercial use reasonable remuneration, still to be negotiated

BMW i Contract

- Similar to the Berlin Contract (edition 2007) in many aspects
- In case of research on commission, „purchase“ solution as an alternative
 - ◆ i.e. part of total industry project funds considered as lump sum payment for all inventions expected from commission/cooperation
 - ◆ Including Guidelines downloadable from: www.bmwi.de