Employees' Inventions

a French view in a European perspective

Employees' Inventions: comparative perspective
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Summary

- Applicable rules in France
  - Application of French law mandatory
  - Content of French law
    - Statutory provisions
    - Collective bargaining agreements
    - "Company agreements" and individual employment contracts
    - Specific provisions for the public sector
- Implementation of legal provisions in France
  - Classification procedure
  - Settlement of disputes

2

Employees' Inventions in France

Application of French law mandatory

The application of most of the provisions of French law is mandatory when the employment contract is governed by French law (**notably when the employee habitually carries out his work in France**) as a result of article 6 of the Rome Convention of 19 June 1980 on the law applicable to contractual obligations:

"in a contract of employment a choice of law made by the parties shall not have the result of depriving the employee of the protection afforded to him by the mandatory rules of the law which would be applicable under paragraph 2 in the absence of choice."

3

Employees' Inventions in France

Rome Convention of 19 June 1980 on the law applicable to contractual obligations

"Article 6 Individual employment contracts

1. Notwithstanding the provisions of Article 3, ***in a contract of employment a choice of law made by the parties shall not have the result of depriving the employee of the protection afforded to him by the mandatory rules of the law which would be applicable under paragraph 2 in the absence of choice****.*

2. Notwithstanding the provisions of Article 4, a contract of employment shall, in the absence of choice in accordance with Article 3, be governed:

(a) by the law of the country in which the employee habitually carries out his work in performance of the contract, even if he is temporarily employed in another country*; or*

(b) if the employee does not habitually carry out his work in any one country, by the law of the country in which the place of business through which he was engaged is situated;

unless it appears from the circumstances as a whole that the contract is more closely connected with another country, in which case the contract shall be governed by the law of that country."

4

Employees' Inventions in France

Content of French law

- In France, the rules governing employees' inventions in the private sector stem from the following hierarchy of legal sources :
  - statutory provisions
  - collective bargaining agreements
  - company agreements and individual employment contracts
- Specific provisions apply to the public sector

5

Employees' Inventions in France

French Statutory provisions: Article L. 611-7 of the French Intellectual Property Code

- Inventions made by employees are classified in three categories:
  - **inventions made in the course of the employee's duties** (*inventions de mission*): the employer must pay an "*additional remuneration*"
  - **inventions made outside the course of the employee's duties** (*inventions hors mission*): assignable to the employer against a "*fair price*"
  - **other inventions** (known as *inventions libres*, free inventions) belong to employee
- Financial compensation must be granted to the employee when the employer takes advantage of the invention (additional remuneration or fair price)

6

Employees' Inventions in France

Inventions made in the course of the employee's duties

- They belong to the employer:

*"Inventions made by a salaried person **in the execution of a work contract comprising an inventive duty corresponding to his effective functions or of studies and research which have been explicitly entrusted to him**, shall belong to the employer."*

- The employee must receive an additional remuneration:

"*The conditions under which the salaried person 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".*

7

Employees' Inventions in France

Inventions made outside the course of the employee's duties can be assigned to employer

- They belong to the employee but employer can demand transfer of ownership:

" *Where an invention is made by a salaried person **during the execution of his 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 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 receives a "***fair price***" if the employer demands such assignment.

8

Employees' Inventions in France

Other inventions
(*inventions libres*, free inventions)

"All other inventions shall belong to the employee".

9

Employees' Inventions in France

Definitions
"*invention*" and "*employee*"

- Invention = any invention patentable under French law, be it patented or not
- Employee, according to labour law
  ≠ trainee (student), corporate executive

10

Employees' Inventions in France

Collective bargaining agreements ("*conventions collectives*")

- Usually restrict the payment of an additional remuneration when :
  a) the invention is exploited by the employer within a certain time period from the filing of the patent (chemical industry), or
  b) the invention is of exceptional interest to the employer (pharmaceutical industry), or
  c) the interest of the invention to the company is in a range far in excess of the employee's salary

  or a mix of a) and b) (plastic industry) or b) and c) (metal industry).
- **Very often, the French courts decide that the conditions set forth by collective bargaining agreements do not comply with the statutory provisions and should therefore be disregarded (unenforceable)**
- Some collective bargaining agreements provide criteria for the calculation of an additional remuneration but always in general terms subject to interpretation.

11

Employees' Inventions in France

Company agreements ("*accords d'entreprise*") and individual employment contracts

Generally, only large, research-oriented, companies have set policies.

Most often they provide that:

- a fixed bonus is paid upon the filing of a patent;
- an additional bonus is calculated as a multiple of the average employee salary; the applicable multiple is determined by using similar criteria as those mentioned in the collective bargaining agreement of the chemical industry; usually a range of value (from 0.1 to 3) is attributed to each criteria and thus the total multiple is between 2 weeks and 12 months of the employee's salary.

Few companies have more favourable policies, in which the additional remuneration is set as a percentage of the employer's turnover.

Agreements are not always enforceable against employees failing to be part of the employment contract or included in a company agreement

12

Employees' Inventions in France

Additional remuneration in the public sector (e.g. universities)

R 611—14-1 IPC: *"… The additional remuneration referred to in Article L. 611-7 shall be constituted by a bonus share in the revenues derived from the invention by the public person that is the beneficiary of the invention and by a bonus per patent."*
*(*Decree of October 20, 1996 amended in 2005)

The inventor is entitled to receive, each year (up to a maximum of €63,400), **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 born by the public entity,
c) adjusted by a coefficient which represents the contribution of the civil servant to the invention.

Beyond the maximum value of €63,400, a percentage of **25%** is used instead of 50%.

An additional bonus of €3,000 is paid, partly 1 year after the patent application was filed, partly after a license is granted.

13

Employees' Inventions in France

Practical implementation of the French provisions

- Classification procedure
- Settlement of disputes
  - Arbitration
  - Conciliation
  - Litigation

14

Employees' Inventions in France

Articles R. 611-1 to R. 611-10 Intellectual Property Code

Classification procedure

- The employee must immediately
  - declare the invention to the employer and
  - suggest a classification (in the course / outside the course of the employee's duties)
- The employer must
  - confirm or challenge the classification, within 2 months
  - make use of its right of attribution, within 4 months, if the invention is classified as made outside the course of the employee's duties (*hors mission*)

15

Employees' Inventions in France

Settlement of disputes

- Arbitration (virtually impossible in France)
- Joint conciliation board (CNIS: *Commission nationale des inventions de salariés* - National Committee of Employees' Inventions) which issues settlement proposals
- *Tribunal de Grande Instance de Paris* (Civil Court of first instance) specialist court for patent litigation for the whole France

16

Employees' Inventions in France

Arbitration

arbitration, *n.* A method of dispute resolution involving one or more neutral third parties who are usu. agreed to by the disputing parties and whose decision is binding. — Also termed (redundantly) *binding arbitration*. Cf. MEDIATION (1). [Cases: Arbitration ⇦1. C.J.S. *Arbitration* §§ 2–3.] — **arbitrate,** *vb.* — **arbitral,** *adj.*

BLACK'S LAW DICTIONARY

17

Employees' Inventions in France

Arbitration virtually impossible in France

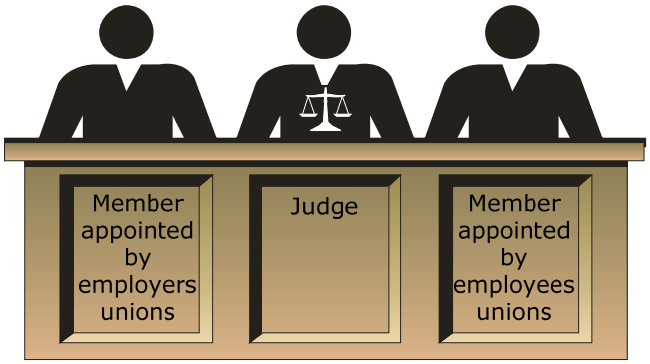
Disputes concerning employees' inventions cannot be submitted to arbitration because of the exclusive jurisdiction of the courts to decide the issues arising from the individual employment relationships.

An arbitration agreement concluded after the termination of work, out of subordination, could be valid for inventions made outside the course of the employee's duties.

18

Employees' Inventions in France

Joint conciliation board (CNIS)



issues a **settlement proposal** which becomes binding unless challenged before the court within one month

19

Employees' Inventions in France

Joint conciliation board (CNIS)

- The aim is conciliation
- The court cannot make a decision during the conciliation process
- Conciliation proposal becomes binding if not challenged before a court
- Confidential, quick, simple and inexpensive procedure

20

Conciliation board: differences between Germany and France

- Referral to the conciliation commission:
  - mandatory in Germany
  - optional in France
- Publication of the conciliation proposal:
  - in Germany, conciliation proposals are public
  - in France, they can be submitted as evidence in the subsequent referral to a court, but are not publicly available

21

Litigation before the Court of Paris, the only Court for patent disputes in France*

*** since 2009**

22

Employees' Inventions in France

Litigation before the Court of Paris, the only Court for patent disputes in France

As of 18 April 2018

23

Employees' Inventions in France

…and its IP Court room (3rd Chamber)

24

Employees' Inventions in France

21st century IP Court room

As of 18 April 2018

25

Employees' Inventions in France

The Unified Patent Court will not be competent

- The Unified Patent Court will have **no jurisdiction** on disputes relating to ownership or remuneration of employee's inventions (such disputes are not among the 9 types of actions listed in Article 32 (1) UPC Agreement)
- As a result, Article 32 (2) will apply: "*The national courts of the Contracting Member States shall remain competent for actions relating to patents and supplementary protection certificates which do not come within the exclusive competence of the Court*"

26

The Paris Court in figures

- *"Tribunal de Grande Instance de Paris"*
- 12 IP specialist judges
- 4 panels ("*sections*")
- 350 new patent cases a year
- 75 patent cases decided a year (others settled or withdrawn)
- less than 5 employee invention cases per year

27

Jurisdiction of civil service courts in specific circumstances

Even when the dispute falls within the jurisdiction of the specialist court for patent litigation, certain heads of disputes may fall within the jurisdiction of civil service courts, e.g.:

- determination of the status of civil servant
- validity of a provision in the rules of a government agency awarding the employer ownership of the employee's invention

28

Employees' Inventions in France

Statute of limitation (extinctive prescription)

According to Article L. 3245-1 of the Labour Code (*Code du travail*) actions for the payment of an additional remuneration should be brought within **three years** (previously five years) « *from the day the holder of a right knew or should have known the facts enabling him to exercise his right*".

But French courts often decide that this time period does not run unless the employee has been provided with **all** the information relevant to assess the amount of his remuneration.

29

Employees' Inventions in France

Amount of additional remuneration awarded by the French courts

- Before 1997, the additional remuneration was between 2 and 12 months of the employee's salary
- Since the *Raynaud v. Roussel Uclaf* case, in 1997, several decisions have assessed the additional remuneration out of the range of the salary

30

Employees' Inventions in France

Raynaud v. Roussel Uclaf

The invention:

- new application using the LHRH hormone for treating the prostate cancer and avoiding surgical castration.

The inventors:

- Mr. Raynaud, Director for Innovation and Projection, employee of Roussel Uclaf;
- Fernand Labrie, Professor at the University Hospital Centre of Laval.

The patents: French and US.

Turnover: FR: €15Mo/year, US: €7Mo/year + €8Mo milestone payments for licences granted)

Particularity: Mr. Raynaud's stubborn determination and tenacity in the continuation of his way of research.

Compensation: €609,800 (FRF4,000,000).

31

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Court of Appeal of Paris December 19, 1997

- Raises the compensation to an exceptional and unusual amount of €609,196 out of proportion with the notion of a salary
- Finds the grounds for this amount:
  - in the specific circumstances of the creation of the invention
  - in the prospects it offers for the company

32

Employees' Inventions in France

Cour de cassation
21 November 2000

Approves the reasoning of the Court of Appeal:

"It results from no legal or contractual provision to be applied in this case that the remuneration due to the salaried person, author of an invention under mission shall be determined according to his salary."

33

Employees' Inventions in France

Additional remuneration
Hit parade

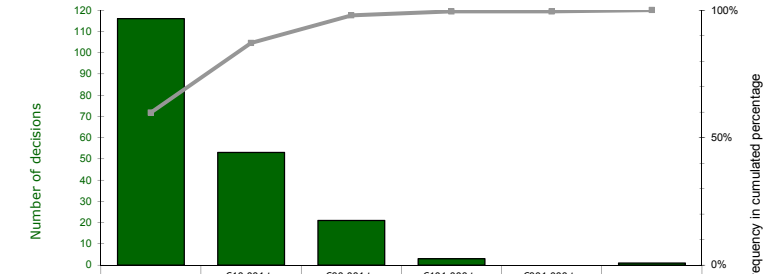
- Raynaud v. Roussel Uclaf
  (CA Paris, 13/12/1997)
  €600,000
- Rhodia v. Ray
  (CA Paris, 13/05/2005)
  €300,000
- Cousse & Mouzin v. Pierre Fabre
  (CA Paris, 24/11/2006)
  €138,205
- Derégnaucourt v. Pierre Fabre
  (TGI Paris, 26/06/2015)
  €100,000
- Brinon v. Vygon
  (TGI Paris, 14/09/2005)
  €100,000

34

Employees' Inventions in France

Additional remunerations for employee inventions (statistical analysis)

Most of the additional remunerations (60%) awarded (average per patent, per inventor) are below €10,000



	≤ €10,000	€10,001 to €30,000	€30,001 to €100,000	€101,000 to €300,000	€301,000 to €600,000	≥ €600,000
Frequency	116 decision(s)	53 decision(s)	21 decision(s)	3 decision(s)	0 decision(s)	1 decision(s)
% cumulated	60%	87%	98%	99%	99%	100%

Dates : from 12/3/1987 to 30/10/2015: 194 remunerations including 128 CNIS settlement proposals and 66 court judgments (average per inventor and per patent)

35

Employees' Inventions in France

Survey by the French IP Institute


La Rémunération des Inventions de Salariés

Pratiques en vigueur en France

Les analyses de l'Observatoire de la propriété intellectuelle

Octobre 2016

Dominique Doyen
Emmanuelle Fortune

https://www.inpi.fr/fr/la-remuneration-des-inventions-de-salaries

36

Fair price
Hit parade

Date	Court	Parties	Area	Fair price
9 May 2012	Aix en Provence	Audibert v. Arcelor Mittal	Steelworks	**320 000 €**
16 June 2009	TGI Paris (3°ch. 1°s.)	RATP v. Buttazzoni	Railway	**115 000 €**
25 April 2007	Paris (4°ch. A)	Colloud v. Spie Batignolles	Building technology	**100 000 €**
28 March 2008	TGI Paris (3°ch. 2°s.)	Cognolato v. Saint Gobain	Handling	**60 000 €**

37

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Thank you

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