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ENTREPRENEURS: BEWARE OF EMPLOYEE COMPENSATION RIGHTS ON NON-PATENTABLE TECHNICAL CONTRIBUTIONS

Miquel Montañá (Clifford Chance) · Friday, November 13th, 2015

Readers will not be surprised on reading that the new Spanish Patent Act, which is due to come into force on 1 April 2017, establishes a remuneration right in favour of employees who have made an invention when their personal contribution and the importance of the invention clearly exceed the explicit or implicit contents of his or her contract (Article 15.2). Unless these circumstances concur, any inventions which are the result of an activity that explicitly or implicitly forms part of the contract will belong to the employer and no remuneration right will arise (Article 15.1).

Any inventions outside Article 15.1 will belong to the inventor (Article 16). However, when the employee makes an invention related to his or her professional activity in the company using means provided by the latter or where knowledge acquired within the company has had a predominant influence on such invention, the company will have the right to assume the ownership of the invention or reserve the right to make use of the invention (Article 17.1). In this case, the employee will be entitled to a "fair financial compensation" which will be determined by taking into account the industrial and commercial importance of the invention and the means or knowledge provided by the company as well as the contributions of the employee. Said compensation can be in the form of a share in the profits generated by the company from the exploitation of the invention or the assignment of its rights over the invention (Article 17.2).

So far, no news. All this was already included in the former Patent Act, except for the last sentence of Article 17.2. What is really new is the introduction of a right to compensation in relation to technical contributions which are not patentable. In particular, Article 18.3 of the new Patent Act states that:

"*3. Any non-patentable technical improvements obtained by the employee in performing the activities established in Articles 15 and 17 which, by implementing them as an industrial secret, offer the employer an advantageous position similar to that obtained from an industrial property right, will entitle the employee to claim reasonable compensation from the employer, set in accordance with the criteria established in the abovementioned Articles, pursuant to the latter exploiting the proposal.*"

So, to avoid undesirable surprises, companies should be aware that in Spain, as from 1 April 2017, employees may be entitled to compensation not only in the case of patentable contributions, but also in the case of non-patentable technical contributions.

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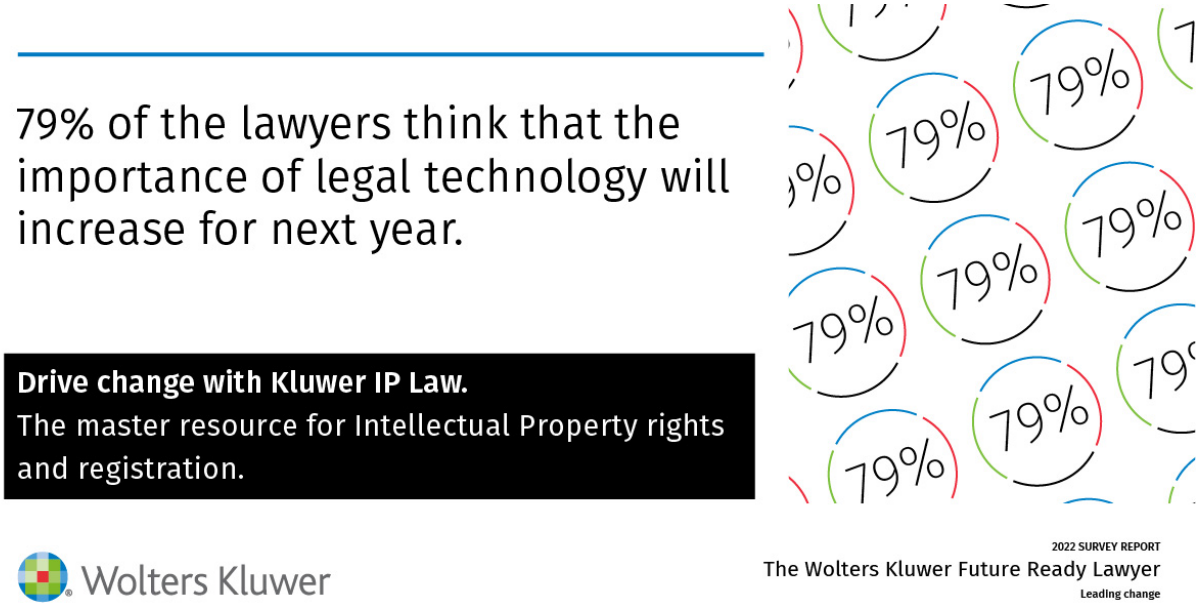

This entry was posted on Friday, November 13th, 2015 at 5:04 pm and is filed under Spain
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