

**A U S T R I A**

**WHO OWNS IP IN RESEARCH & DEVELOPMENT?**

- With a special focus on university joint ventures -

**1. Applicable Laws**

The results of creative work in Austria, if in the technical sphere, may be protected by the Patent Act (*PatG*) and the Acts for brands and designs (*Markenrecht und Musterrecht*) and, if in the field of software or in the creative field, by the Copyright Act (*UrhG*). Other know-how can be protected by the rules on the protection of trade secrets and other provisions under the Act against Unfair Competition (*UWG*).

**2. Who owns IP in research & development?**

**a)** In the event that employees (any blue-collar or white-collar workers) make inventions in the technical field during or in connection with an employment relationship sec 6 Patent Act regulates the ownership of such invention and the rights thereto. An invention is deemed an employee invention if (i) it was made by an employee during the term of his employment; (ii) the invention is made in an area which coincides with the object of the business carried out by the employer and (iii) the task which lead to the invention must either belong to the employee's obligations or (a) the employee must have received the idea for the invention due to his tasks as an employee or (b) the invention was materially facilitated by the use of the employer's experience or the employer's resources.

If an employee's employment is governed by civil law the rights to employee inventions need only be transferred to the employer if such transfer was agreed to by the employer and employee in writing. Such agreement can be concluded in the individual employment contract or in the applicable collective bargaining agreement, if such agreement exists.

In case the transfer of the rights to the employee invention to the employer has been stipulated in writing then the employee must immediately inform the employer of any employee inventions he makes during and in the scope of his employment. As of the date the employer is informed of any employee invention by the employee the employer has a four month period in which the employer can demand transferral of the rights to the employee invention or the right to use the invention. As soon as the employee receives such a demand the rights to the invention or the rights to use the invention, as demanded by the employer, are transferred to the employer. If the employer does not make use of his right to demand transferral of the rights to the invention or the right to use the invention then these rights remain with the employee who may, therefore, transfer the rights to such invention to third parties.

For the transfer of the rights to an employee invention or the granting of the right to use such invention the employer must pay the respective employee adequate consideration. The amount of adequate consideration depends on various factors (position of the employee within the firm,

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number of people involved in the invention, quality of the invention, etc.). It is calculated based on the royalties or sales price received by the employer. Finally, the employee retains his right to be personally named in the patent as the inventor.

In the event the employment relationship is, however, governed by public law (civil servants, which may also include university employees) then the employer has the right to demand the transfer of the rights to the employee's invention or the right to demand a right to use such invention, irrespective if such right was agreed to in writing between the employer and the employee. These rights are granted to the employer directly in the Patent Act and are, therefore, stipulated by law. However, the four month period in which the employer must demand transferral of the rights to the invention or the right to use such invention and the obligation to pay appropriate consideration are also apply to public employers.

**b)** Under Austrian law, the creators of copyrightable works (software, images, technical drawings, scientific publications etc.), as for instance programmers, research assistants, students, become the (co-) owners of the copyright in the work simply by way of the act of creating the work. The copyright (*Urheberrecht*) as such cannot be transferred. This is why the original creator is always considered the author and owner of the copyright even if the work was created during or in close connection with an employment relationship or on the basis of work made-for-hire. The principal has to assure his positive covenant through contracts.

**3. From the point of view of the employer or principal which (contractual) precautions have to be taken?**

**a)** In order to secure its rights to an employee invention the employer must, if such employment relationship is not governed by public law, secure his rights in accordance with sec 6 Patent Act in writing, preferably in the individual employment contract. Furthermore, the employer must, in case of an employee invention, adhere to the statutory four month period in which the employer can demand transferral of the rights to the employee invention.

In the scope of a research & development agreement it should also be taken into account if (i) the party carrying out the research & development has secured its rights to employee inventions, (ii) if, how and in which scope these employee inventions shall be transferred to the principal, (iii) which procedures shall be adhered to in order to secure transferral of such employee inventions to the employer and from the employer to the principal and (iv) the contractual consequences should the employer not be able to secure the rights to the employee invention in the agreed scope and/or not be able to transfer such inventions to the principal.

**b)** A total buy-out of copyrights is not possible as the moral aspects of the copyright (*Urheberpersönlichkeitsrechte*) always remain with the author, e.g. the right to be named as author, the protection against deformation of the work, unknown forms of use or certain aspects of equitable consideration. Therefore, in an employment relationship or work made-for-hire scenario, the employer does not become the owner of the copyright in the work result. Instead, the employer by law acquires only those rights that are required for the purpose of the working relation-

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ship. Only with regard to software, the employer by law automatically acquires all commercial (non-moral) aspects of the copyright (while the moral aspects of the copyright still stay with the programmer). Therefore, the underlying contracts with the research staff or other creative people need to ensure that – taking into account the non-transferable or not automatically transferred part of the copyright – the maximum scope of rights is transferred. In consequence, contracts between the employer and a third party must also take into consideration that not the scope of rights that can be transferred is restricted by law.

**4. Current trends and particularities in university joint ventures?**

Many public universities and research institutes in Austria have until recently not systematically protected and exploited their IP. In Austria university employees may perform research and development projects commissioned by third parties for their own behalf and for their own account. Such inventions are not deemed employee inventions. The inventor or, if so agreed, the third party which commissioned the research project can, therefore, freely make use of the invention without any restriction vis-à-vis the university. This, however, requires a direct contract between the university employee and the third party commissioning the research project.

In the recent past universities have also established special purpose vehicles (100% owned by the university) for research joint ventures with third parties namely industry. In such case, the IP rights will, of course, depend on the joint venture agreement and the employment agreements concluded with the research & development staff.