Country Overview:

G E R M A N Y

WHO OWNS IP IN RESEARCH & DEVELOPMENT?

- With a special focus on university joint ventures -

1. Applicable Laws

The results of creative work in Germany, if in the technical sphere, may be protected by the Patent Act (*PatG*) or the Act on Utility Patents (*GebrauchsmusterG*) and, if in the field of software or in the creative field, by the Copyright Act (*UrhG*) or the Design Act (*GeschmacksmusterG*). 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) Specific provisions of the Employee Invention Act (ArbNErfG) apply in the event that employees make inventions in the technical field during or in connection with an employment relationship. In such a case the employer has the right to claim at its free discretion full, partial or no ownership over the invention. Those parts of the invention that have not been claimed by the employer within a certain deadline are free for the employee with the employee being entitled to file for a patent in its own name. To the extent that the employer has claimed the invention he has to reimburse the employee. The amount of the reimbursement depends on various factors (position of the employee within the firm, 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.

b) Under German 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. It is important to note that under German law, 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 (however, see also Section 3.b) below).

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

a) Most of the employee's statutory rights described under Section 2.a) above are inalienable and cannot be limited before the invention has even been made if resulting in a disadvantage for the employee. In order not to lose its rights to the invention, the employer thus has to set up internal processes ensuring that the strict procedural rules set out in the Employee Invention Act are complied with:

- Once an employee has made an invention, it has to be reported to the employer immediately in writing with the report reflecting all relevant information on the invention itself as well as on the technical background and the assumed novelty.
- The employer would then have to confirm receipt of the report or revert to the employee if the report were suffering from formal or material mistakes.
- It is then at the discretion of the employer whether he wants to claim the invention in full or in part or not at all.
- The employer then is under an obligation to notify the employee of his interest in the patent and his intention to claim ownership of the patent.
- Such notice from the employer would have to be received by the employee within four months after the employee's own notification of the invention to the employer.
- If these rules are complied with, the employer can file a patent application for the invention in his own name and ownership.

Only after the invention has been reported to the employer, certain modifications can be agreed between the parties (e.g. the right by the employee to apply for patents in foreign countries or the right by the employee to take over the patent once it has been given up by the employer).

b) As a consequence of what was explained under section 2.b) above, a total buy-out of the 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 relationship. 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.

4. Current trends and particularities in university joint ventures?

Usually, co-operations between commercial entities and public universities or research institutes are structured either as commissioned R&D projects funded mostly by the private entity or in the form of deeper co-operations often with a jointly owned company. Other than in some other European countries or the US, many public universities and research institutes in Germany have until recently not systematically protected and exploited their IP. Lately, however, we see a trend going towards very strict and formal requirements by these institutes, the reason for this being on one hand the increased need by these institutes for alternative funding and on the other hand the need for justification of their spending of public funds. We have also seen some agreements where the institutes were named as co-owner of the patent vis-à-vis the Patent Office while the institute had internally transferred all rights to its private co-owner, the commercial entity.