

ISRAEL

WHO OWNS IP IN RESEARCH & DEVELOPMENT?

- With a special focus on university joint ventures -

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1. Applicable Laws?

The results of creative work in Israel may be protected by the Patent law, 1967 and the Copyrights Law, 1911. Other know-how can be protected by the rules on the protection of trade secrets and other provisions under the Torts Ordinance (New Version) and the Commercial Wrongs Law, 1999.

2. Who owns IP research & development?

a) The Patent Law assumes that the employee is the owner of an invention that he invented, unless the invention is considered a work-made for-hire, in which case the employer owns the invention. This is the situation unless it is otherwise agreed on between the employee and the employer, or if the employer clearly waived ownership of the invention. An invention is considered a work-made for-hire, according to the case law, if it fulfils four conditions: (i) the existence of an employee-employer relationship. (ii) the invention is a mature invention and not a raw undeveloped idea. (iii) the employee reached the invention due to his employment and (iv) the employee reached the invention during the course of his employment. The obligation to prove that an invention was made on a work-made for-hire basis rests with the employer.

The Patent Law obligates the employee to notify the employer with respect to any patent application he submitted or any invention he has reached due to his employment or during his employment. This notice is provided in order to allow the employer with a fair opportunity to clarify if the invention was made on a made-for-hire basis. If the employer does not inform the employee of his intent to attribute the invention to himself, within six months the employee will be considered the owner of the invention. When a dispute arises between an employee and an employer with respect to the ownership of the invention, they are both entitled to appeal to the patent registrar, who shall decide who owns the invention. An employee who reached an invention that was made on a made-for-hire basis is entitled reasonable and fair compensation. This reimbursement and its conditions may be determined in an agreement between the employee and the employer or by the committee of reimbursements and royalties. The committee shall comprise of a supreme court judge, the patent registrar and a member of the institute of higher learning. Any decision made by the committee can be appealed if the circumstances change

When calculating the amount of reimbursement, the committee shall consider various factors such as: the employee's salary, the extent of the efforts made by the employee for the development of the invention and the employers contribution to the invention.

b) The Copyrights Law also assumes that the employee is the owner of creations made by him unless otherwise agreed. However if the employer proves that the creation was made by the employee in the framework of his employment, then the employer owns such creation. The employer must prove the existence of an employee-employer relationship and that the creation was developed due to the employment. There is no determination in circumstances during which an employee that has a broad, undefinable job created a creation. The tendency of the courts in these situations is to see the employer as the owner of the creation only if the talent and the reasoning of

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the employee when creating the creation were a natural part of the duties of the employee.

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

a) As described in Section 2(a) above, in order for the employee to ensure his ownership rights in an invention made by an employee, it is recommended to the employer to sign an agreement with the employee. Such agreement should include, *inter alia*, the following issues: **Ownership:** the employee and the employer agree that any invention that the employee makes during the period of his employment will belong exclusively to the employer and the employer will have the right to use the invention in any way. **Disclosure:** the employee shall undertake to disclose all information relating to any invention made during the period of his employment and to deliver any documents or materials relating to the invention to the employer. **Patent Registration:** the employee shall undertake to assist the employer in registering the invention as a patent. **Confidentiality:** the employee shall undertake to keep all information regarding the invention confidential. If an agreement is not agreed on with the employee then the protection provided to the employer is only as set forth in the Patent Law which imposes on the employer the obligation to prove that the invention was made on a work-made for-hire basis (as detailed above).

b) As described in Section 2(b), in order for the employee to ensure his ownership rights in a creation made by an employee, it is recommended to sign an agreement with the employee. Such agreement should include the following issues: **Ownership:** the employee and employer agree that all the IP including any copyrights that the employee may create shall belong to the employee and he may be able to use the creation in any way. **Transfer of the creation to the employer:** the employee shall undertake to transfer all the information relating to any creation made during the period of his employment and to deliver any documents or materials relating to the creation to the employer. **Usage of the creation:** the employer shall obtain the consent of the employee with respect to making any change in the creation and using the creation commercially by himself or through others in any way. **Confidentiality:** the employee shall undertake to keep all information regarding the creation confidential.

4. Current trends and particularities in university joint ventures?

In Israel, joint ventures between universities and commercial entities are a very popular trend and are especially common in the Bio-Tech field. Cooperation between universities and commercial entities are structured in several different ways: some are R&D projects funded mostly by the commercial entity, some are connections through license agreement which assign the commercialization or the distribution rights of IP developed by the university, over to commercial entities. Each academic institution has set up a technology transfer company in order to manage the commercialization of IP developed by the such institutes. These companies provide infrastructure and applied research facility support, they assists in business development, patenting, legal issues, strategic alliance development and identification of investors, establishment of start-ups, administration and other areas associated with commercialization of technologies.