

LexMundi



Lex Mundi IP: Issues that arise in the employment relationship worldwide

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Today's Speakers

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ASIA

Sher Hann Chua

Tilleke
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EUROPE

Sarah van den
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LIEDEKERKE

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AFRICA

Mena Ajakpovi

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NORTH AMERICA

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pepper

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LATIN AMERICA

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LexMundi Default Position on IP Ownership

Thailand

- Employee owns copyright, but employer has the right to communicate the work to the public in accordance with the purpose of employment (**Section 9, Copyright Act**)
- Employer owns patent rights for employee inventions, even if employee's employment contract does not relate to inventive activities (**Section 11, Patent Act**)

Vietnam

- Employer owns IPRs created by an employee in the course of employment if the employer has assigned the task of creating the work to that employee (**Article 39, IP Law**)
- Employer owns business secrets acquired by an employee while carrying out assigned tasks (**Article 121, IP Law**)

Cambodia

- Employer owns patent rights for employee inventions (**Article 14, Law on the Protection of Patents, Utility Model Certificates and Industrial Designs**)
- Employer owns economic rights in works created by employee (**Articles 16 and 22, Law on Copyright and Related Rights**)

Laos

- Employer own copyright of works made in the course of employment (**Article 99, Law on IP**)

Myanmar

- Employer owns economic rights in works created by employee (**Section 22(e), Copyright Law**)
- Employer owns patent rights for employee inventions made in the course of employment under the instruction of the employer and for a period of one (1) year after employment, but right reverts to employee if employer fails to apply for the patent within six (6) months from the employee's notification (**Section 17, Patent Law**)

LexMundi Default Position on Employee Compensation

Thailand

- Employer must provide special remuneration to employee if employer obtains benefits from the employee's invention. Parties cannot contract out of this statutory right (**Section 12, Patent Act**)

Vietnam

- Employer must pay employee 10% of profits received from use of an invention/industrial design and 15% of royalties received from licensing an invention/industrial design (**Article 135, IP Law**)

Cambodia

- No default statutory position

Laos

- No default statutory position

Myanmar

- No default statutory position

LexMundi Liability of Employers

Thailand Example

- Employer is jointly liable with employee for the consequences of a wrongful act committed by such an employee in the course of his employment (**Section 425, Civil and Commercial Code**)

Singapore Example

- **Siemens Industry Software Inc v Inzign Pte Ltd [2023] SGHC 50**
- Employer not primarily liable, but held vicariously liable for copyright infringement committed by employee (use of unauthorized version of software), although employer was not aware of and had not authorized such acts
- Employer failed to take reasonable steps to prevent employee's infringing act due to insufficient supervision of employee and insufficient implementation of anti-piracy policy

LexMundi Confidentiality and Trade Secrets

Thailand Example

- Infringement of trade secrets = act of disclosure, deprivation or use of trade secrets without the consent of the owner in a manner contrary to honest trade practices, where infringer must be aware of or has reasonable cause to be aware that such act is contrary to honest trade practices (**Section 6, Trade Secrets Act**)
- Forwarding confidential work documents to personal email account amounted to disclosure (**Supreme Court Decision No. 7189/2562 (2019)**)

Vietnam Example

- Employer has right to sign a written agreement with employee on the content and duration of the protection of the business secret, technology know-how, and on the benefit and the compensation obligation in case of violation by the employee (**Article 21, Labor Code**)

Laos Example

- Trade secret proprietor has the right to control any person who is lawfully in control of trade secrets even after the termination of employment (**Article 61, Law on IP**)

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LIEDEKERKE



Belgium/Europe

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	Belgium	France	Germany	Netherlands
Copyright	Employee	Employee	Employee	Employer If work is made in the course of employment
Patent	Employee (Employer presumed to be the assignee of services inventions)	Employee Except for "inventions under mission"	Employee Employer can claim ownership of the invention within four months	Employer Subject to conditions
Trademark	Can be applied for by employee or employer	Employee	Employer If created in the course of employment	Can be applied for by employee or employer
Design	Employer If created in the course of employment	Employee	Employer If created in the course of employment	Employer If created in the course of employment
Software	Employer (Employer is presumed to be the assignee)	Employer If created in the course of employment	Employee Employer is granted a statutory licence if created in the course of employment	Employer If created in the course of employment
Database	<u>Original database</u> : The employer active in non-cultural industry is presumed to be the assignee <u>Sui generis right</u> : The person who made the (financial) investment (usually the employer)	Employee	?	Employer If created in the course of employment

Compensation - Belgium

Patents: In principle no compensation for “service inventions”, possible compensation for “mixed inventions”

Copyright: Right to “appropriate and proportionate remuneration” + Contract adjustment mechanism

Designs, software, database: None (covered by the employees’ salary)

Trademarks: None.

Other Countries

Varies, e.g. for patents: Notion of “equitable additional compensation” if employees’ salary not sufficient (NL); “reasonable compensation “ (DE); “fair price” (FR), ...

Copyright in the UE: right to an appropriate and proportionate remuneration + contract adjustment mechanism

Directive (EU) 2019/790 (DSM Directive)

Key takeaways

Art. 18
Appropriate and
proportionate
remuneration

Art. 19
Transparency
obligation

Art. 20
Contract
adjustment
mechanism

Art. 21
Alternative
dispute
resolution
procedure

Art. 22
Right of
revocation

*(not for
employees)*

Pitfalls?

In Belgium : With respect to copyright:

- restrictive interpretation of the contract in favour of the author
- less formalities to be fulfilled in employment context

Impact of DSM

Moral rights

Sufficient details (e.g. territory, ways of exploitation, etc.)

Special regime for universities

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UDO UDOMA &
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Nigeria/Africa

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Presentation Outline

- 01 Introduction
- 02 Africa: An IP Goldmine
- 03 Ownership of Intellectual Property
- 04 Ownership Rights in Context
- 05 Issues Arising

Introduction

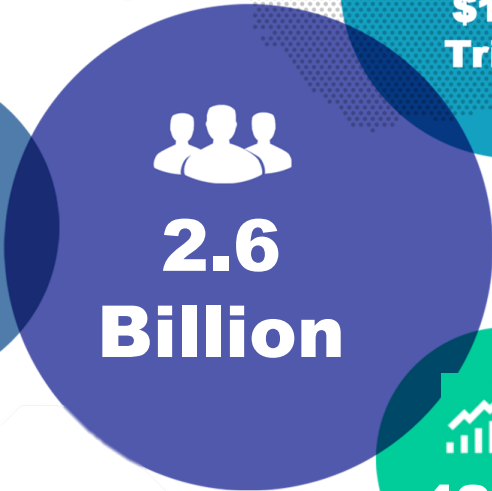
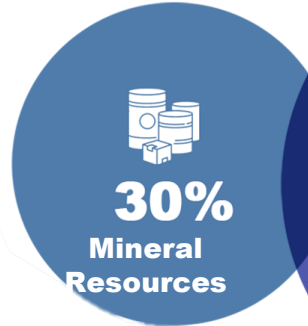
Intellectual property (IP) law is a complex area of law that deals with the protection of original works of authorship, designs and other creative work, as well as the protection of trade and business secrets.

Its application to the workplace is nuanced, and becoming increasingly important as the use of technology and globalized workforces brings issues of ownership and responsibility for the creative works and ideas generated in the employment space to the front burner



2.6 Billion by 2050 and 40% of the global population by 2035

The African labour force is currently over 1 billion strong and is estimated to reach 2.6 billion by 2050. Africa is an IP Goldmine as this population growth is expected to account for 40% of the global population by 2035.



Consumer and Business Spending by 2050

By 2050, Africa will be home to an estimated USD 16.12 trillion of combined consumer and business spending.



42% of the World's Youth Population

By 2030, young Africans are expected to make up 42 percent of the world's youth and account for 75% of those under 35 in Africa

Africa: An IP Goldmine

Manpower and natural resources

Stats from The European Commission, The Brookings, Population Reference Bureau (in combination with the African Union Commission)

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Africa: An IP Goldmine



30% of the world's mineral resources

Beneath the surface of Africa lies a wealth of mineral resources of enormous value. In 2019, the continent produced almost 1 billion tonnes of minerals worth \$406bn. Combined with Africa's growing and young population, Africa is home to 25% of the natural global biodiversity and 30% of the world's mineral resources.



Ownership of
**Intellectual
Property**

Ownership of Inventions



Employer Ownership

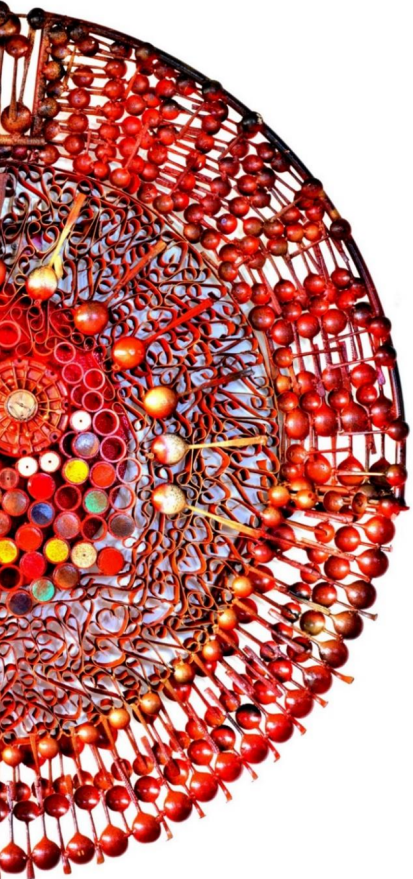
Patents and Designs Act

Nigeria operates a “first to file” system

Under the Nigerian Patents and Designs Act (PDA), the statutory inventor is the person that has the right to submit a patent application.

In an employment relationship, the law recognises the employer as the statutory inventor and, thus, the appropriate entity entitled to file a patent application.

The rules are largely modifiable by a Written Contract.



Ownership of Copyright



Author/Employee Ownership

Copyright Act

Generally speaking, copyright ownership vests in the author of a creative work under the Nigerian Copyright Act (NCA).

Unlike the PDA, which grants the employer the right to patent an invention made by an employee, the NCA only recognises a similar right of the employer with respect to “employment by the proprietor of a newspaper, magazine or similar periodical.”

For all other copyright-eligible works, the Copyright Act recognises that authorship originally belongs to the author under copyright, irrespective of employment or a commissioned work



Ownership Rights in Context



Employment Relationship

Generally owned by the Employer (Patents) and the Employee (Copyright)

**Subject to the employee's right to fair compensation in certain instances*



Third Party Contractors

Generally owned by the Employer (Patents) and the Independent Contractor (Copyright)

**Subject to the provisions in the agreement between the parties.*



Ownership Rights in Context



Secondees

There is no general legal provision.

In the absence of a contractual agreement, employment law rules would govern whether the secondee is an employee of the primary or secondary employer



Employee Across Borders

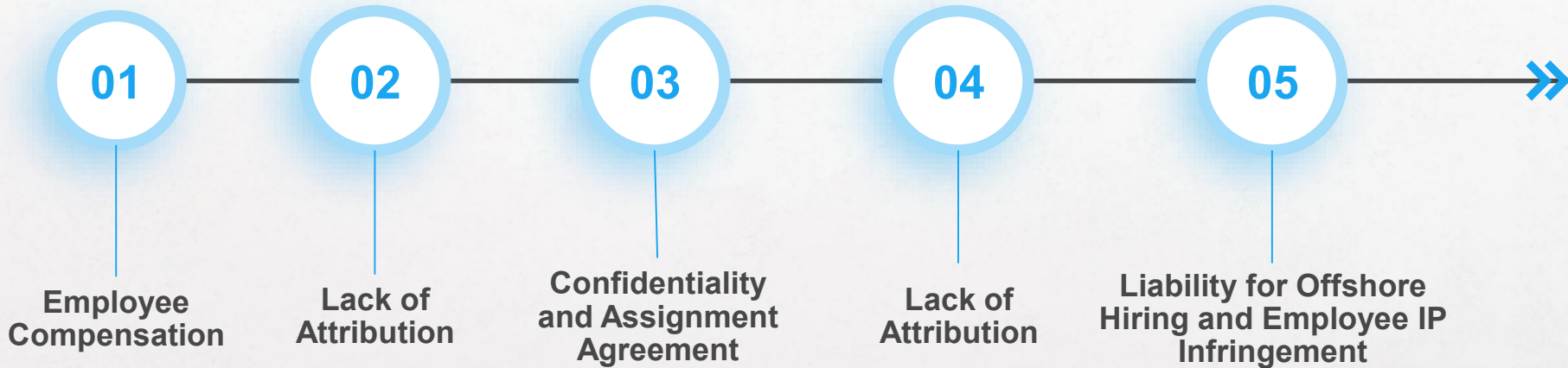
There is no general legal provision.

Applicable international conventions are to be considered

Ownership is subject to the provisions of the agreement and its governing law



Other Issues Arising in Employment Relationships



Other Issues arising in Employment Relationships

And Common Pitfalls

Employee Compensation

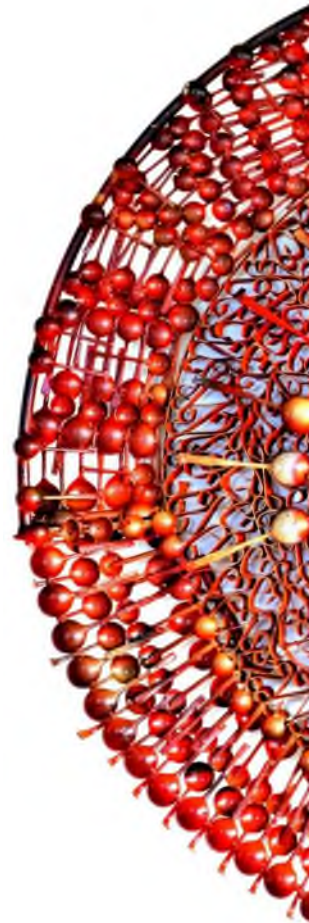
Nigerian law only recognises an employee's right to compensation for qualifying inventions that are either of exceptional importance or done where the employee is not required to engage in any inventive activity.

Lack of Attribution

The right of attribution is not assignable in Nigeria. Authors and Inventors have a protected right to be named as such.

Confidentiality and Assignment Agreements

In order to protect their IP, employers usually require employees to sign such agreements at the start of employment, and they can be particularly useful in protecting IP in cases of resignation or termination.



Other Issues arising in Employment Relationships

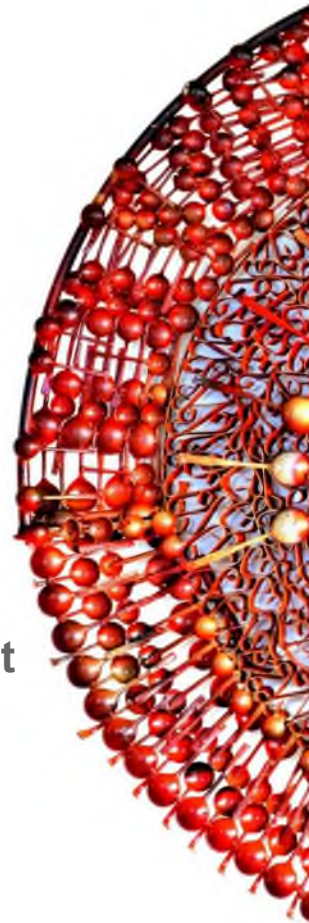
And Common Pitfalls

Pre-Employment IP Rights

This issue may arise where the employee had IP rights prior to entering employment. This issue can be avoided by having the employee state any already existing IP rights they own prior to signing the employment agreement and providing for how these prior IP rights would be owned. The employer can seek to negotiate the ownership/assignment of such IP rights or state that such IP rights would remain the property of the employee even if they are used by the employee during the course of employment.

Liability for Offshore Hiring and Employee IP Infringement

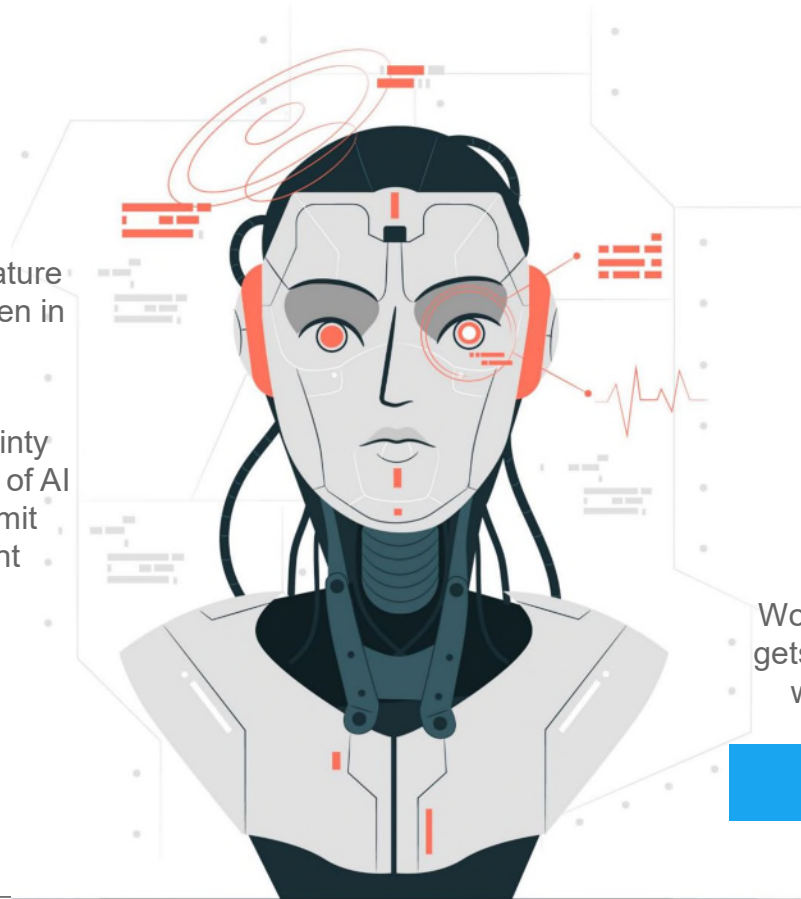
As employers would generally own the IP of their employees and independent contractors, they are also potentially exposed to any their IP infringement done by the employee, in the course of employment, which the employer benefits from. The liability exposure is greater in the case of offshore hiring where the employer would have less control over the activities of the employee/independent contractor.



AI in Employment

The AI revolution may have considerable impact on the nature of employment in all areas even in law

However, the present uncertainty on IP rights and IP ownership of AI created work product would limit how useful AI is in employment



World's First Robot Lawyer gets sued for practising law without licence in the US

Useful Fact...

The Issues

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The United States Employment Legal Market



Five IP Tips for Companies Operating in the U.S.

Tip Number 1:

Intellectual Property rights created by contractors are owned by the contractors (Unless you have a written assignment of those rights).

Five IP Tips for Companies Operating in the U.S.

Tip Number 2:

A “work for hire” may in fact not be a work for hire.

Five IP Tips for Companies Operating in the U.S.

The Copyright Act defines work made for hire as:

- (1) A work prepared by an employee within the scope of his/her employment; or
- (2) A work specially ordered or commissioned for use as a contribution to a **collective work**, as a part of a motion picture or other audiovisual work, as a translation, as a **supplementary work**, as a **compilation**, as an **instructional text**, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a **work made for hire**.

Five IP Tips for Companies Operating in the U.S.

A work may not be a “work for hire” owned by the employer if:

- 1) It is created by an employee outside of his/her scope of employment; or
- 2) It is created by an independent contractor and is not a
 - a) Contribution to a motion picture
 - b) Translation
 - c) Supplementary work
 - d) Compilation
 - e) Instructional Text
 - f) Test or Answer to a Test
 - g) Atlas

Five IP Tips for Companies Operating in the U.S.

- Define the “Scope of employment” for employees.
- Get written present assignments to assign work created by employees outside their scope of employment (if you want to own it).
- Get written present assignments to assign from contractors for all work created for your company.

Five IP Tips for Companies Operating in the U.S.

Tip Number 3:

Employees can leave. Get assignment of IP rights in employment agreements.

Five IP Tips for Companies Operating in the U.S.

Under U.S. Patent Law, the USPTO must be made formally aware of an assignment from an inventor so the assignee is recognized as the patent applicant.

Recording an assignment may be necessary to permit the assignee to “take action” in the patent application during prosecution and for the patent to issue in the name of the assignee. 37 CFR 1.46.

A person to whom the inventor is under the obligation to assign the invention may file a patent application and be identified as the applicant. 37 CFR 1.46.

SO...

GET AN OBLIGATION TO ASSIGN INVENTIONS IN AN EMPLOYMENT AGREEMENT.

Five IP Tips for Companies Operating in the U.S.

Tip Number 4:

Include non-disclosure terms for trade secrets and confidential information in contractor and employee agreements.

Five IP Tips for Companies Operating in the U.S.

- The more employees and contractors your business works with, the more likely it is that your trade secrets will be leaked. Nondisclosure agreements (or NDAs) help protect these trade secrets and provide remedies if leaks ever happen.
- A nondisclosure agreement legally binds anyone to secrecy who's privy to company trade secrets or confidential information, like customer data.
- NDAs ensure that contractors or workers who have access to this info can't misuse it or share it with parties outside of the company.
- **BE CAREFUL ABOUT NDA's with no term limit.**

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Five IP Tips for Companies Operating in the U.S.

Tip Number 5:

State law matters.

Five IP Tips for Companies Operating in the U.S.

- U.S. federal law governs patents, copyrights and most trademarks.
- U.S. state law governs the interpretation of contracts.
- Examples of unique differences:
 - California and Washington limit assignments of inventions created outside the scope of an employer's business (disclosure of law required in California).
 - No additional consideration required for separate assignment agreement with employee in Wyoming – ongoing employment is enough.
 - California requires additional consideration – want agreement prior to employment so no additional consideration required.

Mexico/Latin America

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Patents

- Inventions created by employees
 - Worker dedicated to research or improvement of procedures in company with company resources:
 - Ownership and right to exploit will correspond to employer
 - Inventor will be entitled to additional compensation, by agreement of the parties or by a Court when importance of invention and benefits to employer are not proportional to salary.
-

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Patents

In any other case, ownership of invention will correspond to employee, but employer will have a preferential right, under equal circumstances, to the exclusive use or acquisition of the invention and the corresponding patent.

Patents – some key elements

- Disclosure
 - Labour agreements
 - Standards for patentability may vary
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Copyright

- Mexico has the longest © term: Life of author + 100 years.
 - Only individuals can be authors.
 - Moral rights are recognized.
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Copyright

- When a work is created as a result of employment established through a labour agreement, in absence of agreement otherwise, it will be presumed that the economic rights are divided equally between employer and employee.
 - In absence of a labour agreement, the economic rights will belong to the employee.
-

Copyright – some key elements

- Moral rights non-assignable, perpetual and non-renounceable
 - Image rights – The image of a person may only be used with express consent. Authorization to use a person's image may be revoked.
 - If a person's image is used in exchange of payment, it is presumed that there's consent and revoking would not be possible as long as use is along agreed terms.
 - Advertising agreements – three year rule
-

Three-year rule

- Advertisements may be broadcast for up to six months from the first communication. After this term, communication must be paid for each additional period of six months, even when it is only done in installments of that period, at least with an amount equal to that originally contracted.
 - Three years after first communication, use will require authorization of the authors and the owners of the neighboring rights of the works.
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Trade Secrets and confidential information

- Legal requirements in Mexico for trade secrets
 - Mechanisms for safekeeping
 - Best practices
-

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Trademarks

- Adequate use of Company trademarks
 - Agreements with third parties - licensing
-

Use of third party IP by employees

- Establish clear policies for all employees
 - Constant updating of these policies
 - Contingency plan
-



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