SETTING THE COURSE FOR EMPLOYEE INVENTIONS: UNDERSTANDING SPANISH PROVISIONS

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According to the Spanish Patent Law, there are three different types of inventions developed by an employee:

1) Inventions belonging to the employer (type 1): These are inventions created by an employee during the period of his employment or service with the employer. They result from a research activity explicitly or implicitly related to the objectives specified in the employment or service contract.

2) Inventions the employer can assume (Type 2): This category includes inventions created by an employee while performing his or her duties for the company or employer if the employee was not specifically hired for research and development (R&D) or to create inventions. Accordingly, these inventions are typically derived from or significantly influenced by knowledge acquired within the company, often using resources provided by the employer.

3) Employee Inventions (Type 3): These inventions have no connection with the employer, i.e. they fall outside the scope of Type 1 or Type 2 inventions. In other words, they are independent of the employment relationship.

These categorizations serve to define the ownership and relationship of inventions to the employment context, providing clarity and legal structure for both employers and employees.

In addition, there are three different concepts that must be taken into account under Spanish Patent Law:

a. Supplemental remuneration.
b. Fair financial compensation.
c. Extra remuneration for those payments under bonus system, if any.

EMPLOYER'S OBLIGATIONS TOWARDS AN EMPLOYEE WHO HAS MADE AN INVENTION

Type 1 inventions: the employer has the following obligations:

- Recognition of the inventor's moral right. This requires the employer to explicitly name or list the inventor in any patent application related to the invention developed by the said inventor/employee.

- Payment of supplemental remuneration (if applicable). In general, salary is considered reasonable compensation for inventions developed in the course of employment. No additional payments or separate salary category is provided regardless of the commercial success of the invention. However, supplemental remuneration may be applicable only if the inventor's contribution to the invention and its importance to the employer clearly exceed the explicit or implicit terms of the contract or employment relationship.

- Cooperation in fulfilling the above recognition (and/or payment, if applicable).

Type 2 inventions: the employer has the following obligations:

- Recognition of the inventor's moral right. This requires the employer to explicitly name or list the inventor in any patent application related to the invention developed by the said inventor/employee.

- Upon notification by the employee that an invention has been made, the employer has a 3-month window to analyze the invention and communicate in writing its decision to either take ownership of the invention or reserve a right to use it. Comments:
    - Failure to comply with this obligation may result in the inventor having the right to file a patent application for the respective invention.
    - If the employer gives notice of its intent to take title to the invention and fails to file the patent application within a mutually agreed upon reasonable time, the employee has the right to file the patent application in the name and on behalf of the employer.
    - The employee is entitled to a fair financial compensation determined by the industrial and commercial importance of the invention, considering the value of the resources or knowledge provided by the company and the employee's own contributions. This financial compensation may include a share in the profits made by the employer through the exploitation or transfer of its rights to the said invention.
- Cooperation in fulfilling the above recognition (and/or payment, if applicable).

EMPLOYEE'S OBLIGATIONS TOWARDS THE EMPLOYER WHEN THE EMPLOYEE HAS MADE AN INVENTION

Regardless of whether it's a Type 1 or Type 2 invention, the employee has the following obligations:

- Information: The employee must provide written notice to the employer upon receipt of an invention. This notice must
    - Be in writing.
    - Include sufficient information, data and reports to enable the employer to effectively exercise its rights.
    - Be submitted within 1 month of the invention.

Failure to comply with the obligation to provide information will result in forfeiture of the employee's rights.

- Cooperation: The employee must cooperate in order for the employer to exercise its rights to ownership of the technology. This includes the employee providing the employer with the necessary documents to extend patent protection.

HOW TO CLAIM SUPLEMENTAL REMUNERATION OR FAIR FINANCIAL COMPENSATION

In terms of supplemental remuneration or fair financial compensation, the Spanish Patent Law does not explicitly set forth that the employee must actively request it. However, they also do not specify how the employer should provide the remuneration or compensation, if any. In practice, in the absence of pre-established conditions, both parties typically negotiate to reach an agreement on remuneration/compensation for a particular invention. In cases where an agreement cannot be reached, both parties may choose to initiate the optional arbitration procedure before the Spanish Patent Office before pursuing legal actions.

METHOD TO CALCULATE THE INVENTOR-EMPLOYEE SUPPLEMENTAL REMUNERATION

Unlike other countries, the Spanish Patent Law does not specify a method for calculating inventor a supplemental remuneration since, as mentioned above, it is not mandatory. Bonuses are not mandatory and are usually used for encouraging the employees to generate inventions. A bonus system is also normally subject to negotiation and agreement between the parties at the time of hiring, with variations between companies depending on the industry and the specific circumstances of both parties.

In certain scenarios, some companies use a cascade bonus system. The following examples are for illustrative purposes only and are not intended as guidance or suggested practices:

- A first bonus is systematically paid to each inventor upon filing the first patent application(s) for a given invention.

- A second bonus is paid later. This timing allows the employer to assess the potential success of a strategy to extend protection abroad. For example, if the employer files an EP patent application as a first filing, it can obtain the search report and assess the potential strength of the patent application to determine whether it is worthwhile to extend protection.

- A third or subsequent bonus(es) provided that the corresponding invention will be industrially and commercially exploited, directly or indirectly (licenses), by the employer or provided that the patent(s) is(are) finally granted.

In addition, in practice, some employers and employees commonly agree on caps based on the number of inventions/patent applications and/or based on the cumulative sales generated by the anticipated success of the inventions over a specified period.

In general, when discussing inventions developed by employees, the general obligations and rights are outlined in the Spanish Patent Law and should be respected by both parties. However, it is advisable to document these obligations and rights, especially in the employment contract, to ensure clarity for both parties from the beginning of the employment relationship. A written agreement is beneficial not only to establish the mandatory obligations and rights under the Spanish Patent Law, but also to accommodate additional obligations agreed upon by both parties, such as special bonuses or other non-mandatory obligations or rights.

In this regard, it is highly recommended to seek the advice of a patent and legal expert. Their advice can provide valuable insight and help navigate the complexities to ensure that both employers and employees are well informed and protected in matters related to employee inventions.

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