Legal Protection of Employee Invention for Patent Inventors in the Working Relationship

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ABSTRACT

The development of intellectual property rights is influenced by technological developments. One form of intellectual property is a patent that is produced in the form of inventions or new inventions by inventor employees who work in the official or government or private sector. The purposes of this study are: (1) To find out the doctrine used in patent renewal, (2) Legal protection against employee invention for employees in the government sphere with private companies, and (3) Patent ownership arrangements for inventor employees in Asian countries. The research method used is normative juridical by using secondary data. This study's results indicate differences in the protection of ownership of inventions produced by inventors or employees from several countries, such as Indonesia, Japan and the United States. Some patents are owned by the inventor's employees and some are owned by the employer.

Key words: Patent, Invention, Employee Invention.

INTRODUCTION

Patent rights are part of intellectual property rights (IPR) that have exclusive rights granted by the state to Inventors for their inventions in the field of technology, which for a certain period of time carry out their own inventions or give their consent to other parties to carry them out. Patents are currently important to understand its existence in the development of technology in the era of globalization.

The development of the world of science and technology that is growing rapidly today brings tremendous benefits to the advancement of human civilization. The technology in its application becomes the main line that can advance the future. Day by day, technological advances make human life easier in carrying out their daily activities. The type of work that was originally done by physical humans is now relatively replaced by machines that work automatically. Likewise, the discovery of new formulations of computer capacity seems to have shifted the position of the ability of the human brain.

Humans and technology have now become two interrelated and inseparable variables. Products and processes resulting from inventions in the field of technology are now increasingly developing in quality and quantity to meet human needs. The increasing number of product needs is influenced by the increasing population. This is resolved by increasing the amount of capacity or quantity of production of patent products. This condition can be overcome by increasing the quantity of production employees or the quantity of product machines[1] . In the secondary production process, which is all efforts that use materials or materials to increase the benefits or processing into other goods, usually many produce new inventions

that have never existed before.[2]

Patent rights provide legal protection to inventors. An inventor is a person who makes an invention, which is called an invention. The patent protection system in Indonesia based on the Patent Law has not given true appreciation to employees or workers and researchers working in Indonesia. Patent law in Indonesia has not provided adequate legal protection to inventors. The rules that exist and apply are more protective of the company or institution that employs the inventor and does not provide good protection as a form of appreciation for the results of his work. The lack of legal protection is considered to reduce the spirit of creativity of inventors to continue to innovate to find new technological inventions. So here is how important it is to provide legal protection for inventors to build the national economy. [3] The scope of intellectual property law not only covers the protection and supervision of the final form of intellectual work that has economic value, but also the rights inherent in humans themselves.[4]

In the United States, there is no provision in the US Code that transfers ownership to the employer of an invention made by an employee, even when the employee has invented the invention during the course of employment. Prospective owners or inventors in the United States are subject to the *common law* doctrine of *"hired to invent"* and the doctrine of "*contractual relations"* of their inventions. Under the doctrine of contractual relations, an employer may contract with an employee to transfer ownership of his or her invention or improvement during the course of employment. Therefore, if the employee can prove that his/her invention was created outside the employment period, the employee can claim ownership.[5]

The inadequate protection and appreciation of *employee invention in* Indonesia has been proven by the decline in the number of scientists who conduct research in Indonesia to other countries that provide more support and recognition of *employee invention,* such as in Malaysia. There the researchers get a salary of up to 10 times more than in Indonesia, the funds allocated by the Malaysian government to conduct research are also very large. The opinion that the shift of Indonesian inventors is due to royalty issues, this should be questioned by the government in Indonesia. Considering that Article 12 and Article 13 of Law Number 13 Year 2016 on Patents have guaranteed the economic rights of inventors to obtain appropriate compensation by taking into account the economic benefits resulting from the patent. Here it is not only a matter of economic rights, but more fundamentally a matter of ownership of the patent itself. But what also needs to be known is whether the legal protection of this inventor in government is the same as that of private companies.

Law No. 13/2016 on Patents[6] as a new regulation on patents, it turns out that there are still problems with patent ownership by inventor employees. This was also found in the previous patent regulation, namely Law Number 14 of 2001 concerning Patents. The position of the employer is higher or more favored than the position of the inventor employee, including in patent ownership. This condition is feared to be a major obstacle to the harmonious relationship between the employer and the employee inventor to produce new inventions/patents. [7]

The legal protection here is intended to create the rights of employee inventors as inventors of inventions that have now left Indonesia to other countries so that it does not happen again, as a result Indonesia will suffer losses because it has lost adequate human resources and potential in this field. From this, the author is interested in discussing the legal protection of *employee invention* and comparing it with the legal protection system in Asian countries.

Problem Formulation

In this study there are several problem formulations, namely: *First*, what are the doctrines used in patent renewal? *Second,* how is the legal protection of *employee invention* position in the scope of government with private companies? *Third,* how is the regulation of patent ownership by employee inventors in Asian

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countries?

Research Objectives

The purpose of this study is to: *First*, find out what doctrines are used in patent renewal. *Second*, how is the legal protection of *employee invention* position of employees in the scope of government with private companies? *Third*, how is the regulation of patent ownership by employee inventors in Asian countries?

RESEARCH METHODS

This research is a scientific activity to solve problems in a systematic way and using certain methods.[8] This research uses a normative juridical approach method, namely research based on the rules of law to see the reality that occurs. Normative juridical research refers to the laws and regulations, namely Law Number 13 of 2016 concerning Patents and other related laws and regulations. The comparative method is also used to examine regulations and practices in other countries such as Japan and the United States. The data collection method is carried out by literature study by collecting secondary data in the form of primary legal materials such as laws and regulations, journals, scientific articles, books, and others. Data processing is done by descriptive analysis by describing laws and regulations with legal theories and their relevance.

RESEARCH RESULTS AND DISCUSSION

The doctrine used in patent reform, especially related to the regulation of employee ownership of inventors in Indonesia.

Basically, the principle of Patent Law is the granting of exclusive rights granted to the *inventor* of the invention or commonly referred to as the inventor of the invention or invention.[9] However, along with the development of the times where technology is more sophisticated and advanced, creating an innovation in the field of technology is almost no longer possible without incurring large costs, sophisticated and adequate facilities, and experts who help. Technological inventions that have *novelty* value are now rarely done by individual inventors but are done by inventors or group inventors who use larger and more sophisticated facilities, large funds, and several experts. In general, patent inventions can be classified into 3 (three) groups, namely:

1. Company patents, which are inventions by inventors in their capacity as workers or employees under an employment agreement with a company that employs them to perform an invention.
2. Government patents, i.e. the invention of a patent invention by an inventor or several inventors in their capacity as workers or employees under an employment agreement with a government agency or institution that employs them indeed to perform or invent an invention.
3. University patents, which are patents made by an inventor or several inventors in their capacity as students or lecturers/teaching staff incorporated in university research conducted using university facilities.

The invention that has been made by the inventor must have gone through a process of thought, research, and engineering that has inventive steps and novelty. Indeed, the economic right to the patent of an invention belongs to the inventor. However, if the invention is implemented in an employment relationship between the worker and the employer, then there is an economic right of the employer to the patent. The employer can hold the patent. This is based on the doctrine of "*work made for hire".* This doctrine was further developed in the 19th century during and after the American Civil War in the development of other intellectual property rights, namely copyright. This doctrine was widely used in court rulings at the time which stated that the rights to an employee's creations were no longer based on a contract but on the

employment relationship. [10]

In positive law in Indonesia, the Patent Law also regulates the patent holder of an invention if it is produced in a scope of work. In the scope of work carried out between the State Civil Apparatus (ASN) and government agencies, the patent holder is not only the ASN but the government agency itself.

From the things that have been described above, the doctrine of *"work made for hire"* is the basic theory for the distribution of an inventor's economic rights to patent royalties generated based on official relations with government agencies.[11]

There are other doctrines such as in the United States the *"hired to invent"* doctrine and the *"contractual relations"* doctrine of invention. The *"hired to invent"* doctrine gives more credit to the employee, because given these circumstances it often arises as a failure of the employer to create a contractual relationship that establishes ownership of the invention for itself prior to the inventive activity. So they employees are not specifically "hired to invent" or that their role as employees is somewhat less "General" than "specialized" and therefore cannot fall within the notion of *"hired ti invent".*

Under the doctrine of *"*contractual relations*"*, an employer can contract with an employee to transfer ownership of his or her inventions or improvements during the course of employment. Therefore, if an employee can prove that his/her invention was created outside the employment period, the employee can claim ownership. Even if there is no contract between the employee and the employer, courts always consider the "*invention concept*" that the employee has developed before being hired, as an offer to the employee to keep transferring the ownership of his/her invention. [12]

Legal protection of *employee invention* position of employees in the scope of government with private companies

Based on the provisions in Article 13 of the Patent Law which stipulates that the patent holder for inventions produced in official relations with government agencies is the government as the inventor, unless otherwise agreed.[13] The Explanation states that, "What is meant by "Inventor in official relations" is the State Civil Apparatus (ASN). What is meant by "government agencies" are central government agencies and regional government agencies". With this, it can be said that the "official relationship" referred to in Article 13 paragraph (1) of the Patent Law is a working relationship in government agencies, namely between ASN and government agencies, both from central and regional agencies. Meanwhile, according to Article 12 paragraph (1) states that "the Patent holder of the invention produced by the inventor in an employment relationship is the party that provides the work, unless otherwise agreed. As referred to in the context of "employment relationship" in Article 12 paragraph (1) of the Patent Law, this means employment relationship in the private sphere or other employment relationship other than official relationship.[14] Employees of inventors who produce inventions and/or patents may use data and/or facilities that are already available within the scope of their work, whether or not they belong to the employer. In this case, the Patent Law does not discriminate whether the result of an invention is produced by an employee using or not using data and/or facilities available in his/her work that belong to the employer. All are equalized, that the invention does not become a distinguishing factor whether the invention is the inventor's employee or the employer. Therefore, it can be said that patent law in Indonesia as regulated in the Patent Law does not recognize the existence of "employee inventions", as in other countries that regulate patent law.

In Indonesia, there is no specific provision in the Patent Law regarding "employee inventions". This gives an indication that the patent law in Indonesia does not give proper respect to employee inventors, and still does not appreciate and look down upon the existence and role of employee inventors. Indonesia does not have a firm and clear patent law policy regarding the protection and appreciation of the existence and role of employee inventors. Similarly, the politics of patent law in Indonesia has not protected and appreciated the

existence and role of employee inventions in the utilization and development of technology in Indonesia. [15]

Arrangement of patent ownership by employee inventors in Asian countries

Employee Invention in Japan

According to Article 29(1) of the Japanese Patent Law, the first clause explains that in principle, the right to obtain a patent in respect of an invention is prioritized to be owned by the inventor, so it is the inventor who can apply for a patent. However, in many cases, the patent application is made by the company where the inventor works because the right to obtain a patent is transferable.[16]

An invention made by an engineer belonging to a company and involved in research and development, planning or manufacturing is generally called a *"worker's invention".* In Japan, all types of *worker's* invention are in principle owned by the inventor's employee. If there is a transfer of rights, it will not automatically be owned by the employer. Even for *free in*vention and *service invention,* company regulations or employment agreements will be declared null and void.

Especially for employee inventions, it can still be agreed in advance that the ownership can be transferred to the employer. However, in principle, for employee inventions, the patent right remains owned by the employee, while the employer only has the right to a non-exclusive license of the employee's invention. In the event that an employee inventor applies for a patent individually and obtains a patent in respect of him/her, the Japanese Patent Law recognizes the right of the employer to have a non-exclusive license to the patent granted to his/her employee. The non-exclusive right based on prior use, has an effect on third parties even though it is not listed in the Patent register, the non-exclusive license granted has no effect on third parties, as in the case where the patent in question is granted to a third party.***[17]*** However, a statutory non-exclusive license to the *employee's invention* will affect third parties if it is not listed in the patent register.

Employee Invention in the United States

The right to obtain a patent on an invention is primarily owned by the inventor, so it is the inventor who must file the patent application.[18] In the United States, there are no cases of patent applications being filed by companies that employ inventors as in Japan. However, the publication of the patent itself is very similar between the two countries, if it is assigned to a company before the right is granted, the name of the company that has been designated as the assignee in *The Official Gazette for Patents* will be handled during its examination, but through the inventor.[19]

There is no legal provision in the US Code that transfers ownership to the employer of an invention made by an employee, even when the employee has invented the invention during the course of employment. There have been cases where an employee in his contract did not include an expectation of invention when making an invention and using company assets such as important technical information, experimental facilities, materials, and technical advice from colleagues or superiors. The company is granted a non-exclusive right called *"shop right"* which is similar to the non-exclusive right recognized with respect to employee inventions in Japan.

According to precedent, an employee is not allowed to claim that the "shop right" can only be transferred together with the business. The scope for its use must not exceed that of the business (this is limited in Japan to being within the scope of the invention described in the patent claims).

In the United States, there is no special award for *employee's invention* like in Japan, so it is difficult to understand the reason for the abundance of simple inventions in the United States. However, under the

influence of national pro-patent policies among large corporations, there is an increasing trend towards giving money as a reward for patent applications and inventors receiving awards as part of their patent promotion programs.[20]

CONCLUSION

1. Inventions by inventors are classified into 3 (three), namely: Company Patents, Government Patents, and University Patents. There are doctrines in this invention as applied in the United States of America *"hired to invent"* doctrine and *"contractual relations"* doctrine. *The "hired to invent" doctrine* gives more credit to the employee, given that this situation often arises from the employer's failure to create a contractual relationship that establishes ownership of the invention for itself prior to the inventive activity.
2. Invention patents as explained in Article 12 paragraph (1) of the Patent Law regarding work relations in the private sphere or other work relations other than official relations. And in Article 13 paragraph (1) of the Patent Law which explains that the patent holder of the invention produced in official relations with government agencies except as agreed. These two things in legal protection are still not specifically regulated and for the rights of patent holders are given to the employer.
3. There are differences in the ownership protection of inventions produced by inventors or employees from several countries, such as Indonesia, Japan, and the United States. Some patents are owned by the inventor's employees and some are owned by the employer.

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FOOT NOTES

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