Suggested Answers to the Questions in Chapter 16

1. Is the way the law treats employee inventions, including the rules on compensation, fair to employees?

The good answer will:

- Demonstrate knowledge of the definition of 'inventor' under the Patents Act 1977 including the importance of 'inventive concept'. Move on to the question of employee inventions, including the s. 39 question of how employee inventions are dealt with under the law. Under s. 39 of the Patents Act 1977 the key question is as follows: is the employee employed to invent? If so, the likelihood is that the employer will own the invention. Referring to *In Re Harris' Patent* and *Greater Glasgow Health Board's Application*, note that it depends on the nature of the job, and the explicit contractual terms. The presence of these factors, to which we could add the use of company facilities and materials, could indicate that an employer would be entitled to ownership of the patented invention that the employee invented.

- Frame the fairness issue around the scheme of employee compensation under ss. 40 and 41. The key issue here would be whether the patent is of 'outstanding benefit' to the employee's employer. If it turns out to be highly lucrative, the employee is more likely to have a strong argument that the benefit accruing to the company from her invention is indeed 'outstanding' (*Shanks*). If the employee is successful in her compensation claim, the percentage the employee is likely to receive of the revenues is around 3% (*Kelly*, *Shanks*). Academic commentary (Pierce, Pila) would be welcome in making your argument about the fairness, or not, of the UK system of recognising employee inventions.

- Conclude by considering whether reforms are required to make the law fairer to employee inventors.

Suggested Answers to the Questions in Chapter 16

2. Why is it so difficult for employees to prove that their inventions were of 'outstanding benefit' to their employers?

The good answer will:

- Begin by noting s. 39 of the Patents Act 1977 and address the circumstances when the employer will own the employee's invention. Referring to *In Re Harris' Patent* and *Greater Glasgow Health Board's Application*, note that it depends on the nature of the job, and the explicit contractual terms. The presence of these factors, to which we could add the use of company facilities and materials, could indicate that an employer would be entitled to ownership of the patented invention that the employee invented.
- Frame the fairness issue around the scheme of employee compensation under ss. 40 and 41. The key issue here would be whether the patent is of 'outstanding benefit' to the employee's employer. If it turns out to be highly lucrative, the employee is more likely to have a strong argument that the benefit accruing to the company from her invention is indeed 'outstanding' (*Shanks*). If the employee is successful in her compensation claim, the percentage the employee is likely to receive of the revenues is around 3% (*Kelly*, *Shanks*). Academic commentary (Pierce, Pila) would be welcome in making your argument about the difficulties faced by employees in the UK.
- Conclude by considering whether the philosophical justifications for patent law bear much scrutiny – what are the real motivations for invention?

Suggested Answers to the Questions in Chapter 16

3. How important are the terms of employment contracts to this area of law?

The good answer will:

- Focus on the question of employee inventions under s. 39 of the Patents Act 1977. Under s. 39 the key question is as follows: is the employee employed to invent? If so, the likelihood is that the employer will own the invention.

- Refer to *In Re Harris' Patent* and *Greater Glasgow Health Board's Application*, noting that a determination under s. 39 depends on the nature of the job, and in particular the explicit contractual terms, which this question focuses on. The presence of a clear contractual term explicitly favouring employer ownership of inventions would indicate that an employer would be entitled to ownership of the patented invention that the employee invented.

- Explain that in this context person's job description will necessarily evolve with time, and it is possible that someone not originally employed to invent can be found to be within s. 39(1) as a result of how their job has developed. This requires an examination of all the surrounding circumstances: *LIFFE Administration and Management v Pinkava*.

- Conclude by reiterating that the provisions within employee contracts are often key in these cases and, as such, employees ought to take care with respect to the conditions they sign up to.