

Decree on the Right to Employees' Inventions 10.6.1988/527
(Unofficial translation)

(Amendments up to 2000/1218 included)

Section 1

When the rights to an invention made by an employee have under the Act on the Right to Employees' Inventions (656/1967), below the 'Employee Inventions Act', been transferred to the employer and the employer intends to apply for a patent for the invention, the employee shall sign an assignment concerning the transfer of rights and any other documents that may be required in the patenting process, except where the employee considers that the rights to his invention have not passed to the employer.

The signing of the documents referred to in the first paragraph shall not affect the amount of the compensation to be paid to the employee.

Section 2

The employee is entitled to the reasonable compensation referred to in section 7(1) of the Employee Inventions Act when the employer under the Act assumes rights in the invention.

If the employer and the employee agree upon transferring the rights back to the employee, such returning of rights shall be taken into account as a factor lowering the amount of the compensation.

Section 3

The value of the invention within the meaning of section 2(2) of the Employee Inventions Act refers to the economic value of the invention. In assessing the value, the total economic contribution of the invention shall be taken into account, even in the case where the invention only constitutes a part of a larger entity. Furthermore, both the value of the invention in the use of the employer or an enterprise belonging to the same group as this and the benefit derived from the transfer of rights shall be taken into account.

The value of the invention shall be determined on the basis of the measurable economic benefit, such as the savings in material, labour or energy costs produced by the invention, derived by the employer from bringing the invention into use. The benefit is calculated by subtracting from the proceeds resulting from bringing the invention into use such investment, research, experimenting, patenting and other costs arisen after the submitting of an invention report which have been necessary for rendering the invention fit for use or sale.

If, because of the nature and mode of use of the invention or for other special reason, the basis for determining the value of the invention stated in the second paragraph is not applicable, the value is to be determined through comparison to licensing agreements. The value of the invention shall in such case be determined on the basis of the licensing fee by which the employer could acquire the right to a corresponding free invention. Where rights to an invention are assigned by a licensing agreement, the net proceeds in accordance with the agreement shall be taken to be the value of the invention. Where anything else, such as know-

how, is sold by the licensing agreement in addition to the rights to the invention, the value of the other elements included in the sale shall be subtracted from the price in determining the value of the invention.

If the bases for determination stated in the second and third paragraphs cannot be applied, the value of the invention shall be determined by assessing.

Section 4

The scope of the right acquired by the employer stated in section 7(2) of the Employee Inventions Act comprises the rights the employer has assumed in the invention under section 4 of the Act.

Section 5

In assessing the contribution to the making of the invention of the terms in the employment contract and other circumstances relating to the employment referred to in section 7(2) of the Employee Inventions Act, attention shall be paid to the way the task has been defined and solved, to such aspects as how the technology and facilities provided by the employer have been utilized, as well as to the position of the inventor and his terms of employment and duties in the service of the employer.

Section 6

A reasonable compensation constitutes a part of the value of the invention which shall be determined by taking into account the factors stated in sections 4 and 5 above.

Section 7

The reasonable compensation shall be determined so that it consists in part of a lump-sum and in part of a compensation in the form of royalties.

The compensation can nevertheless be determined in the form of a lump sum where the invention is of minor economic significance, the invention remains unused or other special reasons thereto exist. The compensation can be determined in the form of a lump sum also in cases where the making of the invention clearly has belonged to the duties proper of the employee and the invention is of minor value, or where no such selling price can be specified from which the royalty could be calculated.

Section 8

The royalty-form compensation referred to in section 7 above shall be determined as a percentage of the price of the products in accordance with the invention or of the price of the products manufactured by a process according to the invention. If the product constitutes only a part of the entire product to be marketed, the royalty can be determined as a percentage of the price of the product as a whole, but in fixing its size attention shall be paid to the contribution made by the invention.

Royalties shall be paid for the period of time the invention is being exploited, but not for more than 20 years.

Section 9

This Decree enters into force on 1 October 1988.
