

# Ownership Of Inventions: Employers vs. Employees

Ayen Biar - Senior Associate - Litigation  
- Abu Dhabi

## **Ownership of Inventions and Patent Rights under UAE Laws:**

Usually, ownership of an idea or invention is determined by whom, where and in what context the creation of the idea took place. However, the question of ownership of an invention is sometimes a difficult one. Often this question becomes contentious many years after the invention was devised and a patent application lodged. The contention may arise because of circumstances in which the invention was developed or because of economic merits of the invention which is often not apparent at an early stage.

In order to establish the ownership of an invention it is necessary first of all to establish who an inventor is and then establish whether or not an inventor, or some other person or company, is entitled to the ownership of an invention.

### **Who is the Inventor?**

In the UAE the issue of inventions and patents is regulated by some of the provisions found in Law No 5 for the year 1985 as amended otherwise known as (the "Civil Code") and Federal Law No 17 of 2002 otherwise known as (the "Patent Law").

Article 7 of the Patent Law provides that, the right to the invention shall devolve to the inventor or his legal successor, and in case two or more persons collaborate in completing an invention, rights shall devolve to them or their legal successors jointly. However, such right shall not extend to those whose efforts were limited only to assistance in the completion of an invention without any creative contribution.

It should be noted that the Patent Law requires an inventor to lodge a patent or Utility Certificate application with the Department of Industrial Property at the Ministry of Economy in order to confirm or to claim the ownership of an invention. The Patent Law confirms that the person who lodges an application for a Patent or Utility Certificate before others; or claims priority for the same invention before others, shall be entitled to the ownership of the invention as well as to the right to the Patent or Utility Certificate. So if two people create an invention, the ownership and the right to the Patent and/or Utility Certificate shall be granted to the first person who lodges an application for a Patent or Utility Certificate.

### **Who Owns an Invention?**

We learnt that the general principal is he who invents owns the invention and the rights to it. This general rule applies if the inventor is a self employed individual/s who works for himself. However, this general rule may be put to question when an invention is not created by a self employed individual but rather by an individual who works for another person or company. The Patent Law has dealt with this matter and provided two scenarios for this situation as follows:

### **In Case a Written Employment or Muqawala Contract Exist:**

Employees are required by law to assign their inventions to their employers so long as their employment or Muqawala contracts states so. Like any contract, an employment agreement may be written in any manner agreed upon by both the employer and the employee. The key elements are that the agreement must be in writing and signed by both parties.

Article 9, subsections 1& 2 of the Patent Law has clearly stated that if an invention is completed through an engagement (Muqawala) contract or employment contract, the right thereto shall devolve to the employer, unless otherwise stipulated in the contract.

The UAE Patent Law has succeeded in minimizing future disputes that may arise between the employer and the employee regarding the economic merits of an invention in subsection 2 of Article 9 by allowing the parties to agree in the employment contract or a later agreement on a certain sum of money to be allocated to the inventor from the proceeds of the invention. In the absence of such agreement, the competent court will have the power to determine such consideration to the inventor.]

### **In Case No Written Employment or Muqawala Contract Exists:**

To remedy the uncertainty that arises when determining ownership of patentable invention in the absence of a written employment or Muqawala contract, the Patent Law has provided three criteria in determining the ownership of an employer of the invention created by his employee during his employment; these criteria are:

- The invention created by the employee is relevant to the employer's business;
- The invention comes out of tasks and assignments that are part of the employee's job responsibilities; and finally,
- The invention was created using any of the company's resources (time, materials, space, know how etc).

The law has further placed a duty on the employee to notify the employer immediately of his invention by a written report. The date of this report is essential in deciding the owner of an invention.

### **Limitation on the Claim of Ownership of an Invention:**

It is worth mentioning that the above criteria does not automatically grant an employer the right to the ownership of an invention; the employer has to express his interest in acquiring the rights to the invention created by one of his employees. The Patent Law has set some limitations on the period within which an employer has to express his interest on an invention and that the employer has to express his interest in the invention within four (4) months from the date of the submission of the report by his employee. This limitation period is intended by the legislator to be mandatory and any departure from this requirement will deprive the employer of any rights to an invention created by his employee.

Interestingly, in balancing the rights of employers and employees, the Patent Law states in article 10 that the name of the actual inventor (who is an employee in this case) has to be written in the application for Patent or Utility Certificate which is usually submitted by an employer unless the inventor declares, in writing, otherwise.

The above two situations (written employment contract and no written employment contract) allow an employer to become the owner of the invention and its patent rights. The employer will have the right to exploit the invention to his benefit which is known in some jurisdictions as Shop Rights. The only difference is that under the UAE Patent Law an employer retains both the ownership as well as the Patent Rights. The Duration of the Patent right is 20 years and the Utility Certificate is 10 years starting from the date of filing application thereof.