



Intellectual Capital for Communities in the Knowledge Economy Nations, Regions, Cities and Emerging Communities



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World Conference on Intellectual Capital for Communities
- Fourth Edition -



Remuneration of employee inventors in France

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Legal provisions : private sector (1)

French law (1990) distinguishes 3 categories of inventions :

- **job-related inventions**
- **independent inventions assignable to the employer**
- **non-assignable independent inventions**

The law makes mandatory the payment of a specific financial award to employee inventors :

- **« additional remuneration » for job-related invention**
- **« fair price » for assignable independent invention**

Objective of the law :
to foster patenting

Legal provisions : private sector (2)

- **The amount of the « additional remuneration » to be paid is left to collective agreements, company agreements, individual employment contracts...**
- **However the provisions of these agreements or contracts, where they exist, are in most cases vague or incomplete**
- **If additional remuneration is not paid or considered insufficient, employees may initiate legal proceedings before an arbitration commission (CNIS) or the French courts**

Legal provisions : public sector

1996 and 2001 decrees

Additional remuneration paid annually to be equivalent to

- 50 % of net royalties accruing from the exploitation of the invention, within a limit (currently 63,000 €)**
- 25 % beyond that limit**

A survey conducted by INPI

- **A questionnaire sent out to 280 businesses (December 2007)**
- **88 respondents (a population with disparate profiles in terms of size, business activity and patenting practice)**
- **60 have their own system (2/3 of them updated their system in the course of the last 3 years)**

Company schemes

3 kinds :

- **A system of lump-sum bonuses payable at various stages in the life of the invention**
- **A system based on whether or not the company exploits the invention**
- **A combination of these 2 systems**

Business without a system

- **Not aware of the law**
- **Inventors are paid to invent ! It's part of their job.**
- **Some bonuses take creativity into account**
- **Cost of implementation would be too high**

Business with a system (1)

Mostly large companies, but not always top patent filers

- **To comply with the law**
- **To foster the development of a patent portfolio**
- **To motivate employees to disclose their inventions**
- **To encourage cooperation of inventors in the course of the patent procedure**

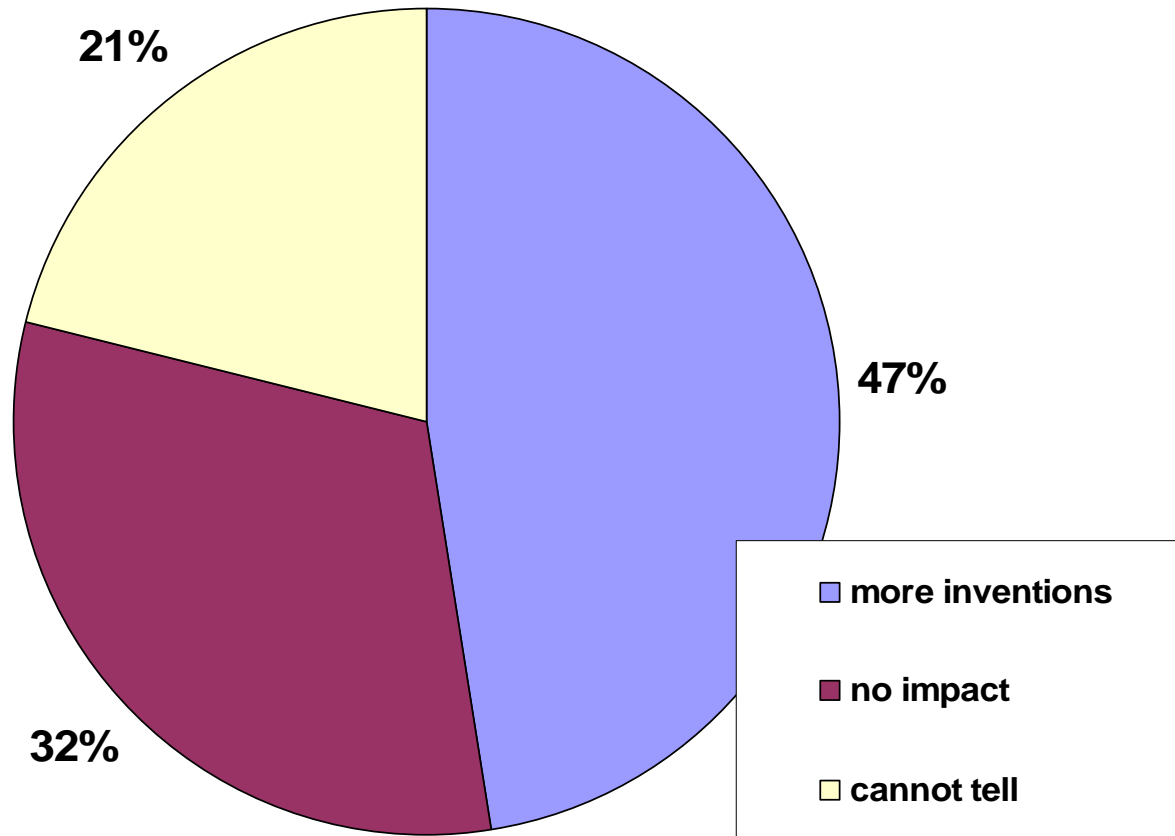
Business with a system (2)

Amount paid per invention (€)

	minimum	maximum
lump-sum bonuses	500	2,000
exploitation of invention	1,000	12,500
combination of the 2	725	6,700

[These figures are medians]

Impact of the system



The German system is often presented as best practice in this field

- A compensation is mandatory if the invention is exploited
- A very complex calculation system
- Employer must give back the ownership of the patent if he does not want to extend the patent to some foreign countries or if he wants to abandon the patent

Not a common practice in SMEs
Compensation usually not so high

(my own) conclusions

- **The system should reflect the corporate culture at a given time**
- **The system should take into account the specificities of the entity (status, size, field, culture)**
- **The system should be simple**
- **If the system is intended to foster patenting and innovation, awards should be paid relatively rapidly**