

Industrial Property

Monthly Review of the
WORLD INTELLECTUAL PROPERTY
ORGANIZATION (WIPO)

and the United International Bureaux for the
Protection of Intellectual Property (BIRPI)

Published monthly
Annual subscription: Sw.fr. 50.—
Each monthly issue: Sw.fr. 6.—

11th year - No. 9
SEPTEMBER 1972

Contents

INTERNATIONAL UNIONS

- Nice Agreement. Ratification of the Stockholm Act:
Application to the Faroë Islands. Denmark 222
- Locarno Agreement. Ratification. Soviet Union 222

CONVENTIONS NOT ADMINISTERED BY WIPO

- European Convention on the International Classification of Patents for Invention.
Denunciation by the United Kingdom 222

WIPO MEETINGS

- ICIREPAT. Technical Coordination Committee 223

LEGISLATION

- Germany (Federal Republic). I. Law on Employees' Inventions, 1957 (as amended) 226
- II. Directives on the Compensation to be Paid for Employees' Inventions, 1959 233
- Italy. Decrees concerning Temporary Protection at Exhibitions 242

GENERAL STUDIES

- The Threat to our Environment and the Protection of Intellectual Property
(Rudolf E. Blum) 243
- Employees' Inventions — Law and Practice in the Federal Republic of Germany
(Hans Schade) 249

LETTERS FROM CORRESPONDENTS

- Letter from Italy (Remo Franceschelli) 255

NEWS FROM PATENT OFFICES

- India 259

CALENDAR 260

Vacancies in WIPO 262

© WIPO 1972

Any reproduction of articles and translations of laws, published in this periodical, is authorized only with the prior consent of WIPO

INTERNATIONAL UNIONS

Nice Agreement

Ratification of the Stockholm Act: Application to the Faroë Islands

DENMARK

The Director General of the World Intellectual Property Organization, referring to his notification dated February 4, 1970¹ concerning the ratification by Denmark of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of June 15, 1957, as revised at Stockholm on July 14, 1967, has notified the Governments of the member countries of the Paris Union of the declaration deposited by the Government of Denmark in which the said ratification applies also to the Faroë Islands.

Pursuant to the provisions of Article 14 of the Nice Agreement and to the provisions of Article 24(3)(a) of the Paris Convention for the Protection of Industrial Property of March 20, 1883, as revised at Stockholm on July 14, 1967, this application takes effect three months after the date of the notification, that is, on October 28, 1972.

Nice Notification No. 23, of July 28, 1972.

¹ *Industrial Property*, 1970, p. 80.

Locarno Agreement

Ratification

SOVIET UNION

The Director General of the World Intellectual Property Organization has notified the Governments of the member countries of the Paris Union that the Government of the Soviet Union deposited, on September 8, 1972, its instrument of ratification, dated May 30, 1972, of the Locarno Agreement Establishing an International Classification for Industrial Designs, signed at Locarno on October 8, 1968, with the following declaration:

“The Union of Soviet Socialist Republics deems it necessary to state that the provisions of Article 13 of the Agreement are obsolete and contradict the Declaration of United Nations General Assembly concerning granting the independence to the Nations and the Colonial peoples (Resolution 1514 (XV) dated December 14, 1960).” (Translation)

Pursuant to the provisions of Article 9(3)(b), the Locarno Agreement will enter into force, with respect to the Soviet Union, three months after the date of the notification, that is, on December 15, 1972.

Locarno Notification No. 12, of September 15, 1972.

CONVENTIONS NOT ADMINISTERED BY WIPO

European Convention on the International Classification of Patents for Invention

Denunciation by the United Kingdom

In accordance with Article 8(2) of the European Convention mentioned above of December 19, 1954 and with Article 13(1)(c) of the Strasbourg Agreement Concerning the International Patent Classification of March 24, 1971, the

Government of the United Kingdom has denounced the European Convention mentioned above, the denunciation to take effect on the date on which the Strasbourg Agreement enters into force.

Denunciation was made by the Government of the United Kingdom in a letter of July 13, 1972, addressed to the Secretary General of the Council of Europe and registered at the Secretariat General on the same date.

WIPO MEETINGS

ICIREPAT

Technical Coordination Committee

Seventh and Eighth Sessions

(Geneva, February 23 to 25, 1972, and July 5 to 7, 1972)

Note *

The seventh and eighth sessions of the Technical Coordination Committee of ICIREPAT (hereinafter referred to as "the Committee") were both chaired by Mr. G. Borggård, Director General of the Swedish Patent Office. At the eighth session Mr. Borggård was reelected Chairman, and Mr. P. van Waasbergen, Technical Director of the International Patent Institute (The Hague), Vice-Chairman of the Committee for the next three years. The lists of participants follow this Note.

This Note summarizes the main results of the said two sessions.

Suggestions of the Technical Committees. The Committee approved a recommendation concerning the recording of application numbers of patent documents on magnetic tape. The recommendation enumerates the following basic principles, in relation to a recording field comprising eight character positions:

The following are not to be recorded in the eight character positions:

(a) letters and numbers relating, for example, to the examination division or classification of a document, and not essential for defining the application number;

(b) letters and numbers indicating the kind of document, for example, patent or utility model;

(c) dots, dashes and slashes between the numerical and the year positions of an application number.

Numbers, and numbers having terminal year indicatives, are to be right adjusted in the field; letters preceding the numerical part of the application "number" are to be left adjusted in the field. Positions between the last letter and the first number are to be filled with zeros.

Left zeros, in the case of a simple number having fewer than eight digits, are preferably to be omitted and the positions left blank.

Also approved was the addition of two new subrecords, relating to filing data and publication dates, to the existing recommendation concerning the magnetic tape format for data exchange (Standard SI. 13).

Minor amendments to the sections of the ICIREPAT Manual dealing with the Guiding Principles for Non-Conventional Retrieval Systems and the Guide for the Implementation of Cooperative Indexing for Shared Use Systems in

Stages 5 and 6 were agreed upon. The first amendment introduces the concepts "field subject" and "universal subject," while the second gives punched cards and magnetic tape the same status as coding sheets for the exchange of indexing results.

Finally, the Committee approved a recommendation concerning (a) the use of INID codes on the front page of a patent document and in entries in an official gazette and (b) the minimum of bibliographic data to be provided on such a front page and in such entries. The acronym INID stands for "ICIREPAT Numbers for the Identification of Data," the data concerned being essentially bibliographic data. The new recommendation supersedes the existing recommendation concerning INID codes, which is already used by many Patent Offices, and will become effective for use on January 1, 1973, after which date the old INID codes should no longer be used. The text of the recommendation follows this Note.

Reassessment of the Shared Systems Program. On the basis of a study carried out by the Technical Committee for Shared Systems, the Committee formulated general proposals for the reorientation of the shared systems program. It was considered that the most important causes of limited acceptability of the shared systems program were:

- (a) failure to honor commitments in respect of cooperation in individual systems;
- (b) delays in system development;
- (c) comparative costs of establishing ICIREPAT coordinate indexing systems and of reclassifying manual files;
- (d) lack of means for ready access to responding documents in a mechanized search.

The Committee agreed that the International Patent Classification should be used for the selection and demarcation of fields for ICIREPAT information retrieval systems, that access to responding documents must be improved, and that abstracts could advantageously be used as a screen in searching. Regarding the last point the Committee proposed that guidelines for the writing of suitable abstracts should be elaborated.

The Committee concluded that the construction and implementation of future search systems should become part of a more broadly-based program than had been envisaged hitherto, and enumerated several items to be examined in order to promote shared-use system activity.

ICIREPAT Budget. The Committee endorsed the recommendation of the ICIREPAT Financing Working Group concerning the allocation of special contributions to the ICIREPAT Budget. The recommendation is that the contributions of participating countries of ICIREPAT be computed as follows:

(a) "Median figure" means the half of the sum of (i) the number of applications for patents and inventors' certificates

* This Note has been prepared by the International Bureau on the basis of the official documents of the session.

filed in the country in a given year and (ii) the number of patents and inventors' certificates granted in that country in that year; for countries without a full examination system, the median figures will be halved.

(b) The "base period" is five years, and the "effective period" of any calculation is three years, except that the next effective period is four years.

(c) For the effective period 1973 to 1976, the base period is 1966 to 1970; for the effective period 1977 to 1979, the base period is 1970 to 1974, and so on.

(d) Each country whose median figure for the base period exceeds 200,000 should pay 13 % of the total contributions budgeted for each year of the effective period.

(e) Each country whose median figure for the base period is under 10,000 should pay 1/2 % of the total contributions budgeted for each year of the effective period.

(f) The remainder of the total contributions budgeted for each year of the effective period — that is, the difference between the said total and the amounts covered under (d) and (e) — should be divided among the countries not covered under (d) and (e) in the same proportion as the median figure of each of them in the base period stands to the total of their median figures for that period, and each such country should pay the corresponding amount for each year of the effective period, provided that if for any country the calculation indicates a contribution in excess of 13 % of the total contributions budgeted for any year, such country will be treated as if it were covered by (d) above (that is, it will contribute 13 %).

(g) If, during the effective period, one or more countries become or cease to be participating countries, the contributions will be recalculated for the remaining year or years of the effective period according to the foregoing principles.

UNISIST. The International Bureau of WIPO was asked by the Committee to keep a close watch on the implementation of UNISIST¹ within Unesco, to determine the extent to which UNISIST will deal with matters of direct interest to WIPO and more particularly to ICIREPAT.

Program for 1973. The Committee prepared a proposal for a draft program of ICIREPAT for 1973. The program will be published in *Industrial Property* and *La Propriété industrielle* as soon as adopted by the Executive Committee of the Paris Union.

* * *

Recommendation concerning Bibliographic Data

(Identification by INID Codes and Minimum Required)

on the First Page of a Patent Document and in Entries in an Official Gazette

Introduction

1. The recommendation STAC III No. 62d of September 1967 provides for means whereby the various data appearing on the first page of a patent document can be identified without knowledge of the language used and the laws applied. This

¹ Intergovernmental Conference for the establishment of a World Science Information System.

recommendation is already successfully applied by various Patent Offices.

2. The recommendation STAC III No. 77a of September 1967 likewise provides for means whereby the various data appearing in entries in official gazettes and like publications can be identified.

3. It was considered necessary to revise these recommendations in certain respects in the light of experience with their use.

4. It was also considered necessary to include in the recommendation an indication of the minimum bibliographic data to be provided on the first page of such a document, and in an entry in such a gazette, in order to give the information required for subject-matter and legal patent searches, including finding patent families, and for documentation purposes, such as the compiling of indexes.

Definitions

5. "Patent documents" includes patents, inventors' certificates, utility models or certificates, and applications therefor. "Documents" means patent documents unless otherwise stated.

6. "Making available to the public" means (a) publication by printing or similar process or (b) laying open for public inspection and copying on request.

7. "Entry in an official gazette" means at least one comprehensive announcement in an official gazette, regarding the making available to the public of the complete text, claims (if any) and drawings (if any) of a patent document.

8. "INID" is an acronym for "ICIREPAT Numbers for the Identification of Data."

General

9. The list of definitions of bibliographic data elements with their corresponding INID codes is given below. The INID codes which are preceded by a single asterisk (*) relate to those data elements which are considered to be the minimum elements which should appear on the first page of a document, and in an entry in an official gazette. The INID codes which are preceded by a double asterisk (**) relate to those data elements which are considered to be minimum elements in circumstances specified in the accompanying notes.

10. The INID codes should be associated with the corresponding data elements in so far as these elements normally appear on the first page of the document or in the entry in the official gazette. The INID codes should preferably be indicated using Arabic numerals within small circles or — if this is not feasible — in parentheses, immediately before the corresponding data element. Provided the presentation of bibliographic data elements in entries in an official gazette is uniform INID codes may be applied to the data elements in a representative specimen entry in each gazette issued, instead of being included in each entry.

11. If data elements to which INID codes are assigned in accordance with this recommendation do not appear on the first page of a document or in an entry in an official gazette

— because they are not applicable (e. g. when no priority is claimed) or for some other reason — it is not necessary to call attention to the non-existence of such elements (e. g. by leaving a space or by providing the relevant INID code followed by a dash).

12. Two or more INID codes may be assigned to a single data element when necessary.

13. The list of data elements has been organized into categories (10, 20 . . . 70) to facilitate grouping of related elements. Each category has two or more sub-divisions to each of which an INID code has been assigned. If none of the specific codes can be assigned to a data element which clearly falls within the category definition, the relevant category code, ending in 0, should be used.

14. In order that the users of patent documents and official gazettes may be enabled to make maximum use of these INID codes, it is recommended that a list of the codes be published in Patent Office or other official publications, e. g. official gazettes, at regular intervals.

Implementation

15. It is, of course, open to each Patent Office to implement this recommendation either in its entirety or to some lesser extent, whichever it finds more convenient.

(10) Document identification

* (11) Number of the document

** (19) ICIREPAT country code, or other identification, of the country publishing the document

(** Minimum data element for documents only)

(20) Domestic filing data

* (21) Number(s) assigned to the application(s), e. g. "Numéro d'enregistrement national", "Aktenzeichen"

* (22) Date(s) of filing application(s)

* (23) Other date(s) of filing, including exhibition filing date and date of filing complete specification following provisional specification

(30) Convention priority data

* (31) Number(s) assigned to priority application(s)

* (32) Date(s) of filing of priority application(s)

* (33) Country (countries) in which priority application(s) was (were) filed

(40) Date(s) of making available to the public

** (41) Date of making available to the public by viewing, or copying on request, an unexamined document, on which no grant has taken place on or before the said date

** (42) Date of making available to the public by viewing, or copying on request, an examined document, on which no grant has taken place on or before the said date

** (43) Date of publication by printing or similar process of an unexamined document, on which no grant has taken place on or before the said date

** (44) Date of publication by printing or similar process of an examined document, on which no grant has taken place on or before the said date

** (45) Date of publication by printing or similar process of a document, on which grant has taken place on or before the said date

(46) Date of publication by printing or similar process of the claim(s) only of a document

** (47) Date of making available to the public by viewing, or copying on request, a document on which grant has taken place on or before the said date

(** Minimum data element for documents only, the minimum data requirement being met by indicating the date of making available to the public the document concerned)

(50) Technical information

* (51) International Patent Classification

(52) Domestic or national classification

(53) Universal Decimal Classification

* (54) Title of the invention

(55) Keywords

(56) List of prior art documents, if separate from descriptive text

(57) Abstract or claim

(58) Field of search

(60) Reference(s) to other legally related domestic document(s)

* (61) Related by addition(s)

* (62) Related by division(s)

* (63) Related by continuation(s)

* (64) Related by reissue(s)

(70) Identification of parties concerned with the document

[(75) and (76) are intended primarily for use by countries in which the national laws require that the inventor and applicant are normally the same. In other cases (71) and (72) or (71), (72) and (73) should generally be used]

** (71) Name(s) of applicant(s)

(72) Name(s) of inventor(s) if known to be such

** (73) Name(s) of grantee(s)

(74) Name(s) of attorney(s) or agent(s)

** (75) Name(s) of inventor(s) who is (are) also applicant(s)

** (76) Name(s) of inventor(s) who is (are) also applicant(s) and grantee(s)

(** For documents on which grant has taken place on or before the date of making available to the public, and gazette entries relating thereto, the minimum data requirement is met by indicating the grantee, and for other documents by indicating the applicant)

Lists of Participants *

Seventh Session

I. States

France: D. Cuvelot; A. Sainte-Marie. Germany (Federal Republic): G. Gehring; S. Zimmer; W. Weiss. Japan: M. Kuroda. Netherlands: G. Koelewijn. Sweden: G. Borggård; T. Gustafson. United Kingdom: D. Gay; D. Snow. United States of America: R. Spencer.

II. Organization

International Patent Institute: P. van Waasbergen; L. Knight.

III. Observer States

Denmark: D. Simonsen (Mrs.). Norway: E. Kjeldsen. Spain: A. Fernandez-Mazarambroz; A. Sagarminaga.

* Lists containing the titles and functions of the participants may be obtained from the International Bureau upon request.

IV. Chairmen of the Technical Committees and ABCS

Chairman of TCCR: R. Spencer; Chairman of TCSS: L. Knight; Chairman of ABCS: D. Snow; Chairman of the Subcommittee on Organic Chemistry: E. Kjeldsen.

V. Officers

Chairman: G. Borggård; Vice-Chairman: P. van Waasbergen; Secretary: P. Claus.

VI. WIPO

K. Pfanner (Senior Counsellor, Head, Industrial Property Division); P. Claus (Technical Counsellor, Head, ICIREPAT Section, Industrial Property Division); C. Gadd (Technical Assistant, ICIREPAT Section); V. Roslov (Technical Assistant, ICIREPAT Section); P. McDonnell (Miss) (Technical Consultant, US Patent Office).

Eighth Session

I. States

France: D. Cuvelot; M. Monka (Miss). Germany (Federal Republic): S. Zimmer; W. Weiss. Japan: K. Takami. Netherlands: G. Koelewijn.

Sweden: G. Borggård; T. Gustafson. United Kingdom: D. Gay; D. Snow. United States of America: R. Spencer.

II. Organization

International Patent Institute: P. van Waasbergen; L. Knight.

III. Chairmen of the Technical Committees and ABCS

Chairman of TCCR: R. Spencer; Chairman of TCSS: L. Knight; Chairman of ABCS: D. Snow; Chairman of the Subcommittee on Organic Chemistry: E. Kjeldsen.

IV. Officers

Chairman: G. Borggård; Vice-Chairman: P. van Waasbergen; Secretary: P. Claus.

V. WIPO

K. Pfanner (Senior Counsellor, Head, Industrial Property Division); P. Claus (Technical Counsellor, Head, ICIREPAT Section, Industrial Property Division); C. Gadd (Technical Assistant, ICIREPAT Section); V. Roslov (Technical Assistant, ICIREPAT Section); P. McDonnell (Miss) (Technical Consultant, US Patent Office).

LEGISLATION

GERMANY (Federal Republic)

I

Law on Employees' Inventions

(of July 25, 1957; as amended on October 1, 1957, June 30, 1959, March 23, 1961, October 1, 1968 and June 27, 1970)

CONTENTS

Chapter I — Application and Definition

	Sections
Application of the Law	1
Inventions	2
Technical Improvement Proposals	3
Service Inventions and Free Inventions	4

Chapter II — Inventions and Technical Improvement Proposals Made by Employees in Private Employment

1. Service Inventions

Duty to Report	5
Claiming a Service Invention	6
Effect of the Claim	7
Service Inventions Becoming Free	8
Compensation for an Unlimited Claim	9
Compensation for a Limited Claim	10
Directives Governing Compensation Payments	11
Ascertaining or Fixing Compensation	12

Application for Domestic Industrial Property Protection	13
Application for Industrial Property Protection Abroad	14
Mutual Rights and Duties in Acquiring Industrial Property Protection	15
Abandoning Industrial Property Applications or Granted Industrial Property Rights	16
Trade Secrets	17

2. Free Inventions

Duty to Notify	18
Duty to Offer	19

3. Technical Improvement Proposals

20

4. Common Provisions

Inventors' Consultants	21
Mandatory Applicability (<i>Unabdingbarkeit</i>)	22
Inequitable Agreements	23
Duty of Secrecy	24
Duties Arising from Employment	25
Termination of Employment	26
Bankruptcy	27

5. Arbitration Proceedings

Amicable Settlement Procedure	28
Establishment of the Arbitration Board	29
Membership of the Arbitration Board	30
Appeals to the Arbitration Board	31
Requests for Enlargement of the Arbitration Board	32
Proceedings before the Arbitration Board	33

	Sections
Settlement Proposals of the Arbitration Board	34
Termination of Arbitration Proceedings Without Result	35
Costs of Arbitration Proceedings	36

6. Judicial Proceedings

Requisites for Instituting Proceedings	37
Action for Reasonable Compensation	38
Jurisdiction	39

Chapter III — Inventions and Technical Improvement Proposals Made by Employees in Public Service, Civil Servants and Members of the Armed Forces

Employees in Public Service	40
Civil Servants and Members of the Armed Forces	41
Special Provisions for Inventions Made by Teachers and Assistants at Universities	42

Chapter IV — Transitional and Final Provisions

Inventions and Technical Improvement Proposals Made prior to Entry into Force of this Law	43
Pending Proceedings	44
Implementing Provisions	45
Provisions Repealed	46
Special Provisions for Berlin	47
(Repealed)	48
Entry into Force	49

Chapter I — Application and Definition

Application of the Law

1. — This Law applies to inventions and to technical improvement proposals made by employees in private employment, by employees in public service, by civil servants, and by members of the armed forces.

Inventions

2. — Inventions within the meaning of this Law are only those which may be the subject of a patent or of protection as a utility model.

Technical Improvement Proposals

3. — Technical improvement proposals within the meaning of this Law are proposals for other technical innovations that may not be the subject of a patent or of protection as a utility model.

Service Inventions and Free Inventions

4. — (1) Employees' inventions within the meaning of this Law may be either tied or free.

(2) Tied inventions (service inventions) are those made during the term of employment which:

- (i) either resulted from the employee's tasks in the private enterprise or in the public authority,
- (ii) or are essentially based upon the experience or activities of the enterprise or public authority.

(3) Other inventions of an employee shall be free inventions. They shall however be subject to the limitations contained in Sections 18 and 19 below.

(4) Subsections (1) to (3) shall apply *mutatis mutandis* to inventions made by civil servants and members of the armed forces.

Chapter II — Inventions and Technical Improvement Proposals Made by Employees in Private Employment

1. Service Inventions

Duty to Report

5. — (1) Any employee making a service invention shall be under a duty to report the invention to his employer immediately in a special written notice indicating that said writing constitutes the report of an invention. Where two or more employees have contributed to making the invention, a joint notice may be filed. The employer shall inform his employee without delay and in writing of the date the report was received.

(2) In the report, the employee must describe the technical problem, its solution and how he arrived at the service invention. Any existing notes necessary for an understanding of the invention shall be attached. The report shall include the service instructions and directions received by the employee, the experience and activities in the enterprise of which use was made, the employee's co-workers and the nature and extent of their contribution, and the report should underline the contribution which the employee making the report considers to be his own.

(3) A report which does not meet the requirements of subsection (2) shall be deemed to be in order unless the employer requests further particulars within two months, stating the points in the report which are to be supplemented. To the extent necessary, he must assist the employee in supplementing the invention report.

Claiming a Service Invention

6. — (1) An employer may claim a service invention by means of an unlimited or a limited claim.

(2) Such claim shall be made in a written statement, addressed to the employee. It shall be made as soon as possible, and no later than four months from the receipt of a proper report (Section 5(2) and (3)).

Effect of the Claim

7. — (1) On the receipt of a written declaration of an unlimited claim, all rights in the service invention shall pass to the employer.

(2) On the receipt of a written declaration of a limited claim, a non-exclusive right to use the service invention shall pass to the employer. Should an employer's right of use unreasonably impede an employee's further exploitation of his invention, the employee may request that, within a period of two months, his employer either make an unlimited claim to the service invention or release it to the employee.

(3) Dispositions of a service invention made by an employee before his employer has declared a claim, shall have no effect on his employer, insofar as the employer's rights are concerned.

Service Inventions Becoming Free

8. — (1) A service invention shall become free:

- (i) where the employer releases it by a written statement;

- (ii) where the employer makes a limited claim to it, subject to the employer's right to use the invention in accordance with Section 7(2);
- (iii) where the employer has not made a claim to it within four months upon receiving a proper invention report (Section 5(2) and (3)) or, for cases falling under Section 7(2), within two months of the request filed by his employee.

(2) The employee may dispose of a service invention that has become free and the restrictions in Sections 18 and 19 shall not apply.

Compensation for an Unlimited Claim

9. — (1) The employee shall have a right to reasonable compensation as against his employer, as soon as the employer has made an unlimited claim to a service invention.

(2) In assessing compensation, due consideration shall in particular be given to the commercial applicability of the service invention, the duties and position of the employee in the enterprise, and the enterprise's contribution to the invention.

Compensation for a Limited Claim

10. — (1) The employee shall have a right to reasonable compensation as against his employer, as soon as the employer has made a limited claim to a service invention and has used it. Section 9(2) shall apply mutatis mutandis.

(2) After having stated a claim to a service invention, an employer may not, in dealing with his employee, contest the invention's eligibility, at the time of the claim, for industrial property protection unless a decision to this effect has been rendered by the Patent Office or a court of law. The employee's right to such compensation as becomes payable before the decision has force of law shall not be affected thereby.

Directives Governing Compensation Payments

11. — After hearing leading organizations representing employers and employees (in accordance with Section 10a of the Law on Collective Bargaining Agreements), the Federal Minister of Labor shall issue Directives for assessing compensation¹.

Ascertaining or Fixing Compensation

12. — (1) The nature and amount of compensation shall be established by agreement between the employer and the employee within a reasonable time after the claim to a service invention.

(2) Where two or more employees have contributed to a service invention, compensation shall be determined separately for each of them. The employer must notify the employees of the total amount of compensation awarded and of the share assigned to each inventor.

(3) Where no compensation agreement is concluded within a reasonable time after a claim to a service invention was made, the employer shall fix the amount of compensation,

giving his reasons in writing to the employee, and shall pay in accordance with his settlement. For unlimited claims to a service invention, compensation must be fixed within three months from the grant of the industrial property protection; for limited claims, it must be fixed within three months from when the invention began to be used.

(4) An employee who disagrees with the settlement may object thereto in writing within two months. If he does not object, the settlement shall be binding upon both parties.

(5) Where two or more employees have contributed to the service invention, the settlement shall not bind any of them if one of them objects on the ground that his contribution to the service invention has been incorrectly determined. In this case, the employer may make a new compensation settlement for all parties.

(6) Both the employer and the employee may require the other to consent to a different compensation arrangement, if a substantial change has occurred in the circumstances essential to ascertaining or fixing the compensation. A refund of compensation payments already received may not be requested. Subsections (1) to (5) shall not be applicable.

Application for Domestic Industrial Property Protection

13. — (1) An employer shall be under a duty — and he shall be solely entitled — to apply for domestic industrial property protection for a service invention reported to him. Where the invention is capable of patent protection, he shall apply for a patent unless, on an evaluation of the industrial applicability of the service invention, protection as a utility model appears more appropriate. The application shall be filed without delay.

(2) An employer's obligation to file such an application shall terminate:

- (i) where the service invention has become free (Section 8(1));
- (ii) where the employee has agreed that no application is to be filed;
- (iii) where the conditions contained in Section 17 are present.

(3) Where, after making an unlimited claim to a service invention, an employer does not comply with his duty to apply for industrial property protection and also fails to do so within a reasonable additional period fixed by the employee, the employee may file an industrial property application for the service invention in the employer's name and at the employer's expense.

(4) Where a service invention has become free, only the employee shall be entitled to apply for industrial property protection therefor. Should his employer already have applied for industrial property protection for the service invention, his rights resulting from such application shall pass to the employee.

Application for Industrial Property Protection Abroad

14. — (1) After making an unlimited claim to a service invention, an employer shall also be entitled to apply for industrial property protection abroad.

¹ These Directives were issued on July 20, 1959, for employees in private employment; on December 1, 1960, for employees in public service. See page 233 below.

(2) For foreign countries in which an employer does not desire to acquire industrial property rights, he shall release the service invention to the employee and shall, upon request, enable the employee to acquire such rights. The release must be effected in sufficient time for the employee to take advantage of the priority dates under international treaties in the field of industrial property.

(3) At the time of releasing a service invention under subsection (2), an employer may reserve for himself a non-exclusive right to use the service invention in the foreign countries concerned, against reasonable compensation, and may require the employee, also against reasonable compensation, to respect the employer's obligations arising from contracts existing at the time of the invention's release, while the employee is exploiting the service invention released to him.

Mutual Rights and Duties in Acquiring Industrial Property Protection

15. — (1) Upon filing an industrial property application for a service invention, an employer must give his employee copies of the application documents. He must keep his employee informed of the progress of the application procedure and, if requested, must allow him to inspect the correspondence.

(2) If requested to do so, the employee must assist his employer in acquiring the industrial property rights and shall be obliged to make the necessary statements.

Abandoning Industrial Property Applications or Granted Industrial Property Rights

16. — (1) Where an employer, before fully meeting his employee's demand for reasonable compensation, intends to stop prosecuting an industrial property application for a service invention, or to surrender an issued grant or registration, he must inform his employee accordingly and, at the employee's request and expense, must assign the rights to him and turn over to him any documents necessary to maintain the rights.

(2) An employer shall be entitled to surrender an issued grant, if his employee does not request assignment thereof within three months from receipt of the communication made to the employee.

(3) At the time of making the communication provided for in subsection (1), the employer may reserve for himself, against payment of reasonable compensation, a non-exclusive right to use the service invention.

Trade Secrets

17. — (1) Where the legitimate interests of the enterprise require that a service invention reported to him should not be disclosed, the employer may refrain from applying for industrial property protection, provided that he acknowledges to his employee that the service invention is capable of protection.

(2) If an employer does not acknowledge that a service invention is capable of protection, he need not apply for industrial property protection if he requests the Arbitration

Board (Section 29) to seek an agreement on the service invention's eligibility for protection².

(3) In fixing the compensation for an invention under subsection (1), account must also be taken of the economic disadvantages that result for the employee due to the fact that industrial property protection has not been accorded to the service invention.

2. Free Inventions

Duty to Notify

18. — (1) An employee who has made a free invention during the term of an employment contract shall notify his employer in writing thereof without delay. He shall give the employer all the details — concerning the invention and, if necessary, concerning its realization — which the employer may need in order to judge whether it is in fact a free invention.

(2) Where the employer does not contest that the invention notified to him is a free invention, by written declaration to the employee within three months of the notification, he may no longer claim the invention as a service invention.

(3) There shall be no obligation to notify the employer of a free invention if the invention is obviously not capable of being used in the employer's enterprise.

Duty to Offer

19. — (1) Before exploiting a free invention further during the term of his employment contract, an employee must offer his employer at least a non-exclusive right to use the invention on reasonable terms, if the invention falls within the range of the actual or planned activities of the employer's enterprise at the time the offer is made. Such offer may be submitted together with the notification required by Section 18.

(2) Where the employer does not accept the offer within three months, his prerogative shall lapse.

(3) Where the employer states within the time provided by subsection (2) that he intends to acquire the rights offered to him, but claims that the terms offered to him are not reasonable, the court shall determine the terms upon a declaratory action by the employer or employee.

(4) The employer or the employee may request a new determination of the terms, if the circumstances essential to the terms agreed or fixed have changed substantially.

3. Technical Improvement Proposals

20. — (1) For technical improvement proposals which afford the employer an advantaged position similar to that obtained from an industrial property right, an employee shall be entitled to reasonable compensation from his employer as soon as the latter exploits the proposal. Sections 9 and 12 shall apply mutatis mutandis.

² Text changed in accordance with Section 5 of the Law Amending the Patent Law, Trademark Law, and other Laws, of September 4, 1968, effective October 1, 1968.

(2) In all other cases, technical improvement proposals shall be regulated by collective agreements or single-plant bargaining.

4. Common Provisions

Inventors' Consultants

21. — (1) One or more inventors' consultants may be appointed in an enterprise by agreement between the employer and the works council.

(2) The inventors' consultants shall have the task of helping employees draft the invention report (Section 5) or the notification of an invention (Section 18) and, at the request of the employer and employee, of participating in the determination of reasonable compensation.

Mandatory Applicability (Unabdingbarkeit)

22. — The provisions of this Law may not be modified by contract to the detriment of the employee. Agreements shall however be permissible concerning service inventions after they have been reported and concerning free inventions and technical improvement proposals (Section 20(1)) after their notification.

Inequitable Agreements

23. — (1) Agreements concerning service inventions, free inventions, or technical improvement proposals (Section 20(1)) permitted by this Law, shall be null and void to the extent that they are manifestly inequitable. This provision shall apply also to compensation settlements (Section 12(4)).

(2) The employer and employee may invoke the inequity of an agreement or compensation settlement only if they do so, by written statement addressed to the other party, within six months following termination of the employment contract.

Duty of Secrecy

24. — (1) An employer must maintain secrecy concerning an employee's invention that has been reported or notified to him, as long as required by the legitimate interests of the employee.

(2) An employee must keep a service invention secret as long as it has not become free (Section 8(1)).

(3) Other persons who have had knowledge of an invention on the basis of this Law may neither utilize their knowledge nor make it public.

Duties Arising from Employment

25. — Other duties arising for the employer and employee under their employment relationship shall not be affected by this Law unless the position is otherwise, due to the fact that an invention has become free (Section 8(1)).

Termination of Employment

26. — The rights and duties arising from this Law shall not be affected by termination of the employment relationship.

Bankruptcy

27. — (1) Where bankruptcy proceedings are instituted against an employer, the employee shall have a pre-emptive

right to his own service inventions to which the employer has made an unlimited claim, provided the trustee in bankruptcy of the estate disposes of them independently of the enterprise.

(2) Claims by an employee to compensation for the employer's unlimited claim to a service invention (Section 9), for his right to use the invention (Sections 10, 14(3), 16(3) and 19), or for his exploitation of a technical improvement proposal (Section 20(1)) shall rank, in bankruptcy proceedings against the employer, below the debts set forth in Section 61(i) of the Bankruptcy Rules but above all other debts. If there are two or more such debts, they shall be paid proportionately.

5. Arbitration Proceedings

Amicable Settlement Procedure

28. — In all disputes between employer and employee arising as a result of this Law, petition may be made at any time to the Arbitration Board. The Arbitration Board shall seek an amicable settlement.

Establishment of the Arbitration Board

29. — (1) The Arbitration Board shall be established within the Patent Office.

(2) The Arbitration Board may meet outside its permanent seat.

Membership of the Arbitration Board

30. — (1) The Arbitration Board shall consist of one chairman or his alternate and two assessors (*Beisitzer*).

(2) The chairman and his alternate shall possess the qualifications required for judicial office under the Law on the Judiciary³. They shall be appointed by the Federal Minister of Justice for one year at the beginning of each calendar year⁴.

(3) The assessors shall possess special knowledge in the technical field to which the invention or technical improvement proposal applies. They shall be appointed by the President of the Patent Office, separately for each case, from among the staff members or assistant members (*Hilfsmittglieder*) of the Patent Office.

(4) At the request of a party, the Arbitration Board shall include two other assessors, one chosen from employers and the other from employees. They shall be appointed by the President of the Patent Office, separately for each case, from lists of proposed names. The lists may be put forward by the leading organizations referred to in Section 11 and also by trade unions and independent employees' associations formed for social and professional purposes which are not affiliated to any of the leading organizations, where the members of such unions or associations include a substantial number of employees from whom an inventive contribution may be expected due to the kind of work they are performing in the enterprise.

³ Now: German Law relating to Judges (*Deutsches Richtergesetz*) of September 8, 1961 (*Bundesgesetzblatt*, I, p. 1665).

⁴ Worded in accordance with Section 5(6) of the Sixth Law Amending the Industrial Property Regulations and Adding Provisional Rules thereto, of March 23, 1961.

(5) The President of the Patent Office shall appoint an assessor under subsection (4) from the list of names put forward by the organization to which the party concerned belongs, where the party states, before the members of the Board are appointed, that he is a member of that organization.

(6) The Arbitration Board shall be under the supervision of its chairman; the chairman shall be under the supervision of the Federal Minister of Justice ⁵.

Appeals to the Arbitration Board

31. — (1) Appeals to the Arbitration Board shall be made by petition in writing. The petition shall be lodged in duplicate. It shall contain a brief statement of the facts and the name and address of the other party.

(2) The chairman of the Arbitration Board shall transmit the petition to the other party, inviting him to comment in writing on the petition within a fixed period.

Requests for Enlargement of the Arbitration Board

32. — A request for the enlargement of the Arbitration Board shall be submitted by the party appealing to the Arbitration Board at the time of lodging the petition (Section 31(1)) and by the other party within two weeks from the transmittal of the petition to him (Section 31(2)).

Proceedings before the Arbitration Board

33. — (1) Sections 1032(1), 1035 and 1036 of the Civil Procedure Code shall apply mutatis mutandis to proceedings before the Arbitration Board. Section 1034(1) of the Civil Procedure Code shall apply mutatis mutandis, save that the Arbitration Board may not exclude patent attorneys (*Patentanwälte*), holders of a certificate of representation (*Erlaubnisscheininhaber*, Section 3 of the Second Law Amending the Industrial Property Regulations and Adding Provisional Rules thereto, of July 2, 1949), and representatives of associations falling under Section 11 of the Law on Labor Courts.

(2) In all other cases, the Arbitration Board shall decide on its own procedure.

Settlement Proposals of the Arbitration Board

34. — (1) The Arbitration Board shall take its decisions by a majority vote. Section 196(2) of the Law on the Judiciary shall be applicable.

(2) The Arbitration Board must provide the parties with a settlement proposal. The proposal shall be reasoned and signed by all the Board members. The proposal must also mention the possibility of objection and the consequences of failure to object within the period prescribed. The proposal shall be notified to the parties.

(3) A settlement proposal shall be deemed to be accepted and an agreement corresponding to its content shall be deemed to have been made, unless an objection in writing by

one of the parties reaches the Arbitration Board within one month from the notification of the proposal.

(4) Where unavoidable circumstances have prevented one of the parties from lodging an objection within the period prescribed, he shall, upon petition, be reinstated. The petition must be filed in writing with the Arbitration Board within one month from the moment the impediment ceased to exist. The objection must also be lodged within that period. The petition for reinstatement must state the facts relied upon and the means of substantiating them. After one year from the notification of the settlement proposal, reinstatement may no longer be requested and an objection may no longer be lodged.

(5) The Arbitration Board shall decide on the petition for reinstatement. An immediate appeal against the Board's decision may be lodged with the *Landgericht* ⁶ having jurisdiction in the place of the petitioner's residence, in accordance with the Civil Procedure Code.

Termination of Arbitration Proceedings Without Result

35. — (1) Proceedings before the Arbitration Board shall terminate without result:

- (i) where the other party has not submitted his comments within the period provided in Section 31(2);
- (ii) where the other party has refused to participate in the proceedings before the Arbitration Board;
- (iii) where a written objection has reached the Arbitration Board within the period provided in Section 34(3).

(2) The chairman of the Arbitration Board shall inform the parties of the termination of the arbitration proceedings without result.

Costs of Arbitration Proceedings

36. — Proceedings before the Arbitration Board shall require no fees nor payment of costs.

6. Judicial Proceedings

Requisites for Instituting Proceedings

37. — (1) Any right or legal position that is governed by this Law may be pleaded in judicial proceedings only after proceedings have been held before the Arbitration Board.

(2) This prerequisite shall not be applicable:

- (i) where the rights pleaded in the judicial proceedings are based upon an agreement (Section 12, 19, 22 or 34) or upon the allegation that the agreement is invalid;
- (ii) where six months have passed since the appeal was lodged with the Arbitration Board;
- (iii) where the employee has left the employer's enterprise;
- (iv) where the parties have agreed to refrain from appealing to the Arbitration Board. Such agreement may only be made after the dispute (Section 28) has occurred. The agreement must be in writing.

(3) The fact that both parties have dealt with the substance of the case orally, without relying upon the absence of

⁵ Subsection added in accordance with Section 5(6) of the Law of March 23, 1961 (see footnote ⁴ above).

⁶ A higher first instance court dealing with certain major civil and criminal cases.

any appeal to the Arbitration Board, shall be equated with an agreement under subsection (2) (iv).

(4) The prior appeal to the Arbitration Board shall not be necessary in the case of an application for an attachment order or for a preliminary injunction.

(5) Judicial proceedings following an attachment order or a preliminary injunction shall be admissible, and the restriction in subsection (1) shall not apply, where a party has been given a time limit for instituting proceedings under Section 926 or 936 of the Civil Procedure Code.

Action for Reasonable Compensation

38. — In a dispute as to the amount of compensation, an action may be brought for the payment of a reasonable amount to be fixed by the court.

Jurisdiction

39. — (1) For all disputes concerning employees' inventions, exclusive jurisdiction shall, irrespective of the value in dispute, rest with the courts having jurisdiction in patent litigation (Section 51, Patent Law). The provisions governing procedure in patent litigation shall apply. Section 111(1) and (2) of the Law on Court Costs shall not apply⁷.

(2) Disputes relating solely to claims for the payment of ascertained or fixed compensation for an invention are exempted from the application of subsection (1).

Chapter III — Inventions and Technical Improvement Proposals Made by Employees in Public Service, Civil Servants and Members of the Armed Forces

Employees in Public Service

40. — Inventions and technical improvement proposals made by employees in enterprises and offices of the Federal Government and state governments, community authorities and other public corporations, corporate bodies and endowed institutions shall be governed by the provisions relating to employees in private employment — with the following provisions:

- (i) instead of making a claim to the service invention, the employer may claim a reasonable share in the proceeds arising from the service invention if this has been agreed beforehand. The amount of the employer's share may be the subject of prior binding agreements. In the absence of agreement on the amount of the share, the amount shall be fixed by the employer. Section 12(3) to (6) shall apply *mutatis mutandis*;
- (ii) the regulation of technical improvement proposals under Section 20(2) may also be made in a service agreement; clauses enabling a provision forming part of a service agreement to be replaced by decision of a higher authority (*Dienststelle*) or other office shall not be enforceable;
- (iii) restrictions on the ways of exploiting a service invention may be imposed on an employee, in the public

interest, under a general order issued by the competent supreme authority (*oberste Dienstbehörde*);

- (iv) the Federal Government and the state governments shall also be entitled to put forward lists of names for the employer assessors (Section 30(4));
- (v) to the extent that public authorities have set up their own arbitration boards to deal with disputes under this Law, Sections 29 to 32 shall not apply.

Civil Servants and Members of the Armed Forces

41. — The provisions relating to employees in public service shall apply *mutatis mutandis* to inventions and technical improvement proposals made by civil servants and members of the armed forces.

Special Provisions for Inventions Made by Teachers and Assistants at Universities

42. — (1) In derogation from Sections 40 and 41, inventions made by professors, lecturers and scientific assistants, in their capacity as such, at universities and higher schools of science shall be free inventions. Sections 18, 19 and 22 shall not be applicable.

(2) Where the employer made available special resources for the research work that led to the invention, the persons mentioned in subsection (1) shall notify him in writing of the exploitation of the invention and shall, upon his request, specify the kind of exploitation and the amount of proceeds achieved. Within three months of such written notification, the employer may demand a reasonable share of the proceeds from the invention. The amount of this share shall not exceed the value of the resources made available.

Chapter IV — Transitional and Final Provisions

Inventions and Technical Improvement Proposals Made prior to Entry into Force of this Law

43. — (1) As from the date of its entry into force, this Law shall apply to patentable employees' inventions made since July 21, 1942 and before the effective date of this Law, save that the provisions of the earlier law shall still apply to the claims to such inventions.

(2) This provision shall also apply to patentable employees' inventions made before July 22, 1942, where the conditions of Section 13(1), second sentence of the Implementing Regulations to the Rules on Inventions of Workers, of March 20, 1943 (*Reichsgesetzblatt*, I, p. 257) are satisfied and where the declaration provided for therein relating to unsatisfactory handling of compensation had not been made by the time this Law entered into force. Such declaration shall be made with the Arbitration Board (Section 29). The declaration may no longer be made if the patent granted for that invention has expired. The second and third sentences of this subsection shall not be applicable where judicial proceedings relating to a demand for reasonable compensation had already been instituted by the effective date of this Law.

(3) In the case of inventions that may only be protected as utility models, made since July 21, 1942 and before the effective date of this Law, only the provisions governing arbi-

⁷ Text changed in accordance with the revision of the Law on Court Costs, of June 27, 1970.

tration proceedings and judicial proceedings (Sections 28 to 39) shall apply. In all other cases, the provisions of the earlier law shall still be applicable.

(4) Section 20(1) shall not apply to technical improvement proposals where exploitation had begun before the effective date of this Law.

Pending Proceedings

44. — For proceedings pending on the effective date of this Law, the courts having jurisdiction under the provisions of the earlier law shall continue to have jurisdiction.

Implementing Provisions

45. — In consultation with the Federal Minister of Labor, the Federal Minister of Justice may issue the necessary regulations for the enlargement of the Arbitration Boards (Section 30(4) and (5)). In particular, he may specify:

- (i) the personal qualifications needed by persons put forward as employer or employee assessors;
- (ii) the mode of remuneration of the assessors appointed from the lists of proposed names.

Provisions Repealed

46. — Upon entry into force of this Law, the following provisions are repealed to the extent that they are still in force:

- (i) the Regulations concerning the Treatment of Inventions by Workers, of July 12, 1942 (*Reichsgesetzblatt*, I, p. 466);
- (ii) the Implementing Regulations to the Rules on Inventions of Workers, of March 20, 1943 (*Reichsgesetzblatt*, I, p. 257).

Special Provisions for Berlin

47. — (1) This Law shall apply, on the basis of Section 13(1) of the Third Transitional Law of January 4, 1952 (*Bundesgesetzblatt*, I, p. 1), to *Land Berlin*. Regulations issued under this Law shall apply, on the basis of Section 14 of the Third Transitional Law⁸, to *Land Berlin*.

(2) The Federal Minister of Justice may set up another arbitration board in the Berlin Branch of the Patent Office⁹. This arbitration board shall have exclusive jurisdiction where the employee's place of work is in *Land Berlin*; it shall also have jurisdiction where the employee's place of work is in the States of Bremen, Hamburg, or Schleswig-Holstein, or in the *Oberlandesgericht*¹⁰ of Braunschweig, or Celle in the State of Lower Saxony, and where — at the time of petition to the Arbitration Board (Section 31) — one party, with the written consent of the other, requests that the arbitration proceedings take place in the Berlin Branch of the Patent Office.

(3) In consultation with the Senator for Justice of *Land Berlin*, the President of the Patent Office may also appoint officials and employees of *Land Berlin* as assessors under Section 30(3). They shall act in an honorary capacity.

⁸ See the First Regulations Implementing the Law on Employees' Inventions, of October 1, 1957.

⁹ Established under the First Regulations Implementing the Law on Employees' Inventions, of October 1, 1957.

¹⁰ District court of appeal.

(4) Only persons domiciled in *Land Berlin* may be appointed as employer or employee assessors (Section 30 (4)).

(5) The President of the Patent Office may delegate to the head of the Berlin Branch of the Patent Office his power to appoint assessors.

48. — (*Repealed*)¹¹

Entry into Force

49. — This Law shall enter into force on October 1, 1957.

¹¹ Repealed by Section 1(1) of the Law Establishing the Legal System of the Federal Republic of Germany in the Saarland, of June 30, 1959.

II

Directives on the Compensation to be Paid for Employees' Inventions Made in Private Employment

(of July 20, 1959) *

CONTENTS		Directive
Introduction		1 and 2
Part I — Invention Value		
A. Patentable Inventions		
I. Inventions Worked in the Enterprise		
1. General		3 to 5
2. Establishing the Invention Value by the License Analogy		6 to 11
3. Establishing the Invention Value on the Basis of the Measurable Benefit to the Enterprise		12
4. Estimation of the Invention Value		13
II. License Contracts; Contracts of Sale and Exchange		14 to 17
III. Defensive Patents		18
IV. Interrelated Industrial Property Rights		19
V. Unexploited Inventions		20
1. Reserve and Improvement Patents		21
2. Unexploitable Inventions		22
3. Inventions whose Exploitability is still Undetermined		23
4. Inventions that are Capable of Industrial Exploitation but are not Worked or Incompletely Worked		24
VI. Special Cases		
1. Limited Claims		25
2. Sales Abroad; Industrial Property Rights Abroad		26
3. Trade Secrets		27
B. Inventions that may be Protected as Utility Models		28
C. Technical Improvement Proposals		29
Part II — Participation Factor		
(a) Posing the Problem		31
(b) Solving the Problem		32
(c) Duties and Position of the Employee in the Enterprise		33 to 36
Table		37
Absence of Compensation		38

* Under a directive of December 1, 1960, these Directives became applicable, *mutatis mutandis*, to employees in public service, civil servants and members of the armed forces.

Part III — Calculating the Compensation Payment

I. The Equation	39
II. The Mode of Compensation Payment	40 and 41
III. Period to Serve as Basis for Calculating Compensation Payments	42 and 43

Introduction

1. These Directives are intended to assist in establishing the reasonable compensation to which an employee is entitled for service inventions to which an unlimited or a limited claim has been made (see Sections 9(1) and 10(1) of the Law) and for technical improvement proposals (Section 20(1) of the Law). The Directives are not mandatory but contain recommendations for such compensation. If in a given case existing practice in an enterprise is more favorable to the employee, the Directives are not to be applied to his disadvantage.

2. In accordance with Section 9(2) of the Law, the following in particular are significant in assessing compensation: the commercial applicability of the service invention, the duties and position of the employee within the enterprise, and the enterprise's contribution to the invention concerned. As a rule, therefore, in order to ascertain the compensation, the commercial applicability of the invention will first be determined. Part I of these Directives considers the notion of the commercial applicability of an invention (subsequently referred to as the invention value). Since free inventions are not concerned here but inventions either arising from an employee's duties in his enterprise or substantially based upon experience or activities there, a deduction is necessary which will take into account the duties and position of the employee in his enterprise as well as the enterprise's contribution to the invention. This deduction is considered in Part II of these Directives. The employee's share in the invention value, arrived at after the deduction has been made, is expressed as the participation factor, given as a percentage. Part III of these Directives deals with the mathematical calculation of compensation, the mode of compensation payment and the period which is to serve as the basis for calculating compensation payments.

When compensation is being calculated, it is necessary to ensure in each case that the same factor entailing an increase or decrease of the payment is considered only once.

These Directives have been numbered to simplify citation.

Part I — Invention Value

A. Patentable Inventions

I. Inventions Worked in the Enterprise

1. General

3. As a rule, the invention value assigned to inventions worked in the enterprise can be determined by three different methods (for exceptions, see Dir. 4):

(a) Establishing the invention value by a license analogy (Dir. 6 et seq.).

Under this method, the invention value is ascertained on the basis of the royalty rate customarily applied to comparable

free inventions. The royalty rate, established either as a percentage or as a specific sum of money per piece or weight unit (see Dir. 39), is correlated with a specific unit of reference (sales volume or production). The invention value is determined by multiplying the unit of reference by the royalty rate.

(b) Establishing the invention value by reference to the measurable benefit to the enterprise (Dir. 12).

The invention value can also be determined by considering the measurable benefit obtained by the enterprise from the use of the invention.

(c) Estimation of the invention value (Dir. 13). The invention value can also be estimated.

4. In addition to the license analogy as provided in Directive 3(a), other analogies may be applicable under certain circumstances. Instead of an analogous royalty rate, an analogous purchase price might be used as a starting point in cases where a lump-sum settlement (see Dir. 40) appears feasible and the purchase price customarily agreed upon with free inventors in comparable cases is known. As far as the suitability of the comparison and the need to adapt the purchase price to the specific service invention are concerned, Directive 9 applies *mutatis mutandis*.

5. The circumstances of each case will determine which of the methods listed under Directives 3 and 4 should be used. If the branch of industry concerned is familiar with royalty rates or purchase prices customarily agreed upon for the acquisition of a similar product or process, the license analogy may be used.

Establishing the invention value according to the measurable benefit to the enterprise applies primarily to inventions that produce savings, as well as inventions directed to improvements, provided the improvement is not of the magnitude that the sales volume achieved with the improved object should be taken as the basis for the evaluation; this method is also applicable to inventions connected with products, machines, or devices used only within the enterprise and to inventions connected with processes used only within the enterprise and for which the sales volume would not provide a sufficient basis for evaluation. The method for establishing the invention value by reference to the measurable benefit to the enterprise has the disadvantage that it is often difficult to determine the benefit and the calculations thereof are not easily reviewed. In many cases it may indeed be possible to calculate the benefit resulting from the achieved price reduction of the starting material, the reduced costs for wages, for electricity or repairs, or from an increased yield. If this method is chosen, it should also be borne in mind that an employer might be required to make considerably more information available concerning the internal procedures of his enterprise — in accordance with his duty to give information concerning his accounts and to open them to inspection, which may be required of him under Section 242 of the German Civil Code — than would be the case if the invention value were determined by the license analogy. An estimation of the invention value may only be applied if it is impossible, or possible only at a disproportionately high cost, to determine the value by using the methods under Directive 3(a), 3(b) or 4 (e. g., for

safety measures and safety devices which are not of general application). It may also be advisable to use one calculation method to check the results obtained from the others.

2. Establishing the Invention Value by the License Analogy

6. In applying this method one must examine the extent to which a comparison can be made. Attention should be directed to whether and how far agreement is present in those features that affect the amount of the royalty rate. In particular, consideration should be given to the following: any improvement or deterioration in relation to the manner of operation, structure, weight, space requirements, accuracy and plant safety; any increase or decrease in production costs, particularly of raw materials and man-hours; any extension or limitation of the invention's application; whether the invention can be incorporated into current production without difficulty or whether it requires changes in construction or the manufacturing process and whether an application can be found immediately or whether extensive tests would still be required; projected sales increases, the possibility of changing from piecework to serial production, additional or more simplified possibilities for advertising, and favorable pricing. It is also necessary to examine the scope of protection afforded by the industrial property right covering the subject of the invention, and whether possession of the industrial property right provides technical and economic advantages to the enterprise. Often a higher royalty rate may be agreed upon in concluding a license contract with a small company than would be the case with a well-established corporation, since a higher sales volume is generally expected from a larger company. In making this comparison, one should also take into account who carries the costs for the industrial property right in the similar cases chosen for comparison.

7. In making a comparison with a royalty rate customarily paid to a free inventor, it is necessary to start from the same unit of reference; relevant units of reference would be sales volume or production. Another point to be considered is whether a determination of the sales volume used in the analogous case was based on the invoice value of the product as it left the factory or on an internal accounting value for intermediate products. In calculating the invention value by reference to sales volume or production, one should generally start with the actual sales volume or the actual production. Sometimes one can also start from a minimum sales volume agreed upon or from a sales increase obtained as a result of the invention.

8. Where an invention affects a device made up of different parts, the invention value can be based upon the value of either the entire device or only the part which influences the value. The basis usually adopted for license contracts in the branch of industry concerned and whether a value is customarily assigned to the patented part by itself or only in combination with the complete device are factors to be taken into account. The answer will frequently depend upon whether the use of the invention has increased the value of the entire device or of only a portion of it.

9. If the comparison shows that the service invention and the free invention used for comparison do not correspond in all respects listed, then the royalty rate must be increased or decreased correspondingly. Nevertheless, there is no justification for decreasing a royalty rate on the ground that a service invention is under consideration; this point is taken into account only when the participation factor is determined.

10. The following general range of percentages based on sales volumes is intended as a reference in determining a royalty rate suitable for a specific branch of industry:

for the electrical industry, a royalty rate of $1/2$ to 5 %
for the machine and tool industry, a royalty rate of $1/3$ to 10 %
for the chemical industry, a royalty rate of 2 to 5 %
for pharmaceutical fields, a royalty rate of 2 to 10 %

11. In the case of an extremely large sales volume — that is, one in excess of a million marks —, a reduction in the royalty rate, in accord with general practice, may be applied on the basis of the following inverse scale; however, in each case, account must be taken of whether and how far such reductions in the royalty rate are customarily applied to free inventions by the different branches of industry:

For an aggregate sales volume of:

- 0 to 1 million marks: no reduction in the royalty rate;
- 1 to 2 million marks: 20 % reduction in the royalty rate for the sales volume in excess of 1 million marks;
- 2 to 4 million marks: 40 % reduction in the royalty rate for the sales volume in excess of 2 million marks;
- 4 to 10 million marks: 60 % reduction in the royalty rate for the sales volume in excess of 4 million marks;
- 10 to 20 million marks: 65 % reduction in the royalty rate for the sales volume in excess of 10 million marks;
- 20 to 40 million marks: 70 % reduction in the royalty rate for the sales volume in excess of 20 million marks.

Example: For a sales volume totaling 5 million marks, the royalty rate should be reduced as follows:

- for the sales volume in excess of 1 million by 1 million: by 20 %;
- for the sales volume in excess of 2 million by 2 million: by 40 %;
- for the sales volume in excess of 4 million by 1 million: by 60 %.

Given a royalty rate of 5 %, the invention value for a sales volume of 5 million marks would be:

- for the sales volume of 1 million
= 5 % of 1 million: 50,000 marks;
- for the sales volume of a further million
= 4 % of 1 million: 40,000 marks;
- for the sales volume of a further 2 million
= 3 % of 2 million: 60,000 marks;
- for the sales volume of a further million
= 2 % of 1 million: 20,000 marks.

Invention value: 170,000 marks.

3. Establishing the Invention Value on the Basis of the Measurable Benefit to the Enterprise

12. The measurable benefit to the enterprise is understood to mean the difference between disbursements and receipts obtained as a result of the use of the invention (see Dir. 5 for the application of this method). This difference is determined by balancing disbursements and receipts in accordance with the principles of business administration. In this connection, the principles governing pricing in the case of contracts with the public authorities apply (see Ordinance PR No. 30/53 of November 21, 1953 on pricing government contracts and the guidelines for calculations based on actual costs¹). Accordingly, projected interest payments and calculated risks, working capital and possibly management earnings should all be taken into account. The amount thus calculated represents the invention value.

Disbursements made on behalf of the invention prior to its completion are not to be subtracted in determining the invention value. Such disbursements are considered in establishing the participation factor discussed in Part II of these Directives: Scale (c) in Directive 34 is applicable to expenditures for an inventor's wages, and Scale (b) in Directive 32 applies to other expenditures contracted before the invention was completed (technical assistance).

4. Estimation of the Invention Value

13. In a number of cases, the methods illustrated above for establishing the invention value are of little use either because similar cases are not known or because the benefit is not measurable. In these or similar cases the invention value must be estimated (see Dir. 5, last paragraph, for the application of the estimation method). As a reference, one can take that price which an employer would have had to pay, if he had been required to purchase the invention from a free inventor.

II. License Contracts; Contracts of Sale and Exchange

14. If the invention is not worked within the enterprise's own operations but exploited by means of licenses, the invention value equals the net license income. The net amount is calculated by subtracting from the gross license income the costs for development after completion of the invention as well as the disbursements made to put the invention into production. Also to be subtracted in each case are the costs relating to the administration of the patent and the license as well as to the transfer of industrial property rights and expenditures connected with the license grant (e.g., taxes, except for domestic taxes on net profits, and fees relating to negotiation). To the extent that such costs have arisen an appropriate share of the employer's general overhead expenditures must also be taken into account, provided such overhead is not already contained in the expenses just enumerated. In ascertaining the net license income one should take into account whether an employer in a given case might not be taking a risk as licensor, since he might also have future expenditures in defending the industrial property rights, in prosecuting infringements, and in backing guarantees.

To the extent that the receipts do not depend upon the grant of a license but on the transfer of know-how, they are also to be subtracted from the gross license income in calculating the invention value, provided such know-how is not to be considered as a technical improvement proposal within the meaning of Section 20(1) of the Law. In judging whether and how far the receipts are the result of a transfer of know-how, it is not only necessary to consider the terms of the license contract; the actual relationship between the value of a license and the value of the know-how transmitted should also be considered.

A reduction according to the scale provided in Directive 11 is appropriate only to the extent that it has also been granted to the licensee of the employer.

15. Should ascertainment of these disbursements and tasks provide considerable difficulties, it might be suitable to apply procedures analogous to the customary forms of contractual arrangements between a free inventor as the licensor and the employer as the licensee. Because of the disbursements and tasks just mentioned of the holder of an exclusive, unrestricted license, a free inventor will in practice receive about 20 to 50 %, in special instances even more than 50 % and in exceptional cases even more than 75 % of the gross license proceeds which have accrued due to the invention. In particular, consideration should be given to whether the licenses granted are exclusive and unrestricted licenses, non-exclusive, or restricted. Where an exclusive, unrestricted license is granted, the employer does not retain any rights of use for himself; furthermore he generally does not have to continue supplying information on his own additional know-how. Accordingly, an invention value of 50 % or even higher would be applicable. In granting a non-exclusive or a restricted license, the invention value will tend to be closer to the lower limit where the invention is being used by the employer at the same time and is connected with the continuous transmittal of his own know-how.

16. Where the invention is sold the invention value is also determined by reducing the gross proceeds to the net amount. In contrast to the license example, most cases involving the sale of an invention will not require consideration of any further duties and charges accruing to the employer because of the sale. In establishing the net income, all disbursements are to be considered that are connected with development work, after the invention was completed, for making the invention ready for production, the costs of obtaining and assigning industrial property rights and expenditures connected with a sale (e.g. taxes, except domestic taxes on net profits and fees relating to negotiation) in addition to a share of the employer's general overhead to the extent that such expenditures are not already covered by the costs and disbursements mentioned above.

To the extent that the purchase price is not based on the assignment of industrial property rights but on the transfer of know-how, such receipts are also to be subtracted from the gross amount in calculating the invention value, provided such know-how is not to be considered as a technical improvement proposal within the meaning of Section 20(1) of the Law. In judging whether and how far the purchase price is

¹ Bundesanzeiger No. 244 of December 18, 1953, p. 1.

determined by transmittal of the know-how, not only are the terms of the purchase contract decisive, but the actual relationship between the value of the industrial property right and the value of the know-how transmitted should also be considered.

17. Where an invention is exploited by means of a contract of exchange, an attempt might first be made to determine the total value of the contract to the employer and then to estimate the proportion attributable to the service invention claimed in order to establish its share of the total value. If this is not feasible, the invention value must be estimated in accordance with Directive 13.

To the extent that the contract of exchange does not relate to the assignment of industrial property rights or rights of use thereof but concerns the transfer of know-how, this is to be taken into account in establishing the total value of the contract, provided such know-how is not to be considered as a technical improvement proposal within the meaning of Section 20(1) of the Law. In judging whether and how far the transfer of know-how is part of the contract of exchange, not only are the terms of the contract decisive, but the actual relationship between the value of the industrial property right and the value of the know-how transmitted should also be considered.

III. Defensive Patents

18. A special use to which service inventions may be put consists in defensive patents. This term is generally used for patents which were applied for or are being maintained solely to prevent a competitor from utilizing the invention, which might thus impair the enterprise's own current or planned production. These particular patents are not worked, either because an equivalent patent is already being worked within the enterprise or because, without a patent, a product equivalent to the patented invention is already being produced in the enterprise or is about to be produced there. Where an invention already being worked in the enterprise could be bypassed using the second invention, and provided that the economic significance of both inventions is about the same, it may be possible to find points of comparison for determining the invention value of the second invention based on the working of the first invention. The sum of the values assigned to both inventions may nevertheless be greater than the invention value of the first invention. Estimating can help in determining the size of the share of the sales volume, production or profits that would be attributed to the second invention if worked. Even if one were to find that both inventions had more or less the same value, it would be appropriate to assign the second invention a figure less than half the sum of the value of both inventions taken together, since inventions that are being worked are usually considered as providing particular advantages if they have already proved their worth in practice and already appear on the market. A second invention that would enable the first to be bypassed might disclose a limitation in the scope of protection given to the first invention, and this may not always have been taken into account in establishing the invention value for the first invention. This may be a reason for reassessing compensation in accordance with Section 12(6) of the Law.

IV. Interrelated Industrial Property Rights

19. If a particular process or product involves the use of several inventions, and provided they are to be considered as a uniformly exploitable entity, it is necessary first to determine the value of the total entity, optionally including unworked defensive patents. The total invention value determined in this way must then be divided among the individual inventions. Here, account must be taken of the effect each separate invention has on the overall subject matter covered by the interrelated industrial property rights.

V. Unexploited Inventions

20. Unexploited inventions are those which are neither worked within the enterprise, nor used as a defensive patent, nor utilized by third parties on the basis of a license, sale or exchange. The value of such inventions depends on the reasons why they are not exploited (see Dir. 21 to 24).

1. Reserve and Improvement Patents

21. Reserve patents are patents for inventions which, at the time of the patent grant, have not or cannot be exploited but which are expected to be exploited — or exploitable — at a later date. Working may be postponed because, for example, it has been decided to await further technical developments before working appears feasible. Inventions of this type are held "in reserve," awaiting practical application. The invention value of such inventions resides in the justified expectation that they will be exploited. Reserve patents that merely provide improvements to existing patents are called improvement patents (*Ausbaupatente*).

The value of reserve and improvement patents will have to be estimated freely, taking as possible reference points the prospective future use and the amount of subsequent profits expected. Use at a later date will frequently support a request for a new assessment of compensation under Section 12(6) of the Law. Directive 24 determines whether or not compensation is to be paid for potentially exploitable reserve patents that are not put to use.

2. Unexploitable Inventions

22. Inventions that are not worked because they have no present or foreseeable industrial exploitability have no invention value. The fact that an industrial property right has been granted is irrelevant, since the Patent Office examines the invention for novelty, technical advance and inventive step, but does not consider whether the invention can successfully be put into industrial application. Inventions which are not used within the enterprise and which cannot be the subject of a defensive patent or of licensing, sale or exchange, and which in addition have no value as a reserve patent should be released to the inventor.

3. Inventions whose Exploitability is still Undetermined

23. It will not always be possible to know immediately whether an invention is — or may become — capable of industrial exploitation. In a number of cases such determination may require a certain length of time for examination and tests. Compensation payments are generally not considered

appropriate where and for the time during which the employer examines and tests the invention and its industrial application is thus still undetermined. It is indeed possible that an application will be found. Such possibility is deemed to have been fairly dealt with in that the employer examines and tests the invention at his own expense, thereby providing the concrete possibility for the inventor to receive compensation should the test results be positive.

The length of time which should fairly be granted to the employer for seeking an industrial application for an invention will differ from case to case; nevertheless, a period of three to five years after the patent grant should be exceeded only in exceptional circumstances. Should an invention not have been released to the inventor after that time, there is a clear presumption that a value should in fact be assigned to it, even if only as a reserve or improvement patent.

4. Inventions that are Capable of Industrial Exploitation but are Not Worked or Incompletely Worked

24. If an invention is not worked at all or only in part although it is capable of industrial exploitation, the determination of the invention value must take into account its unexploited possibilities within the scope of a reasonable assessment of existing economic facts.

VI. Special Cases

1. Limited Claims

25. In evaluating a non-exclusive right to use a service invention, the same rules apply, *mutatis mutandis*, as those given to evaluate a service invention to which an unlimited claim has been made. However, in establishing the invention value only the actual exploitation by the employer is relevant; unused possibilities for industrial exploitation are not taken into account (see Dir. 24).

If the invention value is to be determined on the basis of the measurable benefit to the enterprise, it makes no difference whether such determination pertains to an invention for which a limited or an unlimited claim was filed.

In establishing the invention value by the license analogy, the rates to be used as a reference should, if possible, be those that are customarily applied for non-exclusive licenses with free inventors. If such rates for non-exclusive licenses are unknown, it is permissible to use as a reference an invention for which an exclusive license was granted; here, account must be taken of the general rule that royalty rates for non-exclusive licenses are generally — though not always — somewhat lower than royalty rates paid for exclusive licenses. Where an employee has granted licenses, the royalty rates agreed to in those license contracts may, if the cases are comparable, be used as a standard for the invention value. The fact that the employee has not obtained an industrial property right does not affect compensation unfavorably; however, compensation should not be paid or no longer be paid if the invention has become so well known that competitors are justified in using it because it is not protected by an industrial property right.

2. Sales Abroad; Industrial Property Rights Abroad

26. Where goods manufactured domestically are supplied abroad and the calculation of the invention value for the domestic position is based on the measurable benefit to the enterprise, the same method must be used in relation to the foreign situation. Similarly, where the license analogy is used to calculate the invention value, the sales volume or the production considered should take into account the domestic goods supplied abroad. If a corresponding industrial property right exists abroad and there has been an additional exploitation abroad (e. g. manufacture abroad, foreign licenses), the invention value should be proportionately increased.

If there are possibilities for industrial exploitation or additional exploitation abroad that are not utilized, the domestic principles governing unexploited possibilities apply (see Dir. 24). If neither the employer nor the employee has obtained industrial property rights abroad, such territory is open to a competitor with the result that, in general, compensation cannot be requested either for use of the invention in a country where it is not protected by an industrial property right or for the sale of products manufactured in such open territory.

3. Trade Secrets (Section 17²)

27. Compensation is to be paid for inventions constituting trade secrets just as it is for inventions protected by industrial property rights. Here, account must be taken of the economic disadvantages (see Section 17(4)³ of the Law) that result to the employee due to the fact that industrial property protection has not been accorded to the service invention. Such disadvantage might, for example, be the fact that the inventor is not recognized as such or that the service invention can be worked only to a restricted extent. A further disadvantage might be the fact that a service invention has been prematurely disclosed and is being exploited by other competitors because no industrial property protection was provided.

B. Inventions that may be Protected as Utility Models

28. In establishing the invention value for service inventions that may be protected as utility models, the same methods are applicable in principle as those relevant to patentable service inventions. If the invention value is being established on the basis of the measurable benefit to the enterprise, the same principles apply as in the case of patentable service inventions. On the other hand, if the license analogy is used, licenses customary in comparable cases of utility model inventions should, wherever possible, be used as a reference. If such royalty rates for utility model inventions by free inventors are not known, it is also permissible under the license analogy to use royalty rates customary for comparable patentable inventions; however, the following should be noted in applying that method: in practice royalties customarily paid to free inventors for utility models will frequently be lower than those for patentable inventions; this is due in part

² See footnote 2 relating to Section 17 of the Law on Employees' Inventions on p. 229 above.

³ Now 17(3); see footnote 2 on p. 229 above.

to the generally more restricted scope, and shorter term, of legal protection of utility models. For service inventions, the fact that the protectability of a utility model has not been established, can only be used to the employee's disadvantage if in the particular case there are distinct reservations as to its protectability justifying a reduction in the royalty rate used as a comparison. If in such cases, the utility model is not challenged or is successfully defended, it would generally be necessary to reassess compensation in accordance with Section 12(6) of the Law.

If a patentable invention is registered as a utility model under Section 13(1), 2nd sentence of the Law, the invention value is to be determined in the same way as in the case of a patentable invention, taking into account the shorter term of legal protection for the utility model.

C. Technical Improvement Proposals (Section 20(1))

29. Section 20(1) of the Law gives the employee a right to reasonable compensation from the employer for technical improvement proposals which afford the employer an advantaged position similar to that obtained from an industrial property right, provided the proposal is exploited. Such an advantaged position is provided by technical improvement proposals which cannot be imitated by third parties (e. g. use of a secret process; use of products that cannot be analyzed). The technical improvement proposal must ensure such advantaged position by itself; if it is applied to an apparatus that has already achieved such competitive advantage, compensation need be paid only to the extent that such proposal gives a new competitive advantage independent of the existing advantaged position. In establishing the value of the technical improvement proposal as provided in Section 20(1) of the Law, the same methods apply as are customary in establishing the invention value for inventions capable of industrial property protection. Only the actual exploitation by the employer is however relevant in this connection; the industrial exploitability of an invention that is not worked (Dir. 24) is not to be considered. Compensation payments may not or may no longer be required as soon as the competitive advantage disappears because the technical innovation has become so widely known that competitors may also rightfully use it.

Part II — Participation Factor

30. The invention value established in accordance with Part I must be reduced by a given amount to allow for the fact that it is not a free invention. The employee's share in the invention value after such deduction is made, is expressed as the participation factor, given as a percentage.

The participation factor depends upon:

- (a) the posing of the problem;
- (b) the solution of the problem;
- (c) the duties and position of the employee in the enterprise.

The table in Directive 37 lists points for the individual groups in the Tables (a), (b), and (c) to assist in calculating the participation factor. If, in a specific case, a value in between those given in the separate groups appears appropriate an intermediate value may be used (e. g. 3.5).

(a) Posing the Problem

31. The employee's share in making a service invention increases in proportion to the greater initiative on his part in posing the problem and in his contribution in recognizing the shortcomings and needs of an operation. These possibilities may be taken into account on the basis of the following six groupings:

The occasion for an employee to make an invention arose:

- (1) because the employer posed a problem for him indicating directly the approach to be taken in solving it (1 point);
- (2) because the employer posed a problem for him without indicating directly the approach to be taken in solving it (2 points);
- (3) without having the employer pose a problem for him, but as a result of a knowledge — obtained through his employment — of the shortcomings and needs, where the inventor did not recognize these shortcomings and needs himself (3 points);
- (4) without having the employer pose a problem for him, but as a result of a knowledge — obtained through his employment — of the shortcomings or needs, where the inventor recognized these shortcomings and needs himself (4 points);
- (5) because he himself posed a problem falling within his range of duties (5 points);
- (6) because he himself posed a problem falling outside his range of duties (6 points).

For group 1 it does not matter whether the employer indicated a specific method of solution at the time the problem was posed or at a later date, unless the inventor had already taken steps in the direction of the specified solution approach. For inventions falling into groups 3 or 4, where the employer specified a specific approach to a solution to the inventor at a later date, it may be appropriate to assign fewer points to the invention, unless the inventor had already taken steps in the direction of the specified solution approach. Should the problem for groups 3 or 4 fall outside the range of duties of the inventor, it might be appropriate to assign a higher point rating to the invention.

Another fact to be taken into account is that posing the problem of itself may already provide a direct indication of how it should be solved, if that problem is narrowly confined. On the other hand, generalized instructions (e. g. to watch for inventions) should not be considered specific outlines of a problem within the meaning of this rating scale.

(b) Solving the Problem

32. The following aspects should be considered in arriving at the points assigned to solving a problem:

- (1) the solution was found with the aid of the inventor's professional approach to the problem;
- (2) the solution found was based on activity or knowledge customary in the enterprise;
- (3) the employer aided the inventor by providing technical assistance.

If all of these characteristics apply to a given invention, 1 point is assigned to the solution of the inventive problem. If none of these features are present, 6 points are assigned.

If these three characteristics apply only in part for a given invention, the points assigned to the solution lie between 1 and 6. In determining the number of points assigned to the solution of a problem, the individual circumstances should also be considered with respect to the significance of the three characteristics listed above (e. g. the extent to which technical assistance was provided).

For the purposes of this Directive, a professional approach to the problem means one which results from the knowledge and experience familiar to the employee and required of him in fulfillment of his assigned duties.

For the purposes of this Directive, the activities or knowledge customary in the enterprise means the know-how within a given operation, working methods, incentives, gained experiences, instructions, etc. which led the inventor to his solution or substantially simplified the process of achieving it.

For the purposes of this Directive, technical assistance means the sources of power, raw materials and equipment for an operation that substantially contributed toward achieving a service invention because of their availability. The availability of personnel is to be given the same weight as the availability of technical assistance. Not to be considered as technical assistance within the meaning of this Directive is the labor supplied by the inventor as well as general expenditures for research, laboratory equipment, and apparatus, that would have been incurred in any event.

(c) Duties and Position of the Employee in the Enterprise

33. An employee's share of the invention value diminishes proportionally as his position provides him with more insight into production and development activities in his enterprise and as the expectation increases that he will contribute toward technical achievements of his employer because of the position and salary paid to him at the time the invention report was made. The position at the place of employment is understood not as the nominal but as the true position held by an employee, based on the duties assigned to him and the insight that he may have into the life of the enterprise.

34. One might distinguish between the following categories of employees, whereby the assigned number of points increases in proportion to a diminished expectation of performance level:

Group 8: to this group belong employees for the most part without training for the activities to be performed in the enterprise (e. g. untrained workmen, temporary (unskilled) help, trainees, apprentices) (8 points);

Group 7: this group includes employees with a practical technical training (e. g., skilled workers, laboratory technicians, assembly men, draftsmen) even if they have already been assigned minor supervisory duties (e. g., as foremen, substituting foremen, shift bosses, group leaders). Such employees are generally expected to apply a certain amount of technical understanding in completing their

assignments. Nevertheless, it should be kept in mind that in general a solution to technical problems of construction or of methods cannot be expected from the occupations within this group (7 points);

Group 6: members of this group carry out supervision at a lower level (e. g., master craftsmen, shop masters or foremen) or have received a somewhat better-grounded technically oriented education (e. g., as laboratory chemists or technical assistants). These employees are generally expected to suggest methods for rationalizing their work, as well as simple technical innovations (6 points);

Group 5: to this group belong employees who have received a higher scientific education at a university, a polytechnic institute, a technical institute of higher learning, or an engineering school or similar institution and whose work is related to production. Such employees can be expected to possess a keen technical interest in addition to the ability to solve certain problems of construction or methods (5 points);

Group 4: included here are those supervising production (section managers, i. e. engineers and chemists who direct the activities of other engineers and chemists) and those engineers and chemists employed in development work (4 points);

Group 3: to this group belong, in the field of production, the supervisors of a complete production unit (e. g. the technical head of a department or plant manager); for development work, the section managers of construction offices and development laboratories; in research work, engineers and chemists (3 points);

Group 2: to this group belong the heads or managers of development sections or departments, as well as section managers in research (2 points);

Group 1: placed first are the heads of all research departments within a given company and the technical directors of larger corporations (1 point).

The preceding arrangement of categories can only serve as a point of reference. Classification into a particular group must always consider actual circumstances, taking into account the details provided in Directives 33, 35, and 36. In smaller companies, for example, the heads of research departments will frequently not belong to group 1 but — according to specific circumstances — to groups 2, 3, or 4. Furthermore, classification of activities into production, development, or research is not always justified, since in some companies, for instance, employees working in development are more closely associated with possibilities for inventions than are employees actively engaged in research.

35. If there are inconsistencies between the amount of the salary and the range of duties, it might be justified to place the inventor in a higher or lower group because pay and expected productivity are interrelated. This should be considered especially in relation to younger or older employees within the same group. As a rule, an employee's salary increases with his age, supported for the most part by the view that increased experience based on the length of employment

yields greater productivity. Accordingly, an older employee with a higher salary in a given group might more appropriately be classified in the next group below, whereas a younger employee with less income should be moved to the next group above. Another fact to be considered is that executive employees are not generally expected to concern themselves with technical details. Executive employees, especially in large companies, are frequently farther away from technical development than are development engineers or plant engineers. Accordingly, such instances also call for a correction of the group designation. A further reference point for classifying an employee will generally be his previous training or education. This aspect has no influence, however, if the employee's education is not being used by the enterprise. On the other hand, one needs to take into account that employees who have acquired considerable technical knowledge without previous formal education and are employed and paid for such experience, should be assigned to the appropriate lower group (one with a lower number of points, e. g. from group 6 to group 5).

36. No technical achievements are customarily expected from employees engaged in commercial or business practices who have had no previous technical education or training. A different rule might be applied to so-called technical business representatives and business administration employees on a supervisory level (head of a business administration or commercial department; administrative and business managers). Classification of these persons will have to be decided separately for each case.

Table

37. The participation factor can be calculated from the following table:

$a+b+c$	=	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	(20)
A	=	2	4	7	10	13	15	18	21	25	32	39	47	55	63	72	81	90	(100)

In this table:

- a = points assigned in relation to the posing of the problem;
- b = points assigned in relation to the solution of the problem;
- c = points assigned in relation to the duties and position in the enterprise;
- A = the participation factor (the employee's share in the invention value being given as a percentage).

The sum obtained from adding (a), (b), and (c) need not be a whole number. If intermediate values (e. g. 3.5) were taken as points of reference, the participation factor will be somewhere in between the figures mentioned. The values of 20 and 100 have been placed in parentheses since, in this case at least, a free invention is involved.

Absence of Compensation

38. Where the participation factor is very low and the invention value is also small, it will be permissible to reduce the compensation assessed in accordance with the preceding Directives to a nominal amount in recognition or to dispense with it entirely.

Part III — Calculating the Compensation Payment

I. The Equation

39. Compensation calculated on the basis of the invention value and the participation factor can be expressed in terms of the following equation:

$$V = E \times A$$

where:

- V = the compensation payable;
- E = the invention value;
- A = the participation factor given as a percentage.

The invention value established by the license analogy is given as:

$$E = B \times L$$

where:

- E = the invention value;
- B = the unit of reference;
- L = the royalty rate given as a percentage.

In the second equation, the unit of reference may be a sum of money or a number of pieces. If the unit of reference is a sum of money, the royalty rate is given as a percentage (e. g. 3 % of 100,000 marks). On the other hand, if a number of pieces or a unit of weight is taken as the unit of reference, the royalty rate amounts to a sum of money per piece or per weight unit (e. g. 0.10 marks per piece or weight unit of the product sold).

Taken together, the above equation yields the following for establishing compensation payments by the license analogy method:

$$V = B \times L \times A$$

For the above, B always denotes the corresponding unit of reference (sales volume, production). B may cover the entire term of the industrial property right (or the total amount of time otherwise relevant in accordance with Dir. 42), or B may cover a specific cycle in time (e. g. one year); the equation thus yields compensation for the entire term (V) or for a specific period of time (hereinafter referred to as V_j for a yearly assessment). If the compensation amount was established by combining the license analogy method with the sales volume (U), calculation would be made in accordance with this equation:

$$V = U \times L \times A$$

or for a yearly assessment:

$$V_j = U_j \times L \times A$$

Example: Given annual sales of 400,000 marks, a royalty rate of 3 % and a participation factor of ($a + b + c = 8 =$) 15 %, compensation for a single year would be 1,800 marks:

$$V_j = 400,000 \times \frac{3 \times 15}{100 \times 100}$$

II. The Mode of Compensation Payment

40. Compensation payments can be in the form of continued participation in the benefit. If the compensation amount depends upon sales volume, production, or the measurable benefit to the enterprise, it would be appropriate to

calculate the amount retroactively; in such circumstances yearly settlement is advisable, whereby appropriate installments should be paid to the extent that this appears suitable. If a service invention is being exploited through licenses, the compensation payments schedule will generally have to be adjusted to that of the license payments received.

Sometimes it may be appropriate to pay a fixed amount (lump-sum settlement) in one or several installments.

This would apply particularly to the following circumstances:

- (a) minor inventions for which annual accounting would be too costly;
- (b) a service invention used as a reserve or improvement patent;
- (c) the position held by an inventor is such that he could influence the working of his service invention or influence the development of additional, related inventions; in this case it may be advisable to pay a fixed compensation amount in one or more installments, to avoid a conflict of interest.

In practice, a combination of both methods of payment is seen where a licensee makes a single fixed payment and the licensor thereafter continues to participate in the receipts from use of the invention. This type of arrangement might also be an appropriate way to settle compensation payments.

41. In practice, only very few patents are kept in force for the total patent term of 18 years. In assessing a lump-sum settlement for patentable inventions, it has often proved justified to assume the average patent to run for one third of the total patent term, thus for six years. If a substantial change has occurred in the circumstances essential to ascertaining or fixing the compensation, the employer and employee can require the other to consent to a different compensation arrangement under Section 12(6) of the Law.

III. Period to Serve as Basis for Calculating Compensation Payments

42. The period relevant for calculating continuing compensation payments generally ends, for cases where unlimited claims to the invention are made, when the industrial property rights cease to exist. The same applies where limited claims to the invention are made and an industrial property right is granted. Directive 25 should be consulted for the length of a compensation period where limited claims to an invention are made. In exceptional cases it may be justified, with a view to achieving fairness of compensation, to extend payment beyond the term of the industrial property right. This would apply for example to inventions which are actually worked only during the final years of the term of protection, and where particular circumstances — gained by the patentee during the term — have caused the competitive advantage of protection to subsist. Such particular circumstances might exist, for example, if the invention pertains to a protected process for which considerable internal know-how is required to make it operate, and such know-how is not readily available to competitors upon expiration of industrial property protection.

43. If the validity of an industrial property right may be challenged, the employer is nevertheless obliged to make compensation payments until a decision of invalidity has been rendered, because up to that point the employer has actually been in a position to utilize the invention and has achieved a more favorable competitive position than would have been possible if he had not made a claim to the invention. For the purposes of the right to compensation, apparent or presumed invalidity are equated with actual invalidity where it turns out that the industrial property right has lost its former economic effect so that an employer cannot be expected to continue compensation payments. This is especially the case if competitors can copy the subject of the industrial property right without fear of an infringement suit.

ITALY

Decrees concerning the Temporary Protection of Industrial Property Rights at Exhibitions

(of May and June 1972) *

Sole Section

Industrial inventions, utility models, designs and trademarks relating to objects appearing at the following exhibitions:

Salone mercato internazionale dell'abbigliamento SAMIA e MODASELEZIONE (Turin, September 8 to 11, 1972);

X^a Mostra mercato internazionale degli articoli casalinghi, cristallerie, ceramiche, argenterie, articoli da regalo, ferramenta e utensileria (Milan, September 9 to 12, 1972);

X^a Mostra internazionale del marmo e delle macchine per l'industria marmifera (S. Ambrogio di Valpolicella (Varese), September 9 to 17, 1972);

Modamaglia — Salone della maglieria italiana (Bologna, September 15 to 18, 1972);

V^o SUDPEL — Salone italiano della pelletteria e del guanto (Naples, September 16 to 19, 1972);

IX^a SMAU — Salone internazionale macchine, mobili, attrezzature ufficio (Milan, September 23 to 28, 1972);

XII^o Salone del mobile italiano (Milan, September 23 to 30, 1972);

XXVII^a Mostra internazionale delle industrie per le conserve alimentari (conserve, imballaggi, impianti ed attrezzature industriali) (Parma, September 23 to October 1, 1972);

XXII^a Salone internazionale della tecnica and IX^o Salone internazionale della montagna (Turin, September 23 to October 2, 1972);

XV^a Mostra internazionale del tessile — macchine, apparecchiature e accessori (Busto Arsizio (Varese), October 1 to 10, 1972);

* Official communications from the Italian Administration.

X^a Mostra internazionale dei trasporti interni e del magazzino — manutenzione "TRAMAG'72" (Padua, October 4 to 8, 1972);

VIII^a SAIE — Salone internazionale dell'industrializzazione edilizia (Bologna, October 7 to 15, 1972);

VIII^a Biennale italiana della macchina utensile BI-MU (Milan, October 8 to 15, 1972);

Salone internazionale delle materie plastiche PLAST 72 (Milan, October 8 to 15, 1972);

VII^a Esposizione internazionale delle attrezzature per il commercio e il turismo — EXPO CT '72 (Milan, October 15 to 22, 1972);

II^a MIPAN — Salone nazionale delle macchine, impianti e prodotti per la panificazione e la pasticceria (Milan, October 15 to 22, 1972);

III^a NAUTICSUD — Salone nazionale della nautica per il mezzogiorno e l'oltremare (Naples, October 28 to November 5, 1972);

LIV^a Salone internazionale dell'automobile (Turin, November 1 to 12, 1972);

IV^a Mostra delle attrezzature per odontotecnica — EXPO TECNO DENTAL and II^a Mostra nazionale delle attrezzature per odontoiatria — EXPO MEDI DENTAL (Milan, November 4 to 8, 1972)

shall enjoy the temporary protection established by the decrees mentioned in the preamble ¹.

¹ Royal Decrees No. 1127 of June 29, 1939, No. 1411 of August 25, 1940, No. 929 of June 21, 1942 and Law No. 514 of July 1, 1959. (See *La Propriété industrielle* 1939, p. 124; 1940, pp. 84 and 196; 1942, p. 168; 1960, p. 23.)

GENERAL STUDIES

The Threat to our Environment and the Protection of Intellectual Property

By Rudolf E. BLUM *

**Employees' Inventions — Law and Practice
in the Federal Republic of Germany**

By Hans SCHADE *

*LETTERS FROM CORRESPONDENTS***Letter from Italy**

By Remo FRANCESCHELLI *



NEWS FROM PATENT OFFICES

INDIA *

.....

Applications for Registration

During the year under report there has been a slight decrease in the filing of applications for registration of trade marks. As against 7,692 applications filed in the previous year, this year only 7,544 applications were received. This was because there was a slight fall in the number of foreign applications. While in the previous year 1,483 applications from foreign applicants were received, this year only 1,304 applications were filed by foreign applicants. Out of these, 7,405 applications were for registration in Part A of the Register and 139 applications were for registration in Part B.

Trend of Applications

Out of the 7,544 applications, 6,240 (82%) were from Indian applicants and only 1,304 (17%) were from foreign applicants. Markwise, 4,237 applications were for registration of word marks, 2,991 for device marks, 76 for letter marks, 179 for numeral marks and 61 applications were for marks consisting of a combination of letters and numerals.

As in the previous year, the largest number of applications for registration of trade marks was received in Class 5 (Pharmaceuticals, veterinary and sanitary substances) (14%). Next in order came Classes 3 (Soaps, perfumery, cosmetics etc.) (9%), and 24 (Tissues piece goods etc.) (8%). The proportion of foreign applications was largest in Class 5, where 38% of the applications were from foreign applicants...

Requests for Search

During the year under report there has been a slight fall in the requests for search under Rule 24(1) of the Trade and Merchandise Marks Rules, 1959. As compared to the previous year's figure of 4,056, during the year under report only 4,030 requests were received.

Preliminary Advice of the Registrar as to Distinctiveness

Applications for preliminary advice of the Registrar under Section 103(1) of the Trade and Merchandise Marks Act, 1958, and Rule 23 of the Trade and Merchandise Marks Rules, 1959, registered an increase this year. While in the previous year 508 such applications were filed, this year 646 applications were filed.

Advertisement of Applications

During the year 4,502 applications were advertised in the Trade Marks Journal, out of which 2,003 required printing blocks...

Oppositions and Rectification Proceedings (Sections 21 and 56, Rules 51 to 60 and 94 to 97)

535 notices of oppositions to applications for registration of trade marks and 97 applications for rectification of the Register were filed during this year. Of these, 220 oppositions and 42 applications for rectification of the Register were filed at the Head Office of the Registry at Bombay and the rest at the Office of the Registry at Calcutta, Madras and New Delhi.

Hearings

During the year 714 hearings were posted in respect of oppositions, rectifications and interlocutory petitions and 2,957 hearings were posted in respect of applications for registration of trade marks. Out of these, 439 oppositions and rectifications and 1,440 applications were finally disposed of...

Appeals (Section 109, Rules 121, 122)

During the period under report, 44 appeals were preferred in the various High Courts of India from the decisions and orders of the Registry, and one appeal was filed in the Supreme Court of India. In the appeals decided, in 7 cases Registry's decisions were upheld, and in 3 cases Registry's decisions were reversed.

Complaints under Section 81 of the Act

There was a decrease in the number of complaints under Section 81, which provides for penalty for falsely representing a trade mark as registered. As compared to 16 in the previous year, only 7 complaints under Section 81 were received during the year and, of these, 2 were disposed of and the rest are under correspondence.

Registration

As against 3,219 trade marks registered in the previous year, during the year under report, 3,903 trade marks were registered — 3,193 in Part A and 710 in Part B of the Register...

Renewal of Registration

Registration of 6,089 marks were renewed during the period under report as against 5,778 during the previous year. 2,283 marks were removed from the Register on account of non-payment of renewal fees and 114 marks were subsequently restored to the Register.

Assignment and Transmission of Registered Trade Marks

1,928 assignments of trade marks were recorded in the Register, out of which 1,902 were along with the goodwill of the business and 26 otherwise than in connection with the goodwill of the business. Other entries such as alterations of names, business address etc. made in the Register totalled 2,795. The number of assignments and other alterations notified in the Trade Marks Journal was 3,850.

* Extracts from the Annual Report of the Indian Controller-General of Patents, Designs and Trade Marks for the year ending March 31, 1971.

Registration of Registered Users

There has been a substantial fall in the applications to register registered users of trade marks. As against 435 applications in the previous year, only 167 applications for registration as registered users, involving 253 trade marks, were received this year. In the case of 139 trade marks, registered users were registered.

.....

Certification Trade Marks

Eight applications for registration of certification trade marks were received during the year under report.

Revenue and Expenditure

The income of the Trade Marks Registry for 1970-71 was 1,269,442 rupees, while the expenditure was 1,320,761 rupees.

General

The Trade and Merchandise Marks Act came into force on 25th November, 1959. During the period of 10 years from 1960 to 1970, the number of applications has registered an increase of 23 % and the income also increased from 750,000 to 1,200,000 rupees.

CALENDAR

WIPO Meetings

September 26 to October 6, 1972 (Berne) — International Patent Classification (IPC) — Working Group IV of the Joint ad hoc Committee

October 2 to 9, 1972 (Geneva) — Patent Cooperation Treaty (PCT) — Standing Subcommittee of the Interim Committee for Technical Cooperation
Members: Austria, Germany (Fed. Rep.), Japan, Netherlands, Soviet Union, Sweden, United Kingdom, United States of America, International Patent Institute — *Observer:* Brazil

October 4 to 9, 1972 (Geneva) — Patent Cooperation Treaty (PCT) — Interim Committee for Technical Assistance, Interim Committee for Technical Cooperation and Interim Advisory Committee for Administrative Questions
Members: States which have signed or acceded to the PCT — *Observers:* Intergovernmental and international non-governmental organizations concerned

October 9 to 13, 1972 (Munich) — ICIREPAT — Technical Committee for Standardization

October 16 to 20, 1972 (Nairobi) — African Seminar on Intellectual Property

Object: Discussion on the role of intellectual property in the development of African States — *Invitations:* Botswana, Burundi, Cameroon, Central African Republic, Chad, Congo, Dahomey, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Swaziland, Togo, Uganda, United Republic of Tanzania, Upper Volta, Zaire, Zambia — *Observers:* Intergovernmental and international non-governmental organizations concerned

October 16 to 20, 1972 (Geneva) — ICIREPAT — Technical Committee for Computerization

October 23 to 27, 1972 (Geneva) — ICIREPAT — Technical Committee for Shared Systems

October 23 to 27, 1972 (Geneva) — ICIREPAT — Advisory Board for Cooperative Systems

October 30 to November 3, 1972 (Geneva) — Committee of Experts on a Patent Licensing Convention

Object: Study of problems concerning the transfer of technology to developing countries and patent licensing — *Invitations:* Algeria, Argentina, Brazil, Chile, Colombia, Czechoslovakia, Egypt, France, Germany (Fed. Rep.), India, Indonesia, Iran, Japan, Kenya, Mexico, Pakistan, Philippines, Senegal, Soviet Union, Spain, Sudan, Sweden, Switzerland, Thailand, United Kingdom, United States of America, Venezuela, Zaire — *Observers:* Intergovernmental and international non-governmental organizations concerned

November 20 to 25, 1972 (Munich) — International Patent Classification (IPC) — Bureau of the Joint ad hoc Committee

November 28 to December 1, 1972 (Munich) — International Patent Classification (IPC) — Joint ad hoc Committee

December 4 to 8, 1972 (Geneva) — International Patent Classification (IPC) — Working Group of the Joint ad hoc Committee

December 13 to 15, 1972 (Geneva) — ICIREPAT — Technical Coordination Committee

- February 12 to 16, 1973 (London) — International Patent Classification (IPC) — Working Group V of the Joint ad hoc Committee
- March 20 to 30, 1973 (*) — International Patent Classification (IPC) — Bureau of the Joint ad hoc Committee
- April 2 to 6, 1973 (*) — International Patent Classification (IPC) — Joint ad hoc Committee
- April 9 to 13, 1973 (Geneva) — Committee of Experts on a Model Law for Developing Countries on Appellations of Origin
Object: To study a Draft Model Law — *Invitations:* Developing countries members of the United Nations — *Observers:* Intergovernmental and international non-governmental organizations concerned
- May 7 to June 2, 1973 (Vienna) — Diplomatic Conference on: (a) the International Registration of Marks, (b) the International Classification of the Figurative Elements of Marks, (c) the Protection of Type Faces
- June 4 to 8, 1973 (*) — International Patent Classification (IPC) — Working Group I of the Joint ad hoc Committee
- June 18 to 22, 1973 (*) — International Patent Classification (IPC) — Working Group II of the Joint ad hoc Committee
- July 2 to 6, 1973 (*) — International Patent Classification (IPC) — Working Group III of the Joint ad hoc Committee
- July 9 to 13, 1973 (*) — International Patent Classification (IPC) — Working Group IV of the Joint ad hoc Committee
- September 10 to 14, 1973 (*) — International Patent Classification (IPC) — Working Group V of the Joint ad hoc Committee
- September 24 to October 2, 1973 (Geneva) — Administrative Bodies of WIPO (General Assembly, Conference, Coordination Committee) and of the Paris, Berne, Madrid, Nice, Lisbon and Locarno Unions (Assemblies, Conferences of Representatives, Executive Committees)
- October 29 to November 2, 1973 (*) — International Patent Classification (IPC) — Bureau of the Joint ad hoc Committee
- November 5 to 9, 1973 (*) — International Patent Classification (IPC) — Joint ad hoc Committee

* Place to be notified later.

UPOV Meetings

- October 10 and 11, 1972 (Aarslev) — Technical Working Party for Vegetables
- November 7 to 10, 1972 (Geneva) — Diplomatic Conference
Object: Amendment of the Convention
- November 8 and 9, 1972 (Geneva) — Council
- December 5 to 7, 1972 (Geneva) — Working Group on Variety Denominations
- March 13 and 14, 1973 (Geneva) — Technical Steering Committee
- July 2 to 6, 1973 (London/Cambridge) — Symposium on Plant Breeders' Rights

Meetings of Other International Organizations concerned with Intellectual Property

- October 9 to 11, 1972 (The Hague) — International Patent Institute — Administrative Council
- October 13 to 21, 1972 (Mexico) — International Confederation of Societies of Authors and Composers — Congress
- October 16 to 27, 1972 (Brussels) — European Economic Community — "Community Patent" Working Party
- November 12 to 18, 1972 (Mexico) — International Association for the Protection of Industrial Property — Congress
- December 11 to 15, 1972 (The Hague) — International Patent Institute — Administrative Council
- February 13 to 23, 1973 (Brussels) — European Economic Community — "Community Patent" Working Party
- May 20 to 26, 1973 (Rio de Janeiro) — International Chamber of Commerce — Congress
- October 28 to November 3, 1973 (Jerusalem) — International Writers Guild — Congress

VACANCIES IN WIPO

Applications are invited for the following posts:

Competition No. 184

Head, PCT Section

(Industrial Property Division)

Category and grade: P. 4/P. 5, according to qualifications and experience of the incumbent.

Principal duties:

Under the supervision of the Head of the Industrial Property Division, the incumbent will be responsible for directing the activities of the PCT Section in the definition and carrying out of the WIPO program in relation to the implementation and execution of the Patent Cooperation Treaty*. The principal duties of the post may be summarized as follows:

- (a) participation in the development of the program and in the preparation of proposals for consideration in WIPO and by the various committees of the PCT and the administrative bodies of WIPO;
- (b) implementation and follow-up of such program and proposals, when approved, including studies, drafting of documents, preparation of meetings and representation of WIPO therein, and preparation of reports of such meetings;
- (c) maintaining relations with governmental and non-governmental organizations, consultants and experts dealing with matters of interest to the PCT.

Qualifications required:

- (a) University degree in law or equivalent qualification.
- (b) Wide experience in industrial property including its international aspects as well as a thorough knowledge of the procedures in different countries concerning industrial property rights (in particular patent procedures).
- (c) Ability to supervise and direct a group of highly-qualified officials of different nationalities and to coordinate efficiently their activities.
- (d) Capacity for critical analysis and for the preparation of documents relating to industrial property rights.
- (e) Ability to act as a representative of WIPO in international meetings.
- (f) Excellent knowledge of either English or French and a good knowledge of the other. Ability to work in other languages would be an advantage.

Closing date: October 15, 1972.

* See annex below.

ANNEX

Main items in the WIPO PCT program:

- (i) surveys and studies in the fields of documentation and searching and examination techniques intended to facilitate the completion and maintenance of the required patent collections of the prospective International Searching and International Preliminary Examining Authorities, to coordinate the efforts of abstracting and translating services of interest to those Authorities, and to harmonize the working methods of such Authorities;

- (ii) studies and drafting model provisions with a view to facilitating the implementation of the PCT by national legislations or regional organizations of the Contracting States;
- (iii) drafting Administrative Instructions and forms necessary for the efficient processing of international applications in the International Bureau and for facilitating communications between the international applicants, receiving, designated and elected Offices, International Searching and International Preliminary Examining Authorities, and the International Bureau;
- (iv) surveys, studies and elaboration of measures as provided under Chapter IV of the PCT, particularly with a view to organizing technical assistance to developing countries in the fields of patent legislation and administration, establishment and operation of patent documentation centers;
- (v) preparation of documents for and servicing of meetings of various PCT committees in connection with the above activities, as well as preparation of documents pertaining to the PCT activities for the purposes of the administrative bodies of the Paris Union and WIPO.

Competition No. 187

Technical Counsellor — ICIREPAT Section

(Industrial Property Division)

Category and grade: P. 4

Principal duties:

The incumbent will assist the Head of the ICIREPAT Section in the implementation of WIPO's technical program in the field of patent documentation and information retrieval within the framework of the program of the Paris Union Committee for International Cooperation in Information Retrieval among Patent Offices (ICIREPAT).

His particular duties will include:

- (a) participation in the preparation of WIPO's program in the above-mentioned field, consisting at present of the following items:
 - (i) establishment of magnetic tape standards for international exchange of data among Patent Offices;
 - (ii) study of the usefulness of various computerized or computer-aided storage and retrieval systems with respect to patent documents;
 - (iii) coordination of the indexing work being done under the "shared systems" program;
 - (iv) establishment of recommendations on the physical layout of patent and like documents;
 - (v) maintenance and updating of a survey of existing and planned production of microforms;
 - (vi) establishment of microform standards;
 - (vii) study of requirements for recording texts and bibliographic data of patent documents in machine-sensible form for phototypesetting or photocomposition.
- (b) preparation of meetings organized by WIPO, especially by preparing documents for and reports on such meetings;
- (c) preparation of reports on the work performed and planned in the above-mentioned field of activity;
- (d) assistance in coordinating the work of the International Patent Institute and of the Patent Offices which participate in the technical program relating to the above-mentioned fields;
- (e) participation in the meetings of other international organizations dealing with patent documents and information retrieval.

Qualifications required:

- (a) University degree in a relevant field of science or technology or qualifications equivalent to such degree.
- (b) Thorough knowledge and practical experience in the use of ADP equipment for information retrieval.
- (c) Excellent knowledge of either English or French and a good knowledge of the other.

Practical experience in dealing with documentation problems in the patent field would be an advantage.

Closing date: October 23, 1972.

Competition No. 188

Technical Assistant — ICIREPAT Section
(Industrial Property Division)

Category and grade: P. 3

Principal duties:

The incumbent will assist in the implementation of WIPO's technical program in the field of patent documentation and information retrieval within the framework of the program of the Paris Union Committee for International Cooperation in Information Retrieval among Patent Offices (ICIREPAT).

His particular duties will include:

- (a) assistance in the preparation of WIPO's program in the above-mentioned fields, consisting at present of the following items:
 - (i) establishment of magnetic tape standards for international exchange of data among Patent Offices;
 - (ii) study of the usefulness of various computerized or computer-aided storage and retrieval systems with respect to patent documents;
 - (iii) coordination of the indexing work being done under the "shared systems" program;
 - (iv) establishment of recommendations on the physical layout of patent and like documents;
 - (v) maintenance and updating of a survey of existing and planned production of microforms;
 - (vi) establishment of microform standards;
 - (vii) study of requirements for recording texts and bibliographic data of patent documents in machine-sensible form for phototypesetting or photocomposition.
- (b) assistance in the preparation of meetings organized by WIPO, especially by preparing documents for and reports on such meetings;
- (c) assistance in the preparation of reports on the work performed and planned in the above-mentioned field of activity;
- (d) assistance in coordinating the work of the International Patent Institute and of the Patent Offices which participate in the technical program relating to the above-mentioned fields.

Qualifications required:

- (a) University degree in a relevant field of science or technology or qualifications equivalent to such degree.
- (b) Good knowledge and experience in the field of information retrieval.
- (c) Excellent knowledge of either English or French and a good knowledge of the other.

Practical experience in the processing of patent applications, especially as a patent examiner, and in dealing with documentation problems in the patent field, would be an advantage.

Closing date: October 23, 1972:

Competition No. 189

Head of the International Trademark Registration Section
— in Charge of Classifications
(International Registrations Division)

Category and grade: P.1/P.2 according to the qualifications and experience of the incumbent.

Principal duties:

- (a) In his capacity of Head of the Section, the incumbent will perform, in particular, the following tasks:
 - (i) organization of the work of the Section;
 - (ii) training of new staff members assigned to the Section;
 - (iii) supervision and, according to the needs of the Section, participation in the work relating to the examination of applications for registration of trademarks and requests for renewal as to their conformity with the provisions of the Madrid Agreement and its Regulations; correspondence with national administrations, owners of trademarks or their agents when the application or request does not meet the required conditions;
 - (iv) drafting of written instructions concerning the interpretation of the applicable Agreements and the carrying out of the work of the Section; drawing up or revising the forms used for the requirements of the service; instructions concerning the establishment of the annual tables relating to registrations, renewals and modifications, as well as of the statistics for international registrations and renewals;
 - (v) contacts with national administrations and individuals requesting information on the international registration of trademarks.
- (b) As the person in charge of classifications, the incumbent will perform the following tasks:
 - (i) taking decisions on the classification of goods and services, particularly in the case of disagreement with a national administration;
 - (ii) preparation of working documents and reports concerning the work of the Committee of Experts on the international classification of goods and services for the purposes of the registration of marks, and of the Committee of Experts on the international classification for industrial designs;
 - (iii) collaboration in the working out of proposals relating to the application or revision of the Madrid, Nice and Locarno Agreements;
 - (iv) replacing the Head of the International Register of Trademarks Section in the latter's absence;
 - (v) other tasks of a similar nature as instructed by the Head of the Division.

Qualifications required:

- (a) University degree in a relevant field (preferably in law) or qualifications equivalent to such a degree.
- (b) Very good knowledge of French and a good knowledge of English. Additional linguistic qualifications (especially in German and Spanish) would be a great advantage.
- (c) Ability in drafting documents and correspondence.
- (d) Analytical sense and methodical approach.
- (e) Ability to supervise a specialized service (at present comprising five persons).
- (f) To accomplish the above-mentioned tasks, the incumbent must have a thorough knowledge of the relevant texts (Paris Convention; Madrid Agreement Concerning the International Registration of Marks and its Regulations; Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks; Locarno Agreement Establishing an International Classification for Industrial Designs) as well as of the Classifications established by the last two Agreements.

Closing date: October 23, 1972.

*Competition No. 190**External Relations Officer*

(External and Public Relations Division)

*Category and grade: P. 3**Principal duties:*

The incumbent will, in general, assist the Head of the Division in the matter of WIPO's relations with Member States and inter-governmental organizations as well as in the accomplishment of other tasks devolving upon the Division.

In this connection his duties will include in particular:

- (a) contacts with Government authorities, concerning matters within the competence of the Division;
- (b) participation in preparation and organization of meetings held by WIPO and drafting of documents, particularly when they concern the field of intellectual property rights in developing countries;
- (c) contacts with intergovernmental organizations, especially those of the United Nations system;
- (d) participation in meetings of such organizations;
- (e) drawing up of reports and other working documents dealing with the activities of those organizations, to the extent that such activities are of interest to WIPO.

Qualifications required:

- (a) University degree in law or other university qualification in a relevant field (in particular, political science or public administration).
- (b) Familiarity with the activities and procedures of the United Nations, its bodies and specialized agencies. Some knowledge of intellectual property, especially its international aspects, would be an advantage.
- (c) Excellent knowledge of English and at least a good knowledge of French.

Closing date: November 30, 1972.

With regard to the posts mentioned above:

Nationality:

Candidates must be nationals of one of the Member States of WIPO or of the Paris or Berne Unions. Qualifications being equal, preference will be given to candidates who are nationals of States of which no national is on the staff of WIPO.

Age Limit:

- Competition No. 184: in the case of appointment on a probationary basis: grade P. 5, less than fifty-five at date of appointment; grade P. 4, less than fifty at date of appointment.
- Competition Nos. 187, 188 and 189: less than fifty at date of appointment.
- Competition No. 190: in the case of appointment on a probationary basis, less than fifty at date of appointment.

Date of entry on duty:

To be agreed.

Applications:

Application forms and full information regarding the *conditions of employment* may be obtained from the Head of the Administrative Division, WIPO, 32, chemin des Colombettes, 1211 Geneva, Switzerland. Please refer to the number of the competition.