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Key IP issues in collaborative research in France  
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# Key IP issues in collaborative research in France

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The transformation of scientific knowledge into exclusive property rights stimulates and promotes further research. For this reason, anyone wishing to enter into a collaborative research project should take a number of practical steps in order to protect the ensuing intellectual property rights and anticipate the ownership and exploitation of those rights.

The best way to achieve this objective, and to avoid any future conflict regarding the results of the research, is to enter into a contractual relationship at the outset of the research relationship. In addition to contractual rules, specific remedies and proceedings can be used in case of dispute as to the ownership of a patent resulting from collaborative research.

## Research relationship and collaborative research contracts

Much academic work now involves the creation of inventions. Pursuant to Article L 611-6 of the French Intellectual Property Code (IPC), the right to a patent shall belong to the inventor. However, if several persons have created an invention separately, the right to the patent shall belong to the person who can prove the earliest date of filing for patent protection with the French Industrial Property Office or the European Patent Office.

In this respect, while in the United States patent ownership is determined by the “first to invent” rule, in France it is based on the “first to file” principle.

Thus, at the outset of a collaborative research relationship between, for example, a university and a private life sciences company, it is highly recommended that contractual provisions be drawn up on the ownership and exploitation of patentable inventions.

## Ownership of a patent resulting from collaborative research

At the outset of the relationship, it is recommended to agree through contractual provisions on who will be the patent applicant – since this will determine ownership of the patent – and/or the beneficiary of this application (through a licensing agreement, for instance).

In determining ownership of a patent, a distinction must be made between employee inventions and inventions resulting from a contract that does not involve an employment relationship. It is important to know whether an employee invention will be attributed to the employer by effect of law before making contractual provision for its ownership or exploitation.

## Ownership of an invention relating to an employment contract

Most employees are not employed to develop inventions in the normal course of their work. However, pharmacists, chemists and other scientific researchers focus almost exclusively on the technological application of their science and thus have an “inventive mission”. This applies even within the traditionally non-commercial sector of academic work.

In France, regulatory provisions on inventions govern the respective patent rights of employers and employees. Employee inventions are classified in several categories, as outlined below.

## Inventions belonging to the employer (“inventions de mission”)

Regardless of whether an inventor is employed by a public or private company, an invention will belong to the employer if the employee has an “inventive mission” under his employment contract and the invention has resulted from performance of his employment duties or from study or research specifically entrusted to him.

Such inventions are known as “*inventions de mission*” (inventions of mission).

Assignment of the employee's invention of mission is automatic, but the employee must receive additional remuneration for the invention. The amount of this additional remuneration depends on whether the inventor is a public or private employee.

A public employee is entitled to a special bonus for the benefits deriving from the patent application and its exploitation. The bonus will be calculated based on the employer's exploitation of the patented invention, after the deduction of various expenses.

The remuneration granted to private employees shall be determined on the basis of collective bargaining agreements, works council agreements and the individual employment contract. However, as the former agreements are often silent or ambiguous in this respect, it is important to provide for additional remuneration in the employment contract.

#### Attributable inventions

An “attributable invention” (*invention attribuable*) belongs to the employee even if it was developed in the performance of his duties or within the employer's field of activity, or by using knowledge, technologies or specific methods of the employer. The employer is entitled to have assigned to it the ownership of, or a licence to, all or part of the rights to any patent resulting from the corresponding invention.

However, such assignment must be compensated by a “fair price” paid to the employee. The method for assessing this fair price should be mutually agreed upon in the employment contract. The fair price shall take account of the value of the invention, the employee's involvement in its development and the difficulty of the problem solved by the invention.

If an employee invention is neither an “invention of mission” nor an “attributable invention”, the employee retains all patent rights. The employee may decide to patent the invention. In such case, if the employer is interested in the invention, it may wish to consider entering into a contract with the employee to have the patent assigned or licensed to it.

#### Inventions of trainees

In France, trainees are not equated with employees and the provisions on employee inventions therefore do not apply. In this respect, a recent decision of the French Supreme Court held that a non-remunerated

trainee of a public entity was the owner of a patent filed on the basis of work he had carried out. It is necessary to anticipate this situation in order to avoid litigation. Control of the patent in such case can be settled only by contractual provisions stipulated in advance.

#### Patent applications in relation to a collaborative research contract

It is possible to distinguish between two types of research contract: unilateral contracts and collaborative contracts. A unilateral research contract is a contract through which one entity instructs another to undertake specific research work for a specified price. In this kind of agreement, only one party has the obligation to conduct research work. Therefore, according to French case law, the owner of the intellectual property right to the invention is the entity which has ordered the research work – even in the absence of contractual provisions governing this point.

In collaborative research contracts, in contrast, both parties can contribute to the research. If the parties do not designate a specific patent owner, any future patent deriving from the collaborative research shall be co-owned. French law sets out no specific rules on the ownership of intellectual property assets in the case of a collaborative research contract. It is thus highly recommended to enter into a contractual relationship that provides for the future ownership and licensing of patents resulting from the research.

#### Co-ownership of the patent

A collaborative research contract can provide that both parties will benefit from the intellectual property rights to the patent, co-owning the patents on any inventions resulting from the research.

In such case, the manner in which the co-owned patent will be exploited shall be specified in the collaborative research agreement. The patent may be exploited with or without payment of royalties between the parties. Moreover, the collaboration research agreement should specify the conditions for licensing and other conditions attached to the use or transfer of the patent.

If the collaborative research agreement contains no specific provisions in this respect, exploitation of the relevant patent is governed by Articles L 613-29 and following of the French IPC. This means that each co-owner of the patent can exploit it for its own benefit, but must pay an indemnity to other co-owner(s) that do not exploit the patent directly

or indirectly (ie, through a licensing agreement).

#### Unique owner of the patent

If the parties to the collaborative research contract do not wish to co-own the patent, they can designate a unique owner of the patent in the contract.

The parties can contractually agree that the patent owner must pay royalties resulting from exploitation of the invention or provide for a free licensing agreement to the benefit of the other research partner(s).

#### Potential conflicts

Under French law, both civil and criminal proceedings may be considered if a patent application is filed in breach of the collaborative research contract.

#### Civil action for recovery of property

Pursuant to Article L 611-8 of the French IPC, if a patent application is filed either for an invention unlawfully obtained from the inventor or in breach of a legal or a contractual obligation, the injured party may claim for ownership of the patent through an *action en revendication de propriété* (action for the recovery of property).

Thus, if a party to the collaborative research contract or a third party files a patent application for an invention resulting from the research, it is possible to claim for recovery of the patent before a French court. For example, if the contract provides for co-ownership of the patent but one of the parties has applied in its own name only, the other party can seek modification of the status of the patent before the court.

#### Criminal action

French criminal law includes no specific provisions that condemn usurpation of the title of inventor by a party to the collaborative research contract. However, in such case it is possible to refer to general offences in order to file a criminal complaint. Usurpation of the title of inventor may qualify as a breach of trust, theft or disclosure of secret information, depending on the facts.

Pursuant to Article 314-1 of the French Criminal Code, a person commits a breach of trust if he misappropriates any property handed over to him which he accepted subject to the condition of returning, redelivering or using such property in a specified way.

Thus, if one of the parties to the collaborative research contract in bad faith

and unlawfully files a patent application for the invention resulting from the research, this will be regarded as a breach of trust. Breach of trust is punishable by up to three years' imprisonment and a fine of up to Euros 375,000.

In 2004, the French Supreme Court issued a famous ruling in favour of company L'Oréal, holding that an employee was guilty of a swindle and breach of trust when he applied for a patent as the inventor when in fact the application resulted from information and inventions belonging to the employer.

If the injured party to a collaborative research contract can show that some or all of the documents regarding the invention were stolen by the party which has unlawfully applied for the patent, the act committed may qualify as theft under French criminal law.

Moreover, under French case law, where a person applies for a patent in the knowledge that the documents on which the application is based were procured by theft, this may qualify as holding of stolen goods, which is punishable by up to five years' imprisonment and a fine of up to Euros 375,000.

Pursuant to Article 226-13 of the French Criminal Code, the disclosure of secret information by a person entrusted with such a secret – either because of his position or profession or because of a temporary function or mandate – is punishable by a year's imprisonment and a fine of up to Euros 15,000. Therefore, if one of the parties to the collaborative research contract applies unlawfully for a patent, such application may be regarded as a disclosure of secret information, since the patent application will be published. If the contract includes a confidentiality obligation, an action for breach of contract may additionally be filed before a civil court.

## Obligations of the parties to a collaborative research contract

The parties to a collaborative research contract must also fulfil other obligations, such as the obligation to communicate and the obligation of non-disclosure to third parties.

#### Obligation of communication

The parties to the collaborative research contract must communicate with each other regarding the results of the research.

The parties can contractually determine the scope of such communication: this may concern the research process in its entirety or may be limited to the results obtained. Such communication may also concern the future exploitation of results obtained from the research. Under French law, the absence of contractual provisions in this regard between the parties does not discharge them from the obligation of communication.

Moreover, for the purposes of the intellectual property rules, communication of the results of the research is regarded as the communication of know-how. Thus, the parties must ensure that the know-how is not disclosed to third parties.

#### Obligation of non-disclosure

Beyond the protection of know-how, which must be kept secret by the parties, non-disclosure of the results of the research may also be ensured through the inclusion of a confidentiality obligation in the contract. Like the communication obligation, the obligation of non-disclosure can concern the entire research process or be limited to the results only.

Because the requirement of novelty is a precondition for patent protection in France, disclosure of the invention could lead to its non-patentability. Moreover, the invention's inaccessibility to third parties is a precondition of the protection of know-how. Therefore, these two requirements together constitute a strict obligation of the collaborative research relationship.



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JF Bretonnière has been a partner of Baker & McKenzie since 1983 and is a member of the Paris Bar. He heads the intellectual property practice of the Paris office and has also practised in Asia (Tokyo) for more than 10 years.

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Cécile Cailac's area of practice includes trademarks, patents, designs, domain names and copyright law matters.

She handles a wide range of matters relating to various aspects of intellectual property law, including trademark prosecution before the French Trademark Office and international portfolio management, trademark licensing, and the drafting and negotiation of various IP related agreements.

She holds a master's degree in business law from the University of Paris I – Panthéon Sorbonne, Paris (2003), and a master's degree in intellectual property law from the University of Paris II – Panthéon Assas, Paris (2004).

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