

Svetlana Viktorovna Malkova

CIVIL LAW CONTRACTS
REGULATING RELATIONS INVOLVING
THE CREATION OF A SERVICE INVENTION

Specialty: 12.00.03 –
Civil law; Business law; Family law; Private International law

Annotation
to the degree thesis for
Candidate of Legal Sciences

Thesis Supervisor:
M.F. Kazantsev
Doctor of Law, Associate Professor

Ekaterinburg – 2021

Relevance of the study topic. Each year Rospatent (The Federal Service for Intellectual Property) receives about thirty thousand patent applications for inventions¹. Among them "service inventions account for, according to some estimates, around 80% of all patentable subjects"². The particular nature of an employee invention is that it is generated by the author-employee of a company during the course of his or her service or in connection with a specific assignment from the employer.

The aim of legal regulation in every state is to provide favourable environment for getting more results of intellectual activity, including service inventions. According to the Forecast of the Research and Technological Development in the Russian Federation until 2030, the national development in the field of innovations has been identified by the President and the Government of the Russian Federation as one of the key areas of focus³. As fairly noted by V.D. Perevalov and D.V. Griбанov: "Nowadays the competitiveness of both individual business entities and entire societies is dependent on the intensity of generation and application of new intellectual products, as well as on the useful impact achieved as a result of commercialization of such products"⁴.

Russian legislation provides for special legal treatment of relations which arise through the creation of a service invention. However, it should be noted that the legal framework is insufficient to regulate such relations. Relations with regard to the service invention under Russian law are primarily regulated by Part IV of the Civil Code of the Russian Federation, in particular by a special clause dedicated to service inventions (Article 1370 of the Civil Code of the Russian Federation), by the Rules for Remuneration for Service Inventions, Service Utility Models, Service Industrial Designs and by several other normative acts applicable to the extent not

¹ URL: <https://www1.fips.ru/news/rospatent-v-cifrah-2019-01> (reference date 24.01.2020).

² Gavrilov E.P. Innovations and Patent Law // Patents and Licences. 2011. № 3. P. 56.

³ Forecast of Research and Technological Development of Russia: 2030 / ed. by L.M. Gokhberg. - Moscow: Ministry of Education and Science of the Russian Federation, National Research University "Higher School of Economics", 2014. P. 12.

⁴ Perevalov V.D., Griбанov D.V. Economic and legal grounds for innovations: problems of correlation // State and law. 2011. No. 12. P. 48.

contradicting the Civil Code of the Russian Federation⁵. In general, the legislator regulates employer-employee relations without any agreements being concluded between the parties related to making of a service invention. Only one article of the Russian Civil Code defines the terms of the contract to be concluded for the payment of remuneration to the author of a service invention, but such terms are not specific. The insufficiency of legal regulation is also evidenced by numerous court cases on disputes between employers and authors of service inventions: recognition of inventions as service or non-service, co-authorship or non-copyright, invalidation of patents, remuneration or the amount of remuneration payable for the creation or use of a service invention, etc.

Given the insufficient legal coverage of the relationship arising from the creation of a service invention, it is relevant that contractual arrangement of such relationship becomes an option.

Both the authors of service inventions and employers share an interest in protecting their interests and rights. The authors are interested in receiving fair remuneration for their inventions, while the employers are interested in obtaining the invention and profits from its use, as well as in its protection and commercialization prospects. Under modern Russian law, the balance of interests between the parties involved in the creation of a service invention can be regulated only by means of contracts.

Pursuant to Article 1370 of the Civil Code of the Russian Federation, the civil-law contractual regulation of the employee-employer relationship relating to the creation of a service invention is not limited to entering into a contract for the payment of remuneration to the author of a service invention. In most cases, co-authors of the employees who create inventions as service inventions include other

⁵ The Civil Code of the Russian Federation. Part Four: Federal Law of the Russian Federation No. 230-FZ of December 18, 2006 // Legislation Bulletin of the Russian Federation. - 2006. - No. 52, p. 1, Art. 5496; Enactment of Part Four of the Civil Code of the Russian Federation: Federal Law of the Russian Federation No. 231-FZ of 18 December 2006 // Legislation Bulletin of the Russian Federation. - 2006. - No. 52, p.1, Art. 5497; Inventions in the USSR: USSR Law of 31 May 1991 // Vedomosti of the USSR. - 1991. - No. 25, Art. 703; Regulations on Payment of Remuneration for Service Inventions, Service Utility Models, Service Industrial Designs: approved by Decree of the Government of the Russian Federation No. 1848 of 16 November 2020 // Legislation Bulletin of the Russian Federation. - 2020. - No. 47, Art. 7548.

individuals, and the employer needs to deal with the issue of the legitimate receipt of a patent from other individuals who are not its employees. The specific feature of making a co-authored invention is that individuals possess different creative potential and, consequently, make different creative inputs into an invention, which determines the amount of remuneration received by each co-author.

It is therefore relevant to address not only the civil law contract governing the relationship between the employee and the employer for the creation of a service invention, but also a series of contracts governing the relationship of all parties involved in the creation of a service invention.

The subject matter of this paper is made even more relevant by the fact that civil law contracts regulating relations for a service invention have not been extensively studied and that the legal literature does not provide a detailed analysis of such contracts.

A clear understanding by both co-authors and employers of the specific contracts to protect their rights in relation to service inventions would significantly reduce social tensions between employees and employers, which in turn would lead to a higher number of service inventions being made.

Purpose of the research. The purpose of the study is to identify the civil law contracts governing the relations associated with the creation of a service invention, to investigate the attributes of such contracts and to elaborate them in a comprehensive scientific way.

In accordance with the above purpose, the following tasks were set and solved in the thesis:

- 1) identify a cluster of civil law contracts governing relations associated with the creation of a service invention and to distinguish the major contracts among them;
- 2) analyze in detail the major contracts governing the relationship involving the creation of a service invention and, first and foremost, from the perspective of their legal nature;

- 3) develop doctrinal definitions of the major contracts governing relations associated with the creation of a service invention.

Object of the research. The object of the study is the relationship between the various parties arising with respect to the creation of a service invention: between the co-authors of the service invention, between the employee-author of the service invention and the employer, between the author of the invention and the assignee to the extent that their relations might be covered by civil law contracts in accordance with the legislation of the Russian Federation and international law.

Subject of the research. The subject of the study is the civil law contracts entered into with respect to a service invention: by and between the employee-author of a service invention and the employer, the author of an invention and the assignee, as well as by and between the co-authors. The subject of the research in its structure involves the legislation which regulates relations associated with the creation of a service invention in the Russian Federation and in some foreign countries, including international law, relevant legal precedents (judicial practice) and proceedings of experts on the issues of civil law and contractual regulation of relations and on the exercise of intellectual property rights.

Theoretical and methodological basis of the thesis research.

The thesis research is based on general scientific methods: historical, logical, analytical, synthesis, analogy and systematic approaches; and on specific scientific methods: special juridical method and method of comparative jurisprudence.

Scientific results attained by the author and their novelty. The dissertation is the first scientific monographic study of civil law contracts governing relations associated with the creation of a service invention. The thesis identifies a cluster of civil law contracts that regulate the relations involving the creation of a service invention. The author proposes doctrinal definitions of the major contracts governing the rights associated with the creation of a service invention. The analysis of such contracts is based on a uniform framework, which considers the legal nature, judicial structure, contracting parties, content, format, procedure for entering into,

amendment and termination of the contract, its performance and liability for its breach.

Scientific novelty is represented by the following **statements contained in the thesis defence**:

1. The cluster of civil law contracts governing relations involving the creation of a service invention has been identified for the first time, including the major contracts of this kind:

- 1) Contract on remuneration to the author of a service invention;
- 2) Contract on alienation of the right to obtain a patent for a service invention;
- 3) Contract on the scope of creative input by the co-authors of a service invention.

2. The results of the analysis of the legal nature and legal framework of the contract on remuneration to the author of a service invention led to the conclusion that it is an independent type of a civil-law contract. Since the obligation to pay remuneration for a service invention arises for the employer by virtue of the law, it is not legally mandatory for the employer and the author of a service invention to enter into a contract for the remuneration. Non-entering into a contract for the payment of remuneration to the author of a service invention does not preclude such payment of the award to the author, but such a contract would be appropriate as it enhances the certainty of the employer's obligation to pay remuneration to the author of a service invention.

This study identified and justified the legal framework of the contract on remuneration of the author of a service invention. It was established that the legal framework of such a contract is variable, depending on the presence or absence of a contractual provision on the employer's obligation to pay remuneration to the author of a service invention.

The legal framework of a contract on payment of remuneration to the author of a service invention involving the employer's obligation to pay remuneration to such an author (first option) is composed of three elements of the contract content, providing as follows:

- 1) obligation to pay remuneration;
- 2) size of remuneration to be paid;
- 3) procedure for the payment of remuneration.

The legal framework of a contract on payment of remuneration to the author of a service invention, involving only the attributes for payment of remuneration (second option), comprises two elements of the contract's content, providing for:

- 1) size of remuneration to be paid;
- 2) procedure for the payment of remuneration.

In the case of a contract for remuneration to the author of a service invention, which provides for the employer's obligation to pay remuneration, such obligation of the employer is legitimately-contractual. In the case of a contract for remuneration to the author of a service invention, which provides only for the parameters of remuneration, the employer's obligation to pay remuneration to the author of a service invention is statutory.

3. The following doctrinal definition of a contract for the payment of remuneration to the author of a service invention is proposed:

Contract for the payment of remuneration to the author of a service invention is a civil law contract that obligates one party (the employer) to remunerate the other party (the employee being the author of a service invention) for a service invention in the amount and under the procedure agreed upon by such parties.

4. The results of the analysis of the legal nature and legal regime of the contract on the alienation of the right to receive a patent for a service invention led to the conclusion that such a contract is a kind of contract similar to the contract for the alienation of the right to receive a patent for an invention.

The study reveals and justifies the legal structure of the contract for the alienation of the right to receive a patent for a service invention. The legal structure of a contract on the alienation of the right to obtain a service invention patent is variable, depending on its compensatory nature or gratuitousness.

The legal structure of a non-gratuitous contract on the alienation of the right to obtain a service invention patent (the first option) includes two elements of the contract's content, providing for:

- 1) the transfer of the right to obtain a service invention patent to an assignee;
- 2) the payment by an assignee of a cost of the right to obtain a patent for a service invention.

The legal structure of a gratuitous contract for the alienation of the right to obtain a service invention patent (the second option) includes one element of the contractual content which provides for the assignment of the right to obtain a service invention patent to the assignee.

5. The author of the study proposes the following doctrinal definition of a contract on the alienation of the right to receive a patent for a service invention.

Contract for the alienation of the right to receive a patent for a service invention is a type of contract to alienate the right for a patent on an invention pursuant to which one party (the author of a service invention) alienates the right to receive a service invention patent for a fee or gratuitously to another party (the assignee) in favor of such party.

The study also offers a doctrinal definition of the term of a contract on alienation of the right to a patent for an invention, which is a generic concept in relation to the term of a contract on alienation of the right to receive a service invention patent.

Contract for the alienation of the right to receive an invention patent is a type of civil law contract whereby one party (the author of an invention) alienates the right to receive an invention patent for a fee or gratuitously to another party (the assignee) in its favor.

6. The analysis of the legal nature and legal regime of a contract on the size of creative inputs by co-authors of a service invention has led to the conclusion that such a contract is a non-typified (non-designated) contract and, therefore, does not belong to any type of contract. A contract on the size of creative inputs of co-authors of a service invention generally stipulates only the provision on defining the

size of creative inputs of the participants. Such a contract does not contain provisions on the rights and obligations of the co-authors. In this case, no responsibilities arise for the parties to the contract on the size of creative inputs of the co-authors of a service invention, and therefore this contract is not classified as legally binding contract (this thesis justifies the possibility of the existence of contracts that are not legally binding).

This study reveals and substantiates the legal framework for the contracts on the size of creative inputs of co-authors of a service invention, which are commonly entered into in practice, and such a framework is made up of elements of the contract content that provides for the size of creative inputs of a service invention co-authors.

7. The following doctrinal definition of a contract on the size of creative inputs by co-authors of a service invention is proposed:

Contract on the size of creative inputs by co-authors of a service invention is a non-typified civil law contract according to which two or more individuals (co-authors of a service invention) define the size of their creative inputs in a service invention.

Theoretical significance of the study. The theoretical significance of the study lies in the fact that it can serve as a basis for a more profound and detailed study of civil law contracts governing relations associated with the creation of a service invention. The proposed detailed analysis of the contracts and their doctrinal definitions can be used in further academic research activities aimed at developing the institute of patent law.

Practical significance of the study. The practical significance of the study is that the results of this research can be used in law-making and enforcement activities, as well as in teaching civil law disciplines. The sample contracts suggested in this study can be used by the entities in their contractual work. The sample notices and guidelines presented in this thesis can be incorporated into the internal regulations of the entities. The use of documents and recommendations suggested in this study will enable to protect technologies used in the entities against claims of third parties

for the infringement of their exclusive rights, as well as to protect the rights of the authors of service inventions.

The practical application of the study resulted in the use of sample contracts and employer's notice on creation of an achievement, that can be legally protected, as standard documents at Public Joint Stock Company Magnitogorsk Iron and Steel Works, as well as in the incorporation of the recommendations outlined in the thesis into the corporate regulations of Public Joint Stock Company Magnitogorsk Iron and Steel Works.

The use of the sample contracts, notices and guidelines provided in this study as typical ones is possible in any Russian entity in which the results of intellectual activities are being generated.

The subject of the research is consistent with the profile of Specialty 12.00.03 - Civil law; Business law; Family law; Private International law.



Malkova S.V.