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Employee inventions and creativity: Ownership and Compensation

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With Thailand making the transition to a creative economy, and employers now recognising the importance of employee creativity, it has become very important for managers to know the principles of intellectual property (IP) compensation and foster an environment of innovation where employees are willing to transfer their IP rights for a company's benefit.

Under the Thai Patent Act, employers or people commissioning work have the right to apply for patents for inventions made during an employment or work-for-hire contract, unless the contract states otherwise. The same applies to employment contracts which do not require employees to exercise inventive activities, but under which the employee has made an invention using any means, data, or report put at his or her disposal during employment (Section 11 of the Patent Act).

Thai patent law explicitly states that an employer has the right to file for a patent. At the same time, an employee-inventor has the right to receive remuneration in addition to his or her regular salary if the employer gains certain benefits from the use of the invention. This right to receive remuneration cannot be exempted by any provisions in the employment contract (Section 12 of the Patent Act).

In other words, the employer has the right to apply for the patent, but the employee who created the work has the right to receive remuneration if the employer benefits from the invention.

An employee-inventor who wishes to receive remuneration must submit a request to the director-general of the Department of Intellectual Property (DIP).

The director-general has the power to order the amount of remuneration as he or she deems fit, taking into account the employee's salary, the invention's importance, the current and future benefits of the invention, and other circumstances, as laid out by Ministerial Regulation Number 24.

The regulation provides a thorough guideline for determining remuneration for an employee-inventor. The director-general of the DIP can consider the following criteria:

- The employee's work responsibilities.

- The industriousness and experience used by the employee in the invention or design of the product.

- The industriousness and experience used by any other employees jointly involved with the first employee in the invention or design of the product, including the advice or assistance of any other employee who is not the inventor or joint designer.

- The employer's assistance in the invention or design of the product by providing financing, advice, recommendations, facilities, preparation, or procurement of factors or services for the testing, development, or usability of the invention or design.

- The employer's current or future benefits from permitting others to use the invention or design of the product, including transfer of the patent or subordinate patent to another party.

- The total number of employees who participated in the invention or design of the product.

With regard to work or creativity that falls under copyright law, a copyright work created by a person in the course of employment belongs to the creator (i.e., the employee), unless otherwise agreed in writing (Section 9 of the Copyright Act). But the law also provides that the employer is entitled to communicate the work to the public in accordance with the purpose of the employment. This means that if the employment agreement does not indicate that newly created copyright works belong to the employer, the commercial rights in reproduction, adaptation, licence, and so on will belong to the creator.

The rules of copyright ownership are different if the copyright work is created in the course of commissioned work. In this case, the ownership of the copyright belongs to the employer who commissioned the work. Therefore, the employer does not need to give remuneration to the creator of the work, apart from the agreed wages set by the hire agreement.

In conclusion, businesses involved in creating new products or processes absolutely must be sure that their employment agreements clearly address the issue of intellectual property rights to works created during the course of employment. When a newly created work may qualify as a potential patent application, the employer must have a remuneration scheme in place to encourage staff to create, while ensuring compliance with the law.

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