COMMENTS OF THE AMERICAN BAR ASSOCIATION SECTION OF INTELLECTUAL PROPERTY LAW AND SECTION OF INTERNATIONAL LAW ON THE DRAFT INVENTORS REMUNERATION REGULATIONS FOR THE PEOPLE’S REPUBLIC OF CHINA

美国律师协会知识产权法律部以及国际法律部为中华人民共和国职务发明条例草案所提意见

APRIL 30, 2015

2015年 4 月 30 号

The views stated in this submission are presented jointly on behalf of the Section of Intellectual Property Law and the Section of International Law (the “Sections”) of the American Bar Association (ABA) only. These comments have not been approved by the ABA House of Delegates or the ABA Board of Governors and therefore may not be construed as representing the policy of the American Bar Association.

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The Section of Intellectual Property Law and the Section of International Law of the American Bar Association (collectively, the “Sections”) hereby respond to the solicitation for public opinion on draft regulations (“Draft Regulations”) regarding inventors remuneration for the People’s Republic of China (“PRC”), published for comments on April 2, 2015, by the Legislative Office of the State Council of the People’s Republic of China (“SCLO”).

美国律师协会的知识产权法律部和国际法律部 (合称为 “两部”) 在此回应中华人民共和国国务院法制办公室于 2015 年 4 月 2 日发布为职务发明条例草案征求公众意见的通知。1

1 The notice of request for comments and the Draft Regulations were published by the State Council at http://www.chinalaw.gov.cn/article/cazjgg/201504/20150400398828.shtml. The Task Force that drafted these comments included Maritza T. Adonis, Elizabeth Chien-Hale, Yee Wah Chin, Beth Farmer, Meph Jia Gui, Tianyun Ji, Robin G. Kaptzan, C. Frederick Koenig III, Daniel McGlynn, Alan Miller, Heather Ye Qing, Yin Shao, Lex Smith, Yu Sun, Henry H. Tran, Aaron R. Wininger, Luping Zhang. These comments are based on unofficial translations of the Draft Regulations.
The combined membership of the two Sections includes over 30,000 lawyers. Most of the members are based in the United States of America, but a substantial number have lived and worked abroad, including in the PRC, and some do so currently. Members of the Sections have substantial expertise in intellectual property (“IP”) rights laws in the United States and around the world. Our membership includes lawyers in the law departments of businesses and the faculties of law schools, as well as in private practice and in government. In addition, many non-U.S. attorneys are active as Associate Members in the Sections and have contributed their expertise and insights to the Sections’ work.

The Sections welcome the goals of the drafters of the Draft Regulations to incentivize and encourage inventors through a proper reward system. The Sections appreciate the opportunity to comment on the Draft Regulations to assist China in their pursuit of these goals. These Comments submitted to State Council offer the perspective of the Sections based on our members’ experience in the United States and abroad in the fields of IP rights and international business law. Given the shortness of time, these comments are not intended to be comprehensive, but reflect only some of the issues raised by our members. The Sections hope that these comments will assist the State Council as it evaluates these Draft Regulations.

GENERAL COMMENTS RELATING TO THE DRAFT REGULATIONS
草案相关总意见

The Sections recognize and appreciate the efforts made in the Draft Regulations to provide incentives for innovation and development. We understand that the Draft Regulations were written to encourage the disclosure and use of more inventions while ensuring that the proper rights of both inventors and entities are recognized. The Sections hope that these comments will assist the State Council as it evaluates these Draft Regulations.

Our comments generally fall under two categories:

我们从以下两点进行论述:
(1) Comments which seek to clarify numerous terms and provisions in the Draft Regulations, leading to more legal certainty for inventors and entities, and

(2) The Sections in general recommend removing some requirements included in the Draft Regulations, as these requirements will be overly burdensome for many entities.

A lack of clarity in some provisions will lead to confusion and increased tension between entities and inventors. Further, tight administrative controls will likely lead to increased tension in the balance between private rights and inventorship rights, which could result in lowered productivity. In addition, the Sections believe the expansion of inventor remuneration with respect to technical secrets will be overly burdensome, difficult to administer and inconsistent with international norms. The Sections fully trust that the proper balance of equities may be reached without overregulating entities and their relationships with inventors.

The Sections continue to urge the drafting committee of the Regulations give guidance on the relationship of these Draft Regulations with the numerous other laws and regulations which touch on the subject of rewarding inventors for their innovations. Conflicts may exist between the Draft Regulations and other national and local regulations; these Draft Regulations do not explain whether these Draft Regulations will override the conflicting national and local laws and regulations. The Sections suggest that the relational level of these Draft Regulations be clarified prior to promulgation.

More generally, the Sections urge the drafting committee to consider dedicating one article of the final regulation to definitions of key terms, in that one article collecting definitions of key terms now scattered throughout the draft Regulation such as “Invention” and “Inventor” and adding definitions of other key terms such as “Intellectual Property Rights” and “License”.

The Sections also respectfully refer SCLO to the comments they submitted, dated December 3, 2012, regarding an earlier draft of these regulations, A copy of these comments is appended for ease of reference.
SPECIFIC COMMENTS RELATING TO THE DRAFT REGULATIONS

The following comments relate to specific provisions of the Draft Regulations and are submitted by the Sections to raise particular concerns. The draft provisions addressed are set forth in italics. Draft provisions which are not addressed are not included in these Comments.

Chapter 1 General Provisions

Article 4
In the Regulations, “invention” refers to the achievement of mental-creation, which is made within the territory of People’s Republic of China and is eligible subject matter of patent right, right of new varieties of plans, or exclusive right of layout-design.

Article 4, while still defining “invention” broadly to include new plant varieties and layout designs, has a reduced scope compared with the definition of “invention” in the previous draft. The Sections welcome the change and believe the omission of “know how” and “technical secrets” from the definition of invention for purposes of inventor remuneration with respect to service inventions maintains uniformity with other jurisdictions such as Korea, Japan and Germany where inventor remuneration for service inventions is recognized.

Article 5
“Inventor” as mentioned in the Regulations means any person who makes creative contributions to the substantive features of an invention.

Any person who, during the course of accomplishing the invention, is responsible only for organizational work, or who only offers facilities for making use of material and technical means, or who takes part in other auxiliary functions, shall not be considered as an inventor.

As the Sections previously commented, Article 5 uses “creative contribution” to define an inventor, which may be appropriate for patentable technology, but less appropriate for other types of intellectual property rights such as plant variety protection, where the phrase “creativity” is not used. The Sections recommend that the definition of inventor clarify the interpretation of creative contribution, such as a formula to calculate how one contributes, especially with respect to non-patent intellectual property rights which, unlike patentable technology, the protection of which is not based on the technology having “creativity” or “inventiveness.”

Article 6
The state encourages the entity which engages in research and development to establish the intellectual property management system for service invention and set up specialized department or designate specialized staff responsible for the IP management, or commission a professional agency to manage IP related affairs on behalf of the entity.

Entity engaging in research and development shall establish the invention reporting system, or reach agreement with inventors, clearly define the entity and the inventor’s rights, obligations and responsibilities upon completion of an invention, and timely determine the ownership of the rights and interests relating to the invention.
Entity engaging in research and development shall establish award and remuneration system for service invention or reach agreement with inventors on the award and remuneration. When an entity establishes the above systems, it shall listen to and consider the opinions and suggestions of relevant persons, and disclose the invention reporting system and the award and remuneration system to research staff and other relevant persons.

The Sections recommend that Article 6 articulate only general principles or objectives of an entity’s intellectual property system and the related remuneration system, and that Article 6 be written to allow flexibility and latitude for entities to implement the most robust, efficient, and innovative system in accordance with the entity’s business model.

In addition, “other relevant persons” in the last paragraph of Article 6 should be defined to include a hiring company which has commissioned the research and development entity to conduct work leading to an invention. Without such a clarification, a hiring company normally would not be entitled to see the compensation agreement between the R&D entity and its employees/inventors.

Chapter 2 Ownership of Invention

Article 7
The following inventions belong to service invention

1, the invention made in execution of the duties assigned by the entity to which he belongs;

2, the invention made in execution of any task, other than his own duty, which was assigned to him by the entity to which he belongs;

3, the invention accomplished within one year from his retirement, resignation or from termination of his employment or human resources relationship with the entity to which he previously belonged, where the invention relates to his own duty or the other task assigned to him by the entity to which he previously belonged, but except new varieties of plants which apply other provisions made by the state;

4, the invention made mainly by using the money, equipment, spare parts, raw material or technical materials which are not disclosed to the public of the entity he belongs to; but except there is an agreement on returning funding or fees for the usage to the entity to which he belongs, or using the material technical means of the entity to which he belongs merely for verification or testing upon completion.

Article 7 tries to clearly define service invention. As the Labor Contract Law requires a job description be attached to a labor contract, the Sections recommend that the labor contract be incorporated in writing so that there is sufficient proof regarding the rights the entity is entitled to.

In addition, the Sections also reiterate recommendations made previously relating to paragraph 4:
Article 7, paragraph 4 relates to physical materials of the entity; however, it seems that the clause should also include technical information of the entity. For example, Article 7, paragraph 4, first sentence may be amended to read: “the invention made mainly by using the money, equipment, spare parts, raw material, technical materials, or technical information which are not disclosed to the public of the entity he belongs to”.

Additionally, Article 7, paragraph 4 provides exclusions to the use of entities’ resources that are not available to the public. The significance of the exclusion clause is profound for the entity and inventor. Further, the China definition of “invention” is not always clear when compared with United States and European standards of conception and reduction to practice. Any approved, excluded use of entity resources must be clearly agreed in advance. For avoidance of doubt, the second clause should be clarified. For example, “but except where there is a prior written agreement on returning funding or fees for the usage to the entity to which he belongs, or where there is prior written permission of the entity for using the material technical means of the entity to which he belongs merely for verification or testing upon completion.”

The exclusion of inventions made “using the material technical means of the entity to which he belongs merely for verification or testing upon completion” is also unjustified, as it may create too much of a loophole. Thus, the Sections recommend that it should be removed. Here, the Regulations appear to make a distinction between “completion” and “verification or testing” of an invention, but the Chinese law on this area is not well developed (e.g., no clear definition of conception vs. reduction to practice, in contrast to patent law in the U.S.). If this phrase is to be included, it should be clarified that the use of materials for verification and testing is “with the prior consent of and appropriate compensation to the entity.”

Chapter 3 Report of Invention and Application for Intellectual Property Right

Article 13
The entity shall, within 6 months from the service invention reporting date, decide whether to apply for intellectual property right, protect as know-how or publish and shall inform the inventor of the decision in a written notice, if the inventor claims that the invention he reports is service invention, unless otherwise agreed to by the entity and the inventor or stipulated in the entity’s regulation made in accordance with laws.

Article 13 maintains a written notice requirement for employers to notify inventors of whether there is an intent to pursue intellectual property rights. The Sections note that the newly drafted Article 13, consistent with the Sections’ previous recommendation, permits more flexibility and no longer includes requirements to the employer regarding failure to inform the inventor within the provided time limit.

Article 14
Where the entity applies for intellectual property right of the service invention, it may, for the application documents intend to be filed, seek the opinion from the inventor. The inventor shall actively cooperate with the entity for the application for intellectual property right.
During the application process for intellectual property right, the inventor is entitled to request information on the progress from the entity.

Article 14 allows the inventor to request progress information from the entity. This could be overly-burdensome, however, from an overly-zealous inventor. The Sections recommend that this Article put restrictions on an inventor’s right to request information. Alternatively, the inventor should be allowed to inspect the application file.

**Article 15**

Where the entity intends to stop the process of applying for intellectual property right or abandon the intellectual property right of a service invention, it shall inform the inventor in advance. The inventor may negotiate with the entity to get the application right to intellectual property right or intellectual property right for a fee or free of charge.

If the inventor obtains the aforesaid rights through negotiation, the entity shall assist the inventor actively to complete the relevant assignment formalities.

Where the inventor obtains the relevant right in accordance with the above paragraph free of charge, the entity is entitled to implement the service invention or its intellectual property right free of charge.

Article 15 may need further clarification. For example, the Sections recommend revising “…it shall inform the inventor in advance….” to “…it shall inform the inventor by reasonable advanced notice in writing.” To the extent notice requirements are being placed on the employer, the suggested revisions are intended to make the notice suit its intended purpose.

Article 15 also could use a clearer concept of “negotiation,” or specify the ownership of the invention if the entity does not agree to allow the inventor to take over the application for intellectual property rights.

**Article 16**

The inventor has the confidentiality obligation on service invention he made, and shall not disclose it to public without the authorization of the entity, or apply for intellectual property right or assign to any third party on his own.

The entity has the confidentiality obligation for the non service invention disclosed thereto, and shall not disclose it to public without the authorization of the inventor, or apply for intellectual property right or assign to any third party on its own.

Article 16 should specify the “authorization” to be a written authorization.
Chapter 4 Award and Remuneration of Service Invention

Article 18
The entity may enter into an agreement with the inventor, or provide it in its policy formulated in accordance with the laws, on the procedure, manner and amount of the award and remuneration. The agreement or policy shall make clear the right the inventor is entitled to, the way to seek relief, and in accordance with Articles 19 and 22 of the Regulations.

Any agreement or policy eliminating the right to which the inventor is entitled in accordance with the Regulations, or any agreement or policy attaching unfair conditions on rights of ownership or rights of enforcement, are invalid.

The first paragraph of Article 18 describes an allowable agreement between an entity and an inventor or a policy statement of the entity which may be established to detail the procedure, manner, and amount of the award and remuneration to which an inventor is entitled. This is consistent with many other articles of the Draft Regulations and the Explanatory Notes indicating that the parties are allowed to contract freely. Yet, the second paragraph of Article 18 contradicts the first paragraph, stating that any agreement or policy eliminating the inventor’s right or any agreement or policy attaching unfair conditions on rights of ownership or rights of enforcement are invalid. It is respectfully submitted that the second paragraph puts vague limitations on the parties’ ability to contract. To avoid a lack of clarity, the Sections suggest that the second paragraph be deleted.

It is further suggested that a statement should be added after the first paragraph to clarify that the agreement or policy statement may include a reasonable flat fee payment per granted service invention patent.

Article 19
When the entity decides the manner and amount of the award and remuneration given to the inventor, it shall listen to the opinions of inventors.

Even though the Sections understand the Draft Regulations may only be articulating a general principle, the Sections note that Article 19 is inconsistent because it disregards the prior articles allowing the inventor and entity to enter a contract before the relationship starts and now puts control in the hands of the inventor.

The March, 2014 draft should be clarified and then reinserted into the April, 2015 draft. In order for Chinese businesses to attract new talent, and especially new talent from the west, the Chinese businesses will, out of necessity, need to be more transparent with inventors about what they are earning as a direct result of the inventor’s work. Without this form of protection from Chinese businesses, inventors may be much less likely to enter into agreements with Chinese businesses. Therefore, the following language is proposed for Article 19:

"When the entity decides the manner and amount of the award and remuneration given to the inventor, it shall listen to the opinions of inventors. Absent reasonable objection by the entity, the inventor is entitled to request and receive relevant
information from the entity pertaining to any economic benefit the entity is earning through the exploitation, assigning, or licensing of the service invention."

**Article 21**

Where the entity has not entered into an agreement with the inventor on the remuneration and has not provided the remuneration in its rules and Regulations, it shall, upon the exploitation of the intellectual property rights, provides the remuneration to all related inventors by one of the following ways:

1. Within the valid term of the intellectual property, extract a sum of money which shall be no less than 5% from the operating profit of exploiting the patent or the new varieties of plants, or no less than 3% from the operating profit of exploiting the other intellectual property right;

2. Within the valid term of the intellectual property, extract a sum of money which shall be no less than 0.5% from the revenue of exploiting the patent or the new varieties of plants, or no less than 0.3% from the revenue of exploiting the other intellectual property right;

3. Within the valid term of the intellectual property, references the amount of the above two items, determine the amount of annual remuneration in accordance with the reasonable multiple of the personal average monthly salary of the inventor;

4. References the reasonable multiple of the amount of the above items 1 and 2, determine the lump sum amount of remuneration to be paid to the inventor.

The accumulated amount of the remuneration above will not be more than 50% of the accumulated operating profit of exploiting the intellectual property right.

Where the entity has not entered into an agreement with the inventor on the remuneration and has not provided the remuneration in its policy, it shall, upon the assignment, license to the third party of the intellectual property right, shall extract a sum of money which shall be no less than 20% from the income of assignment or license as a remuneration to the inventor.

In Article 21, how the company/employer measures/reports the operating profits may cause issues, especially in related litigations/arbitrations.

First, the reporting system is a new invention for China and also an import from German law. It is true that the measurement and reporting including (but not limited to) the operating profits may cause great issues in either litigations or arbitrations. The spirit of this law is to respect party’s autonomy in the first place.

Second, all articles regarding remuneration are substantial improvements for the protection of service invention. The remuneration in general respects party’s autonomy, while providing Article 21 as a detailed safety net. The change from “personal salary” to “personal monthly average wage” is a clearer statement of the measurement and also a fairer measurement since a
person’s salary may vary during a certain working period. What is worth mentioning is that if this article comes into effect, it has to accord with Article 77 of the Implementing Regulations of the Patent Law which rewards 3000 RMB for an invention and 1000 RMB for utility models and designs. However, since Article 21 is only a “safety net” provision, it really depends on the situation between the company and the employee to work out an appropriate measurement of remuneration for a particular invention.

Third, there are a lot of terms regarding the remuneration in this article, “operating profit” “revenue” “salary” and “income”. None of them is clearly defined. However, the word “income” is mentioned again in Article 29 of the English draft again, even though the “income” in Article 21 is different from “income” in Article 29 in Chinese. The “income” in this article can be interpreted as the legal gains from the assignment or license according to the respective contract.

**Article 24**

*Where the entity decides to protect those intellectual creation that could be applied for patents, new varieties of plans, or layout-design as know-how, it shall pay a reasonable compensation to the inventor in accordance with the agreement with the inventor based on the economic contributions that the know-how makes to the entity or the provisions of this Chapter.*

Article 24 raises several concerns. First, virtually anything could be applied for as, for example, a patentable invention irrespective of its merit. Having to pay compensation for meritless inventions would be unduly burdensome. Also the compensation for know-how is not in accord with international norms. As with the similar Article in prior drafts, the Sections recommend that Article 24 be deleted, in that it will be overly burdensome to entities to track such inventions and their related compensation. Moreover, Article 24 states that the compensation should be paid in accordance with the provisions of this chapter, yet it is unclear which provisions are related.

The Sections appreciate the adoption of the prior suggestion to add that the entity and inventor may agree in advance on reasonable compensation for know-how which the entity wishes to maintain.

**CONCLUSION**

The Sections hope that this submission is useful. We would be pleased to respond to any questions regarding these comments, or to provide any additional comments or information that may be of assistance. The Sections welcome future opportunities to comment as the Draft Regulations are finalized.
美国律师协会的知识产权法律部和国际法律部为中华人民共和国的发明人报酬规章草案给予的统一意见

2012年12月3号

以下意见是美国律师协会(American Bar Association)的某位会员代表知识产权法律部门和国际法律部门所提出的。这些意见尚未被ABA理事会或ABA众议院详阅和批准，也并不代表美国律师协会的政策或看法。

美国律师协会的知识产权法律部和国际性法律部在此简称为协会部门。2012年11月12日中国国家知识产权局(SIPO)为发明人报酬规章草案所征求的公众意见，协会部门在此回应。

美国律师协会的知识产权法律部和国际法律部的一共有超过三万名律师。大多数的会员是居住于美国，但也有相当多的会员在别国居住和工作，其中包括在中国。两个部门的成员对于美国和世界各地的智慧财产法(IP)有非常专业的知识。我们的会员里有包括在大企业做事的律师，法律学院的教授，私人执业的律师，以及政府机关的律师。此外，许多世界各地的律师也常常为这协会和各部门贡献他们的专业知识和见解。

协会部门重视起草者树立的目标在追求创新，发扬科技，培养人才。协会部门非常感谢有这机会能参加意见，并协助中国达到目标。会员们提到的意见是源于美国和海外的知识产权和国际商业法的经验和学习。由于时间的短促，这些评论并不完整，但反映了一些会员提出的问题和意见。协会部门希望SIPO能参考这些意见，更希望会员们可以协助SIPO评估这些草案条例。我们很期待有未来的机会可以协助SIPO，所以希望中国国家知识产权局继续能得知和联络未来相关的草案条例。

重点总结：

所有意见里最主要的目的是让草案的条款和规定能更加完整明确，让各组织机关和发明者更能容易理解和倚靠法律条款的规定。协会部门非常希望某些方面能解释清楚，各组织机关和发明者私下立的奖金报酬协议书的权利。这方面的私定协议书该如何运用，是否会造成冲突，是否中国知识产权法所定的条款能够享有优先权，是否在私定协议书里若有冲突的条款均视为无效。请留意第九，第十，第十九，和第四十条。关于草案里所提出的著作权，商标，植物品种，软件，技术，商业秘密是否会跟地方或省级法律有差异。请留意第二十一和第二十二条。不同的行政办公室最好是要有清楚的管理划分，避免有治理上的冲突。请留意第

* The notice of request for comments was published by the SIPO at http://www.sipo.gov.cn/tz/gz/201211/t20121112_769843.html. The Task Force that drafted these comments included Joyce Chang, Yee Wah Chin, Faisal Daudpota, Paula K. Davis, Meph Jia Gui, Sophie Jiang, He Jing, Kening Li, Benjamin Liu, MaCharri Vorndran-Jones, Gregory Voss, and Aaron Wininger. These comments are based on unofficial translations of the Draft Regulations.
三，三十四，三十九，四十一，四十二条。请详细解释第四条中的技术秘密这词，也请详细解释第五条中和专利不相关的发明家。

此外，协会部门建议删除一些对于组织机关要求过多的草案条款。好比第四条和第二十五条提到要追踪技术秘密方面的奖金报酬。也比第六条和十二条到十四条所要求发明的申报程序都要遵循国家条款，但却无提到组织机关可否拥有交涉协议书的权力。第三十四条也类似的规定让政府机关审查发明合同，各组织机关的发明行政规章，等等相关类。第四十五条，请清楚，详细解释电脑软体如何在这些条款里运作和落实，或删除有关软体的条款。

另外，在第二十二条里的六和七段落所规定的奖金报酬数额，协会部门建议要减少。但最好完全删除。第二十九条规定的单位转让职务等发明的申报程序都要遵循国家条款，但却无提到组织机关可否拥有交涉协议书的权力。第三十四条也类似的要规定让政府机关审查发明合同，各组织机关的发明行政规章，等等相关类。第四十五条，请清楚，详细解释电脑软体如何在这些条款里运作和落实，或删除有关软体的条款。

心得与感想：

协会部门十分赞赏和钦佩为这些草案条例所作出的努力。这让公开表明条例不仅激励国内外的创新和发展，也加强了发明人和各组织机关对于他们的权利与制管制有所了解。但是我们认为过多的管制将给一些组织机关过于沉重的负担。严格的行政管制容易导致私人权和发明人权之间的平衡失调，生产力降低。此外，若没有明状透透的规定，将造成困惑和压力，不论是对发明人或各组织机关来说。所以最重要的是要平衡各方产权，达到二方面美好的互动关系。

这些草案条例似于有促使组织机关和发明者协调，让双方满意的报酬和奖金。协会部门因此欢言称颂。但是条例里还是有许多矛盾或不清楚的地方。像第十九条，要求以条例为优先管制。有些条例允许私人的交换。有些条例不承认私人的协定。所以目前对于什么情况下处理矛盾的条约和纠纷还不清楚。协会部门建议更清楚详细地解释私人协定的情形与施行方法。

草案条例的专利法和实施条例两个法案具有不同结构，需要国家明确的带领和划分。如果发生冲突，必须遵守其中的哪一个法案。相同的，此草案条例将会如何被哪个政府阶级管辖。是否会造成报酬和奖金的差异。是否会造成知识产权机密的变动。此草案条例是否会受到地方法律的侵害或动摇。协会部门建议在发布条例之前应该要清楚的了解法律之间可能有的问题和摩擦。

协会部门另外的一些顾虑包括了比较特殊，容易误解的词汇。比方说技术秘密和其他知识产权的运用方法与定义都不太清楚。技术秘密是应该被指为商业秘密，还是指为诀窍，或是其他财产权利。这些类型的权利的发明人都不容易被查阅讨论，而且为这方面报酬或奖励会迫使各组织机关加上很大的负担。协会部门建议国家知识产权局重新考虑所提到的技术秘密的报酬和奖励。
至于“其他知识产权”这个词不仅不太清楚，也似乎超出了专利权的范围。因此协会部门希望 SIPO 重新考虑使用这样的术语，或采用其他方式。清楚的一一列举其他知识产权。像举其著作权,商标法,植物新品种法,软件法。

以下是协会部门给予某些草案规定特别的关注与具体的评论。原文草案条例载于斜体。没有问题的草案条例也就没有在以下的评论里。

第一章 总则

第三条 国务院专利行政部门、农业行政部门、林业行政部门（以下统称“知识产权
主管部门”）、科学技术行政部门及劳动行政部门按照职责分工负责全国职务发明制度实
施的监督管理。

县级以上地方人民政府知识产权主管部门、科学技术行政部门、劳动行政部门按照
职责分工负责本行政区域内职务发明制度实施的监督管理。

第三条 对于地方政府机构负责管理或监督条例的语言较含糊。协会部门认为地方政府机构
没有足够的经验和专业知识，并不适合来管理和监督知识产权法条例。国家若允许地方政府
参与可能会造成不一致的监督管理。为了避免任何混乱和冲突，协会部门建议排除县市
地方政府的参与。

第四条 本条例所称发明，是指在中华人民共和国境内完成的，属于专利权、植物新
品种权、集成电路布图设计专有权或者技术秘密保护客体的智力创造成果。

第四条草案条例所提的发明大致为多项知识产权专利，植物新品种，集成电路布图设计，
技术秘密。然而，并非所有的原先知识产权法有考虑到服务方面的发明或发明人的报酬。
目前还不清楚如何处理草案条例跟早先的知识产权法所产生的冲突和区别。草案提到技术
秘密是独一无二。这用词定义不明确。协会部门建议按照 SIPO 原先的意图来明细解释技
术秘密这词。

第五条 本条例所称发明人，是指对发明的实质性特点作出创造性贡献的人。

在完成发明过程中，只负责组织工作、管理工作的人、为物质技术条件的利用提供
方便的人或者从事其他辅助工作的人，不是发明人。
第五条提到了为创造性的贡献的发明者。这可能只属于专利有关的技术，但跟其他类型的知识产权有差殊。尤其像对于保护新品种植物的权利，这是完全不属于创造性里面的贡献。协会部门建议再次为发明者来定义，也为创造性贡献这词补充诠释。尤其是对于保护非专利，没有创造性质的知识产权。

协会部门建议第六条明白地描述有关各组织机关的知识产权制度和薪酬制度。重新建立制度的原则或目标。否则制度实施时可能有过大的负担，并可能会压缩制度本身的创新意愿。

第六条 国家鼓励从事研究开发的单位建立职务发明的知识产权管理制度，设立专门机构或者指定专门人员负责知识产权管理工作，或者委托专业机构代为管理知识产权事务。

从事研究开发的单位应当建立发明报告制度或者与发明人约定，明确发明完成后单位与发明人之间的权利、义务与责任，及时确定发明的权益归属。

从事研究开发的单位应当建立职务发明的奖励报酬制度或者与发明人约定奖励和报酬。

单位在建立前述制度时，应当充分听取和吸纳相关人员的意见和建议，并将发明报告制度以及奖励报酬制度向研发人员和其他有关人员公开。

第六条提到了对于研究和发展组织，建立各种报酬和职务发明的管理机制那方面有 所要求。但这份责任义务的确切范围尚不清楚。例如，从事研究开发的单位还没有被定义，违反条款的后果也还不清楚。此外，第九条文似乎跟第六条文又有冲突。第六条的规定要各组织机关合乎个种职务发明条款的政策。但第九条允许当事人挑选要自我协定职务发明的政策或直接遵循草案条款。第六条的第一段提到要专门机构或者指定专门人员负责知识产权管理工作，第二段提到要从事研究开发的单位建立发明报告制度。这两样要求将会增加在中国开展业务的成本，也让这里成为一个过于规范繁琐的环境。

因此我们建议允许改写第六条。准予各组织机关和企业有自我的伸缩性和范围调整度，也让各体按照自我的业务模型来提高效率和创新制度。我们建议删除细节，扩展目标范围，让各体能够在有利的环境下自由作业。

第二章 发明的权利归属

第七条 下列发明属于职务发明：

（一）在本职工作中完成的发明；
（二）履行单位在本职工作之外分配的任务所完成的发明；

（三）退休、调离原单位后或者劳动、人事关系终止后一年内作出的，与其在原单位承担的本职工作或者原单位分配的任务有关的发明，但国家对植物新品种另有规定的除外；

（四）主要利用本单位的资金、设备、零部件、原材料或者不对外公开的技术资料等物质技术条件完成的发明，但约定返还资金或者支付使用费，或者仅在完成后利用单位的物质技术条件验证或者测试的除外。

第七条第四款涉及到单位的物质资源，然而，看来此款亦应当包括单位之技术信息。例如，第七条第四款之第一句或可被修订为：主要利用本单位的资金，设备，零部件，原材料，不对外公开的技术资料或技术信息等技术条件完成的发明。

另有，第七条第四款提出了资源乃仅限于不对外开放的资源。这个免责条款对于单位和发明人都有深切的重要性。更有，中国对于“发明”之定义与美国和欧洲之概念成型及实际完成之标准有所不同。任何对于单位资源之有权使用，排他的使用都必须明确的提前约定。为免产生疑虑，第四款第二点应提出澄清。例如：“但事先有书面协议约定返还资金或者支付使用费，或事先有单位之书面许可仅在完成后利用单位的物质技术条件验证或测试的除外。”

排除“仅在完成后利用单位的物质技术条件验证或测试”的发明也属不合理，因此可能造成许多漏洞。故此，本文建议此点应被删去。此处，本条例试图区分一项发明的“完成”同“测试”，而中国法律在此领域尚未发展健全（比如，与美国专利法不同，中国法律并未明确定义区别概念成型及实际完成）。若要使用此词，则需有澄清使用物质进行测试是基于“得到单位事先许可并合理补偿单位”。

第九条 单位与发明人可以就与单位业务有关的发明申请知识产权、作为技术秘密保护或者公开的权利归属进行约定；未约定的，适用本章的规定。

本文建议本条例适用于在没有上述协议或其他与单位的约定之情况下。需要澄清的是单位与发明人对其发明的权利所定的协议可以列出完整的报酬项目，取代在无上述协定时所适用的条款（第八条）。这就可以厘清在何种情况下应当应用何条，如同上一般意见中所述。故此，我们建议第九条应被修订为：“单位与发明人可以就与单位业务有关的发明申请知识产权《单位与发明人可以就与单位业务有关的发明申请知识产权为技术秘密保护或者公开的权利归属进行约定；未约定的，适用本章的规定。》”
识产权，作为技术秘密保护或者公开的权利归属，以及对于发明人的奖励与报酬的约定；未约定的，使用本条例中的规定。”

第三章 发明的报告与申请知识产权

第 十 条 除单位另有规定或者与发明人另有约定外，发明人完成与单位业务有关的发明的，应当自完成发明之日起两个月内向单位报告该发明。

发明由两个以上发明人完成的，由全体发明人共同向单位报告。

第十条规定的所谓“与单位业务有关的发明”的一个新的类别，作为报告职务发明的依据。本条例第七条所指发明的定义中并未包括“与单位业务有关的发明”之定义，故此概念尚不明确。我们所理解的是本条规定是特意营造一个广泛的报告责任以涵盖以恶意的发明者借口发明不属于职务发明而刻意隐瞒的情况。然而在此项要求下，罔顾条例的发明者仍然可能会瞒报发明，并且谎称发明与职务不相干而又增加了另一层复杂性。反之，这条规定也可能会牵绊住没有注意到单位业务的全部范围的善意的发明职员。单位若有职员挪用职务发明的顾虑，可以定期要求职员汇报用其本名申请的新专利的申请，植物新品种，或是集成电路的保护。

或许一个更好的必须汇报的类别范围应该划分为“在单位活动领域内的发明”。这个术语限制了应汇报的范围，因为它仅指单位实际工作的范围，而不是一切所谓“有关”的发明。

第十条允许单位和职员签订私人合同或另外约定关于准备和提交发明报告之事宜。然而本章余下条目中并不包含类似的规定。且不明确第十一条至十七条是可由变通的基本规则或是强制规则。如比较上而言，第四章中的有关酬金之条款明确指出各章中各方是否可另外自行约定安排。我们建议在第11, 12, 13, 14, 15, 16, 和17条中增加一款明确规定指出各方是否可以另行约定。

第 十 二 条 发明人主张其报告的发明属于非职务发明的，单位应当自收到符合第十一条规定的报告之日起两个月内给予书面答复；单位未在前述期限内答复的，视为认可该发明为非职务发明。

文中建议第十二条规定允许单位制定其自己的发明汇报和回复政策。这也与我们在第六条之中提出允许单位制定适应其商业需求的系统之建议相符合。

第 十 三 条 单位在书面答复中主张报告的非职务发明属于职务发明的，应当说明理由。
发明人在收到单位的答复之日起两个月内提出书面反对意见的，双方可以按照本条例第四十二条的规定解决争议；未提出反对意见的，视为同意该发明为职务发明。

文中建议第十三条应允许单位制定其自己的发明汇报和回复政策。这也与我们在第六条之中提出允许单位制定适应其商业需求的系统之建议相符合。

第十四条 单位应当自发明人报告职务发明之日起六个月内决定是否在国内申请知识产权、作为技术秘密保护或者予以公开，并将决定书面通知发明人。

单位未在前款规定期限内通知发明人的，发明人可以书面催告单位予以答复；经发明人书面催告后一个月内单位仍未答复的，视为单位已将该发明作为技术秘密保护，发明人有权根据本条例第二十五条的规定获得补偿。单位此后又就该发明在国内申请并获得知识产权的，发明人有权根据本条例规定的奖励和报酬。

文中建议第十四条应允许单位制定其自己的发明汇报和回复政策。这也与我们在第六条之中提出允许单位制定适应其商业需求的系统之建议相符合。

第四章 职务发明的奖励和报酬

第十九条 单位可以在其依法制定的规章制度中规定或者与发明人约定给予奖励、报酬的程序、方式和数额。该规章制度或者约定应当告知发明人享有的权利、请求救济的途径，并符合本条例第二十条和第二十三条的规定。

任何取消或者限制发明人根据本条例享有的权利的约定和规定无效。

第19条第一段描述了企业可以同发明者达成正当的协议，或通过声明阐释给予发明者奖励，报酬的程序，方法和数额。这和条例草案的其他很多条款吻合（如第21,22,24,27条），即描述了一种在单位和发明者间没有达成协议时解决奖励，报酬问题的模式，同时暗示上述问题本应当通过协议解决。然而，第19条第二段的规定——任何剥夺或限制发明者权利的协议或规章制度无效，同第一段相矛盾。如果对发明者权利的任何限制都使这种协议或规章制度归于无效的话，那么就没有理由再引入这种通过协议或制度解决的模式。本部份不认为这是第二段的立法本意所在，因此，为了避免模糊性，建议删除第二段。
此外，应当在第一段后面添加一项声明，即协议或规章制度应当包含合理的因职务发明专利而支付的固定费率。

第二十条 单位在确定给予职务发明人的奖励和报酬的程序、方式和数额时，应当听取职务发明人的意见。

单位自行实施、转让或者许可他人实施职务发明获得经济效益的，应当将所获得经济效益的有关情况通知给发明人。

第20条中的多项术语和短语都定义得不清楚而且应当被更好地解释。例如，第20条第一自然段中写到，单位应当听取职务发明人的意见。但这里并没指名是发明人对单位政策的整体设置的意见，或者是每个发明人对其所接受的实际奖励和报酬的具体意见。这是否指的是每个职务发明人对某个特定的发明的贡献的比例？短语“应当听取意见”是指何种含义？它可以理解为单位仅仅需要简单地征求发明人的意见，而没有遵循该意见的义务，也可以理解为单位必须结合发明人的意见做决定。此表述不仅意图不明，而且对于如何评价一个单位是否已经听取了发明人的意见也规定得不清楚。因此，本部门建议澄清第20条文中的相关观点。

第20条的第二自然段给单位强加了不适当的义务。本条没有明确规定应当提供什么样的情况。例如，应当向发明人提供多么细节的情况？这些情况可以以报告的形式提供，但是若单位的财政记录都可以被发明人审查，这将对单位造成很大的困扰。本部门建议法条对这些要求的意图进行澄清和解释。

第二十一条单位未与发明人约定也未在其依法制定的规章制度中规定职务发明的奖励的，对获得发明专利权或者植物新品种权的职务发明，给予全体发明人的奖金总额最低不少于该单位在岗职工月平均工资的两倍；对获得其他知识产权的职务发明，给予全体发明人的奖金总额最低不少于该单位在岗职工的月平均工资。

第21条给雇主增加了一个繁重的负担，那就是他们将会因申请专利而受到处罚，而不论该专利是否被使用。此外，本条提到了对其他知识产权的奖励。这似乎已经超出了专利权的范围之外。本部门建议将此规定从第21条中删除。

第二十二条单位未与发明人约定也未在其依法制定的规章制度中规定职务发明的报酬的，单位实施知识产权后，应当向涉及的所有知识产权的全体发明人以下列方式之一支付报酬：
（一）在知识产权有效期限内，每年从实施发明专利权或者植物新品种权的营业利润中提取不低于5%；实施其他知识产权的，从其营业利润中提取不低于3%；

（二）在知识产权有效期限内，每年从实施发明专利权或者植物新品种权的销售收入中提取不低于0.5%；实施其他知识产权的，从其销售收入中提取不低于0.3%；

（三）在知识产权有效期限内，参照前两项计算的数额，根据发明人个人工资的合理倍数确定每年应提取的报酬数额；

（四）参照前两项计算的数额的合理倍数，确定一次性给予发明人报酬的数额。

上述报酬累计不超过实施该知识产权的累计营业利润的50%。

单位未与发明人约定也未在其依法制定的规章制度中规定职务发明的报酬的，单位转让或者许可他人实施其知识产权后，应当从转让或者许可所得的净收入中提取不低于20%，作为报酬给予发明人。

第22条第六段规定报酬累计不超过实施该知识产权的累计营业利润的50%。思考一下，一个产品如果被10个专利所覆盖，而每一个专利发明都有一个发明人可以收取该产品的累积营业利润的50%，那么企业总共需要为这个产品支付的发明报酬就将是累积营业利润的500%。即使一个产品上只有两个发明人发明的两个专利保护，那么累计营业利润的50%的报酬也将阻止产品投入生产了。

第22条第7段规定了单位未与发明人约定也未在其依法制定的规章制度中规定职务发明的报酬的，单位转让或者许可他人实施其知识产权后，应当从转让或者许可所得的净收入中提取不低于20%，作为报酬给予发明人。同样的问题，如果一个产品被多个知识产权所覆盖，那么不低于净收入20%的报酬的规定将阻止企业转让或者许可他人该知识产权。所以，我方建议，如果不能删除该条，也应至少降低第22条第6段及第7段规定的报酬比例。

第二十五条单位决定对职务发明作为技术秘密予以保护的，应当参照本章的规定向发明人支付合理的补偿。

第25段引起我方的一些关注。首先，本条未出现其他许多条款出现的限定性语句，即，限制条款的适用的条件为单位未和发明人签订任何合约以及单位没有相关的政策。此条没有设置这样的适用条件是否意味着本条对于技术秘密是强制适用的呢？我方意见删除第25条，因为此条的规定使得企业承担了追踪对于此种发明及给予报酬过重的负担。另外，第25条规定了应当参照本章的规定向发明人支付合理的补偿，但是未说明是参照具体哪
一条。如果保留第25条，那么应当补充规定，单位与发明人可以事先对单位希望保留的技术秘密约定合理的补偿。

第五章 促进职务发明的知识产权的运用实施

第二十九条 单位拟转让职务发明的知识产权的，发明人享有在同等条件下优先受让的权利。

第29条规定了在单位拟转让职务发明的知识产权时，发明人享有的优先受让权。这一权利是与国际惯例相左的。如果一个单位拥有知识产权，那么单位就有权在不询问发明人的情况下开发利用该知识产权。另外，如果职务发明人想要实行该权利，可能直接与其签订的雇用合同相冲突。鉴于这样的冲突和矛盾，我方强烈建议国家知识产权局删除第29条。

第三十条 国有企事业单位自职务发明获得知识产权之日起三年内，无正当理由既未自行实施或者作好实施的必要准备，也未转让和许可他人实施的，发明人在不变更职务发明权属的前提下，可以根据与单位的协议自行实施或者许可他人实施该知识产权，并按照协议享有相应的权益。

第30条为国有企事业单位及其职务发明人提供了一个特殊的条件。在本条下，当一个国有企事业单位决定不对一个知识产权进行开发、转让或者许可并保持这样的状态长达3年后，发明人便获得了对该知识产权进行开发、转让或者许可的权利。这样一来，作为国有企事业单位的雇主，与非国有企事业单位的雇主相比，就丧失了在更晚些时候实施其专利的权利。这样的区别可能会为那些在非国有企事业单位试图开发一个闲置发明的发明人带来困扰，并且这样的规定也违反了草案的第17条。

第六章 监监督检查与法律责任

第三十四条 监督管理部门依法对单位落实职务发明制度的情况进行监督检查。

监督管理部门进行监督检查时，有权查阅与职务发明有关的劳动合同、规章制度等材料，有权对相关当事人进行询问。单位和发明人都应当如实提供有关材料和说明有关情况。
我方强烈要求删除本条中的“有权查阅与职务发明有关的劳动合同、规章制度等材料”部分。我们相信审查劳动合同、规章制度等或许只能对激励单位将这些保存起来这一目的有用，但该条例的其他条款其实已经充分实现这一目的了。另一方面，尽管有第35条的规定，但是单位丧失商业秘密的风险（例如，雇佣合同可能包含薪酬信息），并且/或者单位因考核（没有确定的程度和频率）所承担的过度负担，远远大于这种考核所带来的任何利益，特别是当考核是由县级政府机关所实施的时候。

第三十六条 发明人违反本条例的规定，对职务发明申请知识产权的，该申请产生的权利由单位享有，发明人获得的收益应当全部返还单位。

单位违反本条例的规定，对非职务发明申请知识产权的，该申请产生的权利由发明人享有，单位获得的收益应当全部返还发明人。

第36条清晰阐明了未遵守第17条其中一项要求的法律责任。第17条禁止单位（1）向公众公开由其员工创造的非职务发明；（2）以单位自己的名义对其员工创造的非职务发明申请知识产权；以及（3）向第三人转让其员工创造的非职务发明。反之，第17条也禁止员工公开、以自己的名义申请知识产权或者向第三人转让属于单位所有的职务发明。

特别是，第36条未提及第17条第（1）款及第（3）款——公开及转让该发明，的法律后果。

此外，第36条未提及关于第17条第（1）款及第（3）款——公开及转让该发明，的法律后果。

第三十八条 发明人认为其署名权被侵犯的，可以请求县级人民政府知识产权主管部门处理，或者向人民法院起诉。

县级人民政府知识产权主管部门或者人民法院认定侵犯署名权的行为成立的，责令侵权人停止侵害、赔礼道歉、赔偿损失。知识产权授权机关或者登记机关应当根据生效决定或者判决对相关文件中记载的发明人予以纠正并公告。

侵犯两人以上署名权或者两次以上侵犯署名权的，由县级人民政府知识产权主管部门对侵权人处五万元以下的罚款，并对侵权情况予以通报。
第三十八条 引起关注的一点是，县级的部门或者法院是否具有处理这种案件的能力。如果是“侵权行为”，则应当由法院处理。否则，如果是发明人或者所有权人权属问题，也应该由法院处理。允许在县级行政部门处理这种案件会导致混乱并且缺乏一致性。

第四十条 单位的规章制度或者与发明人的约定不符合本条例第十九条第一款的规定或者依照本条例第十九条第二款的规定被确认无效，造成发明人损失的，单位应当承担赔偿责任。

我方建议删除或者明确解释第四十条。第十九条第二款与第十九条第一款的义务约定相冲突（见对第十九条的评论），因而“依照本条例第十九条第二款的规定被确认无效”这句话是不必要的。同时，第十九条第一款并没有描述约定如何“不符合条例的规定”，条例草案的其他条款也没有描述该内容。因此，第四十条既是不必要的条款，同时条例草案中也应当修改以解释约定或者规章制度不符合规定的原因。

第四十三条 对发明提出知识产权申请后，当事人就该发明的权利归属产生争议的，授予该知识产权的部门可以根据当事人的请求中止知识产权的有关程序。权利归属纠纷解决后，当事人可以持生效的法律文书请求恢复知识产权的有关程序。

第四十三条第二款涉及到请求恢复知识产权的有关程序时使用了术语“生效的法律文书”。然而，该条款并没有表明什么是生效的文件，或者在这种文件中应该包含什么内容使其“生效”，或者相对地，为什么它会被认为是无效。希望调解协议足以作为生效的法律文件，如果可以，那么协议中必要的条款是什么？本部分建议明确这一术语。

第七章 附则

第四十五条 计算机软件职务作品参照适用本条例的规定。

条例注释中已认知，本条例第四十五条将酬金规定延展至计算机软件职务作品并不完全适用。由于缺乏如何将本条例延展的操作细节，造成了几点冲突。

首先，著作权法第十六条中的职务作品的定义不同于本规则中职务发明之定义。这个分歧造成了潜在的冲突。举例说来，著作权法规定，若作品是于职责内完成的并且单位提供物质上的支持，则计算机软件的著作权归属于雇佣单位。然而本条例中的职务发明定义仅要求上述两个条件中满足任意一条即可。故此，若一位职员在分配的工作任务外开发出软件
项目，但仍然使用了雇主提供的原材料，则此产品在著作权法中不属于职务作品，著作权归职员所有。这与本规定中的所有权结果正好相反。由于著作权法的等级更高，本规定在与著作权法冲突时不能改变软件著作权的处理方式，这就造成了潜在的混乱。

其次，计算机软件作品可以是著作权的主题，也可能是专利发明的一部分。注释部分强调了软件程序本身作为著作权的主题是一份职务作品，但是条例草案通指软件程序。这使得产品的知识产权和产品本身的界限变得模糊。故此，若出现软件以著作权目的时是为职务作品，但以专利权为目的时是为非职务发明之情况，本条例该如何应用尚不清楚。

其三，著作权法第十六条除计算机软件作品外，并且明确列出建筑设计，工业设计和地图为职务作品举例。尚未明确为何计算机软件被独立于其他著作权职务作品而另行保护。

第四，由于本草案并不完全适用于软件著作权，尚不明确何条将被应用于软件著作权。例如，第三章所讨论之单位知识产权之所有人对其知识产权之申请则不适用于计算机软件著作权。这是因为著作权并不要求作品申请程序。然则计算机软件有其独立的注册方案，且尚不明确第三章中的规定是否适用于此注册程序。

本组因此建议为计算机软件提供实施细节，又或者将此条删去。

结论

我方希望此份意见可以起到帮助的作用。我方也非常乐于回答有关该意见的任何问题，或者提供任何有帮助的进一步信息或者意见。同时，我方很希望在将来有机会对于成形后的草案提出进一步的意见。
JOINT COMMENTS OF THE AMERICAN BAR ASSOCIATION
SECTION OF INTELLECTUAL PROPERTY LAW
AND SECTION OF INTERNATIONAL LAW
ON THE DRAFT INVENTORS’ REMUNERATION REGULATIONS
FOR THE PEOPLE’S REPUBLIC OF CHINA

December 3, 2012

The views stated in this submission are presented jointly on behalf
of the Section of Intellectual Property Law and the Section of
International Law (the “Sections”) of the American Bar
Association (ABA) only. These comments have not been approved
by the ABA House of Delegates or the ABA Board of Governors
and therefore may not be construed as representing the policy of
the American Bar Association.

The Section of Intellectual Property Law and the Section of International Law of the American
Bar Association (collectively, the “Sections”) hereby respond to the solicitation for public
opinion on draft regulations (“Draft Regulations”) regarding inventors’ remuneration for the
People’s Republic of China (“PRC”), published for comments on November 12, 2012, by the
State Intellectual Property Office (“SIPO”).

The combined membership of the two Sections includes over 30,000 lawyers. Most of the
members are based in the United States of America, but a substantial number have lived and
worked abroad, including in the PRC, and some do so currently. Members of the Sections have
substantial expertise in intellectual property (“IP”) rights laws in the United States and around
the world. Our membership includes lawyers in the law departments of businesses and the
faculties of law schools, as well as in private practice and in government. In addition, many non-
U.S. attorneys are active as Associate Members in the Sections and have contributed their
expertise and insights to the Sections’ work.

The Sections welcome the goals of the drafters of the Draft Regulations to increase innovation
and develop talent through science and technology. The Sections appreciate the opportunity to
comment on the Draft Regulations to assist China in their pursuit of these goals. These
Comments submitted to SIPO offer the perspective of the Sections based on our members’
experience in the United States and abroad in the fields of IP rights and international business
law. Given the shortness of time, these comments are not intended to be comprehensive, but
reflect some of the issues raised by our members. The Sections hope that these comments will
assist the SIPO as it evaluates these Draft Regulations. We welcome future opportunities to
submit additional comments and urge the SIPO to allow full notice and public comment on all
future drafts.

* The notice of request for comments was published by the SIPO at
http://www.sipo.gov.cn/tz/gz/201211/t20121112_769843.html. The Task Force that drafted these comments
included Joyce Chang, Yee Wah Chin, Faisal Daudpota, Paula K. Davis, Meph Jia Gui, Sophie Jiang, He Jing,
Kening Li, Benjamin Liu, MaCharri Vormdram-Jones, Gregory Voss, and Aaron Wininger. These comments are
based on unofficial translations of the Draft Regulations.
EXECUTIVE SUMMARY

A major focus of the Comments relates to clarifying numerous terms and provisions in the Draft Regulations, leading to more legal certainty for inventors and entities. The Sections urge clarification of issues, including the right to establish private agreements between entities and inventors regarding remuneration, the applicability of such agreements to all of the Draft Regulations, and an explanation of how a private agreement could potentially be held invalid (Articles 9, 10, 19, and 40); the relational level and intersection of these Draft Regulations with other laws such as copyright, trademark, plant variety, software, know-how, and trade secret laws (Articles 21 and 22) as well as the relational level and intersection of these Draft Regulations with local or provincial laws and regulations; clarification of the roles of the different administrative offices in order to ensure that the appropriate office remains accountable and avoid conflicting instructions (Articles 3, 34, 38, 39, 41 and 42); clarification of the term “technical secrets” (Article 4); and clarification of the term “inventor” for non-patent inventions (Article 5).

Further, the Sections recommend removing some requirements included in the Draft Regulations, as these requirements will be overly burdensome for many entities. These include any requirement to track and provide remuneration for technical secrets (Articles 4 and 25); requirements specifically defined by the Draft Regulations (as opposed to negotiated and established by the entity itself) relating to the procedures for reporting inventions and responding to inventors (Articles 6 and 12-14); a requirement that governmental agencies have authority to examine the work contracts, entity policy, etc., relevant to service inventions (Article 34); and clarification of the implementation details for computer software or, alternatively, deletion of software from the Draft Regulations (Article 45).

Additionally, the Sections suggest at least lowering, if not deleting altogether, the specified remuneration amounts listed in the sixth and seventh paragraphs of Article 22, and removing the requirement for offering a right of first refusal to an inventor if the entity intends to assign intellectual property rights, as this is contrary to international norms (Article 29).
GENERAL COMMENTS RELATING TO THE DRAFT REGULATIONS

The Sections recognize and appreciate the efforts made in the Draft Regulations to provide incentives for innovation and development. We understand that the Draft Regulations were written to encourage the disclosure and use of more inventions while ensuring that the proper rights of both inventors and entities are recognized. However, we are concerned that too much regulation will be overly burdensome on some entities. Tight administrative controls will likely lead to increased tension in the balance between private rights and inventorship rights, which could result in lowered productivity. Furthermore, a lack of clarity in some provisions will lead to confusion and increased tension between entities and inventors. It is imperative that the proper balance of equities be reached without overregulating entities and their relationships with inventors.

The Sections are encouraged that the Draft Regulations seem to allow continued use of agreements between the entity and the inventors and policy statements to guide many aspects of inventor remuneration and awards. Yet, in the specific article which provides for agreements and policy statements, namely Article 19, the Draft Regulations appear to be contradictory to this contract-first principle. Other articles are similarly confusing in that some articles mention the contract-first principle while others do not, leading to the question of whether agreements and policy statements apply to all situations covered by the Draft Regulations. Moreover, it is unclear how disputes will be handled. Thus, the Sections recommend clarification of the applicability of alternative private agreements to the whole of the Draft Regulations.

Further, guidance is needed to explain the relationship of these Draft Regulations with the Patent Law and the Implementing Regulations. If conflicts arise, such as terminology having a different construction in any two of these documents, now or in the future as these documents are amended, which document preempts the others? Similarly, the jurisdictional relationship of these Draft Regulations with local law is unclear. What is the relationship of these Draft Regulations with local or provincial laws and regulations? Conflicts may exist between the Draft Regulations and local regulations, such as differences in the amount required for remuneration or the requirements for confidentiality. These Draft Regulations do not explain the relational levels—i.e., that the laws and regulations, in particular these Draft Regulations, will override the local laws and regulations. The Sections suggest that the relational level of these Draft Regulations be clarified prior to promulgation.

Additional concerns are raised by reference in several articles to “technical secrets” and reference to “other intellectual property rights.” The term “technical secrets” is not a defined term, and it is unclear whether this term refers to trade secrets or a subset thereof, know-how, or some other property right. These types of rights are difficult to track, and requirements for inventor remuneration or awards for such rights would add a great burden to entities. Moreover, having an undefined term such as “technical secrets” has the potential for misinterpretation. The Sections recommend that SIPO reconsider a requirement for remuneration and awards for technical secrets.

As for “other intellectual property rights,” this term is too vague. This appears to be an extension beyond patent rights, and as such, the Sections request that SIPO reconsider using such
term or otherwise clarify the intersection with other intellectual property right laws such as copyright and trademark law, plant variety law, and software law.

The following comments relate to specific provisions of the Draft Regulations and are submitted by the Sections to raise particular concerns. The draft provisions addressed are set forth in italics. Draft provisions which are not addressed are not included in these Comments.

SPECIFIC COMMENTS RELATING TO THE DRAFT REGULATIONS

Chapter 1 General Provisions

Article 3
The patent administration department under the State Council, the agriculture administration department, the forestry administration department (hereinafter collectively referred to as “Administrative Departments for IP Affairs”), the science and technology administration department and the labor administration department are responsible for supervision and administration of country wide service invention system in accordance with division of their respective responsibilities.

Administrative department for IP affairs, science and technology administration departments and labor administration departments at the local people’s government at above the county level are responsible for, according to the division of their respective responsibilities, supervision and administration of service-invention systems of respective administrative regions.

Article 3 envisions supervisory and management roles for many government offices with potentially overlapping roles at both the national level and the local level. Without a clear indication of the office with the ultimate responsibility and authority for interpreting and implementing the rule, employers and employees may be subject to conflicting or alternative interpretations. The Sections recommend that the Regulations specify the roles of the different administrative offices to ensure the appropriate office remains accountable and to avoid conflicting instructions.

The language of Article 3 is ambiguous as to whether the county level government agency is responsible for the administration or supervision of the Regulations. The Sections believe that a county level government agency is not suitable (e.g., may not have sufficient expertise) for the administration and supervision of the Regulations, and involvement at a local level may create too much inconsistency throughout the country. To avoid any likelihood of confusion, the Sections recommend that the language be clarified to exclude the county level.

Article 4
In the Regulations, “invention” refers to the achievement of mental-creation, which is made within the territory of People’s Republic of China and is eligible subject matter of patent right, right of new varieties of plants, exclusive right of electrical circuit design, or subject matter protectable as technical secrets.

Article 4 defines “invention” broadly as the subject of various intellectual property rights—patents, new plant varieties, integrated circuit layout design, and technical secrets. However, not all of the original enabling intellectual property rights law contemplates service inventions or
remuneration to the inventor. It is unclear what happens when substantive intellectual property laws and regulations conflict with these Draft Regulations. The terminology of “technical secret” is unique, and its definition is unclear. The Sections recommend revising Article 4 to reference the specific intellectual property rights laws including, in particular, the law that defines “know how” or “trade secrets” or both, depending on SIPO’s intent by this term.

**Article 5**

“Inventor” as mentioned in the Regulations means any person who makes creative contributions to the substantive features of an invention. Any person who, during the course of accomplishing the invention, is responsible only for organizational work, or who only offers facilities for making use of material and technical means, or who takes part in other auxiliary functions, shall not be considered as an inventor.

Article 5 uses “creative contribution” to define an inventor, which may be appropriate for patentable technology, but less appropriate for other types of intellectual property rights such as plant variety protection, where the phrase “creativity” is not used. The Sections recommend that the definition of inventor clarify the interpretation of creative contribution, especially with respect to non-patent intellectual property rights where, unlike patentable technology, the protection is not based on whether the technology involves “creativity” or “inventiveness.”

**Article 6**

The state encourages the entity which engages in research and development to establish the intellectual property management system for service invention and set up specialized department or designate specialized staff responsible for the IP management, or commission a professional agency to manage IP related affairs on behalf of the entity. Entity engaging in research and development shall establish the invention reporting system, or reach agreement with inventors, clearly define the entity and the inventor’s rights, obligations and responsibilities upon completion of an invention, and timely determine the ownership of the rights and interests relating to the invention. Entity engaging in research and development shall establish award and remuneration system for service invention or reach agreement with inventors on the award and remuneration. When an entity establishes the above systems, it shall listen to and consider the opinions and suggestions of relevant persons, and disclose the invention reporting system and the award and remuneration system to research staff and other relevant persons.

The Sections recommend that Article 6 articulate general principles or objectives of an entity’s intellectual property system and the related remuneration system. Otherwise, implementation of the described system may be overly burdensome and may limit innovation on how to implement the system itself.

As the article currently stands, Article 6 appears to require research and development organizations to establish various remuneration and service invention management mechanisms, but the exact contour of this obligation is not clear. For example, no explanation exists for how an “entity engaged in research and development” is defined. It is unclear what the repercussion of non-compliance is. Also, it is unclear how Article 6, which mandates the adoption of various service invention policies, does not conflict with Article 9, which permits parties to develop
service invention policies or to rely on the default rule. Additionally, the specialized department or staff responsible for intellectual property management, as described in Paragraph 1, and the invention reporting system of Paragraph 2 amount to additional compliance regimes for entities, increasing the costs of doing business in the country. In the absence of an agreement with the inventor, the requirements of this article may be overly burdensome for some entities, making it difficult to operate in such a regulated environment.

Therefore, we recommend that Article 6 be written to allow flexibility and latitude for entities to implement the most robust, efficient, and innovative system in accordance with the entity’s business model. Instead of providing additional details as listed above, we recommend that the objectives be broadened so that businesses are given the freedom to operate in the most beneficial environment for their business.

**Chapter 2 Ownership of Invention**

**Article 7**
The following inventions belong to service invention
1. the invention made in execution of the duties assigned by the entity to which he belongs;
2. the invention made in execution of any task, other than his own duty, which was assigned to him by the entity to which he belongs;
3. the invention made within one year from his retirement, resignation or from termination of his employment or human resources relationship with the entity to which he previously belonged, where the invention relates to his own duty or the other task assigned to him by the entity to which he previously belonged, but except new varieties of plants which are subject to other provisions made by the state;
4. the invention made mainly by using the money, equipment, spare parts, raw material or technical materials which are not disclosed to the public of the entity he belongs to; but except there is an agreement on returning funding or fees for the usage to the entity to which he belongs, or using the material technical means of the entity to which he belongs merely for verification or testing upon completion.

Article 7, paragraph 4 relates to physical materials of the entity; however, it seems that the clause should also include technical information of the entity. For example, Article 7, paragraph 4, first sentence may be amended to read: “the invention made mainly by using the money, equipment, spare parts, raw material, technical materials, or technical information which are not disclosed to the public of the entity he belongs to”.

Additionally, Article 7, paragraph 4 provides exclusions to the use of entities’ resources that are not available to the public. The significance of the exclusion clause is profound for the entity and inventor. Further, the Chinese definition of “invention” is not always clear when compared with United States and European standards of conception and reduction to practice. Any approved, excluded use of entity resources must be clearly agreed in advance. For avoidance of doubt, the second clause should be clarified. For example, “but except where there is a prior written agreement on returning funding or fees for the usage to the entity to which he belongs, or where there is prior written permission of the entity for using the material technical means of the entity to which he belongs merely for verification or testing upon completion.”
The exclusion of inventions made “using the material technical means of the entity to which he belongs merely for verification or testing upon completion” is also unjustified, as it may create too much of a loophole. Thus, the Sections recommend that it should be removed. Here, the Regulations appear to make a distinction between “completion” and “verification or testing” of an invention, but the Chinese law is this area is not well developed (e.g., no clear definition of conception vs. reduction to practice, in contrast to patent law in the U.S.). If this phrase is to be included, it should be clarified that the use of materials for verification and testing is “with the prior consent of and appropriate compensation to the entity.”

Article 9
The entity may enter into an agreement with the inventor on the right regarding the invention which is relevant to the business of the entity, such as the right of application for intellectual property right, or protecting as technique secret, or making public. The provisions in this Chapter of the Regulations shall apply in the absence of the above mentioned agreement.

The Sections recommend that these Regulations apply in the absence of the above mentioned agreement or other provisions made by the entity. It should be clarified that the agreement between the entity and inventor on the right regarding the invention may set forth full award and remuneration (Article 8) terms that supersede provisions that are applicable in the absence of the above mentioned agreement. This will provide clarity as to which articles apply in certain situations, as described in our general comments above. Therefore, we recommend that Article 9 be amended as follows: “The entity may enter into an agreement with the inventor on the right regarding the invention which is relevant to the business of the entity, such as the right of application for intellectual property right, or protecting as technique secret, or making public and the award and remuneration for the inventor. The provisions in these Regulations shall apply in the absence of the above mentioned agreement.”

Chapter 3 Report of Invention and Application for Intellectual Property Right

Article 10
Where the inventor makes an invention relevant to the business of the entity to which he belongs, he shall, except there is an agreement or other provisions made by the entity otherwise, report the invention to the entity within two months from the date the invention is completed. Where the invention is made by two or more inventors, the report shall be made by the inventors jointly.

Article 10 creates a new category of inventions known as “an invention relevant to the business” as the basis of reporting. It is unclear what concept is included in “an invention relevant to the business” that is not already included in the Article 7 definition. We understand that this article is intended to cast a wide net of reporting obligations to capture the situation where an inventor may fail to report or conceal a service invention under the pretext that is it not a service invention. However, this requirement does introduce an added level of complexity because an unscrupulous inventor may still conceal the invention and instead argue that the invention is not relevant to the business. Conversely, it may entrap a good faith inventor employee unaware of the full scope of the employer’s business. Companies can periodically request that its employees disclose the filing of any new patent, plant variety, or integrated circuit protection, filed in his or her own name, if the misappropriation of a service invention is a concern.
Perhaps a better category to require reporting would be an “invention in the field of activity of the entity.” This terminology narrows the scope of what is reportable because it is only those areas which the entity actually practices, not everything that is tangentially “relevant.”

Article 10 allows employers and employees to privately contract or develop alternative rules regarding the preparation and submission of invention reports. However, articles in the remainder of the Chapter do not contain similar language. It is unclear if Articles 11 through 17 are default rules that can be varied or mandatory rules. For the purpose of comparison, articles in Chapter 4 concerning remuneration clearly state within each article whether the parties can reach alternative private arrangements. We suggest the addition of a clear statement that parties may enter into an alternative arrangement for the remaining Articles 11, 12, 13, 14, 15, 16 and 17.

Article 12
Where an inventor claims the invention he reports is a non service invention, the entity shall, within two months from the receipt of the report which is in conformity with Article 11, give a written reply; failure of giving such a reply within the above mentioned time period is deemed as entity’s acceptance that the invention is a non service invention.

The Sections recommend that Article 12 should permit employers to develop their own invention reporting and response policy, which is consistent with our recommendation in Article 6 that allows for employers to develop systems that best match the employers’ business needs.

Article 13
Where the entity claims the reported non service invention to be a service invention in the written reply, it shall state the grounds. Where the inventor presents a written counterclaim within two months from the receipt of the reply from the entity, the parties involved may resolve the dispute in accordance with Article 42 of the Regulations; where no counterclaim is presented, the inventor is deemed as in agreement that the invention is a service invention.

The Sections recommend that Article 13 should permit employers to develop their own invention reporting and response policy, which is consistent with our recommendation in Article 6 that allows for employers to develop systems that best match the employers’ business needs.

Article 14
The entity shall, within 6 months from the service invention reporting date, decide whether to apply for intellectual property right, protect as technical secrets or publish and shall inform the inventor of the decision in a written notice. Where the entity fails to inform the inventor within the time limit as provided in the above paragraph, the inventor may send a written inquiry urging the entity to reply; if the entity fails to reply after 1 month of the inventor’s written inquiry, the invention shall be deemed to be protected as technical secrets by the entity, and the inventor has the right to have the compensation as provided in Article 25. If the entity afterwards applies and obtains domestic
intellectual property right of this invention, the inventor is entitled to get award and remuneration as provided in the Regulations.

The Sections recommend that Article 14 should permit employers to develop their own invention reporting and response policy, which is consistent with our recommendation in Article 6 that allows for employers to develop systems that best match the employers’ business needs.

Chapter 4 Award and Remuneration of Service Invention

Article 19
The entity may enter into an agreement with the inventor, or provide it in its policy formulated in accordance with the laws, on the procedure, manner and amount of the award and remuneration. The agreement or policy shall inform the inventor the right he is entitled to, the way to seek relief, and in accordance with Articles 20 and 23 of the Regulations. Any agreement or policy eliminating or limiting the right to which the inventor is entitled in accordance with the Regulations is invalid.

The first paragraph of Article 19 describes an allowable agreement between an entity and an inventor or a policy statement of the entity which may be established to detail the procedure, manner, and amount of the award and remuneration to which an inventor is entitled. This is consistent with many other articles (e.g., Articles 21, 22, 24, and 27) of the Draft Regulations which describe situations in which no agreement has been entered into between the entity and the inventor, indicating that it is allowable to have an agreement. Yet, the second paragraph of Article 19 contradicts the first paragraph, stating that any agreement or policy eliminating or limiting the inventor’s right is invalid. If any limitation to the inventor’s rights invalidates such an agreement or policy, then there would be no reason to enter into such an agreement or policy. The Sections do not believe that this is the intended meaning of the second paragraph, and to avoid a lack of clarity, the Sections suggest that the second paragraph be deleted.

It is further suggested that a statement should be added after the first paragraph to clarify that the agreement or policy statement may include a reasonable flat fee payment per granted service invention patent.

Article 20
When the entity decides the procedure, manner and amount of the award and remuneration given to the inventor, it shall listen to the opinions of inventors. The entity shall inform the inventor of the information on the economic benefit earned by the entity by exploiting, assigning, licensing of service invention.

Several terms and phrases in Article 20 are unclear and should be explained better. For example, in the first paragraph, Article 20 says that the entity shall listen to the opinions of the inventors. It is unclear whether this refers to the inventor’s opinions on the overall setup of the entity’s policy or, alternatively, the inventor’s opinions on the actual awards and remuneration that each inventor receives. Does this refer to the percentage of contribution of each inventor to a particular invention? What is intended by the phrase “shall listen to the opinions”? This could mean that the entity must simply ask for the inventors’ opinions with no obligation to act upon the opinions, or this could mean that the entity must incorporate the inventors’ opinions. The
intent is not clear, nor is it clear how to measure whether an entity has listened to the opinions of inventors. Therefore, the Sections recommend that clarifications on these points be made in the text of Article 20.

The second paragraph of Article 20 imposes undue obligations on entities. This article does not define with specificity what information must be provided. For example, how much detail must be provided to each inventor? This information could be provided as a report, but if it is expected that the entity’s financial records be open to audit from inventors, this could be especially burdensome for the entity. The Sections recommend that this article be clarified to explain the intent of these requirements.

**Article 21**

Where the entity has not entered into an agreement with the inventor on the award to the service invention, and has not provided the award to the service invention in its policy formulated, it shall, for the service invention granted an patent right or the right of new varieties of plants, award all of the inventors a sum of money as prize which shall not be less than 200% of the monthly average wages of the workers in the entity; and for the service invention granted other intellectual property rights, award to all of the inventors a sum of money as prize which shall not be less than the monthly average wages of the workers in the entity.

Article 21 imposes an onerous burden to employers in that they will be effectively penalized for filing a patent, regardless of whether that patent is exploited or not. Furthermore, this article refers to awards for other intellectual property rights. This appears to be an extension beyond patent rights. The Sections suggest that this wording be eliminated from Article 21.

**Article 22**

Where the entity has not entered into an agreement with the inventor on the remuneration and has not provided the remuneration in its rules and Regulations, it shall, upon the exploitation of the intellectual property rights, provides the remuneration to all related inventors by one of the following ways

1. within the valid term of the intellectual property, extract a sum of money which shall be no less than 5% from the operating profit of exploiting the patent right or the right of new varieties of plants, or no less than 3% from the operating profit of exploiting the other intellectual property right;
2. within the valid term of the intellectual property, extract a sum of money which shall be no less than 0.5% from the revenue of exploiting the patent right or the right of new varieties of plants, or no less than 0.3% from the revenue of exploiting the other intellectual property right;
3. within the valid term of the intellectual property, references the amount of the above two items, determine the amount of annual remuneration in accordance with the reasonable multiple of the personal salary of the inventor;
4. references the reasonable multiple of the amount of the above items 1 and 2, determine the lump sum amount of remuneration to be paid to the inventor.

The accumulated amount of the remuneration above will not be more than 50% of the accumulated operating profit of exploiting the intellectual property right.
Where the entity has not entered into an agreement with the inventor on the remuneration and has not provided the remuneration in its policy, it shall, upon the assignment, license to the third
party of the intellectual property right, shall extract a sum of money which shall be no less than 20% from the net income of assignment or license as a remuneration to the inventor.

The sixth paragraph of Article 22 is problematic in that it allows for an accumulated remuneration amount up to 50% of the accumulated operating profit from exploitation of an intellectual property right. Consider, for example, a product which is covered by ten patents. If each invention has one inventor who receives the maximum remuneration of 50% of operating profit, the amount of remuneration paid by the entity would be 500% of the operating profit. Even if only two patents with two separate inventors cover a product, a 50% remuneration rate would inhibit production of the product.

The seventh paragraph of Article 22 states that, where no agreement or policy statement exists and an entity assigns or licenses an intellectual property right, the inventor remuneration shall be not less than 20% of the net income of an assignment or license. Again, if multiple intellectual property rights cover a product, 20% remuneration could prohibit entities from assigning or licensing rights to others. Thus, the Sections suggest at least lowering, if not deleting altogether, the remuneration amounts listed in the sixth and seventh paragraphs of Article 22.

Article 25
Where the entity decides to protect the service invention as a technical secret, it shall pay a reasonable compensation to the inventor in accordance with the provisions of this Chapter.

Article 25 raises several concerns. First, it is noted that this article does not contain the language which is present in numerous other articles, limiting the article to situations in which the entity has not entered into an agreement with the inventor or the entity does not have a policy statement. Does the absence of such language in this article imply that compensation for technical secrets is non-negotiable? The Sections recommend that Article 25 be deleted, in that it will be overly burdensome to entities to track such inventions and their related compensation. Moreover, Article 25 states that the compensation should be paid in accordance with the provisions of this chapter, yet it is unclear which provisions are related. If Article 25 is maintained, a sentence should be added stating that the entity and inventor may agree in advance on reasonable compensation for technical secrets which the entity wishes to maintain.

Chapter 5 Exploitation of Intellectual Property Right in Service Invention
Article 29
Where an entity intends to assign intellectual property rights of a service invention, the inventor is entitled to the right of first refusal under the same conditions.

Article 29 requires a right of first refusal to the inventor if an entity intends to assign intellectual property rights. This is contrary to international norms. If an entity owns intellectual property rights, the entity is entitled to exploit that property without consulting with its employees. Further, if an employee were to exercise the rights, it could be in direct conflict with his contract for employment. In light of these conflicts, the Sections urge SIPO to delete this Article 29.
Article 30
Where state-owned enterprises and institutions, within 3 years from obtaining the intellectual property right on the service invention, neither exploit or have necessary preparation for implementing without any justifiable reasons, nor assign or license others to exploit, the inventor shall, under the situation that the ownership of the service invention is not changed, may implement or license others to exploit the intellectual property right and enjoy the relevant benefit in accordance with the agreement with the entity.

Article 30 provides special circumstances for state-owned enterprises and institutions and their inventors. Under this article, when an entity that is state-owned decides not to exploit, assign or license an intellectual property right, the inventor gains the right to do so after three years. As such, an employer that is a state-owned enterprise or institution will not have the same rights to exploit their patents at a later date as compared to an employer that is not a state-owned enterprise or institution. This differentiation could be confusing to inventors, who may try to exploit an idle invention of a non-state-owned enterprise and thus violate Article 17 of the Draft Regulations.

Chapter 6 Supervision, Inspection and Legal Responsibility

Article 34
The supervisory management supervises and inspects the implementation of the service invention system made by the entity in accordance with the laws. During the supervision and inspection, the supervisory management has the authority to examine the work contracts, entity policy, etc. relevant to the service invention, and inquire the parties involved. Both of the entity and the inventor shall provide the relevant materials and situation faithfully.

The Sections urge that the phrase “examine the work contracts, entity policy, etc. relevant to the service invention, and” of this Article be deleted. It is believed that no real purpose is served by this kind of examination of entity contracts and policies, other than perhaps to encourage the entities to have them in place, but the remaining articles of the Regulations sufficiently serve that purpose. On the other hand, despite Article 35, the risk of the entity losing its trade secrets (employment contract may contain, for example, salary information), and/or being unduly burdened by the examinations (the extent and frequency not being specified) far outweigh any benefit of this kind of examination, especially if it is done by a county level government agency.

Article 36
Where the inventor violates the provisions of the Regulations and applies for intellectual property for the service invention, the right granted under the application will be entitled to the entity, and all of the benefits obtained by the inventor shall be returned to the entity. Where the entity violates the provisions of the Regulations and applies for intellectual property right for the non service invention, the right granted under the application will be entitled to the inventor, and all of the benefits obtained by the entity shall be returned to the inventor.

Article 36 articulates legal liabilities for failing to observe one of the requirements under Article 17. Article 17 prohibits an entity from (1) disclosing to the public a non-service invention created by its employee(s); (2) applying for a patent under the entity’s own name on the non-
service invention created by its employee(s); and (3) transferring to any third party a non-service invention created by its employee(s). Conversely, Article 17 also prohibits employees from disclosing, applying for a patent, and transferring a service invention which belongs to the entity.

In particular, Article 36 specifies that in the event that the entity applies for a patent on a non-service invention, thereby failing to observe the requirements of the Draft Regulations, the benefits received therefrom shall be returned to the employee-inventor, and vice versa. However, Article 36 fails to mention anything about the losses suffered by the non-violating party. The benefits received may be minimal, but the harm caused to the non-violating party may be substantial. In such a situation, when such events were done intentionally or willfully, rewarding profits only is an inadequate remedy. Further, the parties have suffered costs associated with procurement of the intellectual property rights. These costs should be taken into account.

In addition, Article 36 fails to mention anything about the legal consequences of subpoints (1) and (3) of Article 17—public disclosure and transfer of the invention.

**Article 38**

*Where the inventor claims that his authorship has been infringed, he may, request the administrative department of intellectual property right of the people’s government at the county level to handle it, or institute legal proceedings before the People’s Court.*

*Where the administrative department of intellectual property right of the people’s government at the county level or People’s Court finds the infringement of inventorship, the infringer will be ordered to stop the infringement, apology and compensate for loss. The authorities for granting or registering intellectual property right shall correct the inventorship recorded in the relevant documents and make an announcement based on the effective ruling.*

*Where infringement of inventorship of two or more inventors or infringement of inventorship for twice or more times is found, infringer shall be imposed on a penalty under 50,000 RMB and be announced for the infringement by the administrative department of intellectual property right of the people’s government at the county level.*

Article 38 raises a concern in that the ability to raise such a case at the county level or at the courts is confusing. If this is an “infringement,” then it should be handled by the court. Alternatively, if this is an inventorship or ownership issue, it should also be handled by the court. Allowing such cases to be raised administratively at the county level will result in confusion and lack of consistency.

**Article 40**

*Where the entity policy or the agreement entered into with inventors is not in accordance with Article 19.1 of the Regulations, or considered to be invalid according to Article 19.2 of the Regulations, and a loss to the inventor is caused, the entity shall be liable for damages.*

The Sections recommend deletion or clarification of Article 40. The second paragraph of Article 19 contradicts the allowable private agreements of the first paragraph of Article 19 (see comments for Article 19), thus making the phrase “or considered to be invalid according to Article 19.2 of the Regulations” unnecessary. Moreover, the first paragraph of Article 19 does
not describe how an agreement can be held “not in accordance with the Regulations,” nor does any other article in the Draft Regulations. Thus, Article 40 is either an unnecessary section, or the Draft Regulations should be revised to explain why an agreement or policy statement would be held not in accordance.

Article 43
Upon the application for intellectual property of the invention, where the involved parties have dispute over the ownership of the invention, the department granting the intellectual property right may, based on the request of the concerned parties, discontinue the relevant process of the intellectual property right. Upon the settlement of the dispute over the ownership, the concerned parties may, with the effective legal instruments, request for restoration of the relevant process of the intellectual property right.

Paragraph 2 of Article 43 uses the term “effective legal instruments” when referring to a document which requests restoration of the relevant process for the intellectual property right. However, this article does not suggest any documents which would be effective or provide any guidance as to what should be included in such a document to make it “effective” or, alternatively, why it would be found ineffective. Would a settlement agreement suffice as an effective legal document, and if so, what would be the required provisions? The Sections suggest that this term be clarified.

Chapter 7 Supplementary Articles

Article 45
The Regulations are applicable for the service works of computer software.

Article 45 extends the remuneration regulation to the service works of computer software even though, as the explanation notes acknowledge, it is not a perfect fit. The lack of operational details of how to extend it in practice creates several sources of conflict.

First, the definition of service works in Article 16 of the Copyright Law is different from the definition of service invention under this regulation and this divergence creates a potential for conflict. For example, the copyright of a computer software work vests in the employer organization if the work is created in the course of performing work duties and if the work is performed with the material support of the employer organization under the Copyright Law. However, the definition of a service invention in this proposal only requires that one of the two conditions be met. Therefore, if an employee creates a software program outside the assigned job duties but nonetheless uses material resources provided by the company, it is not a service work under the copyright law and the copyright will vest in the employee author, contrary to this proposal. Because the Copyright Law is a higher level law, this regulation cannot alter the treatment of the software copyright where it conflicts with the Copyright Law, creating potential confusion.

Second, computer software works can be the subject of copyrights as well as a component of a patent invention. The explanation text emphasizes that it is the software program as a copyright subject that is a service work, but the proposed regulation refers to software generally, blurring
the boundary between the IP rights of a product and the product itself. As a result, it is unclear how the regulation should apply if the software is a service invention for the purpose of copyright law but a patent claiming the software component is not a service invention.

Third, Article 16 of the Copyright Law contemplates copyright service works beyond computer software and specifically enumerates architectural designs, industrial designs and maps. It is unclear why computer software is singled out from other copyright service works for protection.

Fourth, because the proposed regulation does not fit a software copyright exactly, it is unclear which articles apply to software copyright. For example, Chapter 3 discusses the right of the employer IP owner to apply for the IP rights at issue which is not applicable to computer software copyright because no formality is required under the Copyright Law. However, a separate registration scheme exists for computer software and it is unclear whether Chapter 3 applies to such registration process or not.

The Sections recommend more implementation details for computer software or, alternatively, deleting this provision.

CONCLUSION

The Sections hope that this submission is useful. We would be pleased to respond to any questions regarding these Comments, or to provide any additional comments or information that may be of assistance. The Sections welcome future opportunities to comment as the Draft Regulations are finalized.