

LEGAL REGULATION OF SERVICE INVENTIONS: PROTECTING THE INTERESTS OF THE INVENTOR AND THE EMPLOYER

M. Kh. Rustamova

Tashkent State University of Law, Tashkent, Republic of Uzbekistan

Abstract

The article compares the legal regimes governing service inventions in Uzbekistan, the United Kingdom, and the Netherlands. It examines the criteria by which patent rights pass from employee to employer and the rules for author's compensation. The analysis reveals gaps in the Uzbek model (contractual uncertainty, absence of sanctions for patent lapse) and shows how the British "fair share" mechanism and the Dutch requirement of "proportionate remuneration" address similar issues. Recommendations are offered: introduce a methodology for calculating payments, oblige the employer to disclose the commercial effect of the invention, and create a pre-trial mediation body.

Keywords. Service inventions; patent law; author, inventor; employer; remuneration; Law of the Republic of Uzbekistan "On Inventions, Utility Models and Industrial Designs"; Patents Act 1977; Rijkssoctrooiwet 1995; intellectual property.

Introduction

The institute of service inventions plays a key role in an innovative economy, since a significant share of technical solutions is created by employees in the course of their employment duties or at the employer's instruction. The manner in which legislation allocates patent rights and establishes a mechanism for author's remuneration affects not only researchers' motivation but also the investment attractiveness of enterprises that invest in research and development. This article is devoted to a comparative analysis of three legal systems—those of the Republic of Uzbekistan, the United Kingdom, and the Netherlands—which demonstrate different models of balancing the interests of the "employee-inventor" and the "employer-investor." The aim is to identify the strengths and weaknesses of Uzbek regulation in light of foreign experience and to propose recommendations for eliminating the identified gaps, primarily regarding contractual detail, sanctions for patent lapse, and transparency in calculating remuneration to the author.

Materials and Methods

A comparative-legal method was employed. The author studied and compared three basic normative sources: the Law of the Republic of Uzbekistan "On Inventions, Utility Models and Industrial Designs," sections 39–41 of the UK Patents Act 1977, and Article 12 of the Dutch Rijkssoctrooiwet 1995. Judicial decisions were then selected for each statute—*LIFFE v Pinkava*



and *Harris' Patent* in the United Kingdom and *Van der Sloot v IFE-Tebel* in the Netherlands—to observe how the norms operate in practice. For ease of comparison the author compiled a single table with three simple criteria: to whom the patent initially belongs, what deadlines and actions the employer must observe, and how remuneration to the inventor is calculated. The completed lines revealed similarities and differences among the systems. Reliability is ensured by the fact that all statutes and decisions are available in open state databases (Lex.uz, legislation.gov.uk, overheid.nl), so any researcher may replicate the source selection and obtain the same data. A limitation of the method is the absence of fresh statistics on Uzbek disputes for 2024.

Results and Discussion

Service inventions are inventions created by an employee in the performance of employment duties or at the employer's assignment. Legal regulation of such inventions is important because it allows precise determination of who owns the rights: the employee as author or the employer who organised and paid for the development process.

According to Article 10 of the Law of the Republic of Uzbekistan "On Inventions, Utility Models and Industrial Designs," the right to a patent may belong to:

- the author (or co-authors);
- their heirs;
- legal and natural persons specified in the application;
- the employer, if this is expressly provided in the contract between the employer and the author¹.

Thus, the employer's right to obtain a patent does not arise automatically but only if there is an appropriate contractual provision. In other words, if the contract does not stipulate such transfer, the author retains the right to file the application and obtain the patent in their own name².

If the contract states that the rights belong to the employer, yet within four months from the employee's written notice the employer has neither filed the application, nor assigned the right to another person, nor notified that the invention will be kept secret, the author acquires the right to file the application in their own name³. The employer nevertheless retains a preferential right to use the invention, but must pay compensation to the author⁴.

If the employer decides to keep the invention secret, they are obliged to pay the author proportionate remuneration⁵. Moreover, if the author is not the patent holder yet the invention

¹ Article 10, Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs'"

² Article 10(3), Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"

³ Article 10(4), Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"

⁴ Article 10(5), Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"

⁵ Article 10(6), Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"



is used or licensed, the author is still entitled to remuneration, the amount and procedure of which are established by contract⁶.

The patent application is filed by the author, employer, or their successor through state information systems⁷ and must contain:

- a request indicating the author and the applicant;
- a description of the invention;
- the claims;
- drawings and other materials (if needed);
- an abstract⁸.

In the event of a dispute between employee and employer concerning a service invention, the court must consider:

- the content of employment duties;
- the presence or absence of a specific assignment;
- other evidence confirming that the invention was created within the scope of employment⁹.

Such cases fall under the jurisdiction of civil rather than economic courts¹⁰.

Cases occur where an employer, to avoid paying remuneration, allows the patent to lapse (e.g., by not paying fees) but continues to use the invention. Such behaviour may be recognised as an abuse of right¹¹, and the author is entitled to claim damages¹²; yet in practice proof is difficult, especially if the author has already left the company and lacks access to internal information.

A comparative view of service-invention regulation reveals divergent approaches in different jurisdictions. In Uzbekistan the employer's right to the patent arises only on a contractual basis, whereas in jurisdictions with a more imperative model, such as the United Kingdom, such rights are granted by statute by default. For a deeper understanding of the British model one should refer to current UK patent legislation.

The principal statute regulating patent matters in the United Kingdom is the Patents Act 1977¹³, which extends to England, Wales, Scotland, Northern Ireland, and the Isle of Man, with the Act itself providing territorial peculiarities. As regards service inventions, territorial differences are minimal and concern mainly enforcement of compensation awards. Although the court systems of Scotland, Northern Ireland, and the Isle of Man are autonomous, patent appeals from these jurisdictions are heard by the English appellate courts, ensuring consistency of case-law.

⁶ Article 10(7), Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"

⁷ Article 14(1), Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"

⁸ Article 15, Law of the Republic of Uzbekistan No. 397-II of 29 August 2002, "On Amendments and Additions to the Law of the Republic of Uzbekistan 'On Inventions, Utility Models and Industrial Designs.'"

⁹ Paragraph 54, Resolution No. 19 of 23 June 2023 of the Plenum of the Supreme Court of the Republic of Uzbekistan, "On Certain Issues in the Adjudication of Intellectual Property Cases"

¹⁰ Paragraph 7, Resolution No. 19 of 23 June 2023 of the Plenum of the Supreme Court of the Republic of Uzbekistan, "On Certain Issues in the Adjudication of Intellectual Property Cases"

¹¹ Article 9, Civil Code of the Republic of Uzbekistan (Part One), adopted on 21 December 1995.

¹² Article 11, Civil Code of the Republic of Uzbekistan (Part One), adopted on 21 December 1995.

¹³ Patents Act 2004



The Patents Act also allows disputes involving service inventions to be heard by the Intellectual Property Office (IPO). The IPO possesses jurisdiction over all patents effective in the UK. However, if the IPO considers that a matter should be determined by a court, it may decline jurisdiction, whereupon the case will be transferred to the competent court.

As in many patent matters, identification of the invention is crucial for proper determination of ownership. Under the Patents Act 1977 the inventor is “the actual deviser of the invention.” The inventive concept, not the literal wording of the claims, must be established, especially since claim wording does not exist until the application is prepared and may later be amended¹⁴. Nevertheless, the claims may serve as an aid in determining the invention’s substance, and a single patent or application may disclose several inventive concepts. Once the relevant invention is identified, it must be decided whether it belongs to the employer or employee.

Under section 39(1) of the Patents Act, an invention made by an employee belongs to the employer if:

(a) it was made in the course of the normal duties of the employee or duties specifically assigned to the employee that were such that an invention might reasonably be expected to result; or

(b) it was made in the course of the employee’s duties and the nature of those duties and the particular responsibilities arising from them placed the employee under a special obligation to further the employer’s interests.

For section 39(1)(a) the employer must show that at the time of creation the employee¹⁵ was employed to carry out innovative work in the relevant field, whether performing normal or specifically assigned duties¹⁶, and that it was reasonable to expect an invention might result. Evidence will include the employment contract and any further written instructions, such as documented appraisal targets; broader circumstances will also be considered, notably the employee’s actual duties and how they have evolved over time. In *LIFFE v Pinkava*¹⁷, the latest Court of Appeal ruling on the issue, the majority held that the employee’s professional qualities should be considered in assessing the reasonable expectation of invention, though one judge dissented.

For section 39(1)(b) the key authority is *Harris’ Patent*¹⁸, where the court held that the “extent and nature” of the special obligation depend on the employee’s status and attendant responsibilities: the status of a chief executive officer is contrasted with that of a sales manager, whose functions are far narrower. This interpretation must be viewed together with the previous paragraph. Section 39(1)(b) refers to “duties,” not merely “normal duties” as in section 39(1)(a).

In all cases not falling under section 39(1), the invention, by virtue of section 39(2), belongs to the employee. Furthermore, under section 42(2) any attempt to extend the employer’s rights by contract is void, except where the employee is bound by a confidentiality obligation to the

¹⁴ Henry Brothers (Magherafelt) Ltd v Ministry of Defence [1999] R.P.C 442

¹⁵ An employee must be distinguished from a person working under a contract for the provision of services, such as a consultant. This law does not apply to consultants or other contractors.

¹⁶ Note that “ordinary duties” and “duties specifically assigned” are mutually exclusive concepts.

¹⁷ *LIFFE v Pinkava* [2007] EWCA Civ 217; [2007] R.P.C 30

¹⁸ [1985] R.P.C. 19



employer. Section 42 applies where contractual extension exceeds actual duties performed. It does not prevent an employee from settling a compensation claim by agreement.

The legislation applies only to employees who at the time of creation of the invention:

- (i) predominantly work within the territory of the United Kingdom; or
- (ii) have no principal place of work or it cannot be determined, but the employer carries on business in the UK to which the employee is attached.

For a broader comparative analysis, the continental-law approach, particularly that of the Netherlands, is of interest. Unlike the UK, where statute directly vests the employer with the right to service inventions, and unlike Uzbekistan, where such right must be contractually fixed, Dutch legislation occupies an intermediate position: the right to the patent indeed passes to the employer in certain circumstances, but only where the nature of the work implies inventive activity. Details are set out below.

Article 12 of the Dutch Patents Act (DPA)¹⁹ provides that the employee is entitled to the patent for an invention they have made unless the nature of their employment renders the use of their special knowledge for making inventions of the type concerned common practice, in which case the right belongs to the employer.

This rule applies exclusively to persons having an employment contract within the meaning of Article 7:610 of the Dutch Civil Code²⁰, as well as to civil servants in public authorities or other public bodies. It does not extend to freelancers, self-employed persons, or executives without a formal employment contract (e.g., where their activity is carried out under a management agreement between their personal legal entity and the company). For such persons the decisive factor is the content of the civil-law agreement concluded with the organisation for which they work. Absent a specific contractual provision, such persons retain the exclusive rights to patents for inventions they create. Hence companies should include express provisions on the allocation of rights in every such agreement if the organisation intends to patent such developments in future. Statutory law does not apply in these situations, so the matter must be settled by direct agreement.

Naturally, the right to file a patent application may later be assigned to the employer, especially since many individuals lack funds for prosecution and enforcement; however, such assignment involves additional risks and is likely more costly than addressing the issue at the contracting stage before the invention is made.

For employees the fundamental criterion is whether the nature of their work involves using special knowledge to create inventions of the same type as the patent application. It is not required that the main function be inventing—suffices if it forms part of the actual duties. Nor must the employment contract expressly state that inventing is its aim; in most employment relationships such a goal is not formulated, nor always achievable. The legislator intended the rule to cover all employees engaged in scientific research and experimental development (R&D). If such an employee creates an invention in the technical field corresponding to their duties, the employer obtains the right to the patent regardless of where the invention was made—at the workplace, at home, or even on holiday.

¹⁹ Dutch Patents Act (Rijksoctrooiwet) (in Dutch)

²⁰ Dutch Civil Law



Conversely, an employee not engaged in R&D retains rights to inventions they create, whether deliberately or by serendipity. Scholarship cites as an example a mechanic working in a laboratory. In practice there may be a continuum between these extremes. Thus, the Leeuwarden District Court²¹ held that a “special products manager,” not a research scientist but acting as intermediary between the company and its clients, had no right to the patent, even though he formulated the key research question containing the inventive concept; the court stated that the nature of his duties envisaged the possibility of such inventions, so the employer rightly acquired exclusive rights.

Regarding universities, universities of applied sciences, and research institutes, a simpler rule applies under Article 12(3) DPA: if employee conducts research, the employer is entitled to a patent for any invention created by the employee, even if it is outside the technical field formally corresponding to the employee’s position. This provision has been criticised in legal literature²², yet no legislative initiative has been taken to amend it, apparently because the issue is regulated in collective labour agreements.

Other contractual arrangements on allocation of rights, formalised in writing—whether individual employment contracts, collective agreements, or agreements for a specific project or invention—are permitted. In practice collective agreements often contain special clauses on this matter. Universities, as important innovation sources with elaborate internal rules, exemplify the use of collective agreements in allocating invention rights.

If an invention is made by an employee but the right to file the application belongs to or is assigned to the employer, Article 14 DPA provides that the employee retains the right to be mentioned in the patent application as inventor, and this right cannot be restricted or excluded by contract. However, violation of this right does not render the application invalid.

Conclusions

The experience of the United Kingdom and the Netherlands shows that sustainable regulation of service inventions rests on two pillars: transparency of employer revenues and predictability of employee-inventor status. Of particular interest is the British system of additional compensation. In the UK the patent automatically belongs to the employer, yet §§ 40–41 of the Patents Act 1977 grants the author a right to a “fair share” of profit if the invention yields the company outstanding benefit. Transposing this idea to Uzbekistan would mean introducing a mandatory rule: the employer must annually disclose to the author the economic result of implementing the service invention, and if information is withheld statutory law would impose a fixed percentage (say, ten percent) of all revenue obtained from the development. Such a norm both simplifies proof in court and creates an economic incentive for timely, bona fide payments.

The Dutch model, by contrast, is based on a presumption of employee authorship: if the job does not involve R&D tasks, the patent remains with the author by default, and the employer may acquire it by paying “proportionate remuneration.” This approach should be adapted in Uzbekistan through differentiation of positions. Wording in the Labour Code and the

²¹ District Court Leeuwarden 30-10-2001, *Van der Sloot v IFE-Tebel Rechnologies*

²² A. Rijlaarsdam, *Octrooi en dienstbetrekking*, 2005 and Huydecoper/Van der Kooij/ Van Nispen/Cohen, p. 299.



Qualification Directory could divide positions into “R&D-obligatory” and “non-R&D”: in the former rights transfer immediately to the employer, in the latter they remain with the author while the employer retains a purchase right at independent valuation. Such a presumption would reduce contractual gaps in non-research sectors and strengthen the motivation of engineers for whom inventing is not a primary duty.

Further improvement of the Uzbek system is impossible without a pre-trial mediation institute, successfully operating in the Netherlands within the patent office. Establishing a Special Commission on Service Inventions under the Intellectual Property Agency would allow prompt calculation of remuneration, approval of settlements, and issuance of expert opinions binding on the court. This would ease the courts’ workload and shorten the time for authors to receive funds.

Finally, adoption of the British approach to abuse of right is important to curb the common practice whereby the employer allows the patent to lapse by non-payment of fees yet continues to use the invention. Introducing into the Civil Code a rule on double compensation to the author and an additional fine to the budget for such conduct would make patent lapse without remuneration economically disadvantageous. Collectively, these measures—transparent income reporting, a presumption of authorship for non-R&D employees, mandatory pre-trial mediation, and sanctions for bad-faith patent lapse—would create in Uzbekistan a fairer, more predictable, and innovation-stimulating regime for service inventions.

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