Austrian service invention law

Pitfalls and selected differences to German employee invention law

Austria took a pragmatic approach to the regulation of service inventions (»Diensterfindungen«) in 1925 by incorporating the provisions directly into the Patent Act (§§ 6–19 Austrian Patent Act), rather than enacting a separate statute. The Austrian model even served as a template for the German Employee Invention Act (»Gesetz über Arbeitnehmererfindungen«, »ArbEG«), which was not introduced until more than 30 years later, in 1957, as a separate statute distinct from the German Patent Act that had been established much earlier (Bartenbach/Volz, Arbeitnehmererfindungsgesetz, 2016, margin no. 371–387).

The Austrian provisions were deliberately designed as flexible, general rules applicable to individual cases, and have remained substantively unchanged for more than 100 years. This flexibility explains why the regulation has stood the test of time, but it also leaves gaps that companies must fill themselves.

Companies based in Austria and corporate groups with Austrian subsidiaries that process invention disclosures therefore encounter a number of pitfalls that are frequently overlooked in practice. Austrian SMEs and start-ups, which often operate without their own IP department, need to be aware of these pitfalls to avoid potentially far-reaching negative consequences for their own intellectual property rights.

No statutory safety net for the transfer of an invention from employee to employer

One of the most significant pitfalls of the Austrian Patent Act concerns the transfer of rights to a service invention from employee to employer. Unlike Germany, Austria has no fallback regime as set out in the ArbEG. In Germany, since the amendment of the ArbEG in 2009, an employee invention automatically transfers to the employer under § 6(2) ArbEG if the employer does not release it within four months. Even without any contractual arrangement, the statutory remuneration rules thereby ensure that the inventor is entitled to adequate compensation.

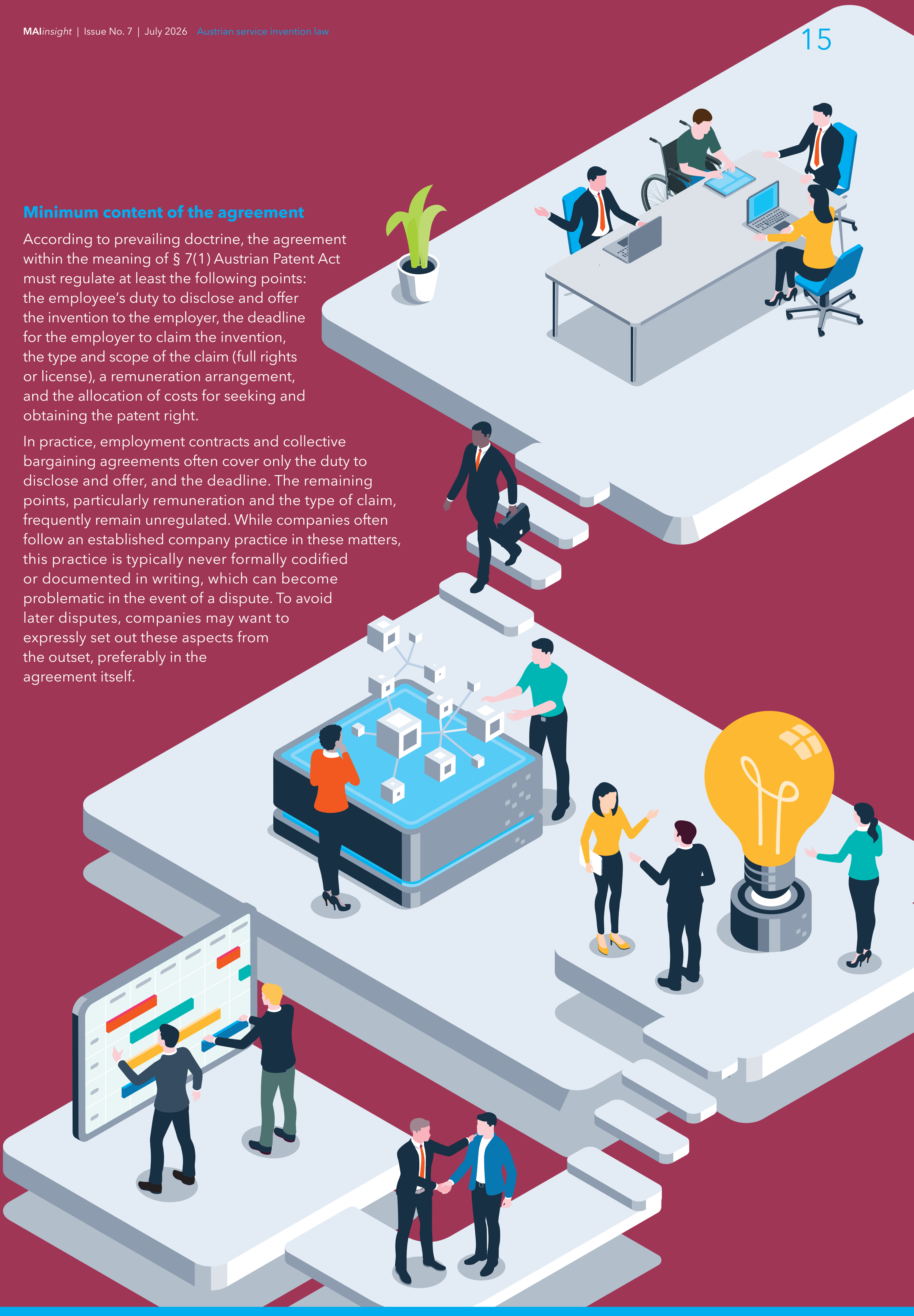
In Austria, by contrast, § 7(1) Austrian Patent Act leaves the matter entirely to an agreement between employer and employee. If no such agreement exists at the time of the invention disclosure, a significant legal gap arises: there is neither an automatic transfer of rights of the service invention to the employer nor a statutory remuneration rule on which the employer could fall back.

In practice, this regulatory gap rarely becomes relevant because, in most cases, employment contracts contain a standard agreement to this effect, or a collective bargaining agreement with a corresponding provision applies. Nevertheless, the risk remains in place for cases where both of these solutions are absent or the agreement is incomplete.

Minimum content of the agreement

According to prevailing doctrine, the agreement within the meaning of § 7(1) Austrian Patent Act must regulate at least the following points: the employee's duty to disclose and offer the invention to the employer, the deadline for the employer to claim the invention, the type and scope of the claim (full rights or license), a remuneration arrangement, and the allocation of costs for seeking and obtaining the patent right.

In practice, employment contracts and collective bargaining agreements often cover only the duty to disclose and offer, and the deadline. The remaining points, particularly remuneration and the type of claim, frequently remain unregulated. While companies often follow an established company practice in these matters, this practice is typically never formally codified or documented in writing, which can become problematic in the event of a dispute. To avoid later disputes, companies may want to expressly set out these aspects from the outset, preferably in the agreement itself.



Employee remuneration: individual calculation rather than lump sum

§ 9 Austrian Patent Act requires that remuneration for each service invention be calculated individually, taking into account the economic significance of the invention. Austrian case law emphasizes case-by-case assessment (OGH, 4.8.2009, 9 ObA 39/08p – *SO_2 Compressor*).

Lump-sum payments are generally permissible, particularly for inventions that are difficult to value (e.g., blocking patents). However, they offer the employer no legal certainty if they are set without any reference to the economic value of the invention. The inventor can renegotiate the remuneration under § 10(1) Austrian Patent Act if the circumstances relevant to appropriateness of the sum in question change significantly.

While lump-sum remuneration is common practice in Germany, it represents a legal gray area in Austria. If lump-sum payments are made, it may therefore be advisable in individual cases to structure them as an advance payment toward an individual calculation to prevent potential disputes regarding the statutory inventor remuneration.

Deadline collision: statute vs. collective bargaining agreement

§ 12(1) Austrian Patent Act grants the employer a period of four months from the offer to claim the invention as service invention. However, numerous collective bargaining agreements shorten this period to three months.

The coexistence of both deadlines creates a significant risk. For example, if an inventor reports their invention informally, depending on the collective bargaining agreement, a shorter deadline may apply than what is agreed on in the employment contract. If the employer claims the invention only after the shorter three-months deadline has expired, the invention may already have become released, with the consequence that the employee may exploit it themself. It is therefore essential to review the applicable deadlines within a company and to align processes accordingly.

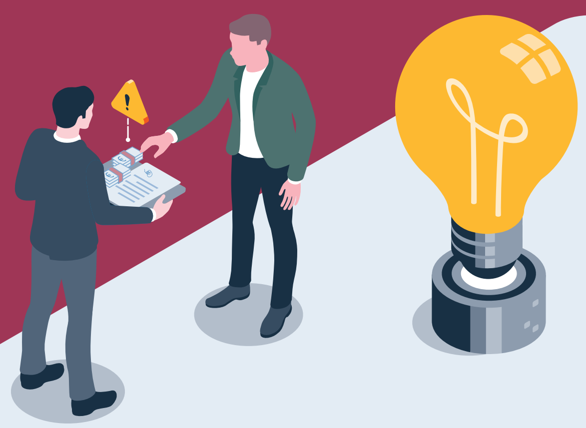
Automatic transfer of rights – contractually configurable?

As Austria lacks the statutory automatism for the transfer of rights that exists in Germany, a certain risk that inventions might not be claimed within the relevant deadlines results.

Notably, claiming an invention in Austria does not require written form and can be done informally. Thus, a contractual agreement whereby rights automatically transfer to the employer upon submission of the invention disclosure or after expiration of the claim period is, in principle, possible. With proper contractual structuring, companies can therefore contractually create a fallback system modeled on the German system and avoid that important inventions are released due to negligence.

Conclusion

Austrian service invention law is more strictly regulated than its German equivalent in some areas – such as individual remuneration calculation – and less so in others – particularly the absence of a statutory automatism for claiming and transferring rights. Companies that understand these and other pitfalls and design their processes accordingly secure their rights to the invention while giving employees a transparent and predictable framework for remuneration – a result that benefits all parties.



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