Artículo de investigación

Theoretical aspects of recognizing the intellectual property as work for hire

ТЕОРЕТИЧЕСКИЕ АСПЕКТЫ ПРИЗНАНИЯ РЕЗУЛЬТАТОВ ИНТЕЛЛЕКТУАЛЬНОЙ ДЕЯТЕЛЬНОСТИ В КАЧЕСТВЕ СЛУЖЕБНЫХ ПРОИЗВЕДЕНИЙ

Aspectos teóricos de reconocer la propiedad intelectual como trabajo para la contratación

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Abstract

The value of intellectual property is now growing by the day in view of globalization of economic processes and integration of the Russian Federation into the world economy. The need for development of legislation in the field of intellectual property, improvement of legal mechanisms to protect the intellectual deliverables is dictated by a market economy, changes in social relations, as well as the inconsistency of regulatory enforcement, which prevents from proper implementation of the individual's rights in the sphere of intellectual property realization. Over the past decade, the entrepreneurial activity has demonstrated an increase in a number of facts of recognition of the intellectual property created by an employee as work for hire (WFH). Under these procedures, both employers and employees often make mistakes that subsequently lead to such items being non-protectable. The point is that the current legislation has no procedure or criteria to recognize the intellectual property created by employees as WFH. However, failure to observe the procedures regulated by tax legislation when

Аннотация

В настоящее время значение интеллектуальной собственности возрастает с каждым днём в связи с глобализацией экономических процессов и интеграцией Российской Федерации в мировую экономику. Необходимость развития законодательства в сфере интеллектуальной собственности, совершенствование механизмов правовой охраны интеллектуальной собственности диктуется условиями рыночной экономики, изменениями общественных отношений, а также противоречивостью правоприменительной практики, которая не позволяет в полной мере обеспечить реализацию прав субъектов в сфере использования результатов интеллектуальной деятельности. В предпринимательской деятельности за последнее десятилетие происходит увеличение количества фактов признания результатов интеллектуальной деятельности, созданных работником в качестве служебных произведений. В рамках этих процедур

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recognizing the results of an employee's intellectual activity as WFH poses a high risk for instituting administrative action against the employer. In this paper, we will try to determine the procedure and criteria for recognizing the results of an employee's intellectual activity as WFH.

Keywords: Intellectual property, work for hire, employee, employer, object, result.

работодатели и работники часто допускают ошибки, которые впоследствии приводят к неохраноспособности таких объектов. Сложность заключается в том, что в действующем законодательстве отсутствует порядок и критерии признания созданных работниками объектов интеллектуальной собственности служебными произведениями. Однако при несоблюдении некоторых регламентированных налоговым законодательством процедур в процессе признания результатов интеллектуальной деятельности работника служебными произведениями возникают высокие риски привлечения работодателя к административной ответственности. В настоящей статье попытаемся определить порядок и критерии признания результатов интеллектуальной деятельности работника служебным произведением.

Ключевые слова: Интеллектуальная собственность, служебная работа, работник, работодатель, объект, результат.

Resumen

El valor de la propiedad intelectual está creciendo día a día en vista de la globalización de los procesos económicos y la integración de la Federación de Rusia en la economía mundial. La necesidad de desarrollar una legislación en el campo de la propiedad intelectual, la mejora de los mecanismos legales para proteger los resultados intelectuales está dictada por una economía de mercado, los cambios en las relaciones sociales, así como la inconsistencia de la aplicación de la normativa, que impide la implementación adecuada de Derechos del individuo en el ámbito de la realización de la propiedad intelectual. Durante la última década, la actividad empresarial ha demostrado un aumento en una serie de hechos de reconocimiento de la propiedad intelectual creada por un empleado como trabajo por contrato (FMH). Según estos procedimientos, tanto los empleadores como los empleados a menudo cometen errores que posteriormente conducen a que dichos elementos no sean protegibles. El punto es que la legislación actual no tiene procedimientos ni criterios para reconocer la propiedad intelectual creada por los empleados como FMH. Sin embargo, el incumplimiento de los procedimientos regulados por la legislación fiscal al reconocer los resultados de la actividad intelectual de un empleado como FMH plantea un alto riesgo de iniciar acciones administrativas contra el empleador. En este documento, trataremos de determinar el procedimiento y los criterios para reconocer los resultados de la actividad intelectual de un empleado como FMH.

Palabras clave: Propiedad intelectual, trabajo por contrato, empleado, empleador, objeto, resultado.

Introduction

The current civil law guarantees to employees who have created, in the course of their employment and within the scope of their job or duties, scientific, literary and artistic works, and copyright to created intellectual property items (Article 1295 of the Civil Code of the Russian Federation). Moreover, the exclusive rights to WFH belong to the employer, unless otherwise agreed between the employer and the author on a contractual basis.

According to Article 1295 of the Civil Code of the Russian Federation, work for hire (WFH)refers to works created within the scope of the employee's labor duties. It should be noted that Article 1295 of the Civil Code of the Russian Federation lists the holders of rights to WFH,

which include employees, i.e. the authors of the intellectual deliverables and their heirs (the author's income rights not enjoyed under the agreement between the author and the employer shall be transferred to the heirs), as well as employers.

A noteworthy detail is that the intellectual deliverables are created based on the employer's instructions or within the scope of labor duties under an employment agreement, and are duty-specific by their nature. Duty-specific deliverables also originate from performing work under contracts for implementation of research and development, experimental-technological and design work, as well as when participating in competitions.

Thus, the establishment by an employee of an organization, regardless of the type and characteristics of labor relations, including those determined by the civil service (including civil, military and law enforcement service), the intellectual deliverables within the scope of employment position instructions and in connection with the performance of their labor duties, including the employer's assignment, makes it possible to attribute such deliverables to duty-specific ones (Ruchkina, 2018).

WFH can be considered as an intermediate form of an intellectual deliverable– from the moment of its creation in an objective form up to the registration of the copyrights with the receipt of the title of protection as a result of state registration of rights in favor of the employer.

Paragraph 2, Article 1295 of the Civil Code establishes a restriction for the employer in case of non-use of WFH. So, if the employer does not start using the work of hire, does not transfer the exclusive right to it to another person or does not keep the work secret within 3 years from the day when the WFH was placed at his disposal, the exclusive right to this work of hire shall be granted to the author.

The author is also granted guarantees of compliance with his copyright. So, if the employer starts using WFH within 3 years or transfers the exclusive right to such work to another person, the author has the right to remuneration. The author gains the above right to remuneration in the event that the employer has decided to keep the work of hire secret, and for this reason has not started using this work within the specified time period. The amount of remuneration, the terms and procedure for its payment by the employer are defined by the contract between the employer and the employee. If it is not possible to reach an agreement on the amount of remuneration, this dispute is subject to judicial settlement.

The author's right to remuneration for WFH is inalienable and inheritable; however, the author's right to remuneration under a contract between him and the employer is transferred to the heirs in case of failure to receive this remuneration directly by the author.

If the exclusive right to work of hire belongs to the author, the employer is entitled to use this work of hire on the terms of a simple (non-exclusive) license with payment of remuneration to the right holder. In this case, the limits of use of the work of hire, the amount, terms and procedure for paying remuneration are also determined by the agreement between the employer and the author, and in case of failure to reach their consent, by the court.

Methods

In the course of the study and preparation of this paper, the general, individual and special methods of scientific knowledge were used, such as dialectical, specific and comparative historical, systemic, logical, structurally functional, specific sociological, comparative legal, formal legal, synergetic method, which takes into account the role of casualty and subjective facilitation in the state-legal sphere, as well as other methods of scientific knowledge. Their application provides a sufficiently deep and comprehensive addressing the problems of studying the features and developing criteria for recognizing the employee's intellectual deliverables as WFH, and ensures the principle of scientific city in the description and explanation of the legal substance of normative acts in this field.

In addition to general scientific methods, a comparative legal method was used to identify the basic laws of the development of the institution of WFH in the context of the adopted codified statutory act — Part IV of the Civil Code of the Russian Federation. Unlike the general scientific methods, application of this method to study the problem allows reflecting the specifics of developing criteria for recognizing the employee's intellectual deliverables as WFH. Also, this research tool can be used to assess the impact of judicial practice on trends in the development of legal regulation of intellectual property.

Since the legal regulation of WFH is interdisciplinary in its nature, and is regulated by the codes of several branches of law (civil law, civil procedure law, administrative law, etc.), an interdisciplinary method of legal research was applied to comprehensively analyze legal rules and evaluate their impact on legal regulation of relations in the field of WFH protection.

Discussion

GOST R 56823-2015 "Intellectual Property. Works for hire" (the National Standard of the Russian Federation) defines the main features of WFH, which include:

1) Recognition of the intellectual deliverables as protected either by the fact of creation (copyright-protected items, including computer software, related rights items, IC layout designs), or by state registration (objects of patent law), or by legal protection of the intellectual deliverables in terms of confidentiality / trade secrets (production secrets (know-how));
2) An employment agreement that establishes labor relations between the parties to this contract as the Employee and the Employer;
3) A job assignment that defines the labor functions / duties and powers of the parties for purpose of a specific job assigned by the employer;
4) Creation of the intellectual deliverables:

- Within the scope of the employer's professional activities, also using his/her experience or means;
- Within the employee's scope of labor duties / labor functions, or in the manner the employee performs his/her labor duties / labor functions;
- In connection with the employee's implementation of his/her labor duties / labor functions or within the limits / procedure or in connection with the implementation of a specific task given by the employer;
- In connection with the establishment of a juridical fact of the protected intellectual deliverables creation (notification of the employer by the employee) and a juridical fact of the recognition of the intellectual deliverables as WFH (notification of the employee by the employer) (On approval of the National Standard: Order of the Federal Agency for Technical Regulation and Metrology of December 3, 2015).

However, it seems that the current legislation does not fully reflect the features or criteria for recognizing the employee's intellectual deliverables as WFH. In this regard, it is necessary to analyze the features and identify criteria that will make it possible to distinguish between WF Hand the intellectual deliverables that cannot be recognized as WFH.

First of all, the main criterion for recognizing the created intellectual deliverables as WFH is the existence of a completed creative design for work of hire. This requirement follows from Paragraph 1, Art. 1259 of the Civil Code of the Russian Federation, according to which, the copyright-protected items include the author's creative deliverables in the field of science, literature, art, as well as the author's intellectual deliverables, which clearly reflect the creative design.

A prerequisite for the work of hire protect ability is the author's creative input to the process of its creation. The drawback of the current civil legislation in the field of intellectual property is the lack of such concepts as "creative input" and "work", although legislative recognition of these concepts would allow the most accurate determination of the features and criteria for recognizing the intellectual deliverables as protected intellectual property items.

The legislator's conception that work of hire should be created through the author's creative activity can be traced in Paragraph 1, Art. 1228 of the Civil Code of the Russian Federation. This Code provides that only an individual whose creative work resulted in intellectual deliverables can be recognized as the author of these intellectual deliverables, and only the creative process of creating this work will be the ground for derivative author's rights. A similar legal regulation is contained in Art. 1257 of the Civil Code of the Russian Federation, which duplicates the provisions of Paragraph 1, Article 1228 of the Civil Code of the Russian Federation and also speaks of the presumption of authorship arising from the process of creation of a copyright item. Therefore, copyright items must be created exclusively and subject to the existence of the author's creative input.

To be recognized as work of hire, the employee's intellectual deliverable, apart from having a creative input, should be able to provide eventual economic benefits to the employer. The purpose of creating WFH is directly related to the future

receipt of income from its use, otherwise it is waste of the employee's labor time to create this work. As an intangible asset, WFH acts as the employer's capital. Each capital must have a valuation; otherwise, it cannot be recognized as the employer's asset. Only with the proper entering of the WFH on the balance sheet of the enterprise, the employer will be able to use it in business activity, or transfer the right to use it to other parties under a license or other civil law contract. Therefore, an eventual economic benefit is also an important criterion for recognizing the employee's intellectual deliverables as WFH.

Intellectual property items are subject to protection from the moment of their expression in an objective form. In Paragraph 1, Article 1259 of the Civil Code of the Russian Federation, the legislator speaks about the protection of copyright objects, regardless of the form of their expression, but it is obvious that for society – the main consumer of these objects – they become available only from the moment they are given an objective form. Paragraph 3, Article 1259 of the Civil Code of the Russian Federation clarifies that copyright is applied to both published and non-published works expressed in any objective form. Before a copyright object is expressed in any objective form, it is impossible to violate the exclusive rights to it due to the fact that, in accordance with Paragraph 5, Article 1259 of the Civil Code, the concept rights are not protected (Dzhalilova, 2017).

The expression of WFH in an objective form also represents an important criterion for the start of its legal protection. The objective form of WFH can be expressed on a tangible medium (a memory stick, CD-ROM, a hard copy, etc.), priority date, and collegial validation of its creation. The priority date can be expressed in the order for the development of WFH or the employee's report on the implementation of the employer's task to create WFH. This date will be considered the beginning of the use of WFH in business.

Only those intellectual deliverables whose development was expressly provided for by the employee's labor duties can be recognized as WFH. This means that the employee's job description or an additional agreement to the employment contract must explicitly provide for a task to create WFH with specification of its exact future characteristics (number of pages, subject matter, purpose of use, creation date/time, etc.).

WFH must be created during the period of employer-employee relationship. The intellectual deliverables created before the start of the employment relationship or developed by an employee, other than in the course of employment, cannot be recognized as WFH. Notably, Paragraph 4, Article 1370 of the Civil Code of the Russian Federation stipulates for the employee's obligation to give a written notice to his/her employer about each intellectual deliverable created during the course of his/her labor activity.

One of the legislator's statutory requirements for WFH is that it must be created using the employer's equipment or materials or financed by the employer. Payment of royalties confirms the fact that the employee has completed the assignment to create the WFH. The procedure and the scope of the employer's equipment or material utilized should be specified by an employment or civil contract, which will consider the creation of WFH.

Given the importance of regulating the employer-employee relationship regarding the creation and use of WFH, the employer should provide that an employment contract (or an additional agreement in case of a pre-contract) includes at least the following:

- The employee shall notify the employer of the conditions, as well as the resources used to create the intellectual deliverables, i.e. who is the author (co-author) of the deliverables, the relation between the deliverables and the implementation of the employee's creative activity, whether the deliverables were created in the employer's focus area, if any third party data was used to create WFH (in order to eliminate the risk of a conflict of interest);
- The employee shall notify the employer of each fact of WFH created within the employee's labor function of the job scope assigned by the employer, which meets the criteria for classifying it as WFH and, therefore, protect ability;
- The employee shall notify the employer of the created intellectual deliverables by describing their specifications;
- The employer shall recognize or withdraw recognition of his rights to the intellectual deliverables created by the employee-author that are not related to the performance of the labor function or implementation of the job assigned by

the employer;

- Other obligations of the parties, which reflect the specifics of the employer's business activities, such as the obligation of the author-employee to bring the deliverables to the possibility of commercial use, participation in the finalization and upgrading of the deliverables depending on the changing specifics of their application, the author-employee's participation in utilization of the deliverables obtained, etc. (Ruchkina, 2018).

Notably, an employment contract does not need to specify the conditions for the creation of WFH, since an employee can create WFH as part of his/her professional duties. The employee's job functions to create WFH do not have to be spelled out in labor contracts either, as they can be reflected in the "Unified qualification reference guide". If the created WFH is beyond the scope of the duties specified in this guide, it is recommended to enter the wording in the employment contract with employees who can potentially create the WFH within the scope of their duties to read as follows: "The employer owns the intellectual property its employees create during their employment" or "All intellectual property created by an employee in the course of employment and at the expense and from the materials of the employer are recognized as WFH".

However, even with proper execution of employment contracts, there is a risk of violation of rights to WFH if, upon termination of the employment relationship, the legal relations in the field of use of the works created by an employee are not regulated or terminated. Thus Golodnev A.I. filed a lawsuit against LLC Publishing House Priamurskie Vedomosti claiming compensation for violation of the author's exclusive rights. The plaintiff worked as a photographer in the defendant's company, his employment contract stipulated that the employer owns exclusive rights to WFH, and it has the right to publish and process them at its discretion, while the employee owns non-property rights to WFH. At the time of initiation of legal action, the employment relationship between the plaintiff and the defendant was terminated, however, the plaintiff continued to submit the photographs taken by him to the defendant under a custom work contract for subsequent publication in print media, and the defendant paid the plaintiff a fee. In accordance with the terms of the custom work contract, the plaintiff transferred the exclusive rights to photographs to the defendant. The court upheld the plaintiff's claim on the ground that the custom work contract had no provisions for the ways of use of those works or essential conditions on the term and territory, which the plaintiff's right is transferred to, there were no photographs transfer and acceptance certificates, which makes it impossible to identify intellectual property; the defendant did not present the court with evidence of its owing the exclusive right to the disputable photographs. The court held that the defendant violated the author's rights to the name, the rights to the inviolability of the work, and the right to make the work public (Copyright litigation and arbitration background review, 2019).

Thus, in the absence of registered transfer of exclusive rights to WFH created as part of the job duties, the parties face difficulties in collecting evidence in court, calling violators of rights to account, and in some cases lose their legal grounds for suing at law (Solomonenko, 2018).

Assuming that the exclusive rights to WFH lie with the author, the employer enjoys the right to use the corresponding WFH under a simple (non-exclusive) license with payment of remuneration to the right holder. Given that the limits on the use of WFH, the amount, conditions and procedure for paying remuneration are determined by an agreement between the employer and the author (co-authors), and in the event of a dispute, by the court, the employer must enter into a civil contract with an employee whose employment is at the stage of termination, to reach agreement on the issues above.

Therefore, a civil law contract between a departing employee and an employer should include provisions that define the exclusive right to WFH, as well as establish the amount of remuneration, the conditions and procedure for its payment to the author for creation and use of the WFH by the employer.

Conclusion

Generally, the source of conflicts in the field of intellectual property is the lack of proper execution of contractual relations between the employer and the employee (author of WFH) both in the course of employment and after separation from employment. Conflict situations of ten a rise from the author's claiming for compensation for violation of exclusive rights. Therefore, the employer must properly execute employment contracts, which would clearly specify the job functions, the list of assignments to create works for hire, the amount of

remuneration for their creation. Also, the employer must accept every WFH under the acceptance certificate.

Thus, to ensure proper protection of the intellectual deliverables created by employees as part of their labor activities, it is necessary to establish in the current legislation the criteria for recognizing such intellectual property as WFH. It seems that the following list of criteria for recognizing the intellectual deliverables as WFH will reflect the specifics of these objects to the fullest extent possible:

1) Existence of a creative concept of WFH;
2) Expression of WFH in an objective form;
3) Eventual economic benefit to a business entity from WFH application;
4) Priority date of application of WFH in business operations;
5) Availability of an employment contract that stipulates labor relations between the author of WFH and the employer;
6) Availability of an assignment to develop WFH;
7) The employer's acceptance of WFH with its proper documenting as an intangible asset under transfer and acceptance certificates.

Consolidation of these criteria for recognizing the employee's intellectual deliverables as WFH will contribute to a proper protection of the author's rights, effective management of the intellectual property of a business entity, timely identification of potentially protectable deliverables of intellectual activity, proper accounting of the goodwill rights of an enterprise, and successful commercial application of created WFH.

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