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# ICT AND INTELLECTUAL PROPERTY: REVIEW OF EMPLOYMENT RELATED ISSUES

Final Report

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# **ICT AND INTELLECTUAL PROPERTY: REVIEW OF EMPLOYMENT RELATED ISSUES**

Final Report

USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

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BEARINGPOINT, INC.

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## Background

At the request of Int@j we have been requested to conduct a comprehensive review of Jordanian legislation as it relates to the regulation of the relationship between the employee and the employer in connection with the ownership of intellectual property that is developed by the employee during his employment relationship with the employer.

## APPLICABLE LAW

As a first step it is important to list all relevant applicable Jordanian legislation that governs this issue. These include:

- Labor Law no. 8 for the year 1996 (as amended)
- Copyright Law no. 22 for the year 1992 (as amended)
- Patent Law no. 32 for the year 1999 (as amended)
- Protection of Integrated Circuits Designs Law no. 10 for the year 2000 (as amended)
- Industrial Designs and Patterns Law no. 14 for the year 2000 (as amended)

In that regard it is worth noting that the relevant provisions of the above laws are listed below

- Labor Law no. 8 for the year 1996 (as amended)

Article 20 of the Labor Law reads as follows:

- a. *Intellectual Property Rights of each of the Employer and the Employee will be set in accordance with a written contract between them as it relates to the activities of the Employer if the Employee utilized the expertise of the Employer or his information or tools or machinery in developing the innovation.*
- b. *The intellectual property rights will revert to the Employee if the innovated intellectual property does not relate to the activities of the Employer and the Employee did not utilize the expertise of the Employer or his information or tools or machinery in developing the innovation unless otherwise agreed in writing.*

- Copyright Law no. 22 for the year 1992 (as amended).

Article 6 (b) states:

- b. *Notwithstanding what is mentioned in paragraph (a) or any other Law, if the employee develops during his employment a copyrightable publication that relates to the activities or business of the employer or utilized in the process of developing the copyrightable publication the expertise or information or tools or equipment of materials of the employer that are placed under the Employees disposal, then the copyright shall be the ownership of the employer, taking into account the intellectual effort of the employee, unless otherwise agreed to in writing.*

c. *The intellectual property rights will be for the employee if the developed copyright does not relate to the business and activities employer and he did not utilize in the process of developing the copyrightable publication the expertise or information or tools or equipment of materials of the employer, unless otherwise agreed to in writing.*

- Patent Law no. 32 for the year 1999 (as amended)

Article 5 of the Patent Law provides that:

*Ownership in the Patent shall be as follows*

c. *The employer if the invention that was developed by the employee was during his employment and relates to the activities or business of the employer or if the employee utilized during the process of developing the invention the expertise or information or tools or equipment of materials of the employer that are placed under his disposal unless s otherwise agreed to in writing.*

d. *To the employee if the invention does not relate to the business and activities employer and he did not utilize in the process of developing the copyrightable publication the expertise or information or tools or equipment of materials of the employer placed under his disposal, unless otherwise agreed to in writing.*

- Protection of Integrated Circuits Designs Law no. 10 for the year 2000 (as amended)

Article 5 of the Law states:

*Ownership in the Design shall be as follows*

d. *To the employer if it is developed as a result of the execution of an employment contract that required him to develop this design unless the contract otherwise provides.*

- Industrial Designs and Patterns Law no. 14 for the year 2000 (as amended)

Article 5 of the Law states:

*Ownership in the Registration of the Industrial Design or Pattern shall be as follows:*

d. *To the employer if it is developed as a result of the execution of an employment contract that required him to develop this design unless the contract otherwise provides.*

## ANALYSIS

From the above it becomes apparent that all relevant legislation are consistent on two important points:

- **They allow the employer and the employee to agree in writing as to the ownership of intellectual property rights. Jordanian Law will respect and enforce any written agreement between the employee and employer in this regard.**
- **In the absence of any agreement between the parties if the IPR does not relate to the work of the employer and the employee does not use the equipment and resources of the employer and there is no written agreement to the contrary then the ownership of the IPR will revert to the employee.**

The question then becomes:

*If the IPR does relate to the work of the employer or if the employee does use the equipment and resources of the employer and there is no written agreement between the parties then who owns the IPR?*

While each of the specific IPR laws listed above (copyright, patents, industrial designs, and industrial circuits) each have specific provisions addressing the matter, one must first consider whether in the absence of specific regulation under the Labor Law one must defer to the specific laws as discussed above. In our opinion in the absence of regulation by the Labor Law one must then look to each specific law and consider the matter under such law however it may be worthwhile to get full clarity on the topic by requesting the Ministry of Information and Communications Technology to raise this question to the Legislative Bureau for a correct interpretation of the law.

## RECOMMENDATION NO. 1

**Request the Ministry of Information and Communications Technology inquire with the Legislative Bureau as to what laws govern the relationship between the employer and the employee if the IPR does relate to the work of the employer or the employee does use the equipment and resources of the employer and there is no written agreement between the parties**

Assuming that the opinion of the Legislative Bureau is consistent with our opinion then one must look to the specific laws to address this point:

- Article 6 (b) Copyright Law, ownership will revert to the employer “taking into account the intellectual input of the employee”.
- Article 5 (c) of the Patent Law, ownership will revert to the employer.
- Article 5 (d) of the Integrated Circuits Law, ownership will revert to the employer.
- Article 5 (d) of the Industrial Designs Law, ownership will revert to the employer.

Therefore with the exception of the Copyright Law , all IPR Laws state that:

- In the absence of written agreement, and
- The IPR does relate to the work of the employer; or
- the employee does use the equipment and resources of the employer

Then the ownership of the IPR will revert to the employer.

The Copyright Law is consistent with the above, however in such circumstances it required that the “intellectual input of the employee” is taken into account. This statement is vague and was (as described below) added at the last instance during ratification of the Law by Parliament. It creates confusion as to the exact rights of the employer in such cases and in the absence of written agreement.

## **RECOMMENDATION NO. 2**

**Work with MOICT or the National Library so that they procure the opinion of the Legislative Bureau with regards to the meaning “taking into account the intellectual input of the employee.” Specifically the Legislative Bureau should answer the following question: *If the copyright does relate to the work of the employer or if the employee does use the equipment and resources of the employer in developing the copyrighted work and there is no written agreement between the parties then who owns the copyright keeping in mind the language “taking into account the intellectual input of the employee”?***

Therefore, Jordanian Law can be summarized as follows:

- Jordanian Law recognizes the right of the parties to agree in writing as to the ownership of IPR.
- In the absence of a written agreement and:
  - o The IPR does not relate to the business or the employer and
  - o The employee does not use the resources of the employerThen ownership is with the employee
- In the absence of a written agreement and:
  - o The IPR does relate to the business or the employer or
  - o The employee does use the resources of the employer

Then ownership is with the employer with the exception of the Labor Law and Copyright Law which requires that the “intellectual input of the employee” is taken into account.

## CONCLUSION

Therefore, with the exception of the Labor Law and to a certain extent the Copyright Law, all Jordanian legislation is consistent with international best practices. It allows the parties to agree in writing on this issue, and in the absence of a written agreement, ownership will revert to the employer if (a) the IPR relates to the employers business activities or (b) the employee used the resources of the employer.

The only exception to the above is the Labor Law and the Copyright Law which implements that same principles as the above namely, that it allows the parties to agree in writing on this issue, and in the absence of a written agreement, ownership will revert to the employer if (a) the IPR relates to the employers business activities or (b) the employee used the resources of the employer. However the Copyright Law does add a vague requirement that in the absence of written agreement the “intellectual input of the employee” must be taken into account. There are three main problems with this added requirement:

- Software (whether in machine readable form or source code is protected under the Copyright Law and therefore is very relevant to int@j and its members.
- The language is vague and it is not clear what the legislative intent behind adding it was.
- This language was specifically added by Parliament at the last minute during ratification process and therefore getting the language repealed maybe somewhat problematic.

However moving forward we suggest the following steps to be implemented by int@j:

- Proper education to the int@j membership as to the current status of Jordanian legislation as there appears to be some serious confusion as to what protections Jordanian law provides.
- Encouraging all members to enter into written contracts with their employees that regulate this matter and clarify in details the ownership rights the intellectual property keeping in mind that Jordanian legislation will respect and enforce such agreement. A model clause is listed in Annex I of this Report.
- Work with government stakeholders to inquire with the Legislative Bureau with regards to the two matters highlighted in the above report.
- Continue lobbying efforts with government stakeholders to delete the words that were added by Parliament to Article 6(b) (*taking into account the intellectual input of the employee*) which do not add any value but only create confusion as to the exact meaning of the Article. It is worth noting that the National Library is currently preparing revisions to the Copyright Law. It may be timely to open the dialogue with them in order to discuss the possibility of revising Article 6(b) at this time.

## ANNEX I – MODEL EMPLOYMENT IPR CLAUSE

- إتفق الفريقان برضا وقبول تام بأن جميع حقوق الملكية الفكرية وعلى سبيل المثال لا الحصر البرامج وبرامج المقرونة اليا و/او لغة المصدر (SOURCE Code) وخطط العمل والبيانات والعلامات التجارية والأسماء التجارية وحقوق المؤلف وبراءات الإختراع والرسوم والنماذج الصناعية التي تنتج و/أو تتعلق و/أو تنشأ و/أو ترتبط بشكل مباشر أو غير مباشر بأي من الأعمال التي يقوم بها و/أو يؤديها العامل أثناء فترة عمله لدى صاحب العمل تكون ملكاً حصرياً ومطلقاً لصاحب العمل.

The parties agree that all Intellectual Property Rights, including, including but not limited to software, machine-readable codes and/or source codes, programming codes, business plans, data, trademarks, trade names, copyrights, patents, drawings and industrial designs which result, relate, arise and/or are connected directly or indirectly to any work carried out and/or performed by the Employee during his/her employment with the Employer shall be the exclusively owned by the Employer.

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