



Bird & Bird

Finland

Employee Invention Laws

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Finland – Employee Invention Laws

Does your country have specific laws governing employee inventions?

Yes, specific laws regulate employee inventions.

Primary Legislation/Law:

- Finnish Act on the Right in Employee Inventions (656/1967) - "Employee Inventions Act" (EIA).
- Finnish Decree on the Right to Employees' Inventions (527/1988) - "Employee Invention Decree" (EID).

Supporting Legislation:

- Finnish Employment Contracts Act (55/2001).
- Finnish Act on the Right in Inventions made at Higher Education Institutions (369/2006).

What types of intellectual property are covered by your national employee invention laws (patents, utility models, trade secrets, etc.)?

Employee Inventions Act (EIA) applies to inventions which are patentable in Finland.

Coverage/Scope: Under Section 1(2) of the EIA an invention is considered patentable if the employer claims rights that restrict the employee's patent application rights, unless the employer provides probable reasons for patent obstacles.

Utility Models: EIA does not directly apply, but if the underlying invention is patentable, employer obligations remain regardless of protection method chosen.

Trade Secrets: Same principle applies - employer compensation obligations exist for patentable inventions kept as trade secrets.

Which categories of employees are covered by your national employee invention laws?

Employee Inventions Act (EIA) applies to inventions made by persons employed by another (Section 1(1) EIA).

Employee Definition: Person who works for compensation on behalf of employer under employer's management and control.

Included Categories:

- All state, municipal and public institution officials and employees.
- Top management up to group directors.
- Anyone meeting Employment Contracts Act (55/2001) criteria: personal work performance under employer management and supervision for compensation.

Exclusions:

- Owners or board members (unless also employees).
- Independent entrepreneurs on service contracts.

- External inventors (suppliers, subcontractors, consultants) unless employment criteria fulfilled.
- Higher education institution employees (regulated separately).
- Military service personnel (regulated separately).

What temporal and territorial restrictions apply to employee invention laws in your jurisdiction?

Temporal Scope: Invention must be made during employment relationship.

Extended Coverage: Patent applications filed within 6 months after employment termination are deemed made during employment unless probable reasons show otherwise (Section 8(1) EIA). Parties may extend 6-month period to 1 year. Agreements limiting employee rights beyond 1 year post-termination are null and void (Section 8(2) EIA).

Practical Impact: Former employee inventions filed under new employer's name may be subject to EIA, with rights belonging to former employer.

Territorial Scope:

- Limited Application: EIA applies only to activities of Finnish natural and legal persons in Finland.
- Foreign Subsidiaries: Applicability to foreign subsidiary activities highly uncertain.

Do the national employee invention laws recognise different kinds of inventions or are all inventions treated equally?

Yes. Finnish EIA law recognises four types of inventions (Groups A–D) (Section 4 EIA):

Group A: Inventions developed during or due to job duties, and within the employer's field of business. Employer may fully or partially acquire the rights.

Group B: Created outside the scope of Group A but still relevant to the employer's business. Employer gets usage rights and first negotiation rights for broader ownership.

Group C: No employment link but invention fits within employer's business. Employer has a first right to negotiate ownership.

Group D: Unrelated to employment and employer's field. Inventor owns the invention unless otherwise agreed.

What is the statutory process of acquiring rights to employee inventions under your national laws? Does the employer acquire rights directly under the law or does the employer need to take separate actions?

Under Section 4 of the EIA, an employer does not automatically acquire ownership of an employee's invention. Instead, the employer has a right to acquire it under certain conditions and must follow the statutory process.

The employee must promptly notify the employer in writing of the invention under Section 5, including enough detail to allow the employer to understand it.

If the employer wishes to acquire rights to the invention, it must notify the employee in writing within four months of receiving the notification (Section 6). During this period, the employee must

keep the invention confidential and avoid actions that may compromise its protection or permit third-party use.

However, the employee may still apply for a patent in Finland after providing the employer with at least one month's written notice of the intent to do so.

How are employee invention disputes governed in your jurisdiction? Is there a special dispute resolution mechanism / a body for employee invention related disputes?

Disputes under the EIA fall within the exclusive jurisdiction of the Finnish Market Court. Contractual deviation is not allowed (Section 12 EIA).

The Employee Invention Committee, under the Ministry of Economic Affairs and Employment, may issue non-binding opinions on applying the law (Section 11 EIA).

Are policies on employee inventions commonly used in your jurisdiction? Are there regulatory requirements for implementation of a policy on employee inventions?

Company policies on employee inventions are often used to supplement national law, though they are not regulated. Employers may issue such policies freely under their managerial right to direct work under the Employment Contracts Act.

Do your national laws on employee invention obligate employers to pay compensation to employees when taking rights to an employee invention?

Yes. According to mandatory Section 7(1) of the EIA, a reasonable compensation must be paid whenever the employer has obtained rights to an employee invention. This right to reasonable compensation remains with the employee, even if an agreement to different end was made between the employer and employee prior to the creation of the invention.

What are the principles of determining the mandatory compensation according to your national laws on employee inventions?

Under Section 7(2) of the EIA, reasonable compensation must consider:

- the value of the invention
- the scope of rights acquired by the employer
- the terms of the employment contract; and
- the extent to which the employment relationship contributed to the invention.

Further guidance is provided in the Employee Inventions Decree (EID), which outlines three valuation methods. The primary method deducts commercialisation costs from the employer's actual economic benefit. If this is not feasible, comparable licence deals are used. If neither apply, valuation is done case by case.

After valuing the invention, the remaining factors, scope of rights, employment terms, and contributing circumstances, are assessed. The more these favour the employee (e.g. full rights transferred, minimal employer contribution, no invention-related obligations), the higher the compensation should be.

Do your national laws on employee inventions obligate and/or provide for payment of certain fixed amounts or running compensations, such as royalties?

Under the EID, reasonable compensation includes both a lump-sum payment and ongoing royalty payments. However, if the invention has low economic value, is not used, or cannot generate sales-based royalties, compensation may consist solely of a fixed lump sum.

The specific amounts or calculation methods are not set by law but are usually defined in the employer's internal employee invention policies.

What is the general level that is considered sufficient or customary in your jurisdiction as a mandatory compensation?

Finnish law does not prescribe specific compensation amounts or calculation methods. Compensation levels vary between companies - some aim to encourage invention disclosure, while others prioritise cost control.

As a general guide, routine inventions typically attract compensation in the range of a few thousand euros. If the invention demonstrably generates significant savings or revenue, compensation can rise to several tens or even hundreds of thousands of euros.



Henri Kaikkonen

Partner

+358962266214
henri.kaikkonen@twobirds.com



Anna Kallio

Senior Associate

+358962266249
anna.kallio@twobirds.com

twobirds.com

Abu Dhabi • Amsterdam • Beijing • Bratislava • Brussels • Budapest • Casablanca • Copenhagen • Dubai
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