

# PRESS RELEASE

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## *Cultural factors an important consideration when rewarding cross border European R&D*

Frankfurt, 4<sup>th</sup> August 2014. CMS, Europe's largest legal services firm, has released the results of its second annual Employee Inventor Rewards Survey, an analysis of employee reward schemes and policies in Europe.

A key question raised by the survey is the extent to which rewards actually encourage inventions and innovation among employees. A third of respondents indicated that they had engaged in disputes with employees regarding rewards for inventions (in comparison with 40% in last year's survey) indicating that, counter to their positive implications for innovation, inventor rewards policies can also be divisive.

The online survey of 48 European companies' inventor rewards policies focuses on voluntary rewards (countries such as Germany also have compulsory reward systems). The most significant proportion of those surveyed were multinational enterprises with more than 10,000 employees (42%), in addition to small and medium sized companies, from an array of sectors including technology, lifesciences and consumer products.

78% of respondents had a written IP policy in place, which CMS considers best practice for companies engaged in R&D. However, surprisingly, the survey indicated that those that do not include several large multinational companies.

The survey highlights the importance that cultural factors can play in the ways in which employees are rewarded. Company and regional cultural attitudes can determine whether employees regard monetary or non-monetary awards, for example a commemorative plaque or celebratory dinner, more highly.

Matthias Eck, Head of the Patent Litigation Team at CMS, commented, "The majority of companies surveyed offer employee inventor rewards even if this is not required by statutory law. However, the views on the rewards and their effects are mixed. The balance between which inventors to reward, how to reward them, and at what stage is often difficult to establish, especially when considering the cross-border element of R&D at multinationals. The importance placed on invention through employee rewards is significant and indicates that companies value and encourage innovation as a means by which to remain at the forefront of developments in their respective sectors."

The greatest proportion of respondents use employee inventor rewards to incentivise all staff, rather than just those employed specifically to invent. Most companies also offer non-financial rewards such as inventor plaques and award ceremonies. The most common annual spend on inventor rewards was between €5,000-€25,000 but 18% of companies spent more than €100,000.

There are various stages at which companies may choose to reward employees. As was found in last year's survey, most companies (92%) offer a reward upon the filing of patent applications, while 68% offer rewards on the granting of the patent. 16% of respondents offered inventor rewards of over €1,000 at patent filing, the most lucrative stage for inventors, a reduction on the 35% of respondents

offering this level of reward as concluded in the 2013 CMS survey. €500-€1,000 was the most common monetary reward across all stages.

A lower proportion of respondents (44%) offer rewards when the invention is utilised in the business itself. The value of a reward at this stage can sometimes be tied directly to the percentage of relevant turnover.

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**NOTES TO EDITORS**

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