

## **Unitary Patent as an object of property in the context of the UPC and employee inventions**

*EPLAW* • 28 November 2014 • Brussels

Thomas Bouvet  
Myles Jelf  
Jochen Bühling

Unitary Patent  
as an object of property

### **Summary**

1. Definition and scope of provisions regarding "*UP as an object of property*"
2. Entitlement to patent (right to the patent)
3. Co-ownership
4. Assignment of patent rights
5. Employee invention issues

# 1. Definition and scope

## "UP as an object of property"

- Regulation N° 1257/2012, Chapter 3 "A European patent with unitary effect as an object of property"
  - ▶ Article 7: Treating a European patent with unitary effect as a national patent
    1. A European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating Member States as a national patent of the participating Member State in which that patent has unitary effect and in which, according to the European Patent Register:
      - (a) the applicant had his residence or principal place of business on the date of filing of the application for the European patent; or
      - (b) where point (a) does not apply, the applicant had a place of business on the date of filing of the application for the European patent.
    2. Where two or more persons are entered in the European Patent Register as joint applicants, point (a) of paragraph 1 shall apply to the joint applicant indicated first. Where this is not possible, point (a) of paragraph 1 shall apply to the next joint applicant indicated in the order of entry. Where point (a) of paragraph 1 does not apply to any of the joint applicants, point (b) of paragraph 1 shall apply accordingly.
    3. Where no applicant had his residence, principal place of business or place of business in a participating Member State in which that patent has unitary effect for the purposes of paragraphs 1 or 2, the European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating Member States as a national patent of the State where the European Patent Organisation has its headquarters in accordance with Article 6(1) of the EPC.
    4. The acquisition of a right may not be dependent on any entry in a national patent register.
  - ▶ Article 8: Licences of right

3

# Definition and scope

## "UP as an object of property"

- Such provisions have traditionally had the double purpose of:
  - ▶ Setting up rules applicable to the Community / International IP right when considered as an object of property
  - ▶ Identifying a national law that will govern the issues of IP right as an object of property, other than those specifically addressed in the Community / International legislation
- For the UP, the provision has the additional purpose of:
  - ▶ identify the law that will govern the scope and limitation of the protection conferred by the UP to ensure uniform protection according to Article 5 of Regulation:
 

Article 5 of Regulation : "The acts against which the patent provides protection referred to in paragraph 1 and the applicable limitations shall be those defined by the law applied to European patents with unitary effect in the participating Member State whose national law is applicable to the European patent with unitary effect as an object of property in accordance with Article 7."

4

Unitary Patent  
as an object of property

## Definition and scope “UP as an object of property”

Generally  
accepted  
scope of  
similar  
provisions

- Transfer
- Security / Guarantee
- Insolvency proceedings
- Contractual licensing
- Licences of right
- Effects vis-à-vis third parties (entry in the Register)

See for  
example:

- Revised proposal for a Council Regulation on the Community patent of 29 September 2009 contained Chapter II: Patent law > Section 3: The Community patent as an object of property;
- Regulation N° 207/2009 on the Community trade mark: Section 4: Community trade marks as objects of property: same as mentioned above
- Regulation N° 6/2002 on the Community designs: Title 3: Community designs as objects of property: same content
- European Patent Convention

5

Unitary Patent  
as an object of property

## Definition and scope “UP as an object of property”

- Which issues are likely to be governed by Article 7 Regulation?
  - ▶ Transfer
  - ▶ Rights *in rem* (right given as security / guarantee)
  - ▶ Levy of execution
  - ▶ Insolvency proceedings?
  - ▶ Contractual licensing
  - ▶ Grant of compulsory licences? (Considering 9 of UP Regulation)
- What issues are addressed by other provisions of the Regulation or of the UPC Agreement?
  - ▶ Licences of right (Article 8 Regulation)
  - ▶ Effects vis-à-vis third parties and entry in the Register (Article 7-4 Regulation)

6

## Definition and scope

### ***"UP as an object of property"***

- What issues are not likely to be governed by these provisions?
  - ▶ Patent entitlement (right to a patent)
  - ▶ Employee inventions including additional remuneration

7

## Definition and scope

### ***"UP as an object of property"***

- Art. 7 Regulation is limited to Unitary Patents, hence to granted patents
- EPC > Part II Substantive patent law > Chapter IV: The European patent application as an object of property:
  - ▶ Art. 71: Transfer
  - ▶ Art. 72: Assignment
  - ▶ Art. 73: Contractual licensing
  - ▶ Art. 74: Law applicable

8

## Definition and scope “UP as an object of property”

- Interpretation of Article 7
  - ▶ What issues are encompassed by “as an Object of Property”?
  - ▶ (Principal) place of business?
    - ▶ What qualifies? (Registered office, shared accommodation, local agents?)
    - ▶ Multiple EU places of business?
  - ▶ Art. 7 scope ultimately for CJEU to clarify...

9

## 2. Patent entitlement (right to a patent)

- The issue of patent entitlement is not influenced by Art. 7 Regulation
- Example of issues:
  - ▶ Who is entitled to file the patent in case of joint research programs or employee inventions?
  - ▶ Does anything have to be paid to employee inventors?
- Other issues might be influenced by Art. 7 Regulation
  - ▶ If the patent is transferred to the legitimate owner (outcome of patent entitlement case) does a compensation have to be paid in relation to the profits made by the illegitimate owner?

10

## Patent entitlement (right to a patent)

### ■ Applicable law:

#### ▶ Article 60 EPC

(1) **The right to a European patent shall belong to the inventor or his successor in title. If the inventor is an employee, the right to a European patent shall be determined in accordance with the law of the State in which the employee is mainly employed;** if the State in which the employee is mainly employed cannot be determined, the law to be applied shall be that of the State in which the employer has the place of business to which the employee is attached.

(2) If two or more persons have made an invention independently of each other, the right to a European patent therefor shall belong to the person whose European patent application has the earliest date of filing, provided that this first application has been published.

(3) In proceedings before the European Patent Office, the applicant shall be deemed to be entitled to exercise the right to a European patent.

#### ▶ National law of the State in which the employee is mainly employed

▶ No risk for non-EU applicant, under Art. 7 Regulation, to see German law on employee inventions apply

11

## Patent entitlement (right to a patent)

### ■ Jurisdiction to decide on patent ownership issues

#### ▶ National courts

If Art. 32-2 UPC Agreement is read to give **exclusive** jurisdiction to national courts for actions other than those listed in Art. 32-1 UPC

#### ▶ UPC??

▶ If Art. 32-2 UPC Agreement only gives **non exclusive** jurisdiction to national courts for actions other than those listed in Art. 32-1 UPC?

– e.g. Unitary patent entitlement action against a US patentee

▶ If it is raised as a defence to a patent infringement action?

12

### 3. Co-ownership regime

- The issue of co-ownership regime is influenced by Art. 7 Regulation
- Example of issues:
  - ▶ Can a co-owner grant a licence on UP patent or assign its share of ownership?
  - ▶ Which co-owner can start infringement action?

13

### Co-ownership regime

- Applicable law
  - ▶ National law identified according to Art. 7 Regulation (NB: if several co-owners: first one mentioned is the most important)
  - ▶ Co-owners may set up a co-ownership regime if the applicable national law accepts
  - ▶ Issues governed in the UPC Agreement
    - ▶ Right for a co-owner to start infringement action: Art. 47-1 Agreement and Rule 13-f)?

14

## Co-ownership regime

- Jurisdiction to decide on patent ownership issues
  - ▶ National courts  
If Art. 32-2 UPC Agreement is read to give **exclusive** jurisdiction to national courts for actions other than those listed in Art. 32-1 UPC
  - ▶ UPC??
    - ▶ If Art. 32-2 UPC Agreement only gives **non exclusive** jurisdiction to national courts for actions other than those listed in Art. 32-1 UPC?
    - ▶ If it is raised as a defence to a patent infringement action?

15

## Co-ownership regime: differences in national laws

- In France: Art. L. 613-29 IPC
  - ▶ Each co-owner can independently exploit the invention but must pay a fair indemnity to the other non-exploiting owners
  - ▶ Each co-owner can start patent infringement action but must notify the summons to the other co-owners
  - ▶ Each co-owner can grant a non exclusive licence but must pay a fair indemnity to the other co-owners
  - ▶ Exclusive licence only with all co-owners' authorisation.

16



## Co-ownership regime: differences in national laws

- In UK, Patents Act 1977:
  - ▶ Each co-owner can independently exploit the invention themselves (or by an agent, short of a licence) without consent of other AND without any accounting of profit
  - ▶ Co-owners cannot, however, assign or license patent (even non-exclusively) without consent of all co-owners
  - ▶ Co-owner can independently start infringement proceedings, but has to include all other co-owners either as co-claimants or 'defendants' (to ensure they are served and aware of the proceedings)

17

## Co-ownership regime: differences in national laws

- In Germany no specific statutory law provisions (general civil law principle):
  - ▶ Each co-owner can independently exploit the invention themselves (or by an agent, short of a licence) without consent of other
  - ▶ Co-owners can assign his/her share in the patent without consent of all co-owners
  - ▶ No assignment of patent as a whole without consent of the other co-owners

18

## Co-ownership regime: differences in national laws

- Germany (cont'd)
  - ▶ No grant of licence (exclusive or non-exclusive) without consent of the other co-owners
  - ▶ Co-owner can independently start infringement proceedings, but has to bring claims for all co-owners
  - ▶ Compensation for the use by one co-owner for the others? Under which circumstances?

19

## 4. Assignment of patent rights and grant of licence rights

- The issue of assignment of patent rights and the grant of licence rights is influenced by Art. 7 Regulation
- Example of issues:
  - ▶ In which conditions may a patent be assigned or licensed?
  - ▶ What are the formal requirements of patent assignment or licence agreements?
  - ▶ Must the assignment / licence be registered on the Patent Register?
  - ▶ Interpretation of the licence absent of choice of law by the parties

20

## Assignment of patent rights and grant of licence rights

- Applicable law
  - ▶ National law identified according to Art. 7 Regulation
  - ▶ Conflict with Regulation N° 593/2008 on the law applicable to contractual obligations (Rome I): Art. 3 and 4?
  - ▶ Issues governed by the Regulation on UP
    - ▶ Art. 7-4 Regulation: *"the acquisition of a right may not be dependent on any entry in a national patent register."*
    - ▶ Art. 47-2 UPC Agreement on actions initiated by a licensee

21

## Assignment of patent rights and grant of licence rights

- Differences between national laws
  - ▶ In France Art. L. 613-8 IPC
    - ▶ Assignment in writing only
    - ▶ Patent can be invoked against the licensee in case of breach of the agreement
    - ▶ Assignment has effect vis-à-vis third parties only after registration on National Patent Register (conflict with Art. 7-4 Regulation on UP?)
  - ▶ In UK, Patents Act 1977
    - ▶ Assignment in writing, signed by assignor
    - ▶ Registration not required to confer rights against 3rd parties BUT restrictions on legal cost recovery if transaction not registered before action started

22

## Assignment of patent rights and grant of licence rights

- Differences between national laws
  - ▶ In Germany
    - ▶ No form prescribed for Assignment
    - ▶ May happen also orally or even implicitly; problem: issues of proof and evidence
    - ▶ Registration in the patent register at the GPTO required to be able to bring claims for infringement; if assignor is still registered claims must reflect the assignment

23

## Assignment of patent rights and grant of licence rights

- Jurisdiction for disputes regarding patent assignment and grant of licence rights
  - ▶ National courts for disputes regarding assignment and licence
  - ▶ UPC
    - ▶ Art. 32-1-a) Agreement: counterclaims concerning licences (e.g. Validity of patent assignment or licence as a condition of admissibility of claim?)
  - ▶ For main actions?

24

## Assignment of patent rights and grant of licence rights

- Compulsory licence
  - ▶ Likely to be governed by Art. 7 Regulation?
  - ▶ Conflict with Considering 9 Regulation?  
*“Compulsory licences for European patents with unitary effect should be governed by the laws of the participating Member States as regards their respective territories”*

25

## 5. Employee inventions

- The issue of employee inventions is not influenced by Art. 7 Regulation
- Example of issues:
  - ▶ Who owns the patent?
  - ▶ Does anything have to be paid to employee inventors?

26

## Employee inventions

- Applicable law:
  - ▶ Article 60 EPC
    - (1) **The right to a European patent shall belong to the inventor or his successor in title. If the inventor is an employee, the right to a European patent shall be determined in accordance with the law of the State in which the employee is mainly employed;** if the State in which the employee is mainly employed cannot be determined, the law to be applied shall be that of the State in which the employer has the place of business to which the employee is attached.
  - ▶ National “*law of the State in which the employee is mainly employed*”
    - ▶ No risk for non EU applicant, under Art. 7 Regulation, to see German law on employee inventions apply
  - ▶ Side issues influenced by Art. 7 Regulation?
    - ▶ e.g. Form of the assignment of rights from the employee to the employer

27

## Employee inventions Difference between national laws

- In France: Art. L. 611-7 IPC
  - ▶ For all inventions (patented or not), when employment agreement is governed by French law, and when the invention is made in the course of normal duties including an inventive mission or in the course of specially assigned duties
  - ▶ *Invention of mission*: automatically belong to employer; employer must pay an additional remuneration
  - ▶ *Invention out of mission but assignable* because within the field of business of the employer or because the invention was made using material or knowledge resulting from the employment: belong to the employee but the employer can request the assignment of the patent rights or request a licence; a fair price must be paid by the employer
  - ▶ *Invention out of mission not assignable*: belong to the employee

28

## Employee inventions

### Difference between national laws

- In UK:
  - ▶ Where employee mainly employed in UK, or attached to UK place of business then
  - ▶ Invention automatically belongs to employer where (i) invention in course of normal duties or (ii) in course of specially assigned duties where an invention might reasonably be expected to result or (iii) employee owns a special obligation to further employer's undertaking (e.g. very senior employees)
  - ▶ If patent or invention which belongs to employer as a result of above presumptions yields 'outstanding benefits' for the employer, then employee may be entitled to compensation, and in particular a 'fair share' of that benefit

29

## Employee inventions

### Difference between national laws

- In Germany:
  - ▶ Statutory Law on Employee Inventions (Arbeitnehmererfindungsgesetz; ArbEG)
  - ▶ Distinguish between service inventions and free inventions
  - ▶ Employee must notify employer about the invention
  - ▶ Service invention may be claimed by employer (deemed to have been claimed if no objection by the employer after notification within 4 months)
  - ▶ If a patentable invention has been claimed obligation of employer to seek patent protection

30

## Employee inventions

### Difference between national laws

- In Germany (cont'd):
  - ▶ Obligation for employer to offer patent to the employee before it is abandoned
  - ▶ Remuneration based on patent protection abroad or is use of the invention sufficient?
  - ▶ Comprehensive agreement between employer and employee strongly recommended

31

## Employee inventions

- Jurisdiction to decide on employee invention issues
  - ▶ National courts
    - ▶ In France: National commission on Employee Inventions (CNIS) and / or *tribunal de grande instance de Paris*
    - ▶ In UK: Patent Office or Patent Courts
    - ▶ In Germany: Patent Office or Civil Courts
  - ▶ UPC??

32



**Thank you for your attention**

**Thomas  
Bouvet**



**Myles  
Jelf**



**Jochen  
Bühling**



VÉRON **VA**  
& ASSOCIÉS  
A V O C A T S

BRISTOWS

**KRIEGER MES & GRAF v. der GROEBEN**  
RECHTSANWÄLTE