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**Employees inventions: common
positions, differences and UPC angle**

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Employees inventions

Cannot be too difficult, right?

Employees inventions

- Scenario:
 - Suppose an employee domiciled in **Belgium** is employed in **France** by a **UK** biotech company. The employment agreement designates **Swiss** law.
 - Suppose the Belgian citizen was employed to clean the laboratories after business hours, but, while no one is there, he uses the company's tools and develops a biotech invention.

Employees inventions

- Questions:
 - Who owns the right to apply for a patent for this invention?
 - For a European patent?
 - Different answer for a French / Swiss / UK / Belgian patent?
 - And in the future for a unitary patent?
 - Is the employee/employer entitled to remuneration?
 - What are the employee's/employer's obligations?
 - What to do if the unentitled party applied for the patent?
 - What if employment agreement:
 - freely assigns to employer inventions by employee that are made in the course of his work, but outside scope of employment?
 - assigns all inventions, including so-called free inventions, in exchange for a fair remuneration?

Employees inventions

- I. General rules
 - A. Jurisdiction of Courts and Conflict of laws
 - B. National rules
 - C. Contractual freedom
- II. Specific scenarios

Employees inventions

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A.1 Jurisdiction of Courts

- Special patent rules (*lex specialis*)
 - European patents – None

A.1 Jurisdiction of Courts

- Default rule
 - Within EU – Brussels I Regulation
 - Article 24(4)
 - Exclusive jurisdiction of national court for validity of patents
 - CJEU: Does not apply to entitlement employer/employee
 - Articles 21 and 22
 - Governs employer/employee relationship
 - Outside EU – e.g. Switzerland
 - Art. 19 and 20 Lugano Convention
 - Governs employer/employee relationship

A.1 Jurisdiction of Courts

- UPC
 - Not assigned exclusive jurisdiction under Article 32(1) of the UPC Agreement
 - National courts still competent to decide upon this issue
 - Discussion: exclusive or non-exclusive

Employees inventions

I. General rules

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II. Specific scenarios

A.2 Conflict of Laws

- Special patent rules (*lex specialis*)
 - European patents – Article 60(1) EPC
 - Law applicable to ownership of employees inventions
 - Country where “the employee is mainly employed”
 - Subsidiarily: Country where “the employer has the place of business to which the employee is attached”
 - Note
 - Not possible to contractually designate other applicable law
 - What about other issues of employees inventions (e.g. remuneration)?

A.2 Conflict of Laws

- Default rule
 - Within EU – Rome I Regulation
 - Article 8 – governs employee/employer relationship
 - Law chosen by the parties
 - ↔ except for protection offered to employee under mandatory rules of default law (cf. *infra*)
 - If no choice of law
 1. Where “employee habitually carries out his work”
 2. Where “place of business through which the employee was engaged ”
 - ↔ “More closely connected” > circumstances as a whole

A.2 Conflict of Laws

- Default rule
 - Outside EU: Switzerland (*Art. 121 CPIL*)
 - *Where employee habitually carries out his work*
 - *If in several states, place of business of the employer*
 - Choice of Law
 - Where employee is habitually resident
 - Place of business of the employer

A.2 Conflict of Laws

- UPC
 - Article 60(1) EPC still applicable
 - still European patents (to which unitary effect granted)
 - What about Article 7 of the UP Regulation?
 - Jurisdiction of national court in respect of patent as “object of property”
 - Not relevant for employees inventions
 - “Object of property” rules relate to “*what can the owner of a patent do*”, not “*who owns the patent*” (cf. *supra*)
 - Ultimately, if discussion, for the CJEU to decide

Employees inventions

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II. Specific scenarios

B. National rules

1. National regime
2. Ownership
3. Remuneration
4. Obligations
5. Unentitled applicant

B. National rules

1. **National regime**
2. Ownership
3. Remuneration
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1. National regime



- No general statutory regime in Book XI, Title I CEL (“Patents”)
 - Only special regimes for inventions by university’s employees
 - University owns IP rights
- Default rules : case law (and doctrine)

1. National regime



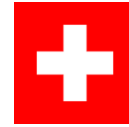
- Sections 39 - 43 Patents Act 1977 (as amended) govern:
 - Rights to employees' inventions
 - Compensation for certain inventions
 - Amount of compensation
 - Enforceability of contracts relating to employees' inventions
- Case law
 - Compensation (*Kelly v GE Healthcare*, *Shanks v Unilever*)

1. National regime



- Art. L. 611-7 IPC applies to patentable inventions made by employees during the term of their employment (whether or not a patent is filed).
- Art. L. 611-7 IPC applies to employees (and public servants) but not to directors, students/trainees, consultants and subcontractors.

1. National regime



- Art. 3 Patent Act / 332 Code of Obligations
 - Invention
 - Invention of an employee
 - Connection between invention and employment
 - During the term of employment
- Specific provisions for members of Federal/Cantonal Universities

B. National rules

1. National regime
- 2. Ownership**
3. Remuneration
4. Obligations
5. Unentitled applicant

2. Ownership



Type	Definition	Ownership
Service invention	Developed by the employee <u>in the performance of his contractual duties</u> or a specific assignment by employer	Employer
Mixed (or dependent) invention	Developed <u>outside the scope</u> of the employment contract, but <u>depend upon</u> existence of the employment: <ul style="list-style-type: none"> o Employer's active or passive input o Employee's use of the employer's resources or know-how o Nature of invention (e.g. directly related to activity employer) 	Unsettled: <ul style="list-style-type: none"> o Generally employee o Unless <ul style="list-style-type: none"> ▪ Contract ▪ Particular circumstances
Free (or independent) invention	Developed <u>outside the scope</u> of the employment contract and <u>without any connection</u> to the employment	Employee

2. Ownership

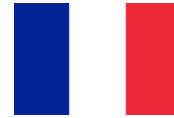


- Employee invention belongs to employer if:
 - made in course of normal or specifically assigned duties, and invention might reasonably be expected to result from those duties

OR

 - made in course of duties of employee who had special obligation to further the interests of the employer's undertaking.

2. Ownership



Type	Definition	Ownership
Invention under mission	Performed by the employee: <ul style="list-style-type: none"> o pursuant to an employment contract which includes an inventive mission; or o in the framework of studies or research expressly entrusted to him/her by the employer 	Employer
Invention beyond mission	Not performed under mission but: <ul style="list-style-type: none"> o during the performance of the duties; o in the field of activity of the employer; or o by reason of knowledge or use of technologies or specific means of the employer or of data acquired by the employer 	Employee but employer has an option for assignment
Free invention	Performed outside the scope of the employment contract and without any connection to the employer	Employee

2. Ownership



Type	Description	Ownership
Service Invention	in the course of his work for the employer and in performance of his contractual obligations	Employer
Invention by Coincidence	in the course of his work for the employer but <i>not</i> in performance of his contractual obligations	Employee, <i>unless</i> employer has a written option to acquire the invention
Free Invention	Not in the course of his work for the employer and not in the field of activity of the employer	Employee

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3. Remuneration



Type	Remuneration
Service invention	No additional remuneration for employee (>salary) ↔ dissenting doctrine: additional remuneration if salary is insufficient
Mixed or dependent invention	<ul style="list-style-type: none"> ○ Unsettled <ul style="list-style-type: none"> ○ Some doctrine: if employee is owner => employer is entitled to remuneration for the use of his resources or know-how ○ Some doctrine: if assignment of rights to employer => only valid if employee is sufficiently remunerated
Free or independent invention	No remuneration for employer

3. Remuneration



Type	Remuneration
Employer owned employee invention	May be awarded if: <ul style="list-style-type: none"> • Patent granted • <u>Invention or patent</u> (or combination) is of <u>outstanding benefit</u> to the employer • <u>Just</u> that the employee should be awarded compensation • <i>Kelly v GE Healthcare; Shanks v Unilever</i>
Employee owned employee invention	May be awarded if: <ul style="list-style-type: none"> • Patent granted • Employee's rights in patent/invention subsequently <u>assigned/licensed</u> with <u>inadequate benefit</u> to employee • <u>Just</u> that the employee should be awarded compensation above that of relevant contract

3. Remuneration



- No compensation if
 - collective agreement provides for the payment of compensation in respect of inventions of the same description and to employees of the same description.

3. Remuneration



- Amount of compensation
 - fair share of the benefit which the employer has derived / reasonably expected to derive, from the invention, patent or the assignment/licence etc
- Kelly v GE Healthcare

3. Remuneration



Type	Remuneration
Invention under mission	Right to an additional remuneration . Case law usually takes into account: <ul style="list-style-type: none"> ○ general scope of the research; ○ personal contribution of the employee; ○ practical difficulties encountered to achieve the invention; ○ scientific significance of the invention; and ○ economic interest of the invention.
Invention beyond mission	Right to a fair price : <ul style="list-style-type: none"> ○ should reflect value of the invention at the date of exercise of the invention; ○ but case law may take into account elements which are subsequent to the assignment.
Free invention	N/A

3. Remuneration



Type	Remuneration
Service Invention	no specific remuneration for the invention (≠ Germany)
Invention by Coincidence	<p>mandatory additional remuneration if employer acquires the invention</p> <p>Calculation:</p> <ul style="list-style-type: none"> • economic value of the invention • the degree to which the employer contributed • any reliance on other staff and on the employer's facilities • the expenses incurred by the employee • position in the company
Free Invention	N/A

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4. Obligations



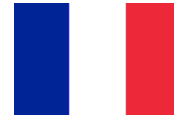
- Obligations employee
 - Solidarity and loyalty obligation
(> Art 1134 Civil Code)
 - Obligation to notify employer of assigned invention
 - Obligation to cooperate with employer to protect and commercialise the invention
 - Confidentiality obligation
(Art 17 Law on employment agreements)
- Obligations employer: none

4. Obligations



- None derived specifically from law relating to employee inventions

4. Obligations



- Employee must:
 - declare the invention to the employer and suggest a classification;
 - keep the invention confidential.
- Employer must:
 - reply to declaration and to the classification proposal.
 - pay the additional remuneration or fair price.
 - not necessarily file a patent application.

4. Obligations



- Employee:
 - notify employer in writing
 - duty of care and loyalty
- Employer (applies to Inventions by Coincidence):
 - inform the employee within six months
 - if he wishes to acquire the invention
 - release it to the employee
 - pay appropriate remuneration
 - no obligation to file a patent application

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5. Unentitled applicant



- Patent entitlement proceedings (Art. XI.10 CEL)
 - Two scenarios
 - Violation of a legal or contractual obligation
 - E.g. Violation of assignment obligation
 - Also violation of confidentiality obligation (?)
 - Unlawfully taken from the inventor or successor
 - Statute of limitation: 2 y after grant of patent
 - ↔ unless patentee knew that he was not entitled at the time of the grant of the patent

5. Unentitled applicant



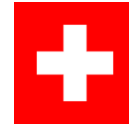
- Pre-grant application by entitled party for assignment of patent application (s8 Patents Act)
- Post-grant application by entitled party for:
 - assignment of the patent (s37 Patents Act)
 - revocation of patent (s72(1)(b) Patents Act)
 - if already found to be entitled; and
 - application brought within 2 years of grant of patent (unless proprietor knew not entitled when granted)

5. Unentitled applicant



- Claim for patent ownership under the general provisions of Art. L. 611-8 IPC.
- Statute of limitation :
 - 5 years after publication of grant;
 - If bad faith: 5 years after expiry

5. Unentitled applicant



- Pre-grant / Post-grant
- Entitlement proceedings (Art. 29 Patent Act)
 - Application has been filed by an applicant who is not entitled
 - entitled person may apply for assignment of the patent application
 - if the patent has already been granted
 - assignment of the patent
 - action for nullity
 - Deadline
 - two years from the publication of the patent specification
 - no filing deadline if acting in bad faith

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- General principle : “*pas de nullité sans texte*”
 - Remember : no statutory regime
 - => Principle : no restriction on assignment under employment agreements (even “free” inventions)
- ↔ Dissenting opinions in doctrine
 - Assignment not possible for “free” inventions
 - Assignment for “mixed” inventions only possible if sufficient remuneration in return

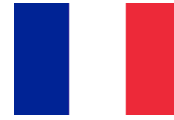
(Legal ground : qualified lesion or gross disproportion)

C. Contractual freedom



- Term in contract which diminishes employee’s rights in any future invention/patent is unenforceable

C. Contractual freedom



- Art. L. 611-7 IPC is **imperative** but **more favourable contractual arrangements** are valid:
 - collective agreements; company agreements (and employee's inventions policies) and employment contracts.
- Contractual agreements mainly used to determine how additional remunerations and fair prices are calculated and paid

C. Contractual freedom



- Contractual agreements are possible
 - Employer can also acquire a Free Invention
 - Remuneration also for Service Invention
- Imperative
 - Remuneration for Inventions by Coincidence
 - No employee may surrender his or her freedom or restrict the use of it to a degree which violates the law or public morals

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QUESTIONS?