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Interpretation of EU Brussels Ia Regulation for patent applications deposited and patents granted in third countries

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This case concerns the interpretation of the EU Brussels Ia Regulation in the case of patent applications deposited and patents granted in third countries.[(1)] It is particularly relevant to the question of jurisdiction in cross-national disputes relating to employee inventions.

Facts

A company that had its registered office in Sweden brought an entitlement action relating to inventions referred to in a granted US patent and several US, Chinese and European patent applications before the Patent and Market Court. One of the grounds for the company's action was that its employees had supposedly developed the inventions and that it was the rightful owner of them.

Swedish courts

The Patent and Market Court declared that it had jurisdiction to hear the action regarding the inventions covered by the European patent applications. However, the Court stated that it did not have jurisdiction relating to the third-country applications – namely, those in China and the United States and the granted patent in the United States.

The company appealed the Patent and Market Court's decision on its lack of jurisdiction before the Patent and Market Court of Appeal. The Patent and Market Court of Appeal decided to stay the case and referred a question about the interpretation of the EU Brussels Ia Regulation to the Court of Justice of the European Union (CJEU). The Patent and Market Court of Appeal's question was whether article 24(4) of the EU Brussels Ia Regulation should be applied to an entitlement action concerning patents and patent applications in third countries.

CJEU

The CJEU first examined whether the situation was covered by the scope of EU Brussels Ia Regulation. Since the dispute concerned both a civil and a commercial matter and had an international element through the third-country patent and patent applications, the CJEU found that the EU Brussels Ia Regulation was applicable.

The CJEU then examined whether article 24(4) of the EU Brussels Ia Regulation was applicable to the dispute. Article 24(4) states that, in an action concerning the registration or validity of patents, trademarks, designs or similar rights for which deposition or registration is required, the courts of the member state where deposition or registration has been requested or has taken place shall have exclusive jurisdiction, regardless of the domicile of the parties. Referring to the wording of the provision, the CJEU initially stated that it was not in a member state that the patent applications had been filed or the patent had been granted, but in a third country. Since the article does not regulate this situation, it could not apply to the dispute.

Further, the CJEU found that the dispute before the Swedish court was not a dispute "concerning the registration or validity of a patent" within the meaning of article 24(4) of the EU Brussels Ia Regulation. The CJEU stated that this expression in article 24(4) should not be given a wider interpretation than is required in view of its objective, which is to ensure sole jurisdiction for courts in the country in which the registration or validity is at question, as such courts will be best placed to solve such disputes. Giving a broader interpretation of the article would deprive the parties of the opportunity to choose a forum, which in turn would mean that they must bring proceedings in a court that is not the court where either party is domiciled.

In light of this, the CJEU found that the dispute did not concern the registration or validity of a patent, but rather concerned the subject matter of the right – a question of who the right proprietor was. This, the CJEU considered, was a preliminary question of who the inventor was, which was distinct from the validity of the patent and patent applications. In such cases, there is no material or legal connection to the place where the right has been registered that would justify an application of the rule of exclusive jurisdiction.

In view of this, the CJEU ruled that article 24(4) of the Brussels Ia Regulation does not apply to a dispute concerning the determination of whether a person is entitled to certain inventions covered by patent applications filed and patents granted in third countries. However, the CJEU pointed out that the national court may have to apply third-country law in determining who is entitled to the patent or patent application in those countries.

Comment

Entitlement proceedings generally require significant investigations into the development work leading to the invention – including:

- understanding what the core of the inventive contribution is;
- reviewing development notes; and
- considering the technical contribution seen in successive prototypes.

The central evidence is usually the natural persons involved in development of the invention, necessitating (often lengthy) witness testimonies, often from several persons, on the actual work performed. Such proceedings are often costly and time-consuming.

It would appear to be good procedural economy in being able to litigate the issue of entitlement to all patents and applications before the courts of the country where the inventive effort took place, and the evidence accordingly is located. However, jurisdiction may be asserted under article 4 of the EU Brussels Ia Regulation regardless of whether the work occurred in the country of the defendant's domicile or elsewhere.

Nevertheless, the ruling has the benefit that the need for proceedings in multiple jurisdictions is reduced. A claimant should still be mindful of the fact that the third-country patents are objects of property in those countries. The EU Brussels Ia Regulation does not determine whether the third countries will recognise the judgment.

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Endnotes

(1) CJEU, C-399/21 IRnova.