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PMCA rules against employee inventors in patent assignment case

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In the past couple of years, several cases have raised the question of entitlement to patent rights.[1] In the case discussed in this article, which started as an administrative matter, the Patent and Market Court of Appeal (PMCA) found that an invention created by two inventors during the course of their employment had been assigned to their employer, which had filed an application for a patent.[2] Notably, without specifically reviewing any employment agreement, the PMCA rejected the inventors' claim that the employer had acted only as commissioner.

Facts

In October 2015, company D applied for a patent regarding an invention that was a machine for sawing trenches and laying pipes or cables. The application included the information that CG and HH were the inventors. Upon a request from the Swedish Intellectual Property Office (IPO), company D submitted that it based its right to the invention on employment agreements with CG and HH. The agreements were, however, not invoked since this is not a requirement before the IPO. In the subsequent prosecution of the patent application, CG and HH were, on different occasions, involved with the submissions to the IPO and acted on behalf of company D.

Shortly before entering into bankruptcy in May 2018, company D sold the patent application to another company. The sale was later recovered by the bankruptcy estate of company D through a judgment by the district court of Södertörn in October 2020, a judgment that became legally binding in January 2021. The bankruptcy estate of company D thereafter sold the patent application to a third company.

In parallel to these events, CG and HH requested in December 2020 that the patent application be transferred to them as, allegedly, the proper title to the invention belonged to them. Before the IPO and the Patent and Market Court (PMC), CG and HH argued that:

- the invention had never been assigned to company D;
- the patent attorney had wrongfully labelled the agreement between the inventors and company D an employment agreement; and
- company D instead had acted only as a commissioner on behalf of CG and HH.

Both the IPO and the PMC rejected the inventors' claim.

Decision

CG and HH appealed the PMC's decision and the PMCA granted leave to appeal. In support of their request, CG and HH presented evidence to support the assertion that company D only had a right to represent and act as agent for the inventors. The evidence included:

- a written agreement dated October 2015 in which company D was given a right to represent the inventors before, among others, the IPO regarding the patent applications; and
- a purchase agreement regarding the sales of shares in the patent application.

The inventors did not, however, present an employment agreement.

The PMCA did not find the invoked evidence convincing. Instead, the PMCA found that:

- the inventors had given company D the right to apply for a patent;
- the right was based on employment agreements; and
- the inventors had omitted to raise an objection against accepting company D as applicant, despite several communications to the inventors.

The inventors had further waited for five years to raise the question of entitlement and had not done so until it had been established that the patent application was to be recovered by the bankruptcy estate of company D filed. The PMCA therefore concluded that the inventors had intended to assign the right to company D and dismissed the appeal.

Comment

What is noteworthy about this case is how the PMCA favoured the information in the patent application, which indicates a strong presumption, despite any requirement for further evidence, that a legal entity claiming the right to an invention in fact has such a right. It is, however, likely that a decisive factor in the case was that the invention had been created during the course of the inventors' employment.

Under, among other things, the Act on the Right to Employee's Inventions,[3] the employer is, depending on the nature of the invention, either directly the owner to such rights or has at least precedence to acquire the invention. Therefore, if an inventor would like to challenge the presumption of the entitlement of the legal entity, they must act directly upon any communication from the IPO and show

supporting documentation that the invention has not been assigned to the employer. An omission in this regard will, as has been shown in the case, lead to a rejection of a claim of proper title to the invention.

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Endnotes

(1) See, for example:

- PMCA 2017:3; and
- PMÖÄ 3701-21.

(2) PMÖÄ 10991-21.

(3) 1949:345.