Case C-399/21

Summary of the request for a preliminary ruling pursuant to Article 98(1) of the Rules of Procedure of the Court of Justice

Date lodged:

28 June 2021

Referring court:

Svea hovrätt, Patent- och marknadsöverdomstolen (Sweden)

Date of the decision to refer:

17 June 2021

Applicant:

IRnova AB

Defendant:

FLIR Systems AB

Subject matter of the main proceedings

The company FLIR has applied for patents on certain inventions in inter alia the United States of America and China. IRnova brought an action seeking a declaration that IRnova has better entitlement to the inventions than FLIR. The action was dismissed at first instance on the ground that the action is related so closely to the registration and invalidity of patents that the Swedish courts do not have jurisdiction to hear the case. IRnova has lodged an appeal against this dismissal decision before the referring court.

Subject and legal basis of the request for a preliminary ruling

Request under Article 267 TFEU for interpretation of Article 24(4) of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

Question referred for a preliminary ruling

Is an action seeking a declaration of better entitlement to an invention, based on a claim of inventorship or co-inventorship according to national patent applications and patents registered in a non-Member State, covered by exclusive jurisdiction for the purposes of Article 24(4) of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters?

Provisions of EU law relied on

Regulation (EU) No 1215/2012, Articles 4(1) and 24(4)

Provisions of national law relied on

Patents Act (1967:837), Sections 17 and 18, Section 53, first paragraph and Section 65, first paragraph.

According to those provisions, anyone who proves that they have better entitlement to an invention than the applicant for a patent may request that the application be transferred to them. Similarly, a patent granted to someone other than the person entitled to the patent will be transferred on request to the eligible person.

Act (1978:152) on the Jurisdiction of Swedish courts in certain cases in the field of patent law, etc., Sections 1 and 2.

According to those provisions, cases in which an action is brought against applicants for a European patent based on better entitlement to the patent-pending invention in the case of Sweden may be heard by a Swedish court, inter alia, if the defendant is domiciled in Sweden.

Succinct presentation of the facts and procedure in the main proceedings

1 IRnova is a Swedish limited liability company which develops and manufactures infrared detectors used in thermal-imaging cameras in various contexts. FLIR is a Swedish limited liability company which belongs to an American group. That company develops and manufactures electronic equipment based on infrared technology. The parties previously had a business relationship.

2 In 2015, FLIR applied for a patent in two cases through provisional applications in the United States. The provisional applications were followed up by FLIR on 2 March 2016 through two international patent applications. The international patent applications were later completed by FLIR, including two Chinese patent applications and two US patent applications. Two Chinese patents based on the Chinese applications have been granted and two US patents based on the US

applications have been granted. In addition, a US patent application, which is a divisional application for one of the abovementioned US applications, has been filed.

3 IRnova brought an action against FLIR before the Patent- och marknadsdomstolen (Patent and Market Court) on 13 December 2019. IRnova requested, inter alia, that the Patent- och marknadsdomstolen (Patent and Market Court) declare that IRnova has better entitlement to the inventions than FLIR, or to a share thereof, according to the US and Chinese patent applications referred to, as well as to the inventions under each patent, patent application, utility model or utility model application which they may result in, and according to the patents granted.

4 The Patent- och marknadsdomstolen (Patent and Market Court) dismissed IRnova's action in those parts on the ground that the action in the dismissed part is related so closely to the registration and invalidity of patents that the Swedish courts do not have jurisdiction to hear the case.

5 IRnova has lodged an appeal against the dismissal decision of the Patent- och marknadsdomstolen (Patent and Market Court) before the Patent- och marknadsöverdomstolen (Patent and Market Appeal Court). IRnova requests that the decision of the Patent- och marknadsdomstolen (Patent and Market Court) be annulled and that the case be referred back to the Patent- och marknadsdomstolen (Patent and Market Court) for consideration of the substance.

The essential arguments of the parties to the main proceedings

6 In support of its action, IRnova argues, in essence, the following. As part of his employment and duties, an IRnova employee has developed the inventions in accordance with the aforementioned patent applications and patents. In any case, he has made such a substantial contribution to the inventions that he is to be regarded as a co-inventor. As employer, IRnova has taken the place of the inventor and is therefore the rightful owner of these inventions. FLIR has, in its own name and without acquiring the inventions from IRnova or otherwise being entitled to do so, applied for the patents for the inventions. FLIR is acting wrongfully as an applicant for the patents and as proprietor of the patents. Because of this, there is also uncertainty about ownership, which is to the detriment of IRnova.

7 IRnova cites the following facts in respect of Swedish jurisdiction. The parties and the inventors are Swedish. The circumstances invoked have taken place in Sweden. The patent applications and the patents in question constitute wealth assets in Sweden. There are therefore objectively good reasons as to why the Swedish courts have jurisdiction under the principle of the place of the defendant's domicile also with regard to the US and Chinese patent applications and patents, respectively. The rules of Regulation (EU) No 1215/2012 are not directly applicable to this case. The action in this part in no way concerns property related to the EU. There are no objective reasons for applying the rule of exclusive

jurisdiction by analogy. There is no request for the applications and patents to be transferred or for the court otherwise to intervene in the activities of the foreign registration authority. The value of the Swedish courts' judgment lies in clarifying the situation between the parties in Sweden. The judgment may have an effect on evidence in a dispute abroad but it will not have any prejudicial significance either in China or in the United States.

8 FLIR disputes the amendment to the dismissal decision of the Patent- och marknadsdomstolen (Patent and Market Court). FLIR states to that end that, although Article 24(4) of Regulation (EU) No 1215/2012 does not, in its wording, affect patents and patent applications registered in China and the United States, the rules of the regulation may be considered to reflect what are internationally accepted principles of conflict of jurisdiction between courts in different countries, which strongly suggests that the exemption rule can be applied by analogy to situations where the registration of patents has taken place in a non-member country. IRnova's reason for the action is based on substantive patent law and its inventor concept. The assessment of who is the rightful owner of a patent-pending invention must be based on what the invention in question actually covers according to the patent claims in the patent. Such an assessment can be made only in accordance with the national rules for the patent because the inventions are defined in the claims and must be interpreted in accordance with national substantive patent law. Therefore, a dispute over who has better entitlement to a patent-pending invention based on the inventor concept involves an assessment of whether the person claiming to have better entitlement is classified as an inventor or as a co-inventor under the patent rules of the country of registration. Such an assessment therefore touches on questions involving substantive patent law, which, according to the principle of sovereignty, is exclusive to the authorities and courts of the country of registration. The question of ownership based on the inventor concept is prejudicial, for example, to the issue of transferring patent applications and patents.

Succinct presentation of the reasoning in the request for a preliminary ruling

9 The question of the competent court, which is the subject of a review in the case in the Patent- och marknadsöverdomstolen (Patent and Market Appeal Court), concerns an action for establishing who has better entitlement to the invention under Chinese and US patent applications and US patents, respectively (as well as the inventions under each patent, patent application, utility model or utility model application which they may result in). The dispute in which the question of jurisdiction has arisen is therefore a private law matter and falls within the scope of private law to which Regulation (EU) No 1215/2012, by virtue of Article 1 thereof, is per se applicable.

10 The Court of Justice has previously held, with regard to the Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters (the Brussels Convention), which was subsequently replaced

in essence by Regulation (EU) No 1215/2012, that the rules apply also to a dispute concerning a Contracting State and a non-Contracting State, for example if the claimant and the defendant are domiciled in the first State and the events at issue occurred in the second, which would then make the dispute international in nature. The provisions of the Brussels Convention therefore apply to cases relating to the relationship between courts in a Contracting State and a non-Contracting State (see judgment of 1 March 2005, *Owusu*, C-281/02, EU:C:2005:120, paragraphs 26 and 35).

11 Article 24(4) of Regulation (EU) No 1215/2012, according to its wording, covers only actions relating to the 'registration or validity' of patents, which may be understood as meaning that the provision would not apply to a dispute concerning who has better entitlement to an invention under certain patent applications and patents on account of alleged inventorship or co-inventorship.

12 The Court of Justice has specified in a number of rulings the starting points for how the provision in question should be construed. The Court has highlighted, inter alia, that the concept of 'in proceedings concerned with the … validity of patents' is an independent concept intended to be interpreted uniformly in all Member States (judgments of 15 November 1983, *Duijnstee*, C-288/82, EU:C:1983:326, paragraph 19, and of 13 July 2006, *GAT*, C-4/03, EU:C:2006:457, paragraph 14; see, also, with regard to cases involving trade marks, judgment of 5 October 2017, *Hanssen Beleggingen*, C-341/16, EU:C:2017:738, paragraph 31).

13 The purpose of the provision is to ensure that, in the case of such disputes mentioned, jurisdiction rests with courts closely linked to the proceedings in fact and law. The exclusive jurisdiction of the courts of the country of registration can be justified by the fact that those courts are best placed to adjudicate on cases where the validity of the patent, or even the existence of the deposit or registration, is in dispute. The courts in the country of registration may rule, applying their own national law, on the validity and effects of the patents which have been issued in that State. This concern for the sound administration of justice becomes all the more important in the field of patents since, given the specialised nature of this area, a number of Contracting States have set up a system of specific judicial protection, to ensure that these disputes are dealt with by specialised courts (see, in particular, *GAT* judgment, paragraphs 21 and 22, but also the judgments in *Hanssen Beleggingen*, paragraph 33, and *Duijnstee*, paragraph 22).

14 The exclusive jurisdiction is also justified by the fact that the issue of patents necessitates the involvement of the national administrative authorities. In this regard, the Court of Justice has referred to the Jenard report about the Brussels Convention (OJ C 59 1979, pp. 1 to 36), which argued that the granting of patents constitutes the exercise of national sovereignty (see *GAT* judgment, paragraph 23).

15 Disputes relating to the validity, existence or lapse of a patent or an alleged right of priority by reason of an earlier deposit are to be regarded as proceedings

'concerned with the registration or validity of patents'. If, on the other hand, the dispute does not concern the validity of the patent or the existence of the deposit or registration, the dispute will not be covered by the rule of exclusive jurisdiction. Such would be the case, for example, with an infringement action. The provision will be applied restrictively (see judgments in *Duijnstee*, paragraphs 23 and 24, and *GAT*, paragraphs 15 and 16).

16 The Court of Justice has also emphasised that it is not sufficient, with a view to avoiding the risk of contradictory decisions, for a non-exclusive court to rule only on the validity of a patent in relation to the parties to the proceedings. The rule of exclusive jurisdiction therefore concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection (see *GAT* judgment, paragraphs 30 and 31).

17 As regards the question of whether the exclusivity rule is applicable to disputes concerning better entitlement to intellectual property, the Court of Justice has had occasion to rule on certain types of such disputes.

18 The Court of Justice has established that exclusive jurisdiction does not cover a dispute between an employee for whose inventions patents have been applied and their employer, where the dispute concerns their respective rights to patents under the employment contract. The reason for this is that the outcome of the dispute depends solely on the question of who is entitled to the patent, which must be determined on the basis of the legal relationships that existed between the parties concerned, when neither the validity of the patent nor the legality of the patent registrations is disputed (see *Duijnstee* judgment, paragraphs 26 to 28).

19 In the field of trade marks, the Court of Justice has ruled in respect of a dispute concerning an objection to the registration of the sole heir of a trade mark proprietor as proprietor of the trade mark when it was alleged that the trade mark in question had been assigned several times and was no longer part of the trade mark proprietor's estate at the time of his death. Referring to the *Duijnstee* judgment, the Court clarified that proceedings concerning exclusively the question of who is entitled to a patent do not fall within the scope of such exclusive jurisdiction (*Hanssen Beleggingen* judgment, paragraph 35). The Court also pointed out that the question of the individual estate to which an intellectual property right belongs is not, generally, closely linked in fact and law to the place where that right has been registered, which was true for the case that has been referred. The rule of exclusive jurisdiction must, according to the Court of Justice, be interpreted as not applying to proceedings to determine whether a person was correctly registered as the proprietor of a trade mark. The Court of Justice's interpretation was not affected by the fact that a proprietor of an intellectual property right can demand the assignment to them of a registration initially made in the name of another (see *Hanssen Beleggingen* judgment, paragraphs 37 to 40).

20 The dispute over who has better entitlement to inventions under patent applications and patents brought before the national court does not concern a

dispute between an employee and his or her employer. Therefore, the statements made by the Court of Justice in the *Duijnstee* case do not provide direct guidance on whether the rule of exclusive jurisdiction is applicable in the present situation.

21 Nor does the general statement of the Court of Justice in the *Hanssen Beleggingen* judgment clarify the situation now at issue, since the national dispute does not concern who is the proprietor of a patent or who is entitled to file a patent application on the basis of legal arrangements with the intellectual property.

22 In order to determine which party is entitled to an invention under a patent or patent application in proceedings of the present kind, the national court must examine the question of who should be considered as the inventor or co-inventor of the inventions under the relevant patent applications and patents, respectively. Such an examination typically involves questions as to what constitutes the invention according to the respective patent application/patent by interpreting the patent claims and an assessment of who has contributed to the creation of the invention and, where appropriate, to which parts thereof. Determining who is entitled may therefore include patent law assessments of the contributions made to the development work which resulted in novelty and inventiveness and also questions regarding the scope of protection under patent law of the country of registration. It may further be added that it is a ground for invalidity if someone who is not entitled to do so applies for a patent.

23 The question of better entitlement in the situation now before the national court could therefore be considered to be linked in such a way to both the registration and validity of a patent that it seems appropriate in view of the objective and purpose of the rule of exclusive jurisdiction that a dispute of the current nature is covered by the rule.

24 The conclusion of the Patent- och marknadsöverdomstolen (Patent and Market Appeal Court), in an overall assessment of the relevant EU law, is that it is not clear or clarified how EU law should be interpreted with regard to the question of jurisdiction of a national court when considering an action relating to the right to an invention under respective patent applications or patents where the action is based on the fact that someone other than the person specified in the patent application is the inventor or co-inventor. In order for the Patent- och marknadsöverdomstolen (Patent and Market Appeal Court) to be able to rule in the case, that court requires an answer to the question that has been referred.