Employment Contracts and the Law Applicable to the Right to a Patent: Czech Considerations

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1 Introduction

There is no doubt that new, rapidly evolving technologies and advancing globalization intensify the existence of the cross-border elements in private law relationships. The fact that the international elements appear more frequently than in the past has an impact on contractual as well as non-contractual obligations associated with the production and subsequent utilization of intangible assets (works of art, inventions, databases, etc.) and intellectual property rights which guarantee protection in different countries (also "IPRs"). The consequences of the free movement of workers around the planet are obvious. On the one hand, this phenomenon brings a greater variety of goods and services. International teams of creative people produce new inventions, copyrighted works, or designs,[1] which give us pleasure or bring opportunities for investments. On the other hand, this also brings new challenges for the utilization of intellectual property rights, licensing practices, or the transfer of technologies. Complicated legal issues are nowadays also connected with copyright or trademark infringements on the Internet.[2]

The main feature of the intangible assets is their ubiquitous nature, since their existence is independent of the tangible mediums in which they are embodied.[3] When a work is published on the Internet without the consent of the rights holder, or a description for the production of a new drug is used without the permission of the pharmaceutical company in another country, then we must take into account not only the intellectual property rights but also the private international law issues which relate to the cross-border production and use of intangible assets.

[1] Intellectual property law usually covers two main areas: copyright and rights related to copyright, and industrial property rights. In this paper, we will focus only on industrial property rights to inventions and we will discuss situations where inventions are achieved in the course of employment. We will leave aside the issue of copyrighted works created by employees, even though we know that the original ownership of copyright is of the same importance as our topic and that, especially in German legal theory, there have been expressed different opinions on the law applicable to this question. See mainly Ulmer (1975), p. 43; Schack (1979), p. 66 ff.; Schack (2013), pp. 499-500; Drexl (2018), p. 1277 ff.; Beckstein (2010), p. 309.

[2] Due to the potential ubiquity of intangible assets and ease of the file sharing on the Internet, copyright infringements occur very often. Cross-border infringements of trademarks are a significant problem as well. See decisions of the CJEU in Cases C-523/10, *Wintersteiger AG v. Products 4U Sondermaschinenbau GmbH,* EU:C:2012:220 (CJEU, April 19, 2012); C-441/13, *Pez Hejduk v EnergieAgentur.NRW GmbH,* EU:C:2015:28 (CJEU, January 22, 2015), hereinafter "*Pez Hejduk*"; C-170/12, *Peter Pinckney v KDG Mediatech AG,* EU:C:2013:635 (CJEU, October 3, 2013), hereinafter "*Pinckney*". Analyses of international private law issues on the Internet is the subject of several publications. Cf. Beckstein (2010), p. 141 ff.; Trimble (2015), p. 339 ff.; Gössl (2014), p. 55 ff.; Kunda (2016), p. 454; Drexl (2018), pp. 1320-1337.

[3] Troller (1983), p. 55; Götting (2006), p. 356; Rehbinder and Peukert (2015), pp. 2, 28. This issue has been analyzed also by Czech and Slovak scholars. See Knap and Kunz (1981), pp. 16, 304; Knap et al. (1994), p. 12; Adamová (2016), p. 253; Vojčík (2014), pp. 21-23; Kyselovská and Koukal (2019), p. 71 ff.

When teams of foreign employees produce scientific results or develop new inventions, the employers first address the issues of employment contracts and non-disclosure agreements. In many countries researchers commit themselves that all results they create during the research and development will be owned by the employer in any country of the world. Hence, it is necessary to define how the private international law regulates the employment contracts of the inventors and if the same conflict-of-law rules also govern intellectual property issues. Are there any limitations or will the law agreed upon by the parties apply to intellectual property protection as well? For many employers, this issue is crucial since they want the investments that they have put to the development of the invention to be protected as much as possible. They want to know if the results of the scientific or artistic production are also protected in other jurisdictions and if the original holder of rights related to the intellectual creations can also claim protection in other countries. In other words, employers are afraid that the holder of rights in other jurisdictions might be an employee, or that an employer might be limited by employees' economic or moral rights.

These questions are not easy to answer and they vary from country to country.[4] In our paper, we will point out the Czech private international law approach, which emphasizes more intellectual property protection based on the connecting factor of *lex loci protectionis*[5] rather than the contractual regime of the employment agreements (*lex contractus*). We will try to defend the thesis that such an approach has its rational basis and highlights the fact that the closest connection subsists in the intellectual property regime, not in the legal regime of the employment contract agreed upon by the parties.

In our paper, we will start with an analysis of Art. 8 Rome I Regulation[6] which regulates the law applicable to employment contracts. Given that the Rome I Regulation does not expressly apply to matters associated with the utilization of the intellectual property assets and that the law applicable to contractual obligations has its limits, we will shift our attention to the application of Sec. 80 Czech Private International Law Act (hereinafter “Czech PILA"),[7] which, similarly to Art. 110 (1) Swiss Private International Law Act (hereinafter "Swiss

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[4] Martiny (2018), p. 361; Drexl (2018), p. 1343; Fawcett and Torremans (2011), p. 731; Matanovac Vučković and Kunda (2011), p. 107; Kyselovská and Koukal (2019), p. 294 ff.; Metzger (2013), p. 271.

[5] In this paper, we will not consider tort law issues which are regulated by Art. 8 Rome II Regulation [Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations]. This provision also contains the connecting factor of *lex loci protectionis*, but it does apply only to tort obligations. Sec. 80 Czech Private International Law Act has a broader scope and applies to a wider category of legal issues. In our paper, we will also not address the issue of jurisdiction in cross-border disputes over IPRs to employee inventions. For this issue, see e.g. Ubertazzi (2012) Exclusive jurisdiction in intellectual property; Ubertazzi (2012), Infringement and Exclusive Jurisdiction in Intellectual Property: a Comparison for the International Law Association, pp. 227-262; Kono and Jurčys (2012), p. 19 ff.; Jurčys (2012), pp. 174-226. The ECJ addressed the jurisdiction in employee inventions disputes in a decision *Duijnstee* [Case C-288/82, *Ferdinand M.J.J. Duijnstee v Lodewijk Goderbauer,* EU:C:1983:326 (ECJ, November 15, 1983)]. Here, the Court dealt with the interpretation of the term of 'proceedings for the registration or validity of patents', which is nowadays contained in Art. 24 (4) Brussels I bis Regulation [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]. The Court concluded that this term did not cover a dispute between an employee and employer about the question of who is the owner or applicant for a patent, if the dispute's subject-matter is the ownership of respective rights in that patent arising from the employment contract.

[6] Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I).

[7] Act No. 91/2012 Coll., on Private International Law [online].

PILA"),[8] provides that "*intellectual property rights are subject to laws of the State which recognizes these rights and provides them with protection*".[9] We conclude that this provision imposes limits on issues related to the ownership of scientific results. Moreover, the legal system chosen by the parties for their obligations does not apply to matters such as the existence and duration of rights, transferability of rights, effects of the transfer on third parties, exceptions, and limitations from the protection or exhaustion of rights.[10]

2 Employment Contracts and the Law Applicable to the Right to a Patent

2.1 International Conventions

Although employers need to have legal certainty that they are full owners of the intellectual property rights to inventions created by their employees, there exists, unfortunately, no direct regulation at the international level, which would address issues related to the ownership and utilization of the IPRs.[11] For obligations related to intellectual property we do not find any so-called uniform substantive rules directly regulating rights and obligations and taking precedence over the application of the EU or national conflict-of-law rules.[12]

The most important international convention regulating uniform substantive rules, the United Nations Convention on Contracts for the International Sale of Goods (hereinafter "CISG"),[13] contains only provisions applicable to the contracts for the sale of goods. However, CISG does not apply to technology transfers or license contracts. According to its interpretation, the term "goods" (Art. 2 CISG) covers only tangible objects and does not apply to intangible assets, including inventions. The only exception, accepted by some authors, is the sale of software.[14] However, such conclusion is not accepted worldwide, and the majority of authors conclude that we cannot apply the CISG in any way to the transfer of intellectual property rights.[15]

Moreover, when an employee transfers his/her “right to a patent” [Art. 8 (1) Czech Patent Act (*Zákon o vynálezech*),[16] Art. 6 German Patent Act (*Patentgesetz*)],[17] such contract is not considered to be a contract for the sale of goods [Art. 1 (1) CISG]. The same conclusion applies

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[8] Bundesgesetz über das Internationale Privatrecht (IPRG) vom 18. Dezember 1987 (Stand am 1. Januar 2019) [online].

[9] Unlike Art. 122 (3) Swiss PILA, Sec. 34 (2) Austrian Private International Law Act, the Czech PILA contains no special provision in respect of employees' works or inventions. Therefore, issues related to the ownership of rights are considered according to the *lex loci protectionis*.

[10] Cf. Drexl (2018), p. 1320 ff.; Fawcett and Torremans (2011), p. 728; Metzger (2012), p. 596 ff.; Matanovac Vučković and Kunda (2011), p. 107.

[11] However, this issue is solved by comparative academic projects, which deal with cross-border aspects of intellectual property rights. See § 315 (1) ALI Principles; Art. 3:201, Art. 3:501 CLIP Principles, Art. 307 and Art. 308 Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan; Art. 305, Art. 306 Transparency Proposal; Art. 19-23 ILA Guidelines. For a comparison of these academic projects, see Matulionytė (2011), pp. 25 ff, 220 ff; Matulionytė (2012), p. 268 ff. Concerning the jurisdiction in intellectual property cross-border disputes, see mainly Ubertazzi (2012), Infringement and Exclusive Jurisdiction in Intellectual Property: a Comparison for the International Law Association, p. 227 ff.; Ubertazzi (2012) Exclusive jurisdiction in intellectual property, p. 180 ff.; Jurčys (2012), p. 174 ff.

[12] Fawcett and Torremans (2011), p. 737 ff.; Drexl (2018), pp. 1260 ff., 1340.

[13] United Nations Convention of 11 April 1980 on Contracts for the International Sale of Goods [online]. *United Nations Commission on International Trade Law (UNCITRAL).*

[14] Understood as software sold together with a tangible carrier. Cf. Magnus (2009), p. 37; Schlechtriem and Butler (2009), p. 30; Diedrich (1993), p. 441; Fakes (1990), p. 559 ff.

[15] Gössl (2014), p. 103; Schlechtriem and Butler (2009), p. 31; Siehr (2010), p. 23.

[16] Act No. 527/1990 Coll., on Inventions and Rationalisation Proposals, as amended [online].

[17] Patentgesetz in der Fassung der Bekanntmachung vom 16. Dezember 1980 (BGBl. 1981 I S. 1), das zuletzt durch Artikel 4 des Gesetzes vom 8. Oktober 2017 (BGBl. I S. 3546) geändert worden ist [online].

when the employer claims against the employee the right to a patent [Art. 9 (2) Czech Patent Act; Art. 6 Employee Inventions Act (*Arbeitnehmererfindungsgesetz*)],[18] which subsequently passes to the employer. The main argument for the inapplicability of the CISG is that the material scope of this convention does not cover these legal issues.

The only international convention that contains rules governing the transfer of intellectual property rights based on employment contracts is the European Patent Convention (hereinafter "EPC").[19] According to Art. 60 (1) EPC, the right to a European patent should belong to the inventor, or his/her successors in title. The second sentence explicitly covers a conflict-of-law rule[20] for situations when an employee produces an invention during his/her employment.

The law applicable should be primarily the law of the country of habitual performance of the work by the inventor. Alternatively, when it is impossible to determine in which country the inventor is mainly employed, the law of the State where the place of business of the employer who employed the inventor is situated shall apply.[21]

However, this provision can be applied only to a limited amount of scientific creations since it relates only to inventions and covers only the issue of the "right to a European patent". If the patent is registered with the national patent office or if it concerns the right to acquire a patent in a third country, the second sentence of Art. 60 (1) EPC does not apply.[22]

Furthermore, we can see that Art. 60 EPC does not allow the contractual parties to choose the law applicable to the transfer of the right to a European patent.[23] *Ulmer* concluded that this restriction primarily protects employees because the choice of law should not deprive them of adequate legal protection.[24] Furthermore, *Ulmer* explains that the intellectual property protection should prevail over the choice of law not only for the European patents but also for the national patents filed with the national patent offices. *Drexl* follows this line of argumentation and concludes that the choice of law, which is allowed by the EU or national rules of the private international law, is overridden by the mandatory provisions (Art. 9 Rome I Regulation) established both in the national legislation (e.g., *Arbeitnehmererfindungsgesetz*) or in the Art. 60 European Patent Convention.[25]

[18] Gesetz über Arbeitnehmererfindungen in der im Bundesgesetzblatt Teil III, Gliederungsnummer 422-1, veröffentlichten bereinigten Fassung, das zuletzt durch Artikel 7 des Gesetzes vom 31. Juli 2009 (BGBl. I S. 2521) geändert worden ist [online].
[19] Convention on the Grant of European Patents (European Patent Convention) of 5 October 1973 as revised by the Act revising Article 63 EPC of 17 December 1991 and the Act revising the EPC of 29 November 2000 [online].
[20] Fawcett and Torremans (2011), p. 738. There are also opinions that Art. 60 EPC does not contain a conflict-of-law rule, but a substantial direct rule. For a discussion about this issue among German scholars, see Rüve (2010), p. 69; Drexl (2018), p. 1342.
[21] It has not been clarified yet if the rule in Art. 60 (1) EPC permits *renvoi* or not since EPC itself does not explicitly regulate this issue. Nevertheless, it appears from the structure and the purpose of EPC that it does not provide for that. See Matanovac Vučković and Kunda (2011), p. 109; Kunda (2016), p. 468; Fawcett and Torremans (2011), p. 739; Metzger (2012), p. 597; Drexl (2018), p. 1342.
[22] Drexl (2018), p. 1342.
[23] Fawcett and Torremans (2011), p. 739. *Straus* expressed an opposite view, concluding that Art. 60 EPC refers to the entire legal order of a State, including the rules of private international law. Straus (1984), p. 6. This opinion is also discussed by Rüve. Cf. Rüve (2009), pp. 57 ff., 76.
[24] Ulmer (1975), p. 80.
[25] Drexl (2018), p. 1341.

2.2 Rome I Regulation

As for international conventions, except for the Art. 60 EPC, they do not contain substantive uniform rules on law applicable to the transfer of intellectual property rights or rights which entitle the inventor or his/her successor in title to obtain patent protection; in the EU, we shall apply unified conflict-of-law rules which are provided for in the Rome I Regulation. It replaces its predecessor, the 1980 Rome Convention, and is binding for all European Union member states (*excl.* Denmark). Rome I Regulation applies to the contracts concluded after December 17, 2009 (Art. 28) and is universally applicable (Art. 2). It governs contractual obligations in civil and commercial matters in cases including a cross-border element [Art. 1 (1) defines the material scope of the Rome I Regulation].

Even though intellectual property rights play a vital role in the business world of the 21st century and the employers want to have free disposal of inventions without any limitations from the part of the employees' rights, the employees, too, need adequate protection, mainly in order to secure their appropriate remuneration for their achievements and their moral rights to be recognized as the authors or inventors. It is thus necessary to precisely define the rights and obligations of the parties.

The overwhelming opinion in the business law circles today links most issues related to employees' inventions – especially the assignment of a right to a patent – to the law of the State, which regulates the rights and obligations of the parties under the employment contract (employment statute).[26] Also, it affirms the possibility of a choice of law. According to these opinions, the acquisition of the right to employees' inventions is so closely linked to the rules of the remaining employment contract that it is subject to the same law applicable and should not be divided into numerous rights in the protecting countries.

To determine the law applicable under the Rome I Regulation it is necessary to qualify the facts of the case (*Classification, Qualification*, *Qualifikation*).

Even though within the EU law, there is no specific rule about the classification as such,[27] it is always necessary to determine the exact nature of the contractual obligations from the EU law perspective and to interpret all terms autonomously, pursuant to the case law of the CJEU and other sources of the EU legislation.[28]

[26] Nishitani (2009), p. 74; Martiny (2018), p. 361. For a discussion of the *lex contractus* and its scope, see also Rüve (2010), p. 25 ff. Regarding academic projects, see Art. 3:201 (3), Art. 3:503 CLIP Principles; Art. 308 (4) Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan; Art. 23 (1) ILA Guidelines. The Transparency Proposal does not contain a specific conflict-of-law rule for employment contracts. The issues such as first ownership fall under *lex loci protectionis* and it is not possible to conclude a choice-of-law agreement over these issues (Art. 305 Transparency Proposal). The ALI Principles do not contain a specific conflict-of-law rule governing employment contracts either. However, this issue is addressed by the question of the initial ownership which is regulated by the employment relationship. See Metzger (2010), p. 169; Heinze (2013), p. 286.

[27] In contrast, Art. 20 Czech PILA, provides that the qualification should primarily be carried out according to *lex fori* [Art. 20 (1)]. The so-called functional classification [Art. 20 (2)] might be the second option, where the issue is classified regarding its function in the national legal system. Paragraph 3 of the Art. 20 enables the *lex causae* classification. Art. 20 (4) explicitly establishes that the connecting factors within Czech PILA has to be qualified according to Czech law (i.e., *lex fori*). Rozehnalová, (2013), p. 141 ff.; Rozehnalová and Drličková (2015), p. 74; Bříza (2014), p. 129 ff.

[28] Cf. Recitals 7 and 17 Rome I Regulation. See also Stone (2010), p. 356; Lüttringhaus (2015), p. 25.

Concerning employee inventions and the right to a patent that relates to them, the Rome I Regulation establishes three likely applicable provisions: Art. 3, which regulates the choice of law,[29] Art. 4, which provides for alternative (objective) connecting factors for contractual obligations in the absence of choice of law,[30] and finally, Art. 8, which governs the conflict-of-law rules for employment contracts. How do we determine if the right to a patent that is transferred with the employee invention falls within the scope of Art. 8 and not within Art. 3 or 4, as is the case with licensing or transfer agreements?

The employee inventions concern patent protection as well as issues related to the employment relationship (labor law) and moral (personal) rights of the inventor.[31] The reconciliation of conflicting interests between the inventor and his/her employer can be found in the Czech Patent Act (in Germany it is the *Arbeitnehmererfindungsgesetz*), which grants the employer the right to claim a right to the patent[32] against an employee and the employee is granted a right to remuneration. The right of the inventor to the patent arises when the invention is completed, and it grants a legal title to the exclusive control over the invention and entitles the owner to submit a patent application. On the other hand, if the employer fails to claim his/her right to the patent against the employee [Sec. 9 (2) Czech Patent Act], it cannot be legally transposed to the patent law without the explicit transfer of the right to the patent that the contractual parties voluntarily concluded.[33] The right to the patent is thus one of the basic preconditions of the patent protection. The Czech Patent Act, similarly as the German *Arbeitnehmererfindungsgesetz*, therefore provides that the employer is the derivative holder of intellectual property rights to the invention.

On the other hand, the employee inventions are not created independently but they are results of the employment relationship in research and development. The employee is paid a salary to develop an invention in collaboration with other team scientists, who are controlled and managed by the employer. The main aspect, which determines that the transfer of the right to the patent related to employee inventions should be, at least to some extent, subsumed within the scope of Art. 8 Rome I Regulation, therefore, is the dominance of the employment (dependent) character.

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[29] Nishitani (2009), pp. 53-55; Fawcett and Torremans (2011), p. 753 ff. As regards the analysis of connecting factors in Art. 3 see also Bělohlávek (2010), p. 664 ff.; Ragno (2015), p. 94 ff.; Mankowski (2017), p. 87 ff.

[30] Nishitani (2009), p. 55 ff.; Fawcett and Torremans (2011), p. 762 ff.; Magnus (2017), p. 420 ff. Towards Art. 4, see also Bělohlávek (2010), p. 763; Magnus (2009), p. 27 ff.; Magnus (2017), p. 263 ff.; Ferrari and Bischoff (2015), p. 120 ff.

[31] Drexl (2018), pp. 1341-1342; Rüve (2010), pp. 55; Chloupek, Hartvichová et al. (2016), pp. 61-62.

[32] The right to a patent (Sec. 8 Czech Patent Act) is a proprietary right that is transferable. On the other hand, the moral (personal) right to an invention is the right of a moral (personal) nature and is not transferable. Czech Patent Act, like the German *Patentgesetz*, grants both the rights to the inventor due to the application of the creative principle (*Schöpferprinzip*). Chloupek, Hartvichová et al. (2016), pp. 55-59. While the typical results of the average work belong to the employer, this approach does not apply to creative results. Due to their personal nature, they belong to their creator, although they were created in the course of employment. On the other hand, the employer acquires ownership of the patterns, models, and drawings produced by an employee as well as ownership of the paper documents, data carriers, handicraft objects produced by employed artists or inventors. In this respect, the acquisition of rights to tangible and intangible assets is fundamentally different. The transferability of IPRs, in general, is one of the questions covered by lex loci protectionis, also in the academic projects. As regards this issue see Art. 3:301 CLIP Principles; Art. 309 Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan; Sec. 314 ALI Principles; Art. 305 Transparency Proposal; Art. 19 ILA Guidelines.

[33] Chloupek, Hartvichová et al. (2016), p. 77.

2.3 Regulation of the Employment Contracts under the Rome I Regulation

An employee is considered a weaker party in the contractual relationship. Therefore, Art. 8 Rome I Regulation[34] provides for a special conflict-of-law rule which takes precedence over the application of general conflict-of-law rules contained in Art. 3 and Art. 4 in order to ensure protection of employees.[35] The first option provided by Art. 8 (1), Rome I Regulation consists in the material choice of applicable law agreed upon by the parties. Compared to Art. 3, the choice of law is limited by the mandatory provisions of the law applicable to the employment contract which would have been otherwise applied if the parties had not chosen the law (see Art. 8, Paragraphs 2-4 Rome I Regulation).[36] We can say that these provisions provide rules for an objective connecting factor in the absence of choice of law.[37]
The scope of regulation of Art. 8 extends to individual employment contracts. This term is to be interpreted autonomously under the general principles of the EU private international law.[38] Accordingly, Art. 8 Rome I Regulation is to be applied to agreements between employers and employees under which the employee undertakes to perform an activity for remuneration in situation of economic dependency and social subordination.[39]
If the parties do not choose the law applicable, the law of the country in which the employee habitually carries out his work shall govern the contract. The determination of such a country shall not change due to a temporary employment in another country [Art. 8 (2) Rome I Regulation]. If it is not possible to determine the law applicable under Paragraph 2, the law of the country in which is situated the place of business through which the employee was engaged [Art. 8 (3) Rome I Regulation] governs the contract. Paragraph 4 includes the so-called escape clause.[40] Thus, if it appears from the circumstances that there is a closer connection between the employment contract and another country than determined by Paragraphs 2 or 3, the law specified by Art. 8 (4) Rome I Regulation should apply.

Nowadays, the overwhelming opinion relates most issues related to employee inventions – especially the assignment of the right to a patent – to the law of the State, which regulates the rights and obligations of the parties under the employment contract (employment statute).[41] However, this view leads to problems if the national substantive laws differently regulate whether the employee or the employer has the right to the employee inventions.[42] The alleged

[34] There were no essential changes between Art. 8 Rome I Regulation and the former Art. 6 Rome Convention. For the minor differences between Rome I Regulation and Rome Convention concerning individual employment contracts, see Mankowski (2009), p. 174 ff.; Staudinger (2015), p. 295; Martiny (2018), p. 328.
[35] Recital 35 also expressly confirms the protective nature of Art. 8 Rome I Regulation. See also Mankowski (2009), p. 185; Bělohlávek (2010), p. 1344 ff.; Staudinger (2015), p. 290.
[36] However, there is a significant difference between national mandatory provisions of a State, in which or from which the employee habitually carries out his/her work in the performance of the contract [Art. 8 (2) Rome I Regulation], and overriding, i.e. internationally mandatory, provisions established in Art. 9 Rome I Regulation. The law applicable according to Art. 8, Paragraphs 2-4 Rome I Regulation sets the minimum standard of protection for the employee. In addition to the law chosen, the mandatory provisions of the objective employment contract statute also apply. See Mankowski (2009), p .184; Staudinger (2015), p. 298.
[37] Staudinger (2015), p. 289.
[38] Mankowski (2009), p. 201; Staudinger (2015), p. 295; Palao Moreno (2017), pp. 581-582.
[39] Heinze (2013), p. 281.
[40] Mankowski (2009), p. 201; Staudinger (2015), p. 311; Palao Moreno (2017), p. 595.
[41] Straus (1984), p. 2; Rüve (2010), p. 122; Fawcett and Torremans (2011), p. 731; Martiny (2018), p. 361. *Kunda* declares that, for example, the initial ownership of intellectual property rights is expressly linked to the employment statute in some Eastern European countries like Bulgaria, Montenegro, or Lithuania. Kunda (2016), p. 467. See also Art. 3:201 (3), Art. 3:503 CLIP Principles; Art. 308 (4) Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan; Art. 23 (1) ILA Guidelines.
[42] In the majority of academic projects, the conflict between the contractual freedom and the protection of the employee's interests is resolved in such a way that while the parties can choose the applicable law, such choice

holder of the right to the patent will hardly be able to persuade foreign patent offices to deviate from their national patent laws.

Against this opinion, there is the fact that a labor law qualification of the law applicable to the employee inventions collides with the principle of territoriality (see below).[43] Moreover, the prevailing opinion that the right to the patent is to be assessed according to the employment statute does not mean that the same law should determine all questions that could arise. First, it needs to be explained which legal questions should be covered by the employment statute.

The scope of application is a matter of characterization.[44] Since Rome I Regulation does not include a special rule for the characterization of employment contracts, we shall apply the general rule in Art. 12[45] which provides a non-exclusive list of issues covered by the Rome I Regulation. This provision expressly includes the interpretation of the contract, its performance, consequences of a breach of an obligation, possibilities of termination of the contract, and consequences of the nullity of the contract. Additionally, other aspects, such as consent and material validity, are regulated by *lex contractus* (Art. 10).

On the other hand, questions of legal personality or legal capacity,[46] and rights *in rem* do not fall within the scope of the law applicable to the contract. These issues are governed by the national conflict-of-law rules.[47]

The law applicable to the employment contract under Art. 8 Rome I Regulation typically applies to the rights and obligations of the parties that directly relate to the employment relationship. As an example, we can mention working conditions, wage conditions, non-discrimination issues, leave, dismissal, damages, etc.[48] Collective employment agreements, however, are excluded.[49] Similarly, issues of the employee's personal rights or the protection of the employer's property do not fall within the scope of the employment statute. Considering that the employment statute is an obligation statute, we may, in general, conclude that it only applies to the relationship between the contractual parties (the employee and the employer). Any issues that concern *erga omnes* rights are, in principle, excluded from the employment statute.

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cannot deprive the employee of the protection afforded to him/her by mandatory provisions of the applicable law that would have been applied in the absence of the choice of law [Art. 3:503 CLIP Principles; Art. 23 (1) ILA Guidelines]. See also Metzger (2010), p. 169; Kono and Jurčys (2012), p. 182; Heinze (2013), p. 284 ff.; Matulionytė (2011), p. 210 ff.

[43] Rüve (2010), p. 19, 25; Drexl (2018), p. 1341.

[44] Mankowski (2009), pp. 207-209; Nishitani (2009), s. 53; Heinze (2013), p. 281; Rozehnalová and Drličková (2015), p. 73.

[45] Mankowski (2009), p. 209.

[46] With the exception set forth by the Art. 13 Rome I Regulation, capacity issues are explicitly excluded from the scope of the Rome I Regulation according to Art. 1 (2)(a). Lüttringhaus (2015), p. 42. Althamer and Kühle (2015), p. 425.

[47] In areas that are not covered by any bilateral or multilateral international conventions the national rules apply. In the Czech Republic, the relevant conflict-of-law rules are provided for in Sec. 29 ff. Czech PILA (legal personality and capacity) and Sec. 69 ff. Czech PILA (rights *in rem*). See Rozehnalová and Drličková (2015), pp. 87, 180.

[48] Martiny (2018), p. 359.

[49] Staudinger (2015), p. 296; Palao Moreno (2017), p. 582.

2.4 Employee Inventions and the Law of the Protecting Country (*lex loci protectionis*)

The employment statute first defines whether the employee invention is classified as a free invention or an employment (service) invention [Art. 9 (1) Czech Patent Act]. According to the employment statute, we assess whether there is an employment relationship between the parties and whether the employment contract is valid. The employment statute also applies to the temporal scope of the employee inventions. It determines that there was an employment relationship between the inventor and the employer at the time when the invention was made, even though the inventor later changed his/her job (Sec. 10 Czech Patent Act).[50] Thus, all inventions which were made by the inventor during his/her employment as a result of inventive work and the instructions of the employer should principally fall within the concept of the employee invention.[51]

However, other issues related to the transfer of the economic right to a patent from the employee to the employer does not have to be assessed according to a legal system chosen by the parties (one-size-fits-all solution; *Einheitslösung*),[52] but according to national regulations in countries where the right to the patent is exercised by the employer filing a patent application. Therefore, we believe that the law of the State which the parties have chosen or which is determined under Art. 8, Paragraphs 2-4 Rome I Regulation does not determine the conditions under which the right to a patent passes from the employee to the employer.

The peculiar nature of the subject matter (creation of a new invention) leads to a specific regulation of two categories of rights: the moral (personal) right of the inventor (right to the invention), and the economic right of the inventor (right to the patent). Due to the specific legal regulation, which reflects both moral and economic interests of the inventor, the obligation statute does not necessarily need to be applied to this issue. Just as the property statute is primarily governed by the connecting factor of the law of the position of the thing (*lex rei sitae*), not by the obligation statute,[53] also the "intellectual property statute" has a separate conflict-of-law regulation.

[50] As an employee invention we should consider every invention created as a result of an employee's inventive work which he/she has completed in the course of their employment. From the perspective of the patent protection it is crucial that an invention can be made by a person skilled in the art (Sec. 6 Czech Patent Act) without any further inventive considerations. However, it does not have to be ready for the production. The time of the registration of patent rights is also irrelevant. As for the temporal scope, the employment contract's legal status, and not the actual activity of the employee, is decisive. Therefore, it does not collide with the status of the employees' inventions if the invention was made in his/her leisure time, on vacation, during an illness, or during a strike.

[51] Chloupek, Hartvichová et al. (2016), p. 62 ff.

[52] Rüve (2010), p. 33; Drexl (2018), p. 1341.

[53] Martiny (2018), p. 156; Rozehnalová and Drličková (2015), p. 177 ff. The general rule of Sec. 69 (1) Czech PILA also applies to movable things. However, Sec. 70 regulates some additional exceptions to the *lex rei sitae* principle. Above all, if we transfer the ownership to movable assets upon a contract, Sec. 70 (2) rules that formation/termination of the ownership is governed by the law applicable to the contract (i.e. *lex causae*). Sec. 70 (1) Czech PILA then regulates the so-called mobile conflicts, i.e. it reflects the fact that the location of movable assets regularly changes in time. Sec. 70 (3) deals with the formation/termination of rights *in rem* to movable assets which are already subject to transport at the time of the formation/termination of those rights. See Rozehnalová and Drličková (2015), pp. 181-183.

National patent laws provide the existence, the content, and the lapse of the patent protection for the geographical scope of the State. This is the result of the principle of territoriality.[54] Another result of this principle is that the inventor is granted the inventor's personality right (right to the invention) regardless of who is entitled to file the patent application, or subsequently, who is granted the patent protection. This moral right includes the right to be named as the inventor in the patent application and publication of it in the patent bulletin [see Art. 4ter Paris Convention for the Protection of Industrial Property; Sec. 25 Czech Patent Act; Sec. 37 (1), Sec. 63 (1) German Patent Act]. This right is absolute and personal; therefore, it should be covered by the most closely related law applicable, which is the law of the protecting country (*lex loci protectionis*; Sec. 80 Czech PILA).[55]

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[54] The principle of territoriality traditionally applies to intellectual property rights and is accepted almost in all jurisdictions. Concerning the Czech and Slovak jurisdictions, see: Knap and Kunz (1981), p. 17 ff.; Knap, Kunz and Opltová (1988), p. 19; Kučera, Pauknerová and Růžička (2015), p. 270; Adamová (2016), p. 256; Telec (2017), p. 38. As for the German and Swiss jurisdictions, see: Troller (1952), p. 48; Schack (1979), p. 20; Troller (1983), p. 135; Ulmer (1975), p. 9; Götting (2006), p. 358; Beckstein (2010), p. 18 ff.; Jaeger (2013), p. 12; Drexl (2018), p. 1247 ff. As far as common-law jurisdictions are concerned, see: Pila and Torremans (2016), p. 29 ff.; Goldstein (2001), p. 63 ff.; Goldstein and Hugenholtz (2013), p. 95 ff.; Trimble (2015), pp. 339, 383-384. The principle of territoriality of the intellectual property protection wa also expressed in the CJEU case law: Cf. the judgments in Case C-192/04, *Lagardère Active Broadcast v Société pour la perception de la rémunération équitable (SPRE) and Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL),* EU:C:2005:475 (CJEU, July 4, 2005), para 46; Case C-9/93, *IHT Internationale Heiztechnik GmbH and Uwe Danzinger v Ideal-Standard GmbH and Wabco Standard GmbH,* EU:C:1994:261 (CJEU, June 22, 1994), para 22 (hereinafter "*IHT Internationale Heiztechnik*"); *Pinckney*, para 22; *Pez Hejduk*, para 22. The principle of territoriality can be limited in some situations. Under EU law, we can, for example, mention the exhaustion of rights, which is the result of searching for a balance between the principle of free movement of goods and the territoriality nature of intellectual property rights [see Judgment of the ECJ in Case 24/67, *Parke, Davis and Co. v Probel, Reese, Beintema-Interpharm and Centrafarm*, EU:C:1968:11 (ECJ, February 29, 1968); Case 78/70, *Deutsche Grammophon Gesellschaft mbH v Metro-SB-Großmärkte GmbH & Co. KG,* EU:C:1971:59 (ECJ, June 8, 1971); Case 119/75, *Terrapin (Overseas) Ltd. v. Terranova Industrie CA Kapferer & Co.,* EU:C:1976:94 (ECJ, June 22, 1976)]. Another example, where the territoriality principle can be overcome is the breach of EU unitary rights. In its judgment in "*Nintendo/BigBen*" case [Joined Cases C-24/16 and 25/16, *Nintendo Co. Ltd v BigBen Interactive GmbH and BigBen Interactive SA,* EU:C:2017:724 (CJEU, September 27, 2017)], the CJEU found that Art. 8 (2) Rome II Regulation as a special provision for non-contractual obligations arising from a violation of EU-wide intellectual property rights provides a specific connecting factor that deviates from the general principle of the *lex loci damni* provided for in Art. 4 (1) Rome II Regulation. The CJEU ruled that the criterion in Art. 8 (2) Rome II Regulation (state "in which the act of infringement was committed") should be interpreted as including the state in which the event giving rise to the damage occurred, i.e., the state in which the infringement was committed (*Nintendo/BigBen,* para 98). The CJEU emphasized that unitary intellectual property rights are protected across the Union and that acts of infringement can be committed in the numerous Member States, making it difficult to predict which substantive law would apply to issues not regulated autonomously by the relevant Union instrument (*Nintendo/BigBen,* para 101). Furthermore, the CJEU pointed out that, according to recitals 6, 13, 14 and 16 Rome II Regulation, the predictability of the outcome of legal disputes, the certainty about the applicable law as well as the uniform application of the regulation should be guaranteed in all Member States. In view of these objectives, the CJEU found that in the case of multi-state violations, it is not necessary to rely on each individual act of harm in determining the event that caused the damage, but an overall appraisal of his behavior is to be determined in order to identify the place where the original tortious act, on which the infringing behavior is based, has been committed. Such an interpretation enables the courts in Member States to easily determine the applicable law on the basis of a uniform connection criterion (a place where the infringement was committed or is likely to result from several acts of which is a defendant accused of).

[55] Academic projects offer a different view on the closest connection and connect law applicable to the choice of law, which is limited by the application of mandatory rules. See Art. 3:503 CLIP Principles; Art. 23 (1) ILA Guidelines. The ALI refers to the law of the closest connection (Sec. 315 ALI Principles). The Transparency Proposal includes the clause of law of the closer connection only for the area of transfer and licensing contracts in general (Art. 306 Transparency Proposal). However, we believe that in the Czech private international law

The principle of territoriality provides that intellectual property rights have effect only within the territory of a particular State, that these rights exist for each State separately, and therefore no global intellectual property protection arises worldwide. The individual national laws together form only a so-called bundle of rights (*Bündel nationaler Rechte*)[56] and therefore exist side by side and independently of each other.[57] Although some rights arise informally (copyright, moral rights of the inventor), these rights exist separately in each State, by fulfilling the legal conditions set by the national legislation for the existence and validity of the protection.[58]

From the perspective of private international law and with regard to the principles of the intellectual property protection, the inventor neither acquires a single right to the invention nor the right to the patent in the State determined by Art. 8 Rome I Regulation, which would also be recognized as such in other countries. On the contrary, the inventor acquires, without any formal requirements, in each contracting State of the Paris Convention for the Protection of Industrial Property a separate moral (personal) right to the invention, and in most countries an economic right to the patent as well. The moral right to the invention is inalienable, however, the right to be granted a patent can be freely transferred to the legal successor [Sec. 8 (1) Czech Patent Act; Sec. 6 (1) German Patent Act], or it can be passed when the employer claims his/her right to the patent against the employee [Sec. 9 (1) Czech Patent Act; Sec. 6 (1), 7 (1) *Arbeitnehmererfindungsgesetz*].[59]

Therefore, when the inventor completes the invention, he/she has as many independent inventor rights (right to the invention, right to the patent) as they are granted by the legal systems that link such legal consequence to the achievement of the invention. The principle of territoriality applies both to the inventor's moral rights (right to the invention) and to his/her right to being granted a patent (right to the patent).

The acquisition of these rights is determined solely by the law of the country of protection (i.e., the country for which the protection is sought, *lex loci protectionis*). When the right to the patent is passed from the inventor to the employer, such acquisition of the right only applies to the territory of the State which recognizes this category of legal transfer; and is not necessarily recognized in other States, unless the conflict-of-law rule provides otherwise.

Only if there is an explicit conflict-of-law rule,[60] we can conclude that a certain question is to be assessed according to foreign laws. If we take as an example Sec. 14 (1)

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system, it is not possible to prioritize a choice of law that, in principle, conflicts with the absolute nature of the right to the invention and the right to a patent, without the express provision of the legislator.

[56] Cf. the CJEU judgement *IHT Internationale Heiztechnik* para 24. See also Ahrens (2012), p. 75; Beckstein (2010), p. 22; Drexl (2018), p. 1247; Richter (2017), p. 31.

[57] Drexl (2018), p. 1247. On the other hand, the so-called principle of universality is based on natural law presumptions and expresses that at the moment of the creation of a work/invention, an absolute right with worldwide effects arises for the person of the author/inventor, which is only recognized by other legal systems. Schack (1979), p. 23. See also Fawcett and Torremans (2011), p. 273.

[58] Knap and Kunz (1981), p. 17; Kunda (2016), p. 458; Drexl (2018), p. 1253.

[59] Based on the employer's claim, the employer acquires all economic exploitation rights to the employee’s invention. He/she becomes the employee's successor under intellectual property law; he/she may submit the application of the invention for patent protection and use the invention. However, the non-transferable inventor's moral (personality) rights (right to be designated as the inventor) always remain with the employees.

[60] If there was a specific rule in the Czech private international law that contain some legal systems (Switzerland, Austria) or that we find in the abovementioned academic projects, the situation would be different. However, we still consider that the legal order, which is most closely linked to the right to an invention and the

Arbeitnehmererfindungsgesetz ("After claiming the employees' invention, the employer is also entitled to submit the application abroad for the granting of protective rights") we must take into consideration that this provision has no effect in other countries, unless the rules of the private international law of those States provide otherwise.

Therefore, a fundamental question to be answered is what is the adequate balance between the scope of the employment statute (*lex contractus*) on the one hand, and the scope of the legal order of the State in which protection is sought (*lex loci protectionis*) on the other.

Proponents of a broad scope of the employment statute emphasize the need for a unified solution that would protect the employer's investment.[61] According to them, the main reason is that if an invention has been developed by an inventor then the moral (personal) right to the invention automatically applies in the vast majority of countries in the world. This right is acquired by the inventor regardless of the need for registration or another formal act. The economic right to a patent then just reflects this informally evolved moral right. Following this line of argumentation we cannot apply the territoriality principle to the right to a patent, because even before the patent was granted, the inventor had had a moral (personal) right to the invention, which granted him/her right to take any action against an unauthorized applicant or patent owner. Since the rights to an invention are also acquired without a state administrative act and only once, unlike the patent law itself, the principle of territoriality can be disregarded as far as the right to a patent is concerned.

However, we do not agree with these conclusions. All rights are territorial in nature.[62] This fact stems from the principle of territoriality, which is the basis of the functioning of state power and the principles of public international law,[63] especially the principle of sovereign equality of States and the principle of non-interference. The fact that we can apply a foreign legal system to a particular issue follows from the specific permission expressed by the national or EU legislatures in the conflict-of-law rule.

We argue that proponents of the unified solution tend to overlook the different nature of tangible and intangible assets. As far as rights *in rem* are concerned, in most countries of the world we apply the universally accepted connecting factor *lex rei sitae;* regarding rights to intangible assets, we have no such connecting factor for which there would be a general

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right to a patent, is the *lex loci protectionis*, not the *lex laboris* or the *lex contractus*. The reason for this conclusion is primarily the absolute nature of these rights. Similar conclusions can be found in Spanish or Greek law. See Kono and Jurčys (2012), p. 183.

[61] Martiny (2018), p. 361. *Rüve* concludes that the respective national patent rights thus apply to the patentability issues and territorial effects of the patent protection. However, they are not necessarily fixed with the assignment of the right to the invention or the right to the patent since the right to the invention arises informally and independently of a State administrative act. Thus, the inventor initially obtains the right to the patent for all countries, and the territoriality principle does not apply. Under the maxim that the protection should be "fair, cheap, expedient," the fragmentation of the right to the patent to the rights of numerous protected countries should be expediently denied. Rüve (2010), p. 50. A compromise between Martiny's conclusions and the proponents of *lex loci protectionis* can be found in the judgment of the OLG Karlsruhe in the *Rohrleitungsprüfung* case (OLG Karlsruhe, decision from 13th April 2018, file No. 6 U 161/16). Here the court concluded that the issue of employee inventions falls under the scope of Article 8 of the Rome I Regulation. However, the issue of the vindication of the right to a patent is already a matter of the application of the *lex loci protectionis*.

[62] Knap and Kunz (1981), p. 19; Knap, Kunz and Opltová (1988), p. 20; Fentiman (2005), p. 138; Ubertazzi (2012) Exclusive jurisdiction in intellectual property, p. 137.

[63] Shaw (2003), p. 576; Potočný and Ondřej (2011), p. 11; Malenovský (2014), p. 19; Čepelka and Šturma (2018), p. 137.

consent. In the Czech legal doctrine, *Knap* and *Kunz* declared that the absence of a uniform conflict-of-law rule is derived from a fundamental difference between intellectual property rights and rights *in rem*.[64] Unlike the rights *in rem*, where the *lex rei sitae* allows foreign laws to produce *erga omnes* effects also in other States, the correct application of the *lex loci protectionis* should not lead to effects of the intellectual property rights of one State in the territory of other States.

The main reason why conflict-of-law rules nowadays use the *lex loci protectionis* as a connecting factor for determining the law applicable to intellectual property rights is the prohibition of discrimination against foreign nationals [Art. 5 (1) Berne Convention, Art. 2 and 3 Paris Convention for the Protection of Industrial Property, Art. 3 TRIPS Agreement]. This requirement of equal treatment is traditionally called the principle of assimilation[65] or national treatment[66] (in Art. 4 TRIPS Agreement this is supplemented by the most-favored-nation regime). If the State aims to meet the requirement of the equal treatment imposed by international conventions, it must treat both domestic and foreign right holders in the same manner.[67] This goal can be achieved by applying a uniform regime, and the law applicable will, therefore, be the law of the State for which protection is sought (*lex loci protectionis*). Therefore, we can deduce that the effects of the *lex loci protectionis* (Sec. 80 Czech PILA) are only for the territory of the State which "confers rights and provides them with protection" and this conclusion applies both to the right to the invention and to the right to the patent, unless the legislator expressly specifies otherwise

3 Conclusions

The issue of initial and also derivative ownership of intellectual property rights falls under the scope of the application of *lex loci protectionis* (Sec. 80 Czech PILA).[68] In the system of the Czech private international law, these conclusions are valid not only for the copyrighted works but also for employees' inventions .[69]

We have concluded that the obligation statute, which stems from Article 8 Rome I Regulation, defines only specific issues. Contrary to the conclusions reached by some scholars in the German legal theory[70] and in case law of German courts,[71] we argue that the *lex loci protectionis* limits the obligation statute concerning the question who is the holder of the right to an invention or the owner of the right to a patent. We do not agree with the conclusion that

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[64] Knap and Kunz (1981), p. 18.
[65] Troller (1952), p. 150; Knap, Kunz and Opltová (1988), p. 34.
[66] Dutfield and Suthersanen (2008), p. 25; Fawcett and Torremans (2011), pp. 678, 686; Goldstein and Hugenholtz (2010), p. 99 ff.; Basedow (2013), p. 230; Drexl (2018), p. 1264; Schack (2013), p. 465 ff.
[67] Drexl (2018), p. 1277, 1279.
[68] In the German legal theory, see Drexl (2018), p. 1340. Similar conclusions were expressed also by other scholars. Cf. Fawcett and Torreamans (2011), p. 728; Kunda (2016), p. 455; Kono and Jurčys (2012), p. 139-140. Kyselovská and Koukal (2019), p. 156 ff. A similar approach can also be found in Spanish [De Miguel Asensio (2012), p. 1014] or Greek law [Grammaticaki-Alexiou and Synodinou (2012), p. 631].
[69] Nishitani (2009), p. 73, 80. See also Matanovac Vučković and Kunda (2011), p. 106-108; Kyslovská and Koukal (2019), p. 136.
[70] See Martiny (2018), p. 361.
[71] The decision of the OLG Karlsruhe from April 13, 2018, file No. 6 U 161/16.

the assignment of rights to an invention or to a patent to the employer is more closely related to the employment statute than to the law of the protecting country.

Both the right to the invention and right to the patent are associated with the *erga omnes* effects of the intellectual property rights. The moral (personal) right to the invention gives his/her holder an absolute personal right to be indicated as the author of the invention, and the economic right to a patent is then an essential precondition for the right to a patent. This right applies not only in relations between the employee and the employer but is also enforceable against all persons who would unlawfully apply for the patent protection.

If the law applicable under Sec. 80 Czech PILA was the law of the Czech Republic, then we would consider issues related to the right to a patent and its passing to an employer according to Sec. 9 Czech Patent Act. This conclusion would not be, in our opinion, the result of the application of the mandatory rules under Article 8 (1) Rome I Regulation, but the restriction of the obligation statute by *lex loci protectionis*. We could consider a hypothetical situation where the contracting parties, an employer who is seated in Germany, and a Cambodian employee, chose the applicable law of the Federal Republic of Germany, while the scientist was working on his invention from his/her home in Cambodia. A German company would then file a patent application in the Czech Republic, claiming they lawfully obtained a right to the patent. The reason why we would apply the Czech law to the transfer of the right to the employer is not any of the objective connecting factors in Art. 8 Rome I Regulation[72] but the fact that we deal with a Czech right to a patent arising from the Czech Patent Act.

When the right to the patent is passed from the inventor to the employer, such acquisition of the right only applies to the territory of a State which recognizes this category of legal transfer and is not necessarily recognized in other States, unless the express conflict-of-law rule provides otherwise. If the inventor completes the invention, he/she obtains as many independent inventor rights (right to the invention, right to the patent) as they are granted by the legal systems that link such legal consequence to the achievement of the invention.

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[72] It is questionable that the legal order, which is more closely connected with the transfer of the right to a patent for the Czech Republic territory, would be the legal order of the Federal Republic of Germany while using mandatory provisions of the Kingdom of Cambodia (*lex loci laboris*). This solution would, however, correspond, for example, to Art. 3:503 (1) of the CLIP Principles, or Art. 23 (1) (2) ILA Guidelines.

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Abstract

The number of intellectual property cases that include cross-border elements is growing due to rapidly evolving technologies and advancing globalization. The free movement of workers in research and development also leads to numerous international private law issues, especially in situations where employees are hired to produce new inventions. Since it is necessary to

consider private international law issues related to the cross-border production of new inventions more frequently than in the past, we have to clarify if the law applicable to employment contracts concluded with the inventors also governs the issues related to intellectual property protection. This paper focuses on the law applicable to employee inventions, especially to the right to a patent, and aims to show how the boundaries between the scope of application of the employment statute (*lex contractus*) and the so-called intellectual property statute (*lex loci protectionis*) are set in the Czech private international law. We will argue that the employment statute is an obligation statute and, therefore, can only be applied to the relationship between the contractual parties (the employee and the employer). Any issues that concern *erga omnes* rights are, in principle, excluded from the employment statute. In this paper, we defend the thesis that the closest connecting factor subsists in the intellectual property regime, not in the legal regime of the employment contract agreed upon by the parties.

Key words

right to a patent; Rome I Regulation; territoriality; lex loci protectionis; employee inventions