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Corte di Cassazione, ruling no. 31932/2019: former owners of an intellectual property title are indispensable parties to an action for revocation or invalidity

With the decision no. 31932 of 6 December 2019, the Supreme Court issued an interesting ruling on legal standing in patent invalidity proceedings.

Among the thirteen pleas of appeal brought by the claimant, against the decision issued by the Milan Court of Appeal, the first plea concerns the **infringement of compulsory joinder provisions**, based on the fact that **in the previous stages of the proceedings, the inventor and former co-owner of the patent** (at a rate of 50%, until he transferred his share in favour of the claimant in 2011) **had not been involved**.

The Supreme Court upheld the appeal and referred the case back to the Milan Court of Appeal, pointing out that art. 122 § 4 IPC must be interpreted as meaning that **the action for revocation or invalidity of an intellectual property title must be carried out in adversarial proceedings, involving all those who are recorded in the register as entitled parties**.

In particular, the expression "*as owners of it*", introduced by Legislative Decree no. 131 of 2010, **does not entail "the exclusion of those who have transferred their rights on the patent, since they are still subjects recorded in the register 'as owners', with the resulting absence of any unreasonable difference in treatment between current and former owners of the patent, who are also holders of qualified property interests and dependent on the validity of the latter, who, otherwise, would be injured from a declaration of invalidity or revocation delivered at the end of a judgment which they were not informed about, even though their name was recorded in the register"**.

The Supreme Court also noted that the interpretation adopted by the Court of Appeal must be rejected for the following additional reasons:

- textual reasons, given that the Court of Appeal had considered indispensable parties to the proceedings only the "*current owners*" of patent rights, thus introducing a literal element ("*current*") absent from the provision of article 122 IPC;
- teleological reasons, provided that article 122 IPC has been amended in order to solve the doubt on the indispensable participation in Court proceedings of the inventor, who can still be included among the entitled parties, although he or she is not the holder of the patent right anymore;
- systematic reasons, given the link between the provision in question and article 77 IPC, according to which the declaration of patent invalidity has retroactive effect not only with regard to contracts concerning the invention concluded before the declaration of invalidity and not executed yet, but also with regard to contracts already executed, since in this case the judge can order the former owner to reimburse any amount already collected by virtue of their conclusion.

Therefore, the essential interest in defending the patent for those who transferred their share on it is clear. Thus, in the Court's view, the only way to protect this interest is by **ensuring the necessary presence in Court proceedings of the patent's previous owners too** (on this, see also Cassazione , 28/02/2019, n. 5963).