SIXTIETH ORDINARY SESSION

In re MISCHUNG

Judgment No. 780

THE ADMINISTRATIVE TRIBUNAL,

Considering the complaint filed by Mr. Norbert Mischung against the European Southern Observatory (ESO) on 3 January 1986 and corrected on 15 January, the ESO's reply of 26 March, the complainant's rejoinder of 5 June, as corrected on 16 June, and the ESO's surrejoinder of 21 July 1986;

Considering Article II, paragraph 5, of the Statute of the Tribunal, Articles I 4.01 and VI 1.01 of the ESO Staff Rules and Article R VI 1.04 of the ESO Staff Regulations;

Having examined the written evidence, oral proceedings having been neither applied for by the parties nor ordered by the Tribunal;

Considering that the facts of the case and the pleadings may be summed up as follows:

A. One of the ESO's projects is to maintain a large telescope at its laboratory at La Silla, in Chile. The complainant, a citizen of the Federal Republic of Germany, took up duty at headquarters on 1 November 1981 as senior engineer for the project. As redefined in mid-1983 his duties relate mainly to the technical development of the "metallic mirror blank" for the telescope. By a letter of 5 September 1984 he informed the ESO that in July he had discovered how to make "monolithic reflector blanks and cells" in the sizes, shapes and materials needed for large telescopes and that he would be seeking a patent. In a letter of 15 October the Head of Administration answered that all rights in the invention would belong to the Observatory under Article I 4.01 of the Rules: "All rights, including title, copyright and rights arising from inventions and patents, which result from work done by members of the personnel in the course of their official duties shall, at [the ESO's] request, be vested in the organisation". In a further letter, of 6 November, the Head of Administration pointed out that though the Rules prescribed no financial reward the ESO would consider his interests if licences for marketing the invention were granted. On 13 November 1984 and again on 8 February 1985 the complainant's lawyers asked the ESO to acknowledge a duty to pay him compensation. On 22 February 1985 the Legal Adviser answered that such payment "depends on whether there will be an economic exploitation" of his invention. On 4 March he appealed under Article VI 1.01 of the Rules against "the refusal to acknowledge an adequate compensation", and his case went to the Joint Advisory Appeals Board. In its report of 2 September the Board recommended rejecting his appeal as devoid of merit, and by a letter of 8 October 1985, the impugned decision, the Director-General informed him that his appeal was rejected.

On 22 February 1985 the ESO had applied for a patent to the Patent Office of the Federal Republic of Germany. But, doubting the newness of the complainant's invention, it offered on 27 June 1985 to transfer all rights to him provided he granted it an "irrevocable free licence, which ESO may make available to the suppliers engaged in work on its behalf and may freely transfer to universities and governmental scientific institutes working in the same field".

The complainant refused on 5 July. The Patent Office having reported on 30 October that patents had been awarded for the invention already, the ESO dropped its application. In letters of 21 January and 6 February 1986 it made its offer again, the free licence now to be restricted to astronomical research, but the complainant again refused.

B. The complainant submits that, not being a profit-making organisation the ESO would be departing from its proper purpose in marketing his invention. In any event it may not use the invention outside member States. All that I 4.01 means is that it may demand of its employee a free licence to use an invention. Besides, in all member States and, for example, in the European Space Agency the inventor gets remuneration from his employer, an obligation borne out by the conclusions of a meeting of the International Labour Organisation in 1977. The complainant seeks a declaration that the ESO is not entitled (l)(a) to an employee's invention and (b) to use it outside member countries. He seeks (l)(c) the award of the patent rights and (2) fair compensation.

C. In its reply the ESO submits that the claims are irreceivable and in any event devoid of merit.

Claims (l)(a) and (b) are irreceivable because the Tribunal is not competent to hear an application for the repeal or amendment of a rule and because the complainant has not exhausted the internal means of redress, his claims in his appeal of 4 March 1985 being related to the refusal of compensation. Claim (l)(c) is irreceivable: (1) for the latter reason: (2) if taken as a challenge to the head of Administration's letter of 15 October 1984, because the complainant failed to appeal against that letter within the 30-day time limit set in Article R VI 1.04 of the Regulations and again failed to exhaust the internal means of redress, and (3) if taken as challenging the offer to transfer the patent rights under certain conditions, because he lodged no internal appeal against that offer. Claim (2) is irreceivable because he failed to challenge in 30 days the decision of 6 November 1984 to offer him payment if a marketing licence were granted, the letter of 22 February 1985 merely repeated the offer and set off no new time limit.

The claims in (1) are in any event devoid of merit: several international organisations which are not profit-making own and exploit patents. Claim (2) is unsound. When the ESO takes up an invention under Article I 4.01 of the Rules the employee has no right to payment: the matter is at the Director-General's discretion. That is the practice in other international organisations. Even if it were not, the rules and practice followed by other organisations and for that matter in member countries are not binding on the ESO. Nor is there any general principle requiring payment. The ESO has repeatedly offered transfer of rights subject to retention of a free transferable licence, which it has to demand in its own interests.

D. The complainant argues that the claims in (1) are receivable because he is not challenging the lawfulness of I 4.01 but seeking a ruling on whether the ESO may under that rule claim rights to his invention. It is too formal an objection to say that he failed to exhaust the internal means of redress when the ESO has repeatedly refused to recognise his rights. As for the merits, he distinguishes between the ESO, which is not supposed to market the results of research, and the organisations it mentions in its reply.

Claim (2) too is receivable. The letter of 6 November 1984 was not a challengeable decision, and, even if it was, the ESO should have said so. The decision was the Legal Adviser's letter of 22 February 1985, and it was challenged, in time, in the appeal of 4 March. As to the merits, the complainant alleges a lacuna in ESO rules and a general principle requiring payment to an employee for an invention.

He presses his claims and also seeks costs.

E. In its surrejoinder the ESO enlarges on its pleas on receivability and on the merits and seeks to refute the arguments in the rejoinder, which it submits in no way weaken the case made out in its reply.

CONSIDERATIONS:

1. A preliminary question is whether claims (l)(a) and (b) are irreceivable on the two grounds submitted by the ESO.

The first ground fails. As the complainant states, he is not challenging the legality of Article I 4.01: he is seeking a ruling on whether the ESO may under that article claim rights to his invention. Accordingly, the claims may be entertained by the Tribunal, if otherwise properly before it.

As to the second ground relied upon by the ESO, because of the Tribunal's ruling on the merits of the complainant's claims, it will assume, without deciding, that the complainant had exhausted all internal means of redress and that the claims are properly before it.

2. Similarly it will assume, without deciding, that claim (2), contrary to the ESO's contention, is also properly before it.

3. Turning to the merits, the Tribunal holds that the complainant's claims are unfounded. There is no dispute that his invention was the "result of work done by him in the course of his official duties" within the meaning of Article I 4.01 of the Rules. Accordingly, as the ESO maintains, all rights in his invention are vested in it. The language of the article, which constitutes one of the conditions of his service, is clear beyond doubt and it cannot be construed to mean exactly the opposite, namely, that all rights in his invention vest in him.

4. As all rights vest in the ESO it has full discretion as to how it should use or dispose of them. They are the ESO's

absolute property and it may accordingly offer them to the complainant himself, as indeed it did. As it happened, the complainant found the conditions attached to the offer unacceptable. Or the ESO may decide to keep the rights, use the invention for itself, or allow it to be used for the benefit of member States or indeed anybody else, including other States, universities, governmental scientific institutions and the like.

5. It would be quite unjustified to hold, as the complainant suggests, that, because the national laws of some countries and the staff rules of some international organisations give employees rights over their inventions, the ESO's employees too have rights over theirs. The ESO article being positive, it is wrong to suggest, as does the complainant, that there is a lacuna in the rules.

6. With regard to the claim to fair compensation, the ESO, being the owner of the invention, is under no liability to pay the complainant compensation. It is not forbidden by the rules to pay compensation, if it so wishes, ex gratia but that is a matter solely within its discretion.

7. To sum up the ESO is entitled to its employee's invention and to use it outside member countries, while the complainant is entitled neither to any patent rights over his invention, nor to any compensation.

DECISION:

For the above reasons,

The complaint is dismissed.

In witness of this judgment by Mr. André Grisel, President of the Tribunal, Mr. Jacques Ducoux, Vice-President, and Tun Mohamed Suffian, Judge, the aforementioned have signed hereunder, as have I, Allan Gardner, Registrar.

Delivered in public sitting in Geneva on 12 December 1986.

André Grisel

Jacques Ducoux

Mohamed Suffian

A.B. Gardner

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