

Cross-border Litigation Again? This Time the Legislator Intervenes

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Regulation 864/07

In application of the Brussels Convention, dated September 27, 1968, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (amended by Regulation 44/2001¹) many cross-border decisions have been rendered. Indeed, the courts of an EU Member State are allowed to render decisions against a person domiciled in that Member State, even where the facts with which such person is involved have occurred abroad.²

Accordingly, the courts of a number of EU Member States, including the Netherlands, the United Kingdom, Germany, Belgium, France and Italy, have rendered many decisions on cross-border jurisdiction on matters of violation of intellectual property rights (trade marks, patents, copyright, design and denomination of origin).

In these cases, there have been several interpretations, some of them being more restrictive than that of cross-border injunction (among others, the approach followed by the British courts is not particularly favourable to cross-border litigations), and some being less restrictive (Dutch, Belgian and German courts).³ In

1 For the sake of convenience, hereinafter when referring to EC regulations on jurisdiction, I will only mention said Regulation, unless I make an explicit reference to the Brussels Convention.

2 In matters relating to tort, exceptions to this principle set forth in art.2 are provided where there are a number of defendants resident or domiciled in a number of Member States, whereby all defendants may be sued in the courts for the place where any one of them is domiciled (art.6.1), or a defendant may be sued in the courts for the place where the tort occurred or may occur (art.5.3).

3 The Dutch courts, which have initiated this trend (the most remarkable precedent is the *Hoge Raad* decision in *Lincoln v Interlass*, November 24, 1989, BIE 1991, 89). German courts have ruled several times that cross-border actions are possible. See *General Hospital v Bracco*, WIPO September 1999; other German decisions are reported in the court's annual reports 1996, I Kettenbandförderer III; 1998, 92 Schussfadengreifer; Düsseldorf Court of Appeal, GRUR Int 2000, 776, 777—Impfstoff; Düsseldorf District Court, InstGB 3, 813. For France, see *Eurosensor v Tieman*, January 28, 1994

Italy, there was an initial favourable approach,⁴ followed by a “revirement”—a complete change—also due to an improper use of Italian Torpedo actions.⁵

However, it may be pointed out that, all in all, in Europe, cross-border litigations were held to be admissible. This is at least until July 13, 2006, i.e. when the European Court of Justice (ECJ) rendered the decision in the *Roche v Primus* case,⁶ which concerned a patent dispute. Indeed, the ECJ held that every court has its own absolute territorial jurisdiction in relation to the assessment of infringement of the individual national portions of a European patent. This decision produced the effect of nearly paralysing the various European cross-border litigations. In addition to this, said decision cannot be considered a “non liquet” to cross-border litigations per se, as many authors wrote, but reduces the possibility for them to be taken up pursuant to art.6.1.⁷

(in RD propr. intell. 1995 No.57, p.13); for other approaches see Court of Appeal of Paris February 16, 2007 (SCS /Tekstil). For Belgium, see the decision of September 14, 2001, confirmed in appeal, although the Brussels Court of First Instance granted the cross-border interim relief and yet provided that it would cease to be effective when the Court having jurisdiction pursuant to art.22.4 of Regulation 44/2001 declared the invalidity of the national patent. In support of cross-border litigations, see Brussels Board of Appeal, June 15, 2004 in (2005) 1(1) *Journal of Intellectual Property Law and Practice*.

4 Court of Bolzano, order of April 22, 1998 in *Giurisprudenza Italiana* 1999, file V, p.1016; and Court of Turin, May 19, 2000 in *Gadi* 4224; see also Court of Brescia in *Italian Torpedo*, (2000) 31 I.L.C. 783.

5 The phenomenon is known by many as Italian Torpedo (see Franzosi, “World Wide Patent Litigation and the Italian Torpedo” (1997) 7 E.I.P.R. 382 and “Torpedo are here to stay” (2002) I.L.C. 154; and Jandoli, “The Italian Torpedo” (2000) 31 I.L.C. 783, in Italy has led to an increase in cross-border litigations in matters of industrial law and declaration of non-infringement. This resulted in a twofold reaction. On the one hand, under different aspects many Italian courts have denied their jurisdiction pursuant to art.5.3 (see Supreme Court decision 19550 of December 19, 2003 in *Dir Industriale* (2004), p.429)—although in fact Supreme Court decision 19550/03 does not seem to automatically apply to cases regulated under Regulation 44/2001; to this regard, see Franzosi, “ITALIAN TORPEDO: perché un cavallo bianco non è un cavallo”, *Dir Industriale* (2004), p.429; and <http://www.franzosi.com/italy/articolilegals48.htm> [Accessed February 12, 2009]). On the other hand, the well-known criticism concerning the slowness of court proceedings has somehow served as a stimulus to speed up decisions; indeed, many cases, also concerning matters of industrial law, experienced a rapid acceleration, which is also thanks to the recent reform of the Code of Civil Procedure (Law 263 of December 28, 2005 and Law 51 of February 23, 2006), which became effective on March 1, 2006, and upon indication of the legislator, this providing that: “The Government is delegated to implement . . . one or more decrees aimed at securing a more rapid and effective settlement of court proceedings in matters of national and Community trade marks, patents for industrial inventions and for new vegetable species, utility models, designs, models and copyrights as well as in unfair competition cases interfering with the protection of industrial and intellectual property . . .” (Law 273 of December 12, 2002, “Misure per favorire l’iniziativa privata e lo sviluppo della concorrenza”—Measures to promote private initiative and competition development—art.16(1)).

6 *Roche Nederland BV v Primus* (C-539/03) [2006] E.C.R. I-6535.

7 In this direction, see Court of Milan, March 26, 2007, No.3763 and Court of Appeal of Milan, March 2, 2004, No.629/04.

It has been considered rather odd—perhaps a coincidence—that the Community legislator, who immediately after the ECJ decision in *Roche v Primus* intervened with Regulation 864/2007, has provided the possibility for the individual courts of a Member State to apply the laws of other countries in relation to cross-border litigations, thus inevitably giving the seized court the possibility to render decisions producing effects in other countries. Regulation 864/2007 relates to the law applicable to non-contractual obligations. This Regulation came into force on January 11, 2009 (see art.32).

In particular, Regulation 864/07 also relates to the violation of industrial property rights (art.8⁸). In such case, the court of a Member State is called to apply the law of the place where the national patent or trade mark is infringed. It is evident that the application of such Regulation requires that the court has jurisdiction over the case under dispute; yet the fact alone that the Community legislator has regulated the case that the court may (or better, is to) decide on the infringement of trade marks or patents which has occurred abroad by applying the law of other countries constitutes an inevitable incentive for the prosecution of cross-border litigations in matters of industrial law. Above all, it is evident that the Community legislator intends to push the development of the legislative system in order to encourage cases which possibly occurred in a number of EU Member States to be decided in a single proceeding (in the jurisdiction of choice: the defendant's domicile). Perhaps this is to avoid conflicting decisions as in the *Epilady* case.⁹ Furthermore, Regulation 864/07 cannot be alleged to relate only to so-called European industrial property rights (Community trade marks and Community models). Indeed, these "European" property rights are expressly regulated under art.8.2,¹⁰ which concerns intellectual and unitary Community property rights, while when referring to intellectual property rights, arts 8.1 and 8.3 refer to other industrial property rights (including the so-called local/national portions of European patents).¹¹ Besides, some are

already convinced that cross-border litigations are absolutely compatible also with art.6.1 of Regulation 44/01 (in this sense, *Rochel/Primus*, November 30, 2007 somehow criticises the aforementioned decision of July 13, 2006 rendered by the ECJ, as reported by the UK Court of Appeal on March 6, 2008 in *Research in Motion UK v Visto Corp*¹²).

Requirements of Regulation 864/2007

The preamble of Regulation 864/07 provides that the aim of its enactment as intended by the legislator is to implement the Hague Programme adopted by the Council of the European Union on November 5, 2004; which stated that Regulation 864/07 is to be in line with Regulation 44/01 on the jurisdiction of courts of the Member States (Recital VII).¹³

The courts of a Member State apply the law of another Member State where they are competent to decide on the cases submitted to them. Thus, in consideration of the close connection between Regulation 864/07 and the previous one on jurisdiction, in order to understand

envisaged in art.93 of Regulation 40/94 of December 20, 1993 on Community trade marks, according to which:

"1. Subject to the provisions of this Regulation as well as to any provisions of the Convention on Jurisdiction and Enforcement applicable by virtue of Article 90, proceedings in respect of the actions and claims referred to in Article 92 shall be brought in the courts of the Member States in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.

4. Notwithstanding the provisions of paragraph 1, 2 and 3:

(a) Article 17 of the Convention on Jurisdiction and Enforcement shall apply if the parties agree that a different Community trade mark court shall have jurisdiction;

(b) Article 18 of that Convention shall apply if the defendant appears before a different Community trade mark court.

5. Proceedings in respect of the actions and claims referred to in Article 92, with the exception of actions for a declaration of non-infringement of a Community trade mark, may also be brought in the courts of a Member State in which the act of infringement has been committed or threatened, or in which an act within the meaning of Article 9 (3), second sentence, has been committed."

For models, see arts 79/82 of Regulation 6/2001.

¹² *Research in Motion UK v Visto Corp* [2008] EWCA Civ 153.

¹³ The Hague Programme adopted by the European Council of November 5, 2004 expressly provides, under point 3.4.2, that mutual recognition of decisions is an effective means of protecting citizens' rights and securing the enforcement of such rights across European borders. The prosecution of the implementation of the programme of measures concerning mutual recognition is to constitute a crucial priority of the next few years, so to guarantee its completion within 2011. The work on the projects illustrated will have to progress in an active manner, and the conflict of law regarding non-contractual obligations will be solved with the Rome II project ([2005] OJ C53/133)

8 Article 8:

"Infringement of Intellectual property rights

1. The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.

2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.

3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14."

⁹ cf., e.g. *Epilady VII* [1993] G.R.U.R. at 242 (Int.); *Epilady XII* [1993] G.R.U.R. at 252 (Int.); *Epilady UK* [1990] 21 App. Cas. at 561 (I.I.C.). See also the related discussion in *Expandable Grafts Partnership v Boston Scientific BV* [1999] F.S.R. 352 at 358 (no.18 s.). See also J. Straus, "Patent Litigation in Europe—A Glimmer of Hope? Present Status and Future Perspectives", <http://law.wustl.edu/journal/21p403straus.pdf> [Accessed February 12, 2009].

¹⁰ Reproduced above, see fn.8.

¹¹ Besides, the application of the national law by the courts of the Member State of a Community trade mark is already

the efficacy and most of all the innovative impact of the former, it is necessary to describe, even briefly, the articles of Regulation 44/01 that are most discussed with regard to cross-border litigation.

The Community legislator wants to avoid the imprudent use of forum shopping. Although it is true that according to arts 5.3 and 6.1 a person may summon a party alternately before a number of courts, it is also true that the basic principle underlying Regulation 44/01 is the certainty of law (place of jurisdiction established in advance by law), and thus that the rules on jurisdiction must be highly predictable (see recital 11 of Regulation 44/01). For this reason, the ECJ has repeatedly pointed out that special jurisdictional rules, alternative to art.2, must be restrictively interpreted.¹⁴ In other words, there must be the reconciliation of two different interests and the meeting of two different needs, i.e. the plaintiff's need to identify easily the court to be seized; and the defendant's need reasonably to predict the court before which it may be summoned.¹⁵ Accordingly, the articles frequently appealed to for founding cross-border jurisdiction in matters of industrial law will have to be applied on the basis of these two principles, i.e. the general principle set forth in art.2 and that of alternative jurisdictions set forth in arts 5.3 and 6.1.

The general rule on jurisdiction and "alternative jurisdictions"

The alleged infringer may be sued by the plaintiff in the courts of the Member State where the former resides or is domiciled. Accordingly, the courts of the place where the person committing the alleged tort is domiciled shall be competent to decide on the claim for compensation of the damage caused as a result of the tort also outside that Member State.¹⁶ Indeed, relevance is given neither to the fact that the plaintiff resides or is domiciled in a non-EU country nor to the fact that the allegedly harmful event occurred in a non-EU country.¹⁷ Besides, it is worth pointing out that with regard to the defendant's domicile, according to Italian law the elected domicile which is indicated when filing a national portion of a European patent cannot be regarded as a defendant's domicile for the purposes of art.2 of Regulation 44/2001.¹⁸

Thus, within the meaning of art.2, apparently courts have no problems in admitting their jurisdiction in

relation to infringing torts occurred in other countries, even non-EU countries. In fact, some restrictions could exist in cases where claims—or pleas—of nullity were raised, but this will be discussed below¹⁹ in the next section.

Article 5.3 provides that the courts of the Member State where the harmful event occurs or may occur also have jurisdiction. The application of such article has been long discussed in the past, also because of its symmetric application in Italian Torpedo actions, but this has already been discussed above in fn.5, and this article does not aim to deal with said issue. Besides, art.5.3 is not particularly relevant with regard to the innovative extent of the provisions that are applicable with Regulation 864/07, as the seized Court—for the place where the unlawful event occurs—actually would only apply the national law.

The other alternative place of jurisdiction is provided by art.6.1, such that where there are a number of defendants, the courts for the place where any one of them is domiciled have jurisdiction with regard to all defendants. Apparently, there are huge possibilities for forum shopping, and yet these are limited by the fact that it is necessary for the claims to be closely connected, as expressly provided by the new art.6.1 of Regulation 44/01 (partially amending the previous art.6.1 of the Brussels Convention²⁰). Specifically, the "additional" requirement is that:

"... the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings".

The ECJ excluded the application of said article to patent infringement cases, and held that it was applicable only in the context of the same situation of law and fact.²¹ Indeed, the Court held that:

"... where infringement proceedings are brought before a number of courts in different Contracting States in respect of a European patent granted in each of those States, against defendants domiciled in those States in respect of acts allegedly committed in their territory, any divergences between the decisions given by the courts concerned would not arise in the context of the same legal situation. Any diverging decisions could not, therefore, be treated as contradictory".²²

Therefore, according to the ECJ, the identity of the individual factual situations is not sufficient (for

14 See *Reisch Montage AG v Kiesel Baumaschinen Handels GmbH* (C-103/05) [2006] E.C.R. I-6827 *Kronhofer v Maier* (C-168/02) [2004] E.C.R. I-6009; [2004] I.L.Pr. 27.

15 *Kronhofer v Maier* (C-168/02) [2004] E.C.R. I-6009; [2004] I.L.Pr. 27.

16 See *Handelswekerij Gf Bier BV v Mines de Potasse d'Alsace SA* (21/76) [1976] E.C.R. 1735; [1977] 1 C.M.L.R. 284 and *Shevill v Presse Alliance SA* (C-68/93) [1995] E.C.R. I-415; [1995] I.L.Pr. 267.

17 In this direction, see *Owusu v Jackson (Ia Villa Holidays Bal Inu Villas)* (C-281/02) [2005] E.C.R. I-1383.

18 In this direction, see Court of Milan, January 24, 2004, decision 1116/04 of January 24, 2004, *Clonding Chip Technologies GmbH/Eppendorf Array Technologies SA* (unpublished); in the same direction, see the Supreme Court *en banc*, August 8, 1989, No.3657, in *Giust. Civ. Mass* 1989, files 8-9; Court of Appeal of Milan, March 2, 2004, decision 629, in *Dir. Industriale* (2004), 431 commented by Franzosi.

19 In this direction, see Cottier Veron, EC Regulation 44/2001, 2007, "International and European IP Law Trips, Paris Convention, European Enforcement and Transfer of Technology" (Kluwer Law International, 2008), p.276.

20 The previous article provided that:

"A person in Contracting State may also be sued:

(1) where is one of a number of defendants, in the courts for the place where any of them is domiciled".

Then, the new art.6.1 has provided that:

"A person domiciled in a Member State may also be sued: 1. where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings."

21 *Roche Nederland BV v Primus* (C-539/03) [2006] E.C.R. I-6535.

22 *Roche v Primus* at [31] & [32].

example, in a claim of infringement of an identical product):

“... it is apparent from Article 64(3) of the Munich Convention that any action for infringement of a European patent must be examined in the light of the relevant national law in force in each of the States for which it has been granted”.²³

In fact, the new possibility admitted by the courts of a Member State to apply the laws of a number of countries is supposed to allow to overcome the “situation-of-law” restriction. This would allow an easier and more harmonious application of art.6.1, as will be seen below.

Some point out that the restrictive extent of cross-border litigation envisaged by the ECJ in the *Roche v Primus* judgment may be mitigated where it is demonstrated that in case there is a number of defendants, the person being domiciled in the territory of the state where the action has been brought is not only the “spider in the web”,²⁴ but has really committed unlawful acts also in the territory of the states where the other defendants are domiciled.²⁵ This interpretation may be argued because in the aforementioned judgment, the ECJ expressly provided that even in the context of the same factual situation, in any case the legal situation resulting from the application of a different law would inevitably lead to different legal cases, and as such, these would not be so closely connected as required by art.6.1.²⁶

The problem of special jurisdiction pursuant to article 22.4 of Regulation 44/01

What happens if the defendant files a counterclaim—or raises a plea—of nullity of the intellectual property right enforced? This is a problem critically raised by the UK High Court with regard to cross-border litigation,²⁷ whereby it was pointed out that due to the restriction provided in art.22.4—according to which the courts of the Member State in which the deposit or registration of the industrial property right has been applied for have exclusive jurisdiction in proceedings concerning the validity of such right—the courts of a Member State cannot render their decisions in proceedings concerning the infringement of a non-national industrial property right, because the action for declaration of infringement is often necessarily connected with a declaration of validity of the industrial property right itself.

23 *Roche v Primus* at [30].

24 Definition coined in the Netherlands, see for all *Hogv Raad*, case *Roche v Primus*, December 19, 2003.

25 In this direction, see Cottier Veron, “International and European IP Law Trips”, p.282. A similar approach is taken by the UK Court of Appeal in *Research In Motion UK Ltd v Visto Corp* [2007] EWHC 1921 (Pat). In the same direction, the Court of Appeal of London (Supreme Court of Judicator, Court of Appeal, February 6, 2008) also held that cross-border litigation in patent matters is contemplated within the meaning of art.6.1.”

26 *Roche v Primus* at [34] and [35].

27 *Fori Dodge Animal Health Ltd v Akzo Nobel* (1997) 20(12) I.P.D. 20120.

By judgment of July 13, 2006 in *GAT v LuK*,²⁸ the ECJ confirmed that the exclusive jurisdiction relates to all proceedings concerned with the invalidity of an industrial property right regardless of whether the question is raised by way of an action or a plea in objection. In both cases, the courts for the place where said industrial property right has been deposited or registered shall have exclusive jurisdiction.²⁹ It follows that in these cases the seized court cannot render its decision on the validity of an industrial property right of another country on the one hand and, on the other hand, should a claim or plea of nullity be raised, the court shall apply the national jurisdictional rules, and thus will decide whether or not to stay the proceedings (see “Final remarks” below).

The innovative extent of Regulation 864/07

Accordingly, the courts of the Member State having jurisdiction pursuant to art.2 of Regulation 44/01 have unrestricted jurisdiction over infringing torts which occur in other Member States, and—reasonably—in non-EU countries (excluding claims or pleas of nullity possibly raised by the defendant). As already pointed out, then, if jurisdiction is contemplated pursuant to art.5.3 of Regulation 44/01, the application of the law of another state is not an issue. If the court is seized according to art.6.1 of Regulation 44/01, there is restriction set forth in the ECJ *Roche* judgment of July 13, 2006.

Although it is true that said validations can only confer the same rights (see European Patent Convention (EPC), art.64.1), it is also true that the same extent of protection identified pursuant to EPC art.69 may be assessed differently depending on the individual European country where it is applicable.³⁰ Similarly, actions for infringement are dealt with by national law (EPC art.64.3). However, these considerations cannot be regarded as valid conditions for talking about different rights/titles, in particular following the recent impulse given by Regulation 864/07. In fact, since cross-border jurisdiction is undisputable in cases where the infringing tort was committed abroad by the defendant sued pursuant to art.2 of Regulation 44/01, and art.8 implies—or in any case requires—that courts may render their decisions also on patent infringements occurring abroad, it is evident that courts are to decide on the infringement occurring in a number of countries by applying the laws of those countries. In such case, therefore, courts may have knowledge of “a number of different juridical situations”, and there is a real possibility of having conflicting judgments, as provided by the Community legislator. Yet, why on earth, then, should the case be different if, for example, the same infringing tort was committed by the other local distributor sued pursuant to art.6.1? Perhaps an example will help. Suppose an Italian

28 *Gesellschaft für Antriebstechnik mbH & Co KG (GAT) v Lanellen und Kippplumbau Beteiligungs KG (LuK)* (C-4/03) [2006] E.C.R. I-6509.

29 In the same direction, Court of Milan, December 10, 2007.

30 In this direction, see Pagenberg, *Comish Interpretation of Patents in Europe* (Heymanns, 2006) p.4.

company manufactures binoculars in Italy, which are distributed in France. This company is sued in an Italian court because the binoculars allegedly interfere with a European patent "validated" in Italy and France. The Italian court according to art.8 of Regulation 864/07 will have to apply the French law to assess the interference between the binoculars and the French portion of the patent.³¹ Let us assume that the Italian court renders a declaratory decision of infringement. At the same time, the French court is seized by the French distributor of the same binoculars for a declaratory proceeding of non-infringement of the French portion of the European patent. What happens if the French court declares the non-infringement of the binoculars with regard to the same patent? There would be two contradictory and irreconcilable decisions. Thus, it is evident that art.6.1 is to find application in proceedings concerning industrial law right as a consequence of Regulation 864/07's entry into force. Indeed, then, this could inevitably bring national laws closer to one another, and prevent the damaging effects of any contradictory decisions.

Therefore, Regulation 864/07 has a strongly innovative extent, for two essential features:

- It sets itself up as a sort of framework law that throughout Europe uniformly allows the courts of the several Member States to apply the laws of a number of Member States—and not the law of a single Member State—to the same fact and with the same connecting factors.³²
- It requires the courts of the Member States also to apply the law of another country, not necessarily

that of a Member State.³³ Therefore, should the tort have occurred in a non-EU country, the seized court of the Member State will have to apply the law of the country where said tort occurred. This is hardly applicable to other non-EU countries. Indeed, in the United States, for example, courts have always raised many doubts with regard to the fact of having jurisdiction over cases occurring outside the United States. For example, the Supreme Court repeatedly held not to have jurisdiction over cases of infringement of British patents.³⁴

Connecting factors of Regulation 864/07

Article 4 of Regulation 864/07³⁵ is the general connecting rule. This provides that the applicable law is the law of the country where the damage occurs.

This connecting factor somehow follows art.5.3 of Regulation 44/2001 (referring to the place where the harmful event occurs or may occur). In order to understand where "the place where the damage occurs" is, it is useful to refer to the different interpretations given by the court with regard to what is to be regarded as "the place where the harmful event occurs". Certainly, this is not the place where the damaged party alleges to have suffered pecuniary damages as a consequence of an initial damage arising and suffered by the victim in another contracting state (see *Marmari* (C-364/93)³⁶). It was also held that the place where the damage occurs is the place where the event giving rise to it—which results in the liability of the person committing the delict or quasi delict—produced its harmful events against the victim: in the case of an international libel through

31 To this regard, one might object that art.15 of Regulation 864/07 does not provide the application of local laws on damages and interim measures to identify the scope of protection of the damaged right or of its possible infringement. One might reply that logically speaking, in order to decide on the damages, the court may also decide on the tort. In any case, pursuant to art.62 of Law 218/1995, Italian courts are to apply the laws of the place where the unlawful event occurred.

32 In Italy, this rule was first set forth in the provisions on the general law (pursuant to art.17/31), and then by Law 218 of May 31, 1995, according to which in several cases it was envisaged that courts applied the law of a foreign country. Specifically, the difference between said provisions succeeding each other lies in the fact that prior to Law L.218/95, the parties had the burden to point out to the court whether the laws of another country were applicable, and how they differed from the Italian law, whereas afterwards it was the court that had to gather said information. Indeed, "as regards legal actions taken up prior to Law No.218 of 1995, should a party call for the application of a foreign law and highlight the difference thereof from the Italian law, the same party shall identify such foreign law and manage to provide any and all documentation required to enable the court to express its conviction with respect to the application of such different law. Accordingly, failing this, if the court can have no direct knowledge of the foreign law, based on the elements filed in the records, the court shall have to refer to the laws of Italy" (see Civil Supreme Court 7250 of March 29, 2006). Today, in matters of torts, art.62 of Law 218/1995 provides that tort liability is regulated under the laws of the country where the tort occurred; yet the damaged party may call for the application of the law of the country where the event giving rise to the damage occurred. In such cases, it is the court that should identify the applicable law, although obviously relying on the co-operation of the parties to the suit (in this regard, see also Ballarino, *Manuale breve di diritto internazionale privato* (Cedam, 2007), p.223.

33 See art.3: "universal application: the law designated by this Regulation applies even where it is not the law of a Member State".

34 See *United Mine Workers of Am. v Gibbs*, 383/US 715, 725/1976, 13B; Wright Miller, Cooper and Freer, Federal Practice and Procedure, para.3567.1, No.42; in particular, *Stein Associates Inc v Heat and Control Inc*, 748 F.2d, 653, 658 (Fed. Cir. 1984)—"only a British Court applying British Law, can determine validity and infringement of British patents"; in the same direction, see the recent decision of the Court of Appeal in *Yoda v Cordis*, February 1, 2007, in the US Court of Appeals for the Federal Circuits.

35 Regulation 864/07:

"1. Unless otherwise provided for in this Regulation, the law applicable to a non-contractual obligation arising out of a tort/delict shall be the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur.
2. However, where the person claimed to be liable and the person sustaining damage both have their habitual residence in the same country at the time when the damage occurs, the law of that country shall apply.
3. Where it is clear from all the circumstances of the case that the tort/delict is manifestly more closely connected with a country other country shall apply. A manifestly closer connection with another country might be based in particular on a pre-existing relationship between the parties, such as a contract, that is closely connected with the tort/delict in question".

36 In the same direction, see Civil Supreme Court May 5, 2006 No.10312 in Foro it. 2006, 12 3388, comments by PORRECA, and Civil Supreme Court *en banc*, December 13, 2005, No.27403 in Giust. civ. Mass. 2005, 12.

press, the injury caused to the honour, reputation and good name of a natural or legal person occurs in the places where the publication is distributed (see *Shevill*³⁷). Yet, on the one hand art.4 of Regulation 864/07 excludes the application of the law of the place where the event giving rise to the damage occurs, and on the other hand it also excludes the law of the country in which the indirect consequences of such event occur. Accordingly, relevance is given neither to the place where the event giving rise to the tort occurs (thus, in patent infringement cases, the manufacture of the infringing product per se may be considered the harmful event, but not the events giving rise to such production, unless such events themselves amount to independent torts), nor to the place where the damaged party has suffered pecuniary damage (also in line with the ECJ's decision in *Shevill*).

In matters of industrial law, however, another connecting factor is applicable, i.e. the law of the place where the allegedly violated industrial property right is valid and effective (see art.8.1³⁸). Thus, in the case of an Italian company that has manufactured and marketed a given product, distributed in Italy, Germany and France, Italian courts (seized pursuant to art.2 of Regulation 44/01) may render their decision on the infringement of the Italian, German and French portions of the patent enforced, by applying the Italian, German and French laws, respectively, pursuant to art.8.1.

In unfair competition cases, yet another connecting factor applies, i.e. the law of the place where competitive relations or the collective interests of consumers are, or are likely to be, affected. Where the interests of a specific competitor are exclusively affected, then the general rule mentioned above under art.4 (arts 6.1 and 6.2) will apply.³⁹

Scope of the applicable law

What are the aspects of the litigation which the courts will consider to be the law of another country?

37 *Shevill v Presse Alliance SA* (C-68/93) [1995] E.C.R. I-415.
38

"1. The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.

2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.

3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14³⁹.

39

"1. The law applicable to a non-contractual obligation arising out of an act of unfair competition shall be the law of the country; where competitive relations or the collective interests of consumers are, or are likely to be, affected.

2. Where an act of unfair competition effects exclusively the interests of a specific competitor, Article 4 shall apply³⁹.

To this regard, cf. Handig, "Neues im Internationalen Wettbewerbsrecht—Auswirkungen der Rom II Verordnung" (2008) 1 G.R.U.R. 24.

Article 15 of Regulation 864/07 provides a detailed list, including: identification of the liable parties and of the acts which they are called to answer for (in short, existence and quantification of the damage); interim measures to prevent damages or set compensation terms; the parties entitled to obtain damage compensation; and terms for the redemption of obligations, including provisions concerning the prescription and lapse thereof.

If the industrial property right enforced is a Community trade mark or model, the law applicable with regard to the extent of protection thereof—or in relation to the infringement thereof—will be Regulation 40/94 of December 20, 1993 and Regulation 6/2002 of December, 12 2001, respectively. As to the other aspects indicated above and referred to in art.15, by contrast, Community trade marks and models will also be subject to the law of the place where said models have been infringed (see art.8.2).

How may a court apply the law of another country?

The innovative extent of the Convention requires an inevitable form of co-operation between parties and courts. One cannot reasonably think that in case an Italian citizen is summoned before the Italian court for torts occurred in the United States or in Peru, for example, that the Italian court will autonomously examine the laws of the United States or Peru, although with the co-operation of the consulates and/or embassies of those countries.

In Italy, there have been many cases of cross-border litigation (although not concerning matters of industrial law). Specifically, in a case where the tort occurred in Cameroon:

"... for the purposes of the knowledge of the foreign law, in addition to both the means indicated in international conventions and any information obtained through the Ministry of Justice, the Italian court may also use any and all information obtained through experts and specialised bodies, as in order to secure the effectiveness of the foreign law applicable, the court may resort to any means—even informal—and exploit the active role of the parties as a useful means to obtain said information."⁴⁰

In the aforementioned case, then, it is necessary that in matters of industrial law, too, by appealing to the laws of either Peru or the United States, for example, the parties to the suit submit both the related laws and the judicial and juridical precedents referring to said laws, and—why not—that they start considering the possibility of enlarging the panel of defence lawyers so as to include European colleagues—certainly in cases where proceedings concern the application of the law of a Member State.⁴¹ In case the proceeding will be blocked, the judge may take the appropriate steps as suggested by the Italian law (see above fn.32).

40 See Civil Supreme Court, February 26, 2002, No.2791.

41 *Yakult Honsha Kabushiki Kaisha v Danone Nederland BV* [1998] E.T.M.R. 465.

Regulation 864/2007 and the push towards cross-border litigation

In the light of the above, Regulation 864/07 is expected to be applied—at least initially—more easily in cases where the defendant is sued pursuant to art.2 of Regulation 44/01 rather than in cases where there is a number of defendants sued pursuant to art.6.1. And this is at least until local courts hold—also in consideration of the innovative extent of the aforesaid Regulation for the reasons above mentioned in—“The innovative extent of Regulation 864/07” above—that the restriction set by the decisions rendered by the ECJ in the *Roche* and *Luke* cases is no longer applicable to legal actions taken up pursuant to art.6.1 in matters of industrial law (as the *Hoge Raad* seems to have already started doing in the decision of November 30, 2007, even though Regulation 864/07 was not effective or in force⁴²).

Final remarks

Many objections have been raised against the Italian legal system that does not prosecute acts of infringement committed by some local companies in a particularly severe manner. Without going into the details of such reprimand, should this be the case, then there might be many cases where inevitably, within the meaning of art.2, many Italian alleged infringers could only be sued in Italian courts to obtain cross-border decisions against them. The Italian courts may then render their decisions in actions of declaration of infringement concerning infringing torts committed in the several countries where the patent enforced has been validated. Once the infringement has been declared, the courts may condemn the infringer to damage compensation according to the laws applicable in the individual countries where the damage occurred. Accordingly, if the infringing tort occurred in the United States, in case of wilful infringement the court may also have to consider the application of punitive damages,⁴³ although within the limits of art.26 of Regulation 864/07.⁴⁴

However, for many companies the bringing of actions in Italy has some contra-indications. One relates to the lengthy duration of proceedings in Italy; another is the concern that local courts may be moved by a sort of principle of *favor rei*, in favour of local companies. As regards the first aspect, it should be pointed out that the situation has considerably changed in the past few years. However, the undersigned author may not be believed because of his inevitable bias. Yet, different credibility may be indisputably attached to the aforementioned decision rendered by the High Court of Justice of London, dated March 6, 2008, according to

which the judicial situation in Italy has definitely been improving and is continuing to improve (para.13 of said decision).⁴⁵ As to the second aspect, I recall that in various cases Italian courts have been deemed to repress certain unlawful conducts held by Italian companies in a particularly severe manner, even more severely than other European countries. Let us consider the suppression of the production and marketing of bottles of whiskey alleged to be of Scotch origin, whereas in fact the whiskey is not. Well, this phenomenon exists in many countries both inside and outside Europe. Indeed, Italy is among the countries held to be more severe in the suppression of said torts.⁴⁶ Perhaps the same does not apply to damage compensation. Yet, in such case, courts will apply the laws of the place in which the tort occurs.

Besides, as regards patent infringement in Italy, one must consider the particularly interesting aspect of the possible plea of nullity which the alleged infringer may raise.

The ECJ's decision of July 13, 2006 (*GAT v LuK*) left open the question of the judicial consequences within each country in case before a Member State a plea of nullity is raised with regard to a foreign patent for which an action of infringement is brought.

It is likely that in the European countries there will be a choice between the possibility that such a plea be followed by either the inadmissibility of the dispute or the stay of the proceedings.⁴⁷ Besides, there are European countries where in case a plea of nullity is raised with regard to local patents or trade marks, courts deny their jurisdiction. Let us assume an action in the United Kingdom in which infringement of a German patent is claimed. Should a plea of nullity be subsequently raised before the *Bundespatentgericht*—Federal Patent Court—of Munich, one may expect that the UK court either denies its jurisdiction or at least stays proceedings in the United Kingdom.

In Italy, similar cases occurred with regard to competence. In other words, once an infringement claim concerning a certain patent is filed, if the infringer immediately afterwards files a counterclaim of nullity before another court, then the court first seized is not obliged to stay the infringement proceeding. This was decided in the recent decision 24859 of November 22, 2006 rendered by the Supreme Court (an infringement proceeding is not to be stayed where another proceeding concerning the nullity of that same patent is pending).⁴⁸

In the light of the above, then, I wonder whether non-EU companies (e.g. US, Japanese or Chinese companies) may be spurred on and induced to take legal actions with credible possibilities of favourable decisions within reasonable time frames in European

42 For a somehow critical interpretation of the ECJ decisions of July 13, 2007, see “Exclusive Jurisdiction and cross border IP (patent) infringement. Suggestions for amendments of the Brussels I Regulation” (Max Planck Institut, December 20, 2006), http://www.iwir.nl/publications/leecheoud/CLIP_Brussels.%20I.pdf [Accessed February 12, 2009].

43 For all, see Court of Appeal of New York, December 5, 2007.

44 “The application of the legal provisions of a country, set forth in this Regulation, may be excluded only where such application would turn out to be clearly incompatible with the public order of the Court.

45 Italy was notoriously slow, although it is our understanding that things have improved since then and are continuing to improve.

46 For all, see the decisions referred to in “A preliminary injunction concerning unfair competition in the alcoholic beverages sector in Italy: The Scotch Whiskey Association” [1996] E.I.P.R. 567.

47 cf. Schauwecker, “Zur internationale Zuständigkeit bei Patentverletzungsklage” (2008) 2 GRUR Int. 101.

48 Supreme Court, November 22, 2006, No.24859 in Giust. civ. Mass. 2006, 11.

courts, inevitably including Italian courts. And this is inevitable considering the fact that Italian courts may apply the Italian law—which they know best and with which they are more familiar—on the one hand, and the certainly advantageous aspect of avoiding a proliferation of legal disputes, thus saving both efforts and resources, on the other hand. Besides, in this case, too, an action brought directly in Italy would also avoid the risk of a possible (Italian) Torpedo action. Indeed, the plaintiff may even choose an Italian court that is particularly fast in rendering decisions.

A further issue to be considered by non-EU companies in deciding whether to start litigation in the European Union is the difficulty of executing decisions rendered outside the European Union. I saw in the past that many US or Japanese companies were reluctant to start litigation in their country against European companies (most of them were Italian). The problem of execution will be overtaken in case the litigation will be started directly in Europe.