

CROSS BORDER PATENT LITIGATION IN EUROPE (and Bertilok de Hautdesert)

(published in Italian Intellectual Property, 2005)

1. Summary. According to the Brussels and Lugano Conventions, and to EU Regulation 44/2001, the Courts of the states parties to these conventions can render cross border decisions (i.e. decisions having effects beyond their jurisdiction) in patent matters. This is possible in urgency procedures, in normal litigation for infringement or non-infringement, and (in the writer's opinion) even in actions for invalidity, or counterclaims for invalidity.

The courts should not hesitate and take this position. We should not wait for a central patent court (as it is foreseen for the Community patent), not to repeat the experience of Bertilok de Hautdesert, that will be mentioned shortly.

2. The Dutch beginning. The first reported case of a cross-border decision (i.e., decision adjudicating also on foreign behaviors) in a I.P. controversy was the Lincoln / Interlas case¹ of the Dutch Supreme Court (*Hoge Raad*)². Here the Court had a relatively easy task, since it was adjudicating the violation of a Benelux trademark, i.e. a trademark registered for, and with effects in, all the Benelux countries, and governed by the same law. The Court had little pain in saying that a violation of the trademark in one country was a violation of the trademark valid in the three countries, so that the decision in a country had necessarily effect in all the Benelux countries.

After this decision, the Dutch courts (starting with the Court competent for patent violations, namely the District Court in the Hague, followed the same approach also for patents³. The principle was widely applied especially in the Dutch urgency procedure (*kort geding*), which aims at obtaining an injunction. Hence the appellation of "cross-border injunction" that was given to these decisions with cross-border effects. The

¹ Hoge Raad, 24 November 1989, B.I.E. 1991, 86.

² The lower courts' cases are not reported.

³ **J.J. Brinkhof**, *Could the President of the District Court of The Hague Take Measures Concerning the Infringement of Foreign Patents?*, [1994] EIPR 360.

Dutch courts extended the principle not only to violations in different countries of the same European patent, but also to violations of various corresponding national patents.⁴ It was a creative development. Some commentators considered this an expression of “Dutch courage”, which sentence in English does not have the positive connotation that the words seem to express. (Perhaps this appellation was stimulated by a comment of a Dutch judge, who said, more or less: “If a Dutch husband gets drunk and beats his wife, in Amsterdam on weekdays and in Essen⁵ during their vacations, should I enjoin him from beating his wife only in Amsterdam, or can I issue an order also when abroad?”).

3. *Not only injunctions.* It has to be noticed that, once the admissibility of a cross-border decision is admitted in interim procedures, there are no obstacles to extend the rational (i.e. the cross-border effect) to adjudication of infringement or non-infringement in procedures on the merit. And (and this opinion contradicts a common view, so that it may be seen as an expression of Dutch courage) there are no obstacles to extend the conclusion to actions for invalidity (as different from revocation). In order to explain why, let’s give some basic element of the Brussels and Lugano conventions.⁶

4. *Brussels and Lugano conventions.* The Brussels and Lugano conventions (and Regulation 44/2001) are based on the fundamental principle that a decision rendered by a competent court (i.e., a court that has jurisdiction) of a Member State may have effect in the other Member States.

The rules of jurisdiction are indicated in the conventions. The fundamental rule is that a defendant should be sued in his (or her) domicile: art. 2.

Actions for tort can also be brought for in the place where the tort is committed (or threatened): art. 5.3 (somehow different in Regulation 44). The infringement of a patent is a tort.

When a person is (correctly) sued in a place, a co-defendant can be sued in the same place: art. 6.1 (somehow different in Regulation 44).

So an action for infringement can be brought before the judge of the place of the domicile of the defendant, or one of the defendants, or the place of the infringement.

When the court has jurisdiction, there are no limits to its jurisdiction. The court may limit the decision to his territory, or extend beyond his territory. This would not be

⁴ Court of Appeal of The Hague, June 4, 1992, *Philips v. Hemogram*, IER 1992/44; Court of Appeal of The Hague, January 16, 1992, *Vredo v. Samson*, BIE 1993, 9.

⁵ Remaining unclear why the couple spent their vacations in Essen.

⁶ I will use the expression Brussels conventions, or Brussels and Lugano conventions, to indicate

- the Brussels Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters, concluded among a number of EU States, and then extended to all;
- the Lugano convention of 16 September 1988 on jurisdiction and the enforcement of judgments in civil and commercial matters, applicable to some non EU States;
- the EC Regulation 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, that has substituted the Brussels convention for the UE States (with the exception of Denmark). This Regulation is also frequently called Brussels II.

considered a violation of the rule of *comity*, since it is foreseen by the Conventions. So in principle a decision of a competent court of a Member State can have effects in other Member States.

There are some limits to this principle. A decision for revocation of a patent can only be issued by a court of the country where the patent is registered. This is foreseen in art 16.4 of the Brussels Convention (art. 22.4 in the Regulation 44) . It is doubtful whether a patentee may obtain indemnification for damages for patent infringement if he or she sues in the place of the infringement. In the *Fiona Shevill* case⁷ (and then in *Marinari*⁸), the European Court of Justice stated that the plaintiff who sues a defendant in his domicile can recover the totality of damages, while in the place of the infringement he can only recover damages accrued in the country of the court of the infringement. Having said so, let's apply the principles to action for infringement, for non-infringement, for invalidity. But first we have to say what is the nature of a European patent.

5. *A European patent.* A European application is a European title, giving in the member countries rights and privileges which are somehow lower than the rights granted by a patent.

When a patent is granted (and non opposed, or after having successfully overcome the opposition) and subsequently nationalized, it evolves into a complex title. From the one hand, it is governed by the European patent convention (EPC). From the other hand, by national laws.

For determining validity and scope of protection, the European patent convention applies (Art. 52, 53, 54, 55, 56, 57, 69 EPC). For determining the rights conferred by the patent, namely for establishing what acts constitute infringement, national laws apply.⁹ (Judicial procedures are regulated by national laws. The remedies available in case of violation of the patent are also matter of national law). One could apply the old distinction between existence and exercise of the right: existence is governed by the EPC, and exercise by national law.

⁷ ECJ, 7 March 1995, *Fiona Shevill, Ixora Trading Inc., Chequepoint SARL and Chequepoint International Ltd v Presse Alliance SA*, case 68/93.

The court stated that, on the basis of art. 5(3) Brussels Convention, the victim of a libel by a newspaper article distributed in several Contracting States may bring an action for damages against the publisher either before the courts of the Contracting State of the place where the publisher of the defamatory publication is established, which have jurisdiction to award damages for all the harm caused by the defamation, or before the courts of each Contracting State in which the publication was distributed and where the victim claims to have suffered injury to his reputation, which have jurisdiction to rule solely in respect of the harm caused in the State of the court seized.

⁸ ECJ, 19 September 1995, *Antonio Marinari v Lloyds Bank plc and Zubaidi Trading Company*, case 364/93.

The ECJ established that the term "place where the harmful event occurred" in article 5(3) of the Brussels Convention may cover both the place where the damage occurred and the place of the event giving rise to it, but it cannot be construed so extensively as to encompass any place where the adverse consequences can be felt of an event which has already caused damage actually arising elsewhere.

⁹ For instance, the problem whether an offer for sale, or a presentation on the internet, constitutes an act of infringement, has to be adjudicated according to the national laws, and not the European convention.

It follows from above that a judge of a member state, when adjudging on validity and scope of protection, applies the European law (EPC), and lays down a decision that, by its very nature, may or should have a cross-border effect.

6. *Decision on scope of protection.* Let's examine now a decision of a judge in a member state, that interprets the scope of the patent (art. 69 EPC, and Protocol). If such a decision finds out, for instance, that the claims cover the derivatives of rapamicine, such a decision cannot be limited to the country where it is rendered. It is a European decision, taken on the basis of the European law (EPC), concerning a European title. It must have a European effect. If recognition is sought in other member states, it has to be granted. If the patent covers derivatives of rapamicine in the U.K.¹⁰, it should cover said derivatives in all Europe.

So a decision based on art. 69 EPC has necessarily a cross-border nature. The judge may limit it to his own territory (for instance, because the parties did not ask for more), but there are no legal reasons to do so.

Even if the judge limits the extent of the decision, the decision may be recognized in the other member states. In fact when the court says that the European patent covers (or does not cover) rapamicine, it states a conclusion that another country must respect, according to the Conventions.

7. *Non- infringement.* The conclusion is similar for a decision concerning non-infringement (namely, that the scope of protection does not cover the accused device or process). It is a decision that concerns a European patent, issued on the basis of the European law (EPC). It must have a cross-border effect.

The judge may limit the decision to his own territory, but there are no legal reasons to do so. Even if the judge so limits, the decision may be recognized abroad.

8. *Torpedo.* One word about the Torpedo¹¹. As we have seen, it is possible, up to a certain extent, to choose a forum on the basis of the rules of the Brussels conventions. So a person that may be accused of infringement (wrongly, of course) may decide to start an action for declaration of non-infringement, and choose the most favorable (for him) jurisdiction.. Therefore, if the plaintiff chooses a slow moving country, this may delay or jeopardize the enforcement of the intellectual property (hence, the appellation "Torpedo"). In fact the system of the Brussels conventions is that when an action is pending before a judge of a member state, a subsequent action cannot be brought before a judge of a different member state: the second judge must decline jurisdiction. And an

¹⁰ High Court, 18 December 2000, *American Home Products Corporation v. Novartis Pharmaceuticals*; Court of Appeal, 9 February 2001, (www.courtservice.gov.uk). It was a pity for the legal profession that the case, that went to the House of Lords, was settled prematurely.

¹¹ **M. Franzosi**, *Worldwide Patent Litigation and the Italian Torpedo*, [1997] EIPR 382. See **Del Corno**, ...in IIP 200, ... and Court of Milan, *Gen Probe and Chiron v. Hoffman La Roche*, Oct. 26, 2000, GADI 2002, 4339.

action for ascertaining a non violation has the same nature of an action for ascertaining the violation¹².

The Torpedo system was applied in Belgium and in Italy; hence the appellation of Belgian or Italian Torpedo. But the Belgian Courts have reacted bravely, issuing quick and often well reasoned decisions¹³. The Belgians are not famous for Torpedoes.

9. *Invalidity*. Let's come to a part that may appear controversial, namely invalidity. As said above (para. 4), art. 16.4 of the Convention (22 of Regulation 44) says that national courts have exclusive jurisdiction for revocation of patents. An English decision cannot lead to a cancellation from the Italian register of a patent, registered under the seal of the Italian Republic. The officer will of course refuse to take note of a decision that does not bear the familiar stamps and certifications. This is comprehensible, but cannot be brought too far.

An English decision went too far, in the writer's opinion. In the Fort Dodge / Akzo case,¹⁴ the English court said that questions of infringement are so deeply entangled with questions of validity, that an English judge cannot adjudge on a foreign infringement, since he would have to enter into the ground of foreign invalidity, which is reserved to national judges. This is an excessive conclusion, and dangerous for all Europe (since English judges are so authoritative¹⁵). Questions of infringement are not necessarily intertwined with questions of validity (reserved, the last ones, to national judges: art. 16 Brussels, 22 Reg. 44), but with questions of scope of protection (art. 69 EPC), which is not reserved to national judges. In addition, questions of the presence or absence of the conditions for patentability are not questions of revocation. They influence the decision of revocation, but are not the same thing. One matter is revocation, and another is ascertaining that the patent possesses (or does not possess) some requirement for patentability. If a judge of a member state, vested with jurisdiction according to the Brussels Convention, states that, on the basis of the EPC, a European patent has (or does not have) an enabling disclosure, it means that said European patent in its totality (and not only its national fraction) has (or does not have) an enabling disclosure. It is a

¹² ECJ, 6 December 1994, Case C-406/92 *The Tatry*, in E.C.R. I-5439.

¹³ Brussels District Court, 8 June 2000, *NV Roche v. The Wellcome Foundation Ltd*; Brussels District Court, 12 May 2000, *Rohm v. DSM*.

¹⁴ Court of Appeal, 27 October 1997, *Fort Dodge Animal Health Limited and others v. Akzo Nobel NV and another*, in IIC 1998, 927.

The Fort Dodge case gave cause to the presentation of questions to the ECJ, but the case was then settled.

Under the influence of the Fort Dodge doctrine the Dutch Court reduced their cross border doctrine, and adopted the so called Spider on the web theory. If there is in Holland a Dutch entity that controls the actions of its European subsidiaries, the decision could be cross border; if not, no. The Spider in the web doctrine introduces a limitation only with respect to European defendant. A decision could still be cross border if the defendant is not domiciled in a State member of the Brussels or Lugano conventions.

¹⁵ English judges are highly authoritative. Recently an English judge addressed a criticism (well deserved, in my opinion) to the European Court of Justice (See the Arsenal case: ECJ, 12 November 2002, *Arsenal Football Club plc v. Matthew Reed*, case 206/01) and the following decision of Mr. Justice Laddie (High Court, 12 December 2002, www.courtservice.gov.uk). (The decision was then reversed in the Appeal).

decision that concerns a European patent, issued by a European judge on the basis of the European law (EPC). Why should it have a national scope?

10. *Shyness*. Why national decisions, issued by judges of member states (vested with the proper jurisdiction) on European patents, applying European patent law, still do not seem to have a cross-border effect? It is because of the shyness (with due respect) of judges and attorneys. It is because everybody (apart from the Italians, of course) believes that his or her system is better than the others. It is because English judges are too much severe against patents. It is because German judges are too much tolerant when the patent is granted. It is because litigation are too long in Italy, and too quick in the Netherlands. It is because in the *Epilady* cases national courts rendered so different decisions¹⁶. It is because everybody considers that foreign courts are foreign. They are European Courts instead, when they work in the framework of the Brussels and Lugano Convention. Not necessarily good in all instances, but European. They are the Courts we have.

11. *Central Community Court*. A suggestion has been made to have really cross-border decisions. This is the Community patent convention, recently approved by the European Council of Ministries¹⁷. It foresees that by the year 2010 a single central court will be established and operational. The court, located in Luxembourg under the roof of the European Court of Justice (of whom it will form a section), will have exclusive jurisdiction to adjudicate on patent matters (validity and infringement), with cross-border effect. So, no conflicting decisions, on matters of law and fact. One court for all.

12. *Bertilok de Hautdesert*. In the 14th century English poem called “Sir Gawain and the Green Knight” a stranger, the gigantic Green Knight, lays down a challenge to the King Arthur’s knights. One of the knights may take an axe and chop off the giant’s head, on the condition that the Green Knight will return the blow one year and one day later. Sir Gawain accepts the challenge and beheads the giant. The Green Knight, still alive, picks up his head and talks, reminding Sir Gawain to meet him again. The story continues. At the end, the Green Knight unveils his identity: he is Bertilok de Hautdesert. And at the end, Bertilok renounces to his revenge, and Gawain avoids the ordeal, since he well behaved (I will not say how).

This poem remains, to this writer, mysterious.

¹⁶ The tendency of the Courts to render different decisions is not limited to parallel courts on parallel patents in parallel countries. Also national court may render different decisions. In the *Kunststoffrohrteil* case, for instance, the German Court of first instance issued a decision, the Appeal reversed, the Supreme Court was unconvinced (Bundesgerichtshof March 12, 2002, Case no. XZR 43/01, in IIC 2003, 302).

¹⁷ See The Common Political Approach, 34 IIC 278. The draft of the Community patent regulation (as of Dec. 2003) in: http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=it&type_doc=COMfinal&an_doc=2000&nu_doc=412. .

13. *Avoiding ordeal?* Let's go back to the decision to form a single central community court. It was believed that the creation of a central court was the only way to assure uniformity of justice, reduce the costs of litigation, guarantee a good administration of the law and, moreover, issue decisions cross-border, i.e. for all Europe.

This decision (to set up a centralized court) remains, to this writer, mysterious. This writer believes it is wrong. To this writer, the Council (with due respect) resembles Bertilok de Hautdesert. Not (of course!) because it talks even when it lost his head. But because we may avoid the ordeal, if we behave well. Perhaps we have one year and one day. Perhaps more¹⁸.

14. *Wrong decision.* The decision is wrong since it removes the litigation from its natural place, which is the domicile of the defendant (art. 2 of the Conventions), or the place of the tort (art. 5.3). It creates an artificial forum, away from the natural place. All the exhortations of the European Court of Justice, of the necessity of conducting the litigation in proximity to the place of the defendant or of the infringement, fall *in vacuo*¹⁹.

The decision is wrong since it makes more difficult for small entities to protect their rights, either as plaintiff or defendant²⁰. Only big entities may make a skillful use of a system, which is alien from the experience of the inexperienced. Statistically, there are more cases involving small entities than big multinationals. The patent system, which is often used to create barriers to access, will work more and more in this direction. The decision is wrong because it creates a bottle-neck in Luxembourg, where an excessive number of patent litigation may exhaust the energy of the Court, if not of the State. Even if it should not be expected that all the litigation that are now conducted in Europe will land in Luxembourg in the year 2010, it is clear nevertheless that the number of patent litigation may be very substantial. In principle, it should be not less than the litigation conducted every year in the U.S.A., namely more than 2500. Is Luxembourg prepared to this task? Is the European Court of Justice prepared to work, at 80 or 90% of its capacity, for patent litigation only?

15. *Alternative.* Can we have cross-border decisions without being obliged to lose our head? Can we be pardoned like Sir Gawain? Perhaps we can. And this would imply:

¹⁸ “Bot thenne the weder of the worlde wyth wynter hit threpez
Colde clengez adoun, cloudez vplyften,
Schyre schedez the rayn in schowrez ful warme,
Fallez vpon flayre flat, flowrez there schewen,
Bothe groundez and the grevez grene ar her wedez...”

¹⁹ It is somehow ironic that the working document of the Presidency, Council of the European Union, Feb. 10 2003, n. 2000/0177 (CNS) says that “*the jurisdictional system of the Community Patent will be based on the principle(s) of... proximity to the citizens and the enterprises...*”.

²⁰ The difficulty for the small entity is not geographical. This is a minor point, since there are means of transportation. It is the cultural difficulty that cannot be overcome, and that puts the small entity at an insurmountable disadvantage.

- to recognize that a European judge (namely, a judge of the Brussels or Lugano Conventions or of Regulation 44/2001) is a European judge;
- to recognize that a European patent is a European patent;
- to require that European judges and European attorneys are qualified and reason in a European way.

This would of course require proper education. A task that General De Gaulle may have found perhaps excessively ambitious.

Avv. Prof. Mario Franzosi
Visiting Professor – University of Washington
Attorney in Milan