

THE CROSS BORDER INJUNCTION EXPERIENCE IN EUROPE: A POSSIBLE FAILURE?

1. THE CROSS BORDER INJUNCTION

In principle each country has a sovereign power of jurisdiction on its own territory.

European and EFTA countries having signed the Treaties of Brussels and Lugano¹ have abandoned much of this sovereign power.

The said Treaties oblige the States to make executable in their own countries judicial decisions taken in other countries. So if an Italian Judge for instance issues a decision prohibiting someone from infringing a Dutch patent, that decision will be executable in Holland, and the same applies for decisions to pay a certain amount of money or to deliver certain goods.

Litigations affected by the Brussels and Lugano Convention could concern any (commercial or civil) rights which can be protected abroad; in the present case I will refer to patents².

A cross border injunction consists of an order which might be granted in an interim proceeding to protect rights, which can be effective not only in the country of the Court but also in other countries³.

¹ The Brussels Convention, on Jurisdiction and the enforcement of judgements in civil and commercial matters was signed on 27 September 1968 in O.J.(L304)163; this Convention was extended to EFTA members and was signed on 16 September 1988 in implementation of the Lugano Conventions in O.J.(L319) 9.

² Even though the European Wide Injunction started with an application before the Dutch Court for a violation of a trademark; November 24, 1989 in *Interlas v. Lincoln* – Dutch Supreme Court HR 24 November 1989, BIE 1991, at 89.

³ See Brinkhof, “Between Speed and thoroughness: the Dutch Kort Geding Procedure in Patent cases” [1996] 9 EIPR 499, Franzosi, “La pronuncia giudiziale ‘cross border’: la Dutch European-wide injunction” (1995); Franzosi-De Sanctis “The increasing worldwide significance of European Patent Litigation” (1997) 25, *AIPLA Quarterly Journal* 67; G.O. Sullivan, “Cross-border jurisdiction in Patent Infringement Proceedings in Europe [1996] 12 EIPR 654. Von Meibon and Pitz in “Die europäische Transborderrechtsprechung stobt an ihre Grenzen”, GRUR 1998 p.765.H.10. Actually this definition does not consider also the anti suit injunction: this application is filed

These other countries will be the countries where the unlawful act took place.

1.1. Substantial reason on which Cross Border Injunction is founded

In the case a patent granted in different EC countries is infringed by the same entity or more entities interrelated companies the patentee has two possibilities to litigate: a series of national litigations (namely different proceedings before the various Courts in the territory of which the infringement took place) or a European wide litigation by filing an application for a cross border injunction⁴.

The risk of a series of litigations is that the owner of the patent may obtain an unfavorable judgement, in one country, and this could affect the other litigations.

A Cross Border Injunction results in one proceeding for a violation carried out in a State instead of several proceedings in several States.

1.2 Legal reason on which Cross Border Injunction is founded

According to the Brussels and Lugano Conventions judgements given by a Court of a Member State have to be executed in and to be accepted by the other countries.

According to art. 25 of the Brussels Convention judgements are all the order decrees and any other decisions which are given by the Court of any Member State. Therefore a Cross Border Injunction has to be considered a judgement and the limitation of the Cross Border Injunction will be the same as the limitation of the final judgement.

The effectiveness of this order (likewise any limitation to final judgement) can only derive from their recognition and the enforcement by the local Court (artt.27 and 28).

by an alleged infringer to restrain the owner of a patent from carrying on legal proceedings in other countries in respect of any act of alleged infringement committed. The Cross Border injunction is considered an attack and anti suit is a defense. But both produce effects outside the territory in which the order is granted.

But this issue regards the execution of Cross Border Injunction and not the admissibility of the Cross Border Injunction.

Obstacles to the recognition and the enforcement of the Cross Border Injunction:

The Cross Border Injunction will not be recognised and enforced if:

- i. the adverse parties have not been summoned to appear or if the decision to be enforced has been given without prior service of process on the effective parties.
- ii. the decision is in contrast with other an decision taken among the same parties in the State in which the decision has to be enforced or in any other States for the same object of the litigation (ne bis in idem),
- iii. the Cross Border Injunction is in conflict with the public order of the State in which the order has to be enforced.

1.3 General jurisdiction according to art.2; the alternative jurisdictions art. 5.3, 6.1

A patent infringer can be sued in his or her place of residence or domicile.

If jurisdiction is established on this basis the Court might pronounce the condemnation for an infringement carried out by the defendant in any of the Member States in which it took place. A Cross Border Injunction can be granted for all these States. Example:

A German company can be sued before a German Court for violation of a European patent valid in NL, I, GR by the owner of the patent for instance, for sale of infringing products made in NL, I, GR.

Nevertheless there are two kinds of exceptions.

- On the one hand, the Convention gives alternative jurisdiction (artt. 5.3. and 6.1).

⁴ See Franzosi De Sanctis in 'The increasing worldwide significance of European patent litigation in Aipla', 1997, p.67

- some national exclusive court has jurisdictions in some instances (art. 16.4).

Regarding the first kind of exception:

a) art.5.3 states that the: Court in the territory of which the harmful act took place has also jurisdiction.

According to the European Court of Justice in this case the competent Court has jurisdiction only to issue an order with effect restricted to the local area⁵.

b) art. 6.1 states that: when there is more than one defendant, the Court of domicile of each of them has jurisdiction over all the defendants.

Art. 6.1 does not apply if the claims made against the defendant are not interrelated⁶.

Interrelation is considered between the defendants when there is violation of the same right (i.e. European patent⁷) and there is a founded relation between the defendants.

The European Court of Justice said that “A Court may decline jurisdiction if it becomes clear that the person whose residence was taken into consideration for founding jurisdiction, was involved in the proceeding only for this very purpose”. The European Court of Justice Court added that art. 6.1 applies namely to avoid the risk of conflict of decisions⁸.

From a practical point of view, 6.1. applies when: a) there is a violation of a European Patent carried out in different states by companies belonging to the same group, one of which has head office in the territory where the Court has jurisdiction; b) the infringement of a European

⁵ E.C.J. 68/93-1995 in *Fiona Shevill v. Press Alliance*, (1995) E.C.R. I-415 and ECJ 19.9.95 *Marinari v Lloyd's Bank*

⁶ E.C.J. in *Kalfelis v. Banque Schoereder* 189/87; (1988) E.C.R. 5565 (1987).

⁷ Even though the U.K. court said that a European Patent may raise question of irreconcilable judgments; *Fort Dodge v. Akzo Nobel*; Eipr (1998) N-10.

⁸ E.C.J. in *Kalfelis v. Banque Schoereder* 189/87

Patent is committed in country A by the distributors in country A and in country B by the producers in these countries; in this case the infringers can be sued both before the Court of A or B.

1.4. The exclusive jurisdiction ex art .16.4 and the question of lispendence

According to art. 16.4 there is exclusive jurisdiction on the question of validity of the Court where the patent is registered.

What happens in the case the defendant who is alleged to be the infringer, raises the question that the patent is not valid and starts a nullity action before the Court where the patent is registered? Art. 19 provides that where a Court is seized of a claim which is principally concerned with a matter over which the Courts of another Contracting State have exclusive jurisdiction, the former should pronounce the lack of jurisdiction. There are two different approaches.

a) -British approach-. A person cannot infringe an invalid patent; before the Court might decide on the infringement there has to be a statement on the validity of the patent, if the matter of invalidity has been raised⁹. Therefore litigation for infringement may be suspended, or the decision of infringement must be requested from the same Judge who has to decide on the validity of the patent¹⁰. Recently this approach was been upheld by the Court of Appeal in London on 17th December 1997. In this case the Court refused to grant an injunction and remitted the case for an interpretation of the Brussel Convention to the European Court of Justice by formulating the following question:

1. In the case of patents granted pursuant to European applications pursuant to the European Patent Convention, are

⁹ Coin Controls Ltd. v. Suzo International (UK) Ltd. (1997) FRS 669 and EIPR (1997) D-187.

¹⁰ Ford Dodge v. Akzo Nobel (1997) CHPCI 97/1395/B

the provisions of Article 2 and/or 64 of the European patent Convention provisions which govern jurisdiction in relation to particular matters (i.e. proceedings for infringement of such patents) within the meaning of Article 57 of the Brussels Convention?

2. *If the answer to question 1 is “yes”, is the effect that notwithstanding any other provision of the Brussels Convention, proceedings for infringement of a patent granted pursuant to a European application can only be brought in the Courts of the country in which the patent is registered?*
3. *Where, under the national law of the State in which a patent is registered, the question of infringement of the patent depends upon the validity of the patent (so that, where validity is in issue, the questions of infringement and validity would be tried together in the Courts of the State):*
 - (i) *do the Courts of the State in which the patent is registered have exclusive jurisdiction in respect of both questions pursuant to Article 16(4) and/or 19 of the Brussels Convention?*
 - (ii) *should the Courts of a State in which the patent is not registered decline jurisdiction pursuant to Article 19?*
4. *Does Article 24 enable a Court not otherwise having jurisdiction in a matter to grant provisional relief in circumstances where there are no proceedings seeking final relief pending or imminent before any Court having jurisdiction under the Brussels Convention as to the substance of the matter?*
5. *Does the fact that two patents registered in different Contracting States stem from the same European patent application provide a sufficient connection for jurisdiction to be*

claimed under Article 6 in respect of a person not domiciled in the State where litigation is pending against a Defendant who is so domiciled where the allegations in that litigation are:

- (i) of infringement of both patents by the domiciled person,*
- (ii) or infringement only of the patent in the State where litigation is pending by the domiciled person, but the non-domiciled person is alleged to infringe the other patent?*

6. *Are the answers to any of the preceding questions different (and if so, which) if the proceedings are kort geding proceedings in the Netherlands in respect of a European patent and the designated State is other than the Netherlands?*¹¹

b) -Dutch (and German) approach-. The question of infringement is different from the question of validity. The Court which has jurisdiction for the infringement can incidentally examine the matter of validity; if the exception of invalidity is not evidently founded the Court pronounces the infringement¹².

Nevertheless in both instances the Court might be entitled to issue an order of injunction according to art. 24.

In this case it was said that the decision will not have a cross border effect and will only be limited to the local territory.¹³

2. Cross Border Injunction in Holland

¹¹ The Master of the Rolls, Court of Appeal, 27th October 1997 in EIPR [1998] n-10 and The Master of the Rolls, Boston Scientific v. Cordis, Court of Appeal, 17th December 1998.

¹² Germany: Hans Marshall, President of the Court of Appeal of Munich in a recent Conference held in Verona; Stauder, von Rospatt, "Cross border Protection for European Patents", GRUR/INT., 11/97; NL: District Court of the Hague, 23.12.97 "Akzo Nobel v. Fort Dodge"; District Court of the Hague, 2.12.97, "Cordis v. Boston".

¹³ E.C.J. 1980 in 125/79 Denilaur vs Couchet E.C.R. 1553; E.C.J. 26.3.1992 in 261/90 Reichert vs. Dresdener Bank A.G.

2.1. Application of artt. 2, 5.3 and 6.1

The Dutch Court was the first European court which granted a cross border injunction in *Interlas v. Lincoln* in 1989¹⁴.

Up to 1997 the Dutch Court applied extensively artt. 2, 5.3 and 6.1¹⁵.

In fact if the counterpart was domiciled or resident in NL, the Dutch Court felt it was entitled to grant Cross Border Injunction for the infringement carried out in Holland and /or in any other State in which the patent is valid¹⁶ and the infringement took place.

Relating to art. 6.1 the Dutch Court for a violation of a foreign patent affirmed its jurisdiction when there was interrelation among the defendants (according to the statement of E.C.J. in case *Kalfelis vs. Bank Schroeder*) when the infringement had been carried out by a group of companies where one of these companies had branches in the Netherlands¹⁷; and when the distributor of the infringing products had a branch in the Netherlands¹⁸.

In both the above mentioned cases the Court granted an injunction for infringement carried out in any of the countries for which the owner held the European Patent as requested.

Under art. 5.3 initially the Dutch Court said that the owner of the patent might proceed before the Dutch Court for a violation which has been

¹⁴ See note 2

¹⁵ For an examination of Dutch cases see Bertrams in *The Cross Border prohibitory injunction in Dutch patent law* IIC, 1995, 619.

¹⁶ See *Interlas vs. Lincoln* in note 6 of Bertrams “*The Cross-Border Prohibitory Injunction in Dutch Patent Law*”, IIC, 1995 p.619; *Renault vs. Reynolds*, in 1992 N.J. N.404, 1597.

¹⁷ See the *Voerderhek* decision of 28.12.1990 The Hague District Court, 1992, BIE, N.78, 315.

¹⁸ *Philips v. Hemogram*, The Hague District Court 30.12.1991, 1992 BIE, N.80, 323, 1992 IER, N.17, 76.

carried out in the Netherlands and/or in another Member State asking for a cross border injunction¹⁹.

It is quite interesting that the injunction emitted by the Dutch Court in the case Philips vs Hemogram was not only for infringement carried out in the territory of the member State where the owner held the European patent but also in Australia and Hungary (states not member of EC or EFTA) ²⁰.

Recently the Dutch Court partially changed approach.

With order of 23.4.1998 the Court of Appeal in the Hague stated that:

- a) regarding art. 5.3 the Dutch Court cannot emit an order with effect out of the local territory²¹;
- b) regarding 6.1 the Dutch Court can emit a cross border injunction in case the defendant is a group of companies and the mother company or one of these companies has the head office in Holland and this Dutch company is the one which controls all the subsidiaries or is like a “spider in the web”. In other words when the infringement carried out by all the other companies which are members of the group with their head office in the other Member states has been possible because of the activity of the Dutch company. In this case the Dutch entity was the legal entity in charge of all the other legal entities of the defendant group in Europe.
- c) Regarding the application of art. 16.4 the Dutch Court confirms that the Court does not lose jurisdiction in the question of infringement when the defendant raises the question of an invalid and void patents. Nevertheless because the Court involved for the infringement can

¹⁹ A cross border was accepted by the District Court in Evans/Chiron 14.5.1997 in EIPR (1998), N-61.

²⁰ Philips v. Hemogram 30.12.1991.

²¹ Actually the Court of Appeal interpreted narrower art 5.3 also before: see Evans/Chiron 22.1.1998 in EIPR (1998) N-62; where it was said that it will not be

examine incidentally the possible ground for invalidity of the patent, the Court has to exercise caution when the validity of foreign patent is disputed. When the reason of nullity is not raised or is not founded the Court can pronounce the infringement of the patent.

This approach was followed by the Hague District Court 15.7.1998 in the case Augustine Medical vs Mallinkrodt

The vice president of The Netherlands District Court Judge Willelms said recently in a conference in Verona²² that when the defendant is a USA company (or another company with head office not in a Member State) even when this company has a subsidiary company in a Member State unless it is “a spider in the web” in Europe it is not possible to proceed with an application for cross border injunction: the owner of the patent infringed has to proceed in USA.

In this case I think that “spider” could be considered not only the legal entity in charge of all the other legal entities of the group but also the company member without the activity of which the (harmful) act would not have taken place. I have already used this concept²³ to identify the liable company of a harmful act carried out by a group of company. The liable companies are not only the single companies which produce or sell the infringing product but also the company which takes the strategic decision to carry out the infringement (which is often the mother company) or the company without the activity of which the infringement would not have been possible. These companies can be considered ‘spiders’.

3. Cross Border Injunction in United Kingdom

applicable art. 5.3 if the harmful event is not present and the Plaintiff is only worried about his future; furthermore see Court of Justice in the Shevill / Press Alliance case

²² Organized by IP Centre of Verona, that has the registration.

²³ Jandoli in “*Liability of a parent companies*” in I.C.C.L.R., 1995, p. 218 and “*The infringement of Group of company*” in E.I.P.R., 1997, p. 729.

Traditionally the English Courts were inclined not to grant an injunction in Intellectual Property with effects outside England²⁴. In fact the High Court of Justice stated that “it would not be right for this Court to grant an injunction which had effect outside the United Kingdom”²⁵. Later there has been a change of approach. In fact in a copyright case in which the plaintiff complained of the infringement of English and Dutch copyright in architectural drawing the High Court held that an English Court could hear an action for infringement of Dutch copyright against a defendant domiciled in England²⁶.

Therefore the U.K. Court approach was that according to art. 2 of the Brussels Convention a U.K. Court has jurisdiction, unless another Court has exclusive jurisdiction under art. 16.4.

Regarding art. 5.3 the U.K. Court stated that in case the unlawful act took place in United Kingdom the U.K. Court has jurisdiction but in this case the judgment or the order has to be limited within the U.K. territory²⁷.

According to art. 6.1 recently the Court of Appeal²⁸ said that there could be no connection in case the counterpart is accused of having infringed a European Patent extended in U.K. and abroad.

²⁴ Not in Intellectual Property matters, the U.K. Court granted injunctions with effects outside its own territory. See *Mareva Compania Naviera S.A. v. International Bulkcarriers S.A.; The Mareva* [1975], 2, Lloyd’s Rep. 509 (C.A.) and in an exceptional case in which according to art. 24 of Brussel Convention the U.K. Court granted an injunction covering assets wide world (*Republic of Haiti, v. Duvalier* [1989], 2, W.L.R. 261 (C.A.)). See *Credit Suisse v. Coghi* (1997) 3 All ER 724 (C.A.).

²⁵ High Court of Justice in *Chiron Corp. v. Horganon Tecnica Ltd. and Chiron Corp. v. Morex Diagnostica Ltd., Est Aldoust Justice* (1995), F.S.R., 325, i, 338.

²⁶ High Court in Justice Timothy Lloyd, 7th March 1997 in *Pearce D.Ovearup and Partnership Ltd.* In *EIPR* (1997), 379.

²⁷ High Court in *Pearce v. Ove Arup and Partnership Ltd.*, 7th March 1997; *Fort Dogde*

²⁸ *Fort Dodge v. Akzo Nobel*; 27th October 1997 in *EIPR* (1998) N-10.

In other words for the U.K. Court a European Patent, granted in different States, might not provide a sufficient connection for jurisdiction to be claimed under art. 6.1.²⁹

As already mentioned above the approach of U.K. Court to art. 16.4 is quite different from the Dutch and as we will see the German approaches. The UK Court stated: “*Questions of both infringement and the validity right it is not possible to rule on an infringement until validity has been determined*”³⁰.

4. Cross Border Injunction in Italy

In Italy there are no lot of law cases regarding Cross Border Injunction in which the Court expressly granted a cross border injunction.

Nevertheless the Court of Milan (27.1.1998 and 19.3.1998; Chiron vs. SmithKline Beecham) did not deny the possibility to a Court to grant a cross border injunction³¹.

5. Cross Border Injunction in France

In France also there are no relevant law cases in which expressly the Court granted cross border injunction. Nevertheless it seems that the French Courts do not deny the possibility of granting such an order. In fact the Court of Appeal of Paris (decision of 28.1.1994)³² stated that the recognition and execution of a cross border injunction given by the Dutch Court might be validly opposed only according to art.’s 27 e 28 (recognizing implicitly the right of the Cross Border Injunction).

6. Cross Border Injunction in Belgium

²⁹ Fort Dodge v. Akzo; 27th October 1997.

³⁰ Coin Control Ltd. v. Suzo Int. (U.K.) [1997], F.S.R. 660 and Fort Dodge v. Azko Nobel 27th October 1997. At this moment the U.K. Court approach regarding Cross border injunction is submitted to the final decision which will be granted approximately in two years by E.C.J.

³¹ In matters of unfair competition (in a case in which no patents were involved) the Court of Bolzano with order of 21 April 1998 stated its jurisdiction according art. 6.1 of Bruxelles Convention and granted a cross border injunction against two defendants one located in Italy and one in Germany.

³² Cour d’Appel de Paris, 28.1.1994 BIE 1994 in E.I.P.R. [1995] D-73.

In Belgium the Court stated expressly that in matters of patent infringement there does not exist an exclusive jurisdiction of the country where the patent was filed, therefore admitting the possibility of granting such an order³³.

7. Cross Border Injunction in Germany

In Dusseldorf the District Court on 1.2.1994 stated to have jurisdiction against a German company for a U.K. patent and pronounced the infringement according to the Brussels Convention art. 2.

The same Court on 16.1.1996 stated its jurisdiction against many defendants only one of which was located in Germany for a violation of European Patent (according to art. 6.1. of Brussels Convention)³⁴.

A recent opinion has been expressed by Judge Hans Marshall, President of the Court of Appeal of Munich at a Conference held in Verona.

Regarding art. 5.3. he confirmed that the approach of the German Court is similar to the approach of the Court of Appeal of The Hague: orders will be limited to the local territory of the Court.

Regarding the possibility to grant a cross border injunction Judge Marshall said that:

- a Judge is obliged to apply the law.
- The Brussels Convention is a law.
- The Brussels Convention states that a Court can grant an injunction for violation of a right outside its territory.
- The German Court therefore is obliged to grant a cross border injunction.

Judge Marshall said in case there is a violation of European patent the Judge has to apply the foreign law according to the foreign interpretation of the local Court.

Ford Dodge v. Akzo Nobel Court of Appeal.

³³ Court of Brussels 6.2.1997; Smithkline Beecham Biologicals/Chiron Corp.

³⁴ Court of Düsseldorf, 1.02.94 (40193/87); Court of Düsseldorf, 16.01.96 (405/95).

Regarding the application of art. 16.4 the German Court followed the line of the Dutch Court because in Germany there are two different Courts which have exclusive jurisdiction with the infringement and validity of the patent.

The Courts who have exclusive jurisdiction for the validity of the patent and have nothing to do with the Court that deals with infringement.

When a Court has to pronounce on an infringement of a patent and a question of invalidity raised, the Court might suspend the procedure, only in case the invalidity of the patent seems evident; the Courts very rarely suspend proceedings.

8. The Torpedo

It is possible for someone who seems to be accused of infringement to start a single proceeding asking for a declaration of non infringement throughout all Europe in the countries where he may be attacked.

Suppose that the Belgian company 'A' may be brought before the Dutch court for violation of a European Patent valid in Netherlands and in Belgium; 'A' may file a litigation of non infringement of the Belgian Patent and the corresponding Dutch patent, before the Belgian Court. If the owner of the patent proceeds before the Dutch Court with a cross border injunction action against the Belgian company according to art. 21, the Dutch Court will suspend the litigation because the question of infringement of that patent action among the same party is pending before the Belgian Court.

The system is commonly known as the Italian Torpedo.³⁵

The Dutch Court objects to this line by observing that there is no lispendence between an interim proceeding and an ordinary proceeding

³⁵ (Franzosi, "Worldwide Patent Litigation and the Italian Torpedo" [1997] 7 EIPR, 382; Franzosi, "Weltweite Patentstreitigkeit und ein Italienisches Torpedo", Mitteilungen der Deutschen Patentanwälte, [August 1998]); Court of Dusseldorf 27.1.98 (4 O418/97).

and in this case art. 21 does not apply³⁶ (furthermore some other authors observed that even in this case the Court might grant an injunction according to art. 24).

In a recent conference organized by the IP Centre of Verona in the Court of Appeal of Milan a Judge of the Court of Milan stated that there is no question of lispendence between two interim proceedings because art. 21 applies only for ordinary proceedings.

Regarding the possibilities for the Court to grant an injunction to art. 24 this injunction would be nevertheless limited to the local territory and so without any particular effect.

9. The eventual failure of Cross Border Injunction: a possible reason

It is quite opinionable to say whether the cross border injunction system could fail. I think it might fail for reasons which I would call political.

The Court which granted cross border injunction was eventually the Dutch Court; that is a fact.

I dare say that there are two possible reasons:

a) The lawyers decided to proceed only before the Dutch Court in order to obtain a cross border injunction and hardly ever before other Courts (the other Courts or the other States felt a sort of unilateral loss of sovereignty in favor of the Dutch Court); and on the other side

b) because the Dutch lawyer before the Dutch Court did not approach this litigation as 'European lawyers in a European litigation' (I am provocative in criticizing my Dutch colleagues even though I know that they were the first in proceeding for Cross Border Injunction, and at least they grant it). The Dutch lawyers asked for application of the Dutch law or explained themselves the foreign law to the Dutch Court according to the local interpretation. The Dutch lawyer should have proceeded to the Dutch Court according to the statement of Judge Marshall of the German

³⁶ The same approach was followed by the Court of Padova, 11.4.1985 in *Giurisprudenza Italiana*, p.391, 1986

Court³⁷: because the Court in pronouncing an infringement of a foreign patent has to apply the local law according to the local interpretation, the Dutch lawyer should have called a German lawyer to explain to the Dutch Court the German law and the German interpretation, the Belgian lawyer to explain the Belgian interpretation of the Belgian law and so on.

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³⁷ Actually they proceeded more or less in this way in case Yakult vs. Danone 13.2.98 in E.T.M.R. 1998, p.465 (a case of infringement of Trade Mark); but it is a isolated case.