

# Cross-border

## Cross-border injunctions in patent infringement cases: paradise lost?

### Situation until 2006

Until July 13 2006 the choice of courts for a plaintiff in Europe had a special role in patent infringement proceedings.

In the past, if an infringement of patent rights was detected in multiple countries at the same time, the patentee had various options for initiating court proceedings. It could sue the infringer in one of the countries where the infringement occurred. It could also start parallel proceedings in multiple jurisdictions simultaneously, which involved more cost, time and effort for the patentee (and the defendant). In both cases, the proceedings would principally be limited mainly to the infringement in that particular country. The patentee's claims had to be based on the relevant national patent, which could, for instance, be the national part of a European patent.

In this situation the desire arose to limit the number of court proceedings without losing the scope and benefits of the proceedings. In particular, the patentee as the plaintiff wanted to obtain injunctive relief not only for one country, but for a number of countries at the same time – thus, the cross-border injunction was born. At the forefront of this movement, the Dutch courts were inventive and creative in establishing the possibility to obtain cross-border injunctions. Patentees could start infringement proceedings against the defendant in a Dutch court based not only on a Dutch patent (or the Dutch part of a European patent), but also on parallel patents in other EU member states. For those patents the court had to apply foreign law (ie, the law of the country in which that patent was in force and for which the plaintiff sought the injunctive relief). The question of jurisdiction was resolved in that the Dutch courts assumed jurisdiction whenever the infringer was domiciled in the Netherlands or, at the very least, when infringement of the Dutch patent was at stake. The courts issued cross-border injunctions against a defendant based

on the reasoning that, according to Article 69 of the European Patent Convention, the European patent as a bundle of national patents should be interpreted in the same way in all member countries of the European Patent Convention, so that identical or similar infringement in various countries could be judged by a single court.

The basis for this practice was Article 5(3) of the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (now replaced by the almost-identical EU Regulation 44/2001), which allowed proceedings in the country of infringement. Article 6(1) of the Brussels Convention let the Dutch courts go even further. For a while it was possible to include defendants in the proceedings which were not domiciled in the Netherlands and which had committed infringing acts only outside the Netherlands. If identical or similar acts were committed by different defendants, the courts felt competent to rule on infringement of all parallel national parts of the European patent involved in the proceedings. Obviously, this triggered many actions before the Dutch courts, in particular by patentees from outside Europe.

At a later stage this rather extensive practice was limited by introducing the 'spider in the web' doctrine. According to this doctrine, the Dutch courts would assume jurisdiction only in cases where the main defendant (the spider) was located in the Netherlands and where the other defendants were part of a group of companies and acted based on a common business policy of this group (the web).

The courts had to deal not only with interpreting the patent and infringement issues, but also with questions of validity. In particular, the issue of validity caused some problems, since it needed to be evaluated separately for each national part of the patent. While in many cases the result of that evaluation would have been the same, there may also have been situations in which the validity had to be assessed differently with regard to different countries.

The case law in other European countries was split over whether cross-border actions should be allowed. In some countries, such as Germany, the courts took a similar route. Although they did not follow the spider in the web doctrine, it was at least possible to obtain a judgment against a Germany-based defendant with regard to the German patent and the European counterparts of that patent. The judgment could comprise injunctive relief as dealing with damages and other claims. However, other countries strongly opposed cross-border judgments. In particular, the UK courts did not accept the approach of the Dutch courts and refused to assume jurisdiction over foreign patents (eg, see *Fort Dodge Animal Health Ltd v Akzo Nobel NV*). The UK courts and others did not want to interfere with foreign courts when it came to issues of invalidity. They believed that for such issues the national courts should have jurisdiction only in their own country, making it impossible for them to rule on a foreign patent, at least when the defence raised questions of invalidity.

#### ECJ decisions of July 13 2006

The patentees' 'paradise on earth' set out above may well have been lost as a result of two decisions of the European Court of Justice (ECJ) on July 13 2006. In general, the ECJ's competence is limited to questions relating to the interpretation of EU law. National courts have the possibility (and, under certain circumstances, the obligation) to refer questions which deal with the interpretation of law to the ECJ during pending proceedings in order to obtain a binding decision as to how specific provisions of EU law should be construed in a certain case.

It is in this context that the decisions of July 13 2006 were rendered by the ECJ. Both concern the jurisdiction of the national courts for cross-border decisions in patent infringement cases. *GAT v LuK* (C-4/03) was referred to the ECJ by the Düsseldorf Court of Appeal in Germany. Both parties were Germany-based companies and competitors in the field of motor vehicle technology. After LuK warned one of GAT's customers that the products offered by GAT were infringing LuK's rights in two French patents, GAT filed a negative declaratory action against LuK before the Düsseldorf District Court, requesting that the court issue a judgment declaring that the products did not infringe the said French patents. This suit was based on the allegation that GAT's products did not realise the patented teaching and the patents were not valid. While the court of first instance assumed jurisdiction for the entire case, including questions related to the validity of the French patents, the appeal court had doubts and referred the case to the ECJ.

The doubts were based on Article 16(4) of the Brussels Convention, which provides for the exclusive jurisdiction of the courts in the country where the patent is registered for proceedings concerning the validity of the patent. The appeal court's question was whether this exclusive jurisdiction applies only to complaints which are designed to invalidate the patent, or if it also comprises proceedings in which invalidity is only a preliminary question for the court to come to a decision on the merits.

In this case the ECJ assumed a rather wide interpretation of the Brussels Convention. It concluded that the exclusive jurisdiction applies in all proceedings where the validity of the patent is decisive, irrespective of whether this is raised by way of an action or a plea in objection. The ECJ held that contradictory decisions of courts of different countries regarding the same patent should be avoided. Furthermore, the rules of jurisdiction would become unpredictable, which would cause legal uncertainty. The ECJ did not distinguish between cases in which a decision is sought to invalidate or revoke the patent with effect for and against all parties, and cases in which this question has an effect only between the parties (as in *GAT v LuK*).

*Roche v Primus* (C-539/03), the second case decided by the ECJ on July 13 2006, originated in the Netherlands. Two joint owners of a European patent domiciled in the United States filed an infringement suit against nine companies of the Roche Group (Roche Nederland and companies from eight other countries) aimed at obtaining injunctive relief against the defendants regarding the sale of an immuno-assay kit for the diagnosis of cancer and for all national parts of the European patent involved. At first instance the Den Haag District Court assumed jurisdiction for the entire case and did not follow the arguments of the eight foreign-based Roche companies, even though they also raised the invalidity of the patent as a defence. The court again referred to Article 69 of the European Patent Convention, stating that the national parts of the European patent had to be interpreted in the same way. This was confirmed by the Den Haag Court of Appeal in the second instance, and the case was brought before the Supreme Court by Roche for further appeal. This court then referred the case to the ECJ for questions of interpretation of the provisions on jurisdiction.

Here the ECJ took the same position as in the *GAT Case*, stating that the provisions of EU law concerning jurisdiction do not allow the inclusion of multiple companies for the infringement of various national parts of a European patent in one lawsuit before the court of one EU member state, even if they have acted on the same

business policy in an identical or similar way. The reasoning of the ECJ again emphasised that the acts committed in various countries by several defendants concern separate patents and, therefore, are not the same and cannot form the basis for a common decision of only one court. Such a practice would pose new risks to predictability and legal certainty for third parties. It would also increase forum shopping, which EU law aims to avoid.

### Impact of ECJ decisions and future practice

The ECJ decisions will undoubtedly have a strong impact on multinational litigation and patent infringement proceedings in the various national courts in Europe. On the one hand, the decisions have confirmed the case law of those countries where it was already impossible to obtain cross-border injunctions. On the other hand, the courts of the countries which were open to the grant of cross-border injunctions will have to reconsider their practice and will most likely impose strict limitations in future. In particular, the practice of the Dutch courts to include several defendants in the proceedings which are not domiciled in the Netherlands and which have not even committed an infringing act in the Netherlands may have to be abandoned.

However, this does not automatically mean the end of all cross-border injunctions (eg, in cases where the complaint is directed against only one defendant in its home country). Although the decision of the ECJ in *GAT* seems to suggest that in such cases the courts should not assume jurisdiction for cross-border decisions, it remains to be seen whether this limitation will have to be strictly applied by the courts in all cases.

The basic and undisputed principle remains that a defendant can be sued in the country of its domicile. Exceptions to this principle should be applied in a restrictive manner. This leaves room for the courts to assume jurisdiction, unless the nature of the case forces them to concede exclusive jurisdiction of the courts in another country. The ruling will mainly affect cases that have as their object the invalidation of a patent right. This is different from a normal infringement case where the defendant raises invalidity issues only as part of its defence. In this situation, the courts are not principally concerned with validity issues, but consider them only in the context of a defence against infringement claims. In *GAT* the ECJ stated that the rule of exclusive jurisdiction of the courts in the country where the patent is registered concerns all proceedings relating to the validity of the patent, irrespective of whether the issue is raised by way of an action or a plea in objection. However, the ECJ

remained silent on the second question put before it by the Düsseldorf Court of Appeals: whether this limitation applies irrespective of whether the plea in objection is substantiated or unsubstantiated. This silence could be interpreted as meaning that a substantiation is required in order to establish exclusive jurisdiction of another court for the question of validity. Furthermore, the ECJ has expressed that an infringement case is not covered by Article 16(4) of the Brussels Convention if the validity is undisputed between the parties.

As a result of these decisions, patentees will have to be even more careful when choosing a strategy to pursue their patent rights internationally. In particular, they will need to consider the following issues:

- thorough investigation of the markets, identifying the most important markets and the most important infringers;
- evaluation of the remedies available and assessment of time and cost to be expected for infringement proceedings in various countries;
- evaluation of the patent situation and whether to expect a serious defence regarding validity that can be substantiated by the defendant;
- careful selection of targets and limitation to a reasonable number with a close link to the local infringement; and
- consideration of cross-border decisions only under certain circumstances that meet the criteria set up by the ECJ.

Paradise has not been lost for patentees, but it has become a little shady. A reasonable evaluation of the situation should help patentees to find creative solutions in order to safeguard their rights across borders. Further developments at European level, such as the European Patent Litigation Agreement, may also contribute to such solutions in the future.

It remains to be seen whether the courts can be persuaded to provide a scale of reactions against the defence of invalidity. If a court finds the defence rather frivolous or insufficiently substantiated, this should not affect its jurisdiction. Even if the defence is more serious, it seems appropriate not to reject the entire case immediately. Another option could be to suspend the infringement case and force the defendant to raise the invalidity issue in that specific country in a separate action. If this does not happen, the court should still assume jurisdiction with regard to the infringement and continue the proceedings.

*Jochen was admitted to the Bar in 1992. He specialises in all types of intellectual property, focusing on patent and trademark law. Jochen's practice involves national and cross-border litigation and counselling, including strategic and licensing issues and mediation. His clients range from international companies to small and medium-sized enterprises. Jochen is currently the reporter general of AIPPI and a member of the German-American Lawyers' Association.*

**Jochen Bühling**

Partner

Tel +49 211 440 3370

Email [jochen.buehling@krieger-mes.de](mailto:jochen.buehling@krieger-mes.de)

**Krieger Mes & Graf v der Groeben**

Germany

