

## National and International Law

### Patent Law

#### FRANCE

Brussels Convention, Art. 21; New Code of Civil Procedure, Art. 100 – “Italian Torpedoes”

In a case where a patentee has started infringement proceedings in France by filing a request for a *saisie-contrefaçon* prior to an action of the defendant in Italy, the attempt to suspend the French action by filing an action for declaratory judgment in Italy constitutes an abuse of the procedure.

Decision of the Paris District Court (Tribunal de Grande Instance)

March 9, 2001 – Case No. 00/04 083

*Schaerer Schweiter Mettler A. G. v. Fadis S. p. A.*

#### From the Facts:

Schaerer Schweiter Mettler A.G. (hereinafter SSM) is holder of European patent No. 453 622 designating in particular France and Italy, filed on April 23, 1990 and granted on February 15, 1995. This patent relates to a method and apparatus for winding yarn on a bobbin.

Following search and seizure proceedings on June 5, 1999, Fadis S.p.A. was summoned before this court, by an order served on June 16, 1999, for the purposes of judging acts of infringement of patent No. 453 622, as claimed by the French patent proprietor.

Fadis relies on Art. 100 of the New Code of Civil Procedure and Art. 21 of the Brussels Convention. It argues that claims lodged by SSM cannot be admitted by this court because of *lis pendens* existing between this case and the case brought on June 17, 1999 before the Milan District Court.

SSM objects that *lis pendens* cannot exist between these actions as they do not involve the same cause of action and that the action brought before the Italian court cannot provide a remedy for the acts of infringement committed in France.

Finally, in pleadings filed on January 8, 2001, Fadis raises, as an ancillary claim, a defence on the grounds of the related nature of the actions.

#### From the Opinion:

##### *On the Motion for Reconsideration of the Closure of Proceedings*

On January 8, 2001 Fadis filed new pleadings and requested the reconsideration of the closure of proceedings of November 3, 2000. However, this company mentions no fact able to constitute a serious cause likely to justify the reconsideration of the closure of proceedings. It is proper to dismiss this motion and to declare inadmissible the pleadings filed on January 9, 2001.

##### *On lis pendens*

Fadis relies on the provisions of Art. 100 of the New Code of Civil Procedure and Art. 21 of Brussels Convention. These last provisions govern the cases of *lis pendens* which affect two courts of Contracting States in the following words: “Where pro-

ceedings involving the same cause of action and between the same parties are brought in the courts of different Contracting States, any court other than the court first seized shall of its own motion decline jurisdiction in favour of that court.”

The defendant cites comments and decisions of Italian courts from which it results that, in application of Art. 39(3) of the Italian Code of Civil Procedure, the date taken into account to determine the date proceedings commenced before an Italian court is the date of notification of the writ of summons. In accordance with Art. 757 of the New Code of Civil Procedure, a French court is seized by filing the summons with the clerk. The Milan District Court was therefore seized on June 17, 1999, *i.e.* before the filing of the summons by the clerk of this court, although it was, however, delivered on June 16, 1999.

*Lis pendens* presupposes that the same litigation (opposing the same party, involving the same cause of action) is submitted to two judges, who have equal jurisdiction to determine the case.

Fadis concomitantly seized the Italian court of an action for invalidity of the Italian part of the SSM patent and of a claim aiming to declare, according to the produced translation: “that Fadis’ activity, of production, sale . . . (of apparatus at issue) does not infringe any valid right which can belong to SSM on the basis of its European patent in its Italian part as well as in its other parts” (its French part in particular).

If such a claim proceeds from the same cause of action as that for which the court is seized, it remains that the imprecision of its formulation as translated somewhat creates a certain amount of confusion.

In fact, since determining the existence or the non-existence of “the infringement of a *valid* right” is the issue here, the court, without substituting itself for the evaluation that the Italian judge will make about his own jurisdiction, can only note that pursuant to Art. 16(4) of the Brussels Convention only the French judge has jurisdiction to determine the validity of the French part of the patent.

Notwithstanding these remarks and on the assumption that the Italian judge is only seized of a finding of non-infringement, several elements concerning the way the proceedings were initiated authorize the court not to apply Art. 21 of Brussels Convention relating to *lis pendens*, since the reference to this Article is an evident abuse, namely, particularly in view of the general purpose of simplification and acceleration of proceedings and enforcement, which is recited in the preamble to this Convention.

In fact:

- 1) Fadis, before bringing its action before the Italian court, was subject to a *saisie-contrefaçon* (search and seizure) in France at the request of SSM, and was therefore perfectly aware that SSM was obliged to bring an action before this court within 15 days, pursuant to Art. L 615-5 of the Intellectual Property Code.
- 2) Simultaneity of the proceedings in France and in Italy (service of the French summons was even slightly prior to service of the Italian summons, albeit that the former was recorded by the court slightly after service of the latter) makes it somewhat artificial to determine which court was actually the first seized.
- 3) Fadis refrained from raising a defence before the French court based on invalidity of the patent in suit (although it had raised such a defence in prior interlocutory injunction proceedings) because it was well aware that such a defence was in the exclusive jurisdiction of this court.

Thus, Fadis has tried abusively to suspend any action for infringement in France and to consolidate before the Italian court several actions for declaration of non-infringement that involve all the countries where the patent is applicable, thereby creating complex proceedings in which as the plaintiff it could more easily direct its own course.

Therefore *lis pendens* shall be dismissed.

*Kindly submitted by Mr. Pierre Véron and translated by Ms. Peggy Decock, translator with his firm.*

### Comment:

#### Italian Torpedoes: An Endangered Weapon in French Courts?

In a judgment delivered on March 9, 2001, the Paris District Court has shown a negative attitude toward the so-called "*Italian torpedoes*": it decided to refuse to transfer a case for infringement initiated before it to the Milan District Court, although the latter court was first seized of an action for declaration of non-infringement of the same patent.

The well-known torpedo strategy in international patent litigation consists, for the party fearing to be sued for infringement of a European patent in one or several foreign courts known to deliver prompt and efficient judgments, to initiate proceedings for declaration of non-infringement before a court of its choice, sometimes a court with a heavy docket and, therefore, slow progress in hearing cases.

The action for declaration of non-infringement, being the first action, creates a *lis pendens* that in the context of the Brussels and Lugano Conventions obliges under Art. 21<sup>1</sup> "any court other than the court first seized [to] of its own motion stay its proceedings until such time as the jurisdiction of the court first seized is established" (the second sentence of Art. 21 stipulates that if the court first seized eventually decides that it has jurisdiction over the claim, then any other court must transfer the case to the court first seized).

Italian torpedoes already have a heavy judicial record, since the courts of several European countries have had to decide:

- in which countries an action for a declaration of non-infringement could be validly pursued (which raises the problem of jurisdiction to decide a case of a negative declaration and also the problem of admissibility of such action vis-à-vis local legislation<sup>2</sup>),
- what would be the effect of the action for a declaration of non-infringement on the action for infringement initiated thereafter.

The judgment handed down on March 9, 2001 by the Paris District Court dealt with the latter question.

In essence, the court held that starting an action for a declaration of non-infringement for the mere purpose of suspending proceedings for infringement was an "*evident*

<sup>1</sup> Art. 21 of the Brussels Convention will become, without any changes, Art. 27 of EC Regulation No. 44/2001, which will come in force as of March 1, 2002 between the EC Member States (except Denmark).

<sup>2</sup> For the situation in France, see PIERRE VÉRON: "Torpedoes Miss Their Mark in France", Patent World, June/July 1999, at 10.

*abuse*” and therefore refused to stay these proceedings until the decision of the court seized of the action for declaration of non-infringement is handed down.

### *The Facts and the Judgment*

The Swiss company Schaerer Schweiter Mettler A.G. (SSM), owner of European patent No 453 622 for a method and apparatus for winding yarn on a bobbin, decided to sue the Italian company Fadis for patent infringement. Apparently, SSM initiated the proceedings in France by having a *saisie-contrefaçon* (search and seizure proceedings for obtaining evidence of infringement) performed on June 5, 1999. According to the French rules of procedure, the patent owner must sue for infringement within 15 days of the *saisie-contrefaçon*: should he fail to initiate proceedings the *saisie* is invalid. Therefore Fadis, the Italian company, knew that SSM was about to sue it before the French courts within 15 days after the June 5, 1999 *saisie*, i.e. before June 20, 1999. Actually, on June 16, 1999, SSM served summons before the Paris District Court against Fadis for an action for infringement of the French part of EP 453 622.

However, on June 17, 1999, Fadis served summons before the Milan District Court against SSM for an action for declaration of non-infringement of EP 453 622, “for its Italian part, as well as for the other national parts”. Fadis contested the jurisdiction of the Paris District Court and requested it to stay the proceedings until the jurisdiction of the Milan District Court over the action for declaration of non-infringement is determined.

In its judgment of March 9, 2001, the Paris court decided that there is no *lis pendens* since the action for declaration of non-infringement is an “evident abuse”, an attempt to delay infringement proceedings.

To reach such a conclusion, the Court had to deal with two issues:

- which was the court first seized?
- assuming the Italian court was the first seized, was there any possibility for the French court to refuse to transfer the case to the Italian court?

### *Which Court Was “First Seized”?*

Article 21 of the Brussels Convention apparently leaves no room for choice: the court first seized *must* keep the case, which leads to pre-emptive strikes (is “*shoot first*” the correct translation of “*jura vigilantibus succurrunt*”, the law helps those who remain vigilant?).

In the *SSM v. Fadis* case, the chronology seemed to favour the Swiss company that shot first, since the summons for infringement in the Paris court was served on June 16, whereas the summons for declaration of non-infringement in the Milan court was served on June 17. However Art. 21 of the Brussels and Lugano Conventions does not refer to the date of the summons, but to the “*court first seized*”.

Although the Italian and French Codes of Civil Procedure are similar in many respects, they differ here:

- Art. 39–3 of Italian Code of Civil Procedure stipulates that a court is “seized” the day the summons is served;
- Art. 757 of French Code of Civil Procedure provides that a court is “seized” the day a copy of the duly served summons is registered by the court.

Although the summons in the French court was served on June 16, it was not registered until a later date: therefore the Paris court was left with no choice but to

decide that the court first seized was the Italian court, which was actually seized by the summons served on June 17.<sup>3</sup>

*Is the Court "Second Seized" of an Action for Infringement Obligated to Transfer the Case to the Court "First Seized" of an Action for Declaration of Non-infringement?*

This second issue was much thornier than the first, since Art. 21 of the Brussels Convention leaves no choice to the "second seized" court: "any court other than the first seized shall of its own motion stay its proceedings" (whereas Art. 22, dealing with connectedness uses the verb "may"). Until now, although they expressed *in petto* or *sotto voce* some doubts about the sincerity of the party seeking a declaration of non-infringement in an Italian court, the courts of the other European countries have seen few possibilities to ignore the crystal clear wording of Art. 21.<sup>4</sup>

In a judgment dated April 28, 2000,<sup>5</sup> the Paris Court circumvented the imperative "shall" in saying, however, that the action for infringement, on the one hand, and the action for a declaration of non-infringement, on the other hand, did not "involve the same cause of action".

In the judgment of March 9, 2001, the same court elaborated a different reasoning to reach the same result; it said that the proceedings brought in Italy by the alleged infringer constituted an "*evident abuse*":

Several elements concerning the way the proceedings were initiated authorize the court not to apply Art. 21 of Brussels Convention relating to *lis pendens*, since the reference to this Article is an evident abuse, particularly in view of the general purpose of simplification and acceleration of proceedings and enforcement, which is recited in the preamble to this Convention.

- 1) Fadis, before bringing its action before the Italian court, was subject to a *saisie-contrefaçon* (search and seizure) in France at the request of SSM, and was therefore perfectly aware that SSM was obliged to bring an action before this court within 15 days, pursuant to Art. L 615-5 of Intellectual Property Code.
- 2) Simultaneity of the proceedings in France and in Italy (service of the French order was even slightly prior to service of the Italian summons, albeit that the former was recorded by the court slightly after service of the latter) makes it somewhat artificial to determine which court was actually the first seized.
- 3) Fadis refrained from raising a defence before the French court based on invalidity of the patent in suit (although it had raised such a defence in prior interlocutory injunction proceedings) because it was well aware that such a defence was in the exclusive jurisdiction of this court.

Thus, Fadis has tried abusively to suspend any action for infringement in France and to consolidate before the Italian court several actions for declaration of non-infringement that involve all the countries where the patent is applicable, thereby creating complex proceedings in which as the plaintiff it could more easily direct its own course.

3 In order to limit the consequences of such discrepancies, Art. 30 of EC Regulation No. 44/2001 sets forth an autonomous definition of the date when a court is deemed "seized" for the purposes of Arts. 27 to 30 of Regulation.

4 Düsseldorf District Court, February 27, 1998, *Connaught v. Smithkline Beecham* – 4 0 127 197, The Hague District Court, April 29, 1998, same parties; Düsseldorf District Court, July 8, 1999, *General Hospital v. Bracco and Byk Gulden*

5 Paris District Court, April 28, 2000, 2001 GRUR Int. 173; the judgment has been appealed.

The view taken by the Paris court certainly demands consideration: the court of the country where the patent is applicable, having jurisdiction on the validity of the patent in suit by virtue of Art. 16(4) of Brussels Convention, may feel frustrated when it sees that the mechanics of Art. 21 automatically deprives it of the infringement case simply because the defendant has “shot first”. The question is, however, whether this feeling of frustration allows a court to refuse to apply the clear wording of Art. 21 of Brussels Convention.

Two grounds for a negative answer could be submitted:

- The first is that the alleged infringer cannot be considered as committing an “*evident abuse*” simply because he tries to have the question of infringement decided for the whole of Europe by a single court in Europe. In other words, which scenario is really the worst: to have the infringement question decided by a single court on a pan-European basis or to have the infringement issue decided independently – and possibly in opposite ways – by different national courts? Is the later really the most efficient, expeditious and cost-saving way of reaching a decision?
- The second reason for saying that the courts cannot simply disregard Art. 21 of the Brussels Convention, when dealing with a *lis pendens* situation between an action for a declaration of non-infringement and an action for infringement of the same patent, is simply that the authors of the Convention accepted this situation; the wording of Art. 21 of Brussels Convention remains unchanged in Art. 27 of EC Regulation No. 44/2001. However, since 1968, in several conventions this issue has been dealt with in a different way; Art. 34 of Community Patent Litigation Protocol of December 15, 1989 and Art. 100 of EC Regulation No. 40/1994 on the Community Trademark clearly specify that an action for declaration of non-infringement, although initiated first, does not create a situation of *lis pendens vis à vis* an action for infringement.

What is more, in the Draft Convention on jurisdiction and foreign judgments in civil and commercial matters, as proposed by the Hague Conference on private international law, the opposite situation would result from Art. 21–6:

6. If in the action before the court first seized the plaintiff seeks a determination that it has no obligation to the defendant, and if an action seeking substantive relief is brought in the court second seized:

- a) the provisions of paragraphs 1 to 5 above shall not apply to the court second seized, and
- b) the court first seized shall suspend the proceedings at the request of a party if the court second seized is expected to render a decision capable of being recognised under the Convention.

Therefore it cannot be disputed that the situation of *lis pendens* between an action for infringement and a negative action for a declaration of non-infringement is a well-known situation that was consciously accepted in the Brussels Convention and EC Regulation No. 44/2001.

It would thus certainly be better if the national courts would not take the opposite view without seeking a preliminary ruling by the European Court of Justice on this difficult question.

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## *National and International Law*

### *Patent Law*

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