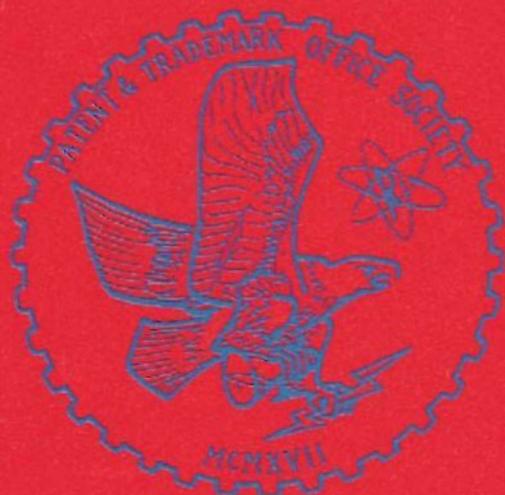


June 2002
Volume 84, No. 6
Pages 421-498
\$4.00 US

JOURNAL of the PATENT and TRADEMARK OFFICE SOCIETY

In This Issue

- The U.S. First-To-Invent System Has Provided No Advantage to Small Entities
- Thirty Years of Experience With the Brussels Convention ...
- Claim Interpretation: A Regression to Uncertainties
- Legal Judo: Strategic Applications of Reexamination Versus an Aggressive Adversary (*Part I*)
- Letter to the Editor



Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation¹

Pierre Véron

INTRODUCTION

If IP litigation in Europe seems intractable, it is because it's just that. To get a sense for the magnitude of the problem, imagine a world in which a US patent, upon its grant by the USPTO, explodes into 50 State Patents, with the courts in each state having jurisdiction over the validity of the patents in their state, and over infringement actions taking place within the borders of their state.

Imagine further that these courts operate on widely different time tables, applying very different procedural rules.

Not convinced yet that the situation is, let's say, challenging? Well, for good measure let us give every member of the public the right to challenge the validity of any patent in court. No need to show a special interest; the patent is there, and you do not think it should, that is all you need. Do not like the prospect of patent infringement litigation in Delaware? Just bring a DJ action for non-infringement in Arkansas, no questions asked. No need to demonstrate a reasonable apprehension of getting sued. You have a product, they have a patent, you have standing; as simple as that. Of course, the Delaware Court will have to wait for the Arkansas Court to decide the case, and give full faith and credit to that decision.

¹ Previously published, in French, in the *Journal du Droit International*, 128 (2001) 805.

Pierre Véron

Barrister, admitted to the Courts of France
President of the Association de Propriété Industrielle
Professor at the Centre of International Studies of Intellectual Property ("CEIPI") of the Robert Schuman University of Strasbourg

To top this all off we give some states a court that liberally issues preliminary injunctions, in some cases only weeks or days after the complaint was filed. And, of course, they do this in a language that only the members of the local bar can understand. Some of these injunctions will be given cross border effect, and the courts of other states will be required to enforce them.

The main reason why the situation is difficult to penetrate is that in recent years the boundaries of the rules for jurisdiction and good faith and credit have been tested, pushed back, and reined back in. Several times a core issue has been referenced to the European Court of Justice ("ECJ"), only to see the issue taken away from them because the parties settled.

Professor Véron's article has the merit of tracking the history of the evolving rules, providing much needed explanation along the way.

I had the privilege of receiving a copy of the paper prior to its publication in the "Journal du Droit International" in the Fall of 2001.

It occurred to me that the article would be very useful to US practitioners, if only it were written in English. Professor Véron kindly gave me permission to translate this article to English and to seek publication in a North American Journal.

Koos Rasser
Howrey Simon Arnold & White (London)

THIRTY YEARS OF EXPERIENCE WITH THE BRUSSELS
CONVENTION IN PATENT INFRINGEMENT LITIGATION

Because it lays down the rules of the innovation game, intellectual property law is in essence international.

Technical innovations are of interest to consumers world-wide: digital television, cellular telephones and DVD's were distributed in many industrialised countries within a few months' time. Similarly, new drugs are released on the market in most industrialised countries within a few years of each other.

The monetary investment necessary for the proper development of new technology is impressive², and can only be recouped through

² For a new drug the number frequently stated is US\$ 100 million.

simultaneous exploitation in markets around the world. Crossing borders means crossing legal boundaries: legal innovators must rely on protection for their innovations in many different jurisdictions.

As a result, the protection of intellectual property has always had a strong international component.

Historically, the globalization effort first manifested itself in the procedures for obtaining intellectual property rights : the Paris Convention for the Protection of Industrial Property of March 20, 1883 ("the Paris convention") provided the first foundation for international recognition of the rights obtained in each member State, through the so-called the right of priority. This right extends the benefit of the first filing date in one of the member States to all Convention countries.

Almost a century later, the European system made a major contribution to this movement by creating a bundle of national patents, legally distinct but substantively identical, obtained through a single application and granting process. This was the object of the European Patent Convention signed in Munich on October 5, 1973 ("the European Patent Convention").

The next step - a single European Community Patent for the entire European Union - has not yet been made. The Luxembourg Convention of December 15, 1975 ("the Luxembourg Convention") which provided for the Community Patent never entered into force, primarily for language reasons. The European Commission recently revived the idea of a Community Patent, this time by way of a Community Regulation rather than a separate treaty, but it is still several years at least from realization.

The significant progress in the internationalisation of the acquisition of intellectual property rights has not been matched by a similar progress in the judicial enforcement of those rights. The main reason is that, although States quite readily accept encroachments on their sovereignty in the acquisition of rights, they are a lot more sensitive to attacks on their sovereignty in the realm they consider theirs only, that of dispensing justice.

Hence, it wasn't until the final quarter of the 20th century that the first efforts took place to internationalize IP litigation.

The Brussels Convention has no doubt been the first instrument allowing for a true internationalization of litigation. Signed on September 27, 1968, the EC Convention on Jurisdiction and Judgments in Civil and Commercial Matters ("the Brussels Convention") it deals with issues of jurisdiction, and the recognition and execution of judgments in civil matters among the six countries that, at the time, made up the European Economic Community.

The first accomplishment of the Brussels Convention was to put an end to isolationism in civil litigation which, up to that point, had been common throughout Europe.

For example, in the area of intellectual property, and more specifically in patent infringement litigation, French private international law could be summarized in one rule: French courts had exclusive jurisdiction over the validity and infringement of an intellectual property right granted by the French government or having an effect on French soil. Reciprocity was hardly recognized in practice or in theory, and French tribunals took no interest at all in the validity or infringement of intellectual property rights granted or in effect in foreign countries³.

There could be no question of:

- either asking a foreign court to prevent the infringement of a French IP right in France or elsewhere even against a French subject; or
- asking a French court to enjoin the infringement of a foreign IP right in France or elsewhere, even against a French subject⁴.

The signing of the Brussels Convention in 1968 therefore marked the beginning of a cultural revolution.

The history of this revolution can be described, like that of many human undertakings, in terms of the pendulum of history: advance and retreat. After a certain period of incubation, the Brussels Convention was welcomed to the world of patent infringement litigation (1), but the later years of the nineties saw the development of a head wind to its use in this area (2).

1. BRINGING THE BRUSSELS CONVENTION INTO THE REALM OF PATENT INFRINGEMENT LITIGATION

The history of the application of the Brussels Convention to patent infringement litigation is that of two worlds colliding: IP rights against private international law.

Article 16(4) of the Brussels Convention provides:

“The following courts shall have exclusive jurisdiction, regardless of domicile:...

(4.) In proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the

³ Cass. Civ. 21 January 1936; S. 1937, p. 81 - TGI Paris, 4 May 1971, Yema / Jenny: Rev. Crit. DIP, 1974.

⁴ On the full scope of the problem see: M. Vivant “Juge et loi du brevet”: Librairies Techniques, 1977 - J. Foyer and M. Vivant, “Le droit des brevets”: PUF 1991.

courts of the Contracting State in which the deposit or registration has been applied for, has taken place or is under the terms of an international convention deemed to have taken place;"

IP law experts had long held the view that the courts of the country that granted the IP right had exclusive jurisdiction over the validity of this title, as well as over any infringement of the right. Adherents to this remain urged a broad interpretation of Article 16(4), to maximise the exclusively granted to the State which granted the right.

Internationalists, on the other hand, have advocated that Article 16(4) should be restrictively applied so as to give proper scope to the wish to create an embryonic European judicial space, the impetus behind the Brussels Convention.

The former had the upper hand: it took close to 15 years before European tribunals agreed to hear cases concerning the violation of foreign intellectual property rights (1.1). This innovation was subsequently incorporated into European judicial practice (1.2).

1.1 THE INNOVATION: THE NETHERLANDS PRACTICE

Dutch practitioners were the first to ask their tribunals to enjoin infringement of intellectual property rights that covered not only The Netherlands but also other countries, when the infringing acts were committed by Dutch companies. (1.1.1) They used for this purpose a specific form of summary proceedings called the *kort geding*. (1.1.2)

1.1.1 INJUNCTIONS HAVE AN EXTRA-TERRITORIAL EFFECT

The most famous case in this regard in *Lincoln v Interlas*⁵

This case did not, in and of itself, deal with the application of the Brussels Convention. But it did cause some concern for those opposed to the application of the Brussels Convention in the realm of IP rights. An American company, Lincoln Electric, accused a Dutch company Interlas of infringing its registered trade mark LINCOLN with respect to welding equipment. The trade mark was registered in The Netherlands, Belgium and Luxembourg, and infringement was occurring in all three jurisdictions. Lincoln Electric asked the Dutch court not only to stop the infringement of the Dutch trade mark, but also to stop infringement of the Belgian and Luxembourg registrations in those countries.

⁵ Hoge Raad, 24 November 1989: NJ 1992, 404; BIE 1991, 86.

The international competence of the Dutch court was indisputable: under Article 2 of the Brussels Convention, being the tribunal of the State in which the defendant was domiciled, the Dutch court was competent to rule on the infringement of the Dutch trade mark. The validity of the three marks was not in issue: Article 16(4) of the Brussels Convention which reserves jurisdiction over questions of validity to the tribunals of the State that granted the right, therefore did not apply. The Dutch court was therefore competent to hear the Belgian and Luxembourg infringement actions as well.

But jurisdiction to hear the matter was insufficient: in practice, the Dutch court needed power to issue injunctions effective outside the Netherlands. In other words, can the court of one country enjoin the infringement of an IP right of another country, a decision which by definition assumes an extra-territorial effect?⁶

The Dutch Supreme Court gave an affirmative answer, worded as follows:

"In order that the law, the nature of an obligation or a judicial decision not produce a different result, each person held to give, to do or not do something with respect to another person is so ordered by the judge, on request of the person to whom the obligation is due [check original Dutch text for accuracy]. There is generally no reason at all to assume that such an order cannot be given because the case involves an obligation, provided for in a foreign law, which must be fulfilled outside the territory of The Netherlands."

"A more narrow view... does not have any basis in law and would, in an era of ever increasing international contacts, produce the following undesirable result: in the case of a violation of international character, such as an encroachment upon IP rights and unfair competition in several countries, or environmental pollution with a cross border impact, the aggrieved Dutch party would be obliged to take legal action in each country involved."

This decision confirmed a practice that had been well established in The Netherlands in trade mark cases since the end of the 1970s⁷. It is unsurprising that the case law would first develop in the area of trade marks: the distinctive mark is often exactly the same in the different jurisdictions and (because trade mark law is based on international

⁶ For the full scope of this issue see S. Clavel, "Le pouvoir d'injonction extraterritoriale des juges pour le règlement des litiges privés internationaux: thèse dactylographiée", December 1999.

⁷ Mars / Venus, President of the Court of Amsterdam, 3 May 1979; Cheese / Crispies, President of the Court of Haarlem, 19 November 1985.

conventions) is protected in much the same way around the world. Moreover, unlike patent litigation, the question of validity of the Belgian and Luxembourg trade marks (which was beyond the reach of the Dutch court hearing the infringement action) is not always part of trade mark litigation.

How would this fare in patent litigation?

Patents pose a different problem. The rules for patentability vary significantly from one country to the next and in practice, an invalidity defense is almost always raised by the alleged infringer.

On the other hand, and several decisions have made the point, the rise of the European Patent overcomes some of the difficulties of isolationism. Effectively, when a European Patent is granted under the European Patent Convention it is governed by the same conditions of validity and its contents are identical in all designated European countries, even though legally using the vernacular, it dissolves into a bundle of national patents. However, when there is an infringement extending into several countries, it is regrettably still necessary to engage in proceedings in all countries involved to seek sanctions for the violation of the same right, subject to the same rules of validity.

It has long been recognized that Article 16(4) only relates to the validity of IP rights and not to infringement. The Jénard Report⁸ stated as much. But since, in practice, the majority of defendants accused of patent infringement do challenge the validity of the patent at issue, and since this question must be decided first, Article 16(4) could, in fact, end up making it an illusion to seek recourse from any court other than those of the State that has granted the patent. Effectively, the patentee may create an impasse by commencing proceedings before a court of a country other than the one which granted the patent (e.g., the court of the domicile of the defendant, which has jurisdiction pursuant to Article 2, or under Article 6 is one of the courts having jurisdiction in the case of several defendants). The court with jurisdiction over the infringement issue must stay the proceedings while waiting for the courts of the State that granted the patent to decide the validity issue.

This outcome, mandated by Article 16(4), is regrettable for two reasons:

- it adds to the delay; and
- it separates the issues of validity and infringement which are, in general, intimately connected.

⁸ JOCE No. C59, 5 March 1979, page 38.

How has the Dutch practice been able to circumvent this obstacle?

The answer is called *kort geding* ("summary proceedings"), a procedural concept very similar to that of the French *référé*.

1.1.2. KORT GEDING PROCEDURAL PRACTICE

Traditionally, French courts have only reluctantly used *référé* to prevent patent infringement. Dutch courts, in contrast, have made the *kort geding* their favorite sword: the majority of patent and trade mark infringement proceedings in The Netherlands are decided in summary judgment, and the confidence of the legal profession in the correctness of the summary judgment decisions is such that summary judgment orders are almost never followed by a trial on the merits.

Importantly, in *kort geding* proceedings, it is not possible to claim invalidity of the right invoked as an affirmative defence. Of course, it is possible to challenge the validity of the patent [at the trial on the merits]. But it is not possible to ask the *kort geding* judge to cancel the patent. Instead, the court decides whether the appearance of the rights of the patentee, that is, the appearance of validity and the appearance of infringement, are such that a provisional order may be issued.

It is from this vantage point, that an important line of case law has developed, essentially before the President of the Court of The Hague. Under Dutch law, the Court of the Hague has exclusive jurisdiction over all patent matters in The Netherlands.

Since 1992, the President, under the appellate supervision of the Court of Appeals of The Hague, has issued several orders in summary proceedings enjoining acts of infringement of Dutch patents and their foreign equivalents⁹. The jurisdiction of The Hague has become attractive: French plaintiffs now use the court to commence proceedings against the defendants domiciled in The Netherlands, seeking injunction to prevent infringement of French IP rights that do not have an equivalent in The Netherlands¹⁰.

How has this practice been received in other European countries? Contrary to some predictions, it has been approved, and imitated.

9 *Vredo / Samson*, Court of Appeals of The Hague, 16 January 1992: BIE 1993 / 9 - *Philips / Hemogram*, Court of Appeals of The Hague, 4 June 1992: IER 1992 / 44.

10 *Rhône Poulenc Rorer / Pharmachemie*, President of the Court of The Hague, 5 January 1993.

1.2 APPROVAL AND PARALLEL DEVELOPMENTS

The Dutch practice has been followed by tribunals of other countries that have had occasion to enforce the cross border injunctions issued in The Netherlands (1.2.1).

But more importantly, cross border injunctions have been copied, which is the most sincere form of flattery (1.2.2).

1.2.1 RECOGNITION BY FRENCH TRIBUNALS OF DECISIONS WITH CROSS BORDER EFFECT

In France, approval has essentially come from those French tribunals that have been asked to enforce decisions made by Dutch courts enjoining French defendants, in France, from infringing French IP rights.

Articles 31 and following of the Brussels Convention set up a simplified enforcement procedure for judgments within Europe. A decision of a superior court of a signatory State will be enforced in France following an order issued by the President du Tribunal de Grande Instance of the [French] region where the order is to be executed. This enforcement order is issued in *ex parte* proceedings: the defendant will not be heard, except on appeal to the Cour d'Appel. The Cour d'Appel can only deny the enforcement in the limited cases addressed in Article 27 of the Brussels Convention.

The first French decision on this point was virtually unnoticed. It was a decision of January 25, 1989 of the Court of Appeal of Versailles¹¹ that rejected an appeal from an enforcement order of the President of the Court of Haarlem, which had enjoined the company La Medicale Equipe from using the trade mark *ADRAMYCINE* with respect to antibiotics in The Netherlands. The second decision was issued by the Court of Appeal of Paris on January 28, 1994¹², and confirmed a French order enforcing a decision of August 17, 1992 of the President of the Court of The Hague prohibiting the company Eurosensory from selling in France Braille reading devices that had been found to infringe a European patent owned by the Tieman company. The patent designated both The Netherlands and France.

The Court of Appeals of Paris rejected Eurosensory's arguments. First, it decided that the appeal filed in The Netherlands against the

¹¹ La Médicale Equipex / Farmitalia Erba, unpublished.

¹² Eurosensory / Tieman and Blind Equipment Europe: RD propr. intell. 1995 No. 57, p.13.

original injunction should not prevent immediate enforcement of the original injunction in France.

Second, the Paris Court of Appeals decided that the original Dutch decision was not contrary to the public interest in France. In doing so, it rejected Eurosensory's argument maintaining that in France it would not be permissible to execute an interlocutory injunction granted in a *référé* if no case on the merits had been filed, just as no measure akin to an interlocutory injunction can be issued by the President of a French tribunal if no case on the merits had been filed (Art. L 615-3 of the French Statute on Intellectual Property).

Since this decision in 1994 there appears to have been no other French decision on the topic of enforcement in France of Dutch injunction decisions. Indeed, the two French decisions noted above appear to be the only such ones issued in Europe. Perhaps the merits of the Dutch cross border injunction have been so clear to European practitioners that they have not tried to challenge them?

1.2.2. PARALLEL DEVELOPMENTS IN GERMANY AND FRANCE

There have been developments parallel to the Dutch cross border injunction in Germany and France.

On February 1, 1994 the Duesseldorf Landgericht found itself competent to rule on an infringement request filed by a Dutch company against a German company based on a United Kingdom patent. The patentee sought to prevent export to Great Britain of conveying equipment alleged to infringe the patent from being exported to the United Kingdom.

In another case, again from the Duesseldorf Landgericht, on January 16, 1996, a German company guilty was found to have infringed a British patent¹³.

France did not stay protected from this judicial current: on June 19, 1995 an order in *référé* by the President of the Commercial Court in Paris enjoined the French and Italian defendants in that case from infringing a design patent in France as well as in Italy¹⁴. The reasoning of this decision with respect to the cross border aspect of the injunction is, however, sparse.

¹³ No. 4 O 193 / 87 and 4 O 5 / 95, discussed in "Protection transfrontalière des brevets européens par D. Stauder et P. et M. Von Rospatt": RID éco. 1999, p. 119.

¹⁴ Jan & Carlos, Crimat *et al* / Galeries Lafayette *et al*, unpublished.

The first fully reasoned French cross border injunction decision was issued on October 18, 1996 by the 4th Chamber B of the Court of Appeal in Paris¹⁵. Based on unpublished earlier decisions, the Court declared itself competent to rule on a copyright infringement case where a French company was selling infringing software in Spain. The court found infringement based on Spanish copyright law.

More recently, the cartoon character Asterix made an as yet unreported, contribution to the construction of this judicial edifice. In a judgment of December 3, 1999, the Tribunal de Grande Instance of Paris (3rd Chamber, 2nd Section) considered itself competent to hear a request for an injunction against the former publishers of the Asterix works to prevent the distribution in England of the adventures of the famous Gaul. Even though the case concerned British territory, and was directed against two English publishing houses, the tribunal found itself competent based on Article 6(1) of the Brussels Convention because one of the publishing houses was established in France.

Even the United Kingdom which, as we shall see, did not give the warmest of welcomes to the judicial current coming from The Netherlands, still had to follow it, at least in the area of literary and artistic property, where the exception of Article 16(4) of the Brussels Convention does not apply. On March 7, 1997 the English High Court considered itself competent to rule on an infringement claim concerning architects' drawings which had been used by a British engineering company to build a development in The Netherlands¹⁶.

But it would not take long for the pendulum of history to swing the other way.

2. CHALLENGE TO THE USE OF THE BRUSSELS CONVENTION IN PATENT INFRINGEMENT LITIGATION

The common law courts have tended to consider the Dutch practice excessive and have criticised cross border injunction tended to fight it at a conceptual level (2.1).

But the legal profession in other countries has decided to enter the battle on a procedural level (2.2).

¹⁵ Banco de Santander / Kortex International and Agro Informatica y Comunicaciones: PIBD 1997, III 221; Gaz pal 18 - 20 January 1998, p. 54.

¹⁶ Pearce / Ove Arup Partnership Limited: IIC 1998, vol. 29, p. 833.

2.1 CONCEPTUAL CHALLENGE OF THE USE OF THE BRUSSELS CONVENTION IN PATENT LITIGATION

It is through a careful examination of the Brussels Convention that a movement has developed challenging the “reckless” Dutch case law. Three articles of the Convention in particular have been considered:

- English courts have put forward Article 16(4) on exclusive jurisdiction (2.1.1);
- The European Court of Justice has relied on Article 5(3) on the *forum delicti* (2.1.2.); and
- Article 6(1) on the plurality of defendants has been invoked by the Dutch judges themselves (2.1.3).

2.1.1 THE INTERPRETATION BY THE ENGLISH COURTS OF ARTICLES 16(4) AND 19 OF THE BRUSSELS CONVENTION

As noted above Article 16(4) of the Brussels Convention grants exclusive jurisdiction over the question of **validity** of registerable IP rights to the courts of the country where the rights were registered. This limits the general jurisdictional rules set out in Articles 2, 5 and 6. Exclusive jurisdiction under Article 16(4) only relates, however, to the question of validity and **not to the question of infringement**.

Let us turn for a moment to Article 19. The provisions of the Brussels Convention are in French and English. Each version has equal force, but the French and English versions of Article 19 have different meanings:

“Le juge d’un Etat contractant, saisi á titre principal d’un litige pour lequel une juridiction d’un autre Etat contractant est exclusivement compétente en vertu de l’article 16, se déclare d’office incompétent.” (emphasis added)

“Where a court of a Contracting State is seized of a claim which is principally concerned with a matter over which the courts of another Contracting State have exclusive jurisdiction by virtue of Article 16, it shall declare of its own motion that it has no jurisdiction.” (emphasis added)

In summary, the position of the English courts has been that in an infringement action the question of validity of the patent in issue is, in general, an essential question, at least as important as that of infringement; one can therefore say that any infringement procedure “principally concerns” the question of validity.

This reasoning was first developed by Mr. Justice Laddie in the *Coin Controls/Limited v Suzo International (UK) Limited*¹⁷.

The English Court of Appeal, presided over by the Master of the Rolls, took the matter up not much later, by deciding to refer a question of law to the European Court of Justice. The question related to two cases that the court had grouped together, if not formally joined, i *Fort Dodge Animal Health Limited v Akzo Nobel NV* [1998] FSR 222 and *Boston Scientific/Cordis*.

The position adopted by the English courts is based on several reasons:

- First, the English common law traditionally requires that, for a judge of one State to have jurisdiction over a tortious act committed in another State, the act must be one that is prohibited in both England and the other State (the rule of “*double actionability*”). The infringement of a German patent, for example, is not prohibited by English law. This rule has only recently been abolished by the Private International Law Act (1995), but judicial attitudes have been slower to shift.
- Second, the English text of Article 19 (“*principally concerned*”) is, regrettably, altogether different from the French text (“*saisi á titre principal*”). The English text can be understood as referring to the essential substance of the question submitted to the court, whereas the French text evokes a purely procedural mechanism: jurisdiction is based on principal title if it is not based on incidental title. It is understandable that, even though the maximum “the judge of the action is the judge of the exception” is part of their procedural toolkit, the English courts could have decided that the question of validity was a principal one, and not an incidental one, in patent infringement litigation.
- Finally, if English courts have refused to involve themselves with the infringement of foreign patents, perhaps it isn’t only just because they consider themselves incapable of doing so. It may be that they also want to express the idea that they would rather not have foreign courts involving themselves in the infringement of English patents.

As our English friends are fond of understatement, how should we interpret this careful phrase by Mr. Justice Aldous (now a member of the Court of Appeal)?

¹⁷ 26 March 1997: IIC 1998, vol. 29, p. 804.

"I would not readily accept the task of having to rule on the infringement of a foreign intellectual property right".

Is his Honour also making it known that he would not readily accept the decision of a foreign court ruling on the infringement of an English intellectual property right?

2.1.2 THE INTERPRETATION BY THE EUROPEAN COURT OF JUSTICE OF ARTICLE 5(3) OF THE BRUSSELS CONVENTION

A second limitation on the Dutch enthusiasm came from the interpretation that the European Court of Justice gave to Article 5(3) of the Brussels Convention, having been given dispositive jurisdiction by the (English) House of Lords in a case that had nothing to do with intellectual property.

It was the case *Fiona Shevill/Press Alliance* decided on March 7, 1995 based on the conclusions of two French Advocates-General, Messrs Marco Darmon and Philippe Léger¹⁸.

Miss Shevill was a British citizen living in Paris, where she worked with a currency exchange office. The office had been subject to an investigation by the anti-drug brigade. The French press reported on the police raid and, in its commentary, mentioned Miss Shevill in terms that she considered less than flattering. She decided to sue for defamation. In the meantime, Miss Shevill returned to England. She considered it more expedient to sue the French newspapers before the English courts than before the French tribunals. But the French newspaper had head offices in France and Article 2 of the Brussels Convention identified *a priori* the French courts as having jurisdiction. Miss Shevill's English lawyers relied on the fact that the French papers that carried the allegedly defamatory articles had been distributed in England (be it only in London railway stations and airports). They invoked Article 5(3) of the Brussels Convention, which gives jurisdiction to the courts of the place where the harm was caused. Proceedings were commenced against the French newspapers in the English High Court, claiming compensation for all the damages alleged by Miss Shevill.

The French newspapers challenged the jurisdiction of the High Court, arguing that essentially all of their distribution had been within France and that the distribution on English soil had been only marginal.

¹⁸ JDI 1996, p. 543; Rev. crit. DIP 1996, p. 495.

The newspapers claimed that the French courts had exclusive jurisdiction, as the place of the defendant's domiciles

The European Court of Justice identified the problems posed by immaterial damages, which frequently take place simultaneously within the territories of several States, and formulated a sensible rule: when the jurisdiction of a court is based solely on Article 5(3) of the Brussels Convention because part of the damages are caused in the State where that court sits, that court may only rule on compensation for the damages caused in that State.

In other words, the European Court of Justice has given the following directives to victims of immaterial damages suffered in several states:

- If the party causing the damage is sued in the State where it is domiciled, Article 2 of the Brussels Convention gives the court the power to order compensation for all damage suffered.
- If the party causing the damages is sued in a court other than that of its domicile, and jurisdiction is founded only because some damage was caused within that State, the court can order compensation only for the damage suffered in that State.

This decision has put a sensible limit on the power of those courts that are inclined to order injunctive relief too easily. Effectively, in this respect, the Shevill decision means that it is certainly possible to ask the courts of the defendant's domicile to rule on a complaint in a pan-Europe infringement case, but it is not possible to ask a court of another State, based on the fact that some of the infringing acts took place there, for measures that exceed the limits of that court's territory.

In this way, non-Dutch defendants are still exposed to the rigors of the *kort geding*, but their exposure is only to an injunction within the Dutch borders. Only companies incorporated in The Netherlands may still face the difficulties of the Lincoln/Interlas cross border injunctions, something that may not be appreciated by the big players of Dutch industry, such as Akzo, Philips, Shell and Unilever, to mention a few.

2.1.3 THE RESTRICTIVE INTERPRETATION BY THE DUTCH JUDGES OF ARTICLE 6(1) OF THE BRUSSELS CONVENTION DEALING WITH A PLURALITY OF DEFENDANTS.

The third and last development which conceptually challenged the adventurous nineties' case law came from the Dutch courts themselves. Some practitioners, used to a slower and more deliberate kind of justice, accused the Dutch courts of a kind of judicial imperialism. In response

the Court of Appeal of The Hague issued on April 23, 1998 an important decision known as the jurisprudence of the "spider in the web"¹⁹.

Several American companies, owners of a European Patent covering most of the countries of Europe, had sued in the Court of The Hague all the European subsidiaries of another American company, accusing them of infringement. One of the subsidiaries was a Dutch company which gave the plaintiffs the right to sue in The Netherlands. Since Article 6(1) of the Brussels Convention gives the plaintiff the right, if there is a plurality of defendants, to bring the case before the court of the domicile of one of them, the patentees sued all the "sisters" of the Dutch subsidiary of the American company before the Court of The Hague.

They claimed, respectively, that the English subsidiary was infringing the English part of the European patent, the French subsidiary was infringing the French part of the same patent, and so on for the eight other defendants. The case had been brought before the Court of The Hague, but the only objective connection to this Court was the alleged infringing acts of the Dutch company under the Dutch portion of the European patent. Was this connection sufficient to drag all ten defendants before the Dutch Court?

The Court of Appeal in the Hague decided that Article 6(1) of the Brussels Convention only allowed the patentee to combine multiple actions before the courts of the place where the decision was made to market the infringing product, being the decision making center of the group of companies concerned. This has been described as the spider in the center of the web.

Following this decision the Dutch courts therefore no longer accept that, when one among a number of defendants was a Dutch company, the plaintiff could join all co-defendants in an infringement action. This practice is now only possible if the spider in the center of the web is Dutch.

In a decision of February 16, 2000²⁰, the President of the Court of The Hague reviewed a similar case but where the spider in the center of the web was not domiciled in the European Union, but in the United States. The Brussels Convention did not apply. Nevertheless, the question was resolved by applying a solution that was basically similar. The President assumed jurisdiction over the US company on the basis of

19 RD Propr. intell. 1999, No. 95.

20 Scimed / Medtronic, unpublished.

a provision of Dutch international private law very similar to Article 14 of the French Civil Code [clarify in footnote]. But he decided that, with respect to this company (the American spider) he could only review the facts of alleged infringement committed in The Netherlands.

2.2 PROCEDURAL CHALLENGE TO THE USE OF THE BRUSSELS CONVENTION IN PATENT INFRINGEMENT LITIGATION

In addition to the conceptual challenge against the use of the Brussels Convention in patent infringement cases, aimed at limiting the powers of a court in a State which was not at the same time the domicile of the defendant and/or the territory for which the patent had been granted, the late nineties have seen the use of procedural tools aimed at preventing certain tribunals from accepting jurisdiction: the anti-suit injunction and declaratory judgment actions of non-infringement.

2.2.1 ANTI-SUIT INJUNCTION

The common law has a procedural device unknown to Continental European lawyers, the anti-suit injunction²¹. English Courts recognize the right of parties to English litigation to be protected from a second set of vexatious or oppressive proceedings in a foreign court. This protection is in the form of an injunction, under penalty of law, against filing or pursuing an action in a foreign court if that action could have been brought in an English court. The injunction is not issued against the foreign judge: it is issued against the party threatening foreign litigation.

This technique has been used by English companies threatened with a *kort geding* hearing before the President of the Court of The Hague where infringement of an English patent is in question (along with infringement of a Dutch patent). The argument is that, consistent with the prevailing view in England with respect to Articles 16(4) and 19 of the Brussels Convention, infringement litigation of an English patent *principally concerns* the validity of that patent. The English courts therefore have exclusive jurisdiction over the case and any infringement litigation before a Dutch court is of necessity *vexatious and oppressive*, because in the eyes of the English court, the Dutch court cannot have jurisdiction.

²¹ For a comprehensive discussion of the topic refer to the presentation that Ms Sandrine Clavel gave to the research group of the International Law on 25 February 2000, "Les anti-suit injunctions en droit international".

This sovereigntist claim was almost successful in the English Court of Appeal decision of Ford, October 27, 1997²². The Court found that a complaint of infringement of a British patent belongs to the exclusive jurisdiction of the English courts. The Court of Appeal added, however "we also concluded that the matter is not "acte clair" (sic)."

For this reason the English Court of Appeal decided to refer the case on a question of law to the European Court of Justice. Unfortunately for the development of private international law, the parties settled, so the European Court of Justice will not now rule on this issue.

However, litigants from common law countries have, tried to export the anti-suit injunction to the courts of continental Europe. Because the anti-suit injunction is unknown to European civil law, applicants put a different label on the claims seeking a ruling that they were "authorised" to pursue the commercialization of the product that was alleged to infringe..

In a case dealing with a patent for a vaccine against whooping cough²³, the President of the Tribunal of Brussels, having first found the court competent in a preliminary ruling in référé on June 27, 1997, dismissed the patentee's complaint on October 9, 1998²⁴, on the basis that the case lacked urgency as the owner of the patent, on its part, had not brought a single action for an injunction before another tribunal.

A judge of the Tribunal de Grande Instance in Paris came to the same result, be it for different reasons, in an order of August 11, 1997.

Fearing a Dutch decision in *kort geding* likely to prohibit the sale in France of devices for vascular surgery, the would-be defendants brought an action asking for "authorization" to pursue sales in France. The judge responded dryly that "*there is no provision in French law allowing a judge to "authorize" the commercialization of a product by a party while a procedure is pending, with all the consequences that such an authorization implies*".

These two decisions have not had any significant follow up and it does not look like the anti-suit injunction will be the ultimate weapon of the third millenium against cross border injunction proceedings in infringement cases.

Will the torpedoes be this weapon?

22 Ford Dodge Animal Health / Akzo Nobel and Boston Scientific / Cordis.

23 Smithkline Beecham / Connaught

24 Boston Scientific / Expandable Grafts Partnership

2.2.2 DECLARATORY JUDGMENT ACTIONS OF NON-INFRINGEMENT

A second procedural challenge against an oppressive use of the Brussels Convention has been the filing of declaratory judgment actions of non-infringement.

The law of many member states of the Brussels Convention recognizes an action for a judgment that the manufacture or sale of a product, or the operation of a process, does not constitute infringement of a specific patent. In practice, for reasons discussed below, the filing of such an action can delay or suspend a later infringement action in a different court.

In a playful way, the term “torpedo” has been borrowed from the vocabulary of naval warfare for any strategy allowing a company threatened by an infringement action to take the initiative of an invalidity challenge of the patent or a declaration of non-infringement²⁵.

The filing of a declaratory judgment action or a nullity action is not necessarily dilatory. To the contrary, it is easy to imagine that a company taking the initiative to nip the controversy in the bud by bringing the case to a single court acts diligently and seeks to avoid the multiplication of procedures before several different tribunals.

The filing for a declaration of non-infringement before an infringement action is brought is likely to create a *lis alibi pendens* situation.

Article 21 of the Brussels Convention provides:

Where proceedings 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 seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.

Where the jurisdiction of the court first seised is established, any court other than the court first seised shall decline jurisdiction in favour of that court.

It follows from Article 21 that if another tribunal is first seized of a nullity action or a declaratory judgment action of non-infringement a second court must disqualify itself from an infringement action on the same patent against the same infringer (or, if the jurisdiction of the first court has been challenged, suspend the action until the jurisdiction challenge has been decided).

²⁵ Mario Franzosi, *Worldwide Patent Litigation and the Italian Torpedo*: EIPR 1997, p. 382.

How has the competition between declaratory judgment actions for non-infringement and infringement actions been resolved:

- in countries where the declaratory judgment action has been filed; and
- in countries where the infringement action has been filed?

Declaratory judgment actions for non-infringement in countries where they were filed

If some companies saw the declaratory judgment action for non-infringement as a means to consolidate the litigation of the alleged infringement of a patent in several European countries, others have used it as a simple means to delay the infringement action. For the latter reasons declaratory judgment actions of non-infringement have sometimes been brought in courts whose docket load did not allow them to handle the case speedily. Belgium and Italy are the courts that have the reputation of being the most over-burdened courts in Europe.

But is it possible to start a declaratory judgment action in any European court? Put differently, which courts have territorial jurisdiction over such an action?

When the defendant (the owner of the patent) is not domiciled in a European country, the Brussels Convention does not apply. This situation arises frequently, in practice, because a very large portion (if not the majority) of patents in force in Europe belong to applicants from outside Europe (essentially North America or Japan).

In these cases, jurisdiction is defined by the private international law of the country where proceedings are commenced. In France (and the situation appears to be the same in the large majority of European civil law countries) the private international law always allow a French company to resort to the French courts for a complaint directed against a non-European. Thus, it is always possible for a European company to play the domicile card by using its home court to bring a declaratory judgment action for non-infringement against an American or Japanese patentee.

But what is the situation when the patentee is incorporated in a European country?

As there are no provisions in the Brussels Convention that specifically address this situation the general provisions of the Convention apply:

- (a) the courts of the domicile of the defendant (Article 2) or of one of the defendants (Article 6(1)); or
- (b) the courts of the location where the illegal act took place (Article 5(3)); subject, of course, to Article 16(4) on exclusive jurisdiction over actions aimed at the validity of an IP right.

The application of Article 2, which permits an action to be brought for declaratory judgment of non-infringement before the tribunal of the defendant's domicile (that is, in this procedural context, that of the patentee), does not raise any problems.

In this respect it is difficult to agree with the decision of the Civil Court of Brussels of May 12, 2000²⁶ which, curiously, declared itself incompetent to rule on a request for declaratory judgment of non-infringement against a patentee incorporated in Belgium to the extent it involved the non-Belgian parts of a European patent. It did so with reference to Article 16(4) of the Brussels Convention, finding that it did not have any jurisdiction to rule on the question of infringement of a patent of another country. Nobody had ever maintained that the question of infringement, if totally divorced from any validity issue, could trigger the exclusive jurisdiction of the State that granted the right.

This decision notwithstanding, the courts of the domicile of the defendant are competent, by virtue of Article 2 of the Brussels Convention, to rule on a request for declaratory judgment of non-infringement.

If we now consider Article 5(3) of the Brussels Convention, can we conclude that it permits an action to be brought for declaratory judgment of non-infringement before the court of the country covered by the patent at issue, or (if there are several) in one of the countries covered by it? We might think that, inasmuch as a declaratory judgment action is nothing but the mirror image of an infringement action, the jurisdictional rules of one would also apply to the other. This would mean that to the extent the courts of the place where infringement takes place have jurisdiction over an infringement action under Article 5(3) of the Brussels Convention, they also have jurisdiction over a declaratory judgment action of non-infringement.

This is not how the case law has developed.

On March 9, 1994 the Tribunal of Salerno²⁷ declined jurisdiction over a request for a declaratory judgment of non-infringement of an Italian patent, owned by a German patentee, on the basis that Article 5(3) of the Brussels Convention, which formulates an exception to a more general rule, could not apply unless an unlawful act had in fact taken place.

²⁶ Röhl Enzyme GmbH / DSM, to date unpublished.

²⁷ Cavi / Siemens, unpublished.

The Court of Appeal of The Hague came to the same conclusion several years later, on January 22, 1998²⁸:

the exceptional nature of the jurisdiction based on the location of the illegal act, provided for in Article 5(3) of the Brussels Convention leaves no room for an interpretation that would bring within its provisions an action of judgment on a fact that has not yet taken place and that does not relate to the rights of the patent. Such an exclusive interpretation would overly limit the realm of the rule of principle expressed in Article 2 of the Convention.

It follows from these decisions that a declaratory judgment action of non-infringement may be brought in the country of the patent, if the patentee is domiciled in Europe, only if that country is also the domicile of the defendant (or one of the defendants, if there are several). It is not impossible that this jurisdictional solution may have to be reconsidered if the Community Regulation scheduled to replace the Brussels Convention enters into force with the wording as published on July 14, 1999. Effectively the new text of Article 5(3) states as a basis for jurisdiction not only the location of an illegal act that has in fact taken place, but also the location where an illegal act has been threatened.

When a court has accepted jurisdiction over a declaratory judgment action, only part of the problem has been solved. Next, the court must decide whether the applicable law permits a ruling on the request. Not all national laws recognize an action for declaratory judgment of non-infringement and the ones that do require that certain conditions be met. Thus, for example, the Tribunal de Grande Instance of Paris has stated on two occasions²⁹ that Article L615-9 of the French Industrial Property Code requires that two threshold conditions must be met prior to a declaration of non-infringement:

- (a) the potential infringer must demonstrate industrial exploitation within a Member State of the European Union (the simple importation into Europe is not an industrial exploitation if the product is manufactured outside Europe); and
- (b) the potential infringer must notify the patentee of the plan for industrial exploitation, and not receive a response within 3 months).

²⁸ Evans Medical / Chiron: EIPR 1998, p. 61.

²⁹ Boston Scientific / Expandable Grafts Partnership and Julie Palmaz, 23 October 1998; Dossiers Brevets 1999, II, 8. - Yamanouchi / Biogen, 16 March 1999; Dossiers Brevets, 1999, III, 6.

2.2.2.2 THE IMPACT OF A DECLARATORY JUDGMENT OF NON-INFRINGEMENT
IN THE COUNTRY WHERE AN INFRINGEMENT ACTION HAS BEEN FILED.

An action for declaratory judgment of non-infringement is of interest only if it leads the tribunal seized with the infringement action to send the case back to the court hearing the declaratory judgment, under Article 21 of the Brussels Convention.

For the time being, national courts have generally yielded to the obligatory character of the provisions of Article 21 of the Brussels Convention on *lis alibi pendens*, be it sometimes with apparent regret. Article 21 is different from Article 22 on related actions: Article 21 leaves no room for discretion on the part of the court seized with the later filed case: it must stay its proceedings.

The Landgericht of Düsseldorf stayed proceeding on February 27, 1998³⁰, awaiting a decision in proceedings for a declaratory judgment of non-infringement that was pending in Belgium. In the same case the Tribunal of The Hague issued the same decision on April 29, 1998.

Nevertheless, in a different case the Landgericht of Duesseldorf made it quite clear on July 8, 1999³¹ that, even though it had to stay the proceedings on the merits in the infringement case, nothing in Article 21 of the Brussels Convention prohibited it from ruling on a request for a preliminary injunction. The court added, pointedly, that the fact that Article 21 prevented it hearing the case on the merits was one of the circumstances to be taken into account when weighing the interests of the parties, as is customarily done in interlocutory injunction cases. A French court has taken a position that is different than that of the courts of D_sseeldorf and The Hague. This tribunal³² concluded that the infringement case before it did not have the same object as the declaratory judgment action of non-infringement that was before an Italian court. The Cour d'Appel of Paris, to which this judgment was appealed, will have to ponder this question.

Finally, the Oberlandesgericht of D_sseeldorf, in a decision of September 30, 1999³³ referred a question of law to the Court of Justice of the European Communities before deciding whether or not it had to stay an infringement action pending a decision by the Belgian tribunals

30 Connaught / Smithkline Beecham: 4 O 127 / 97.

31 General Hospital / Bracco and Byk Gulden.

32 TGI Paris, 3rd Chamber, 3rd Section, 28 April 2000.

33 JOCE No. C34, 5 February 2000, p. 11; W. von Meibon and J. Pitz: "The Belgian Torpedo has reached the ECJ" Patent World No. 118, December 1999, p. 10.

in an action for declaratory judgment of non-infringement. In any event, the referred issue does not at all question the principle of staying the proceedings. It relates to technical details of the identity of the court seized with the first action, some of which are specific to German civil procedure (which does not consider an action formally filed until after certain formalities have been complied with).

It appears, however, that the Court of Justice will not now rule on this question: the case was taken off its docket on April 6, 2000.

CONCLUSION

30 years of using the Brussels Convention in patent infringement proceedings can be summarized as follows:

- the courts of the continent (at least those of The Netherlands, Germany and France) do not hesitate, in particular in the context of preliminary injunctions of infringement, to rule on infringement complaints based on patents granted for territories other than where they sit, applying of course to these complaints the substantive law of the country concerned;
- the English courts have resolutely remained outside this trend, reasoning essentially that an infringement action on a foreign patent concerns in general the validity of the right, for which the combination of Articles 16(4) and 19 of the Brussels Convention exclude them from assuming jurisdiction;
- these days, the more lively debates no longer focus on these questions of principle, on which the national case law is now well settled. Instead, they focus on the procedural rules of their application: the choice of forum under Articles 5(3) and 6(1) of the Brussels Convention and co-ordination of parallel proceedings brought in several states on patents relating to the same invention (anti-suit injunctions and declaratory judgment of non-infringement).

A certain amount of case law development can be expected on these procedural questions but it will not modify in any fundamental way the principle pronounced in Article 16(4) of the Brussels Convention, that of exclusive jurisdiction a question of validity for the courts of the State that granted a patent. No important changes can take place without a fundamental change to the rules that are in force.

No such change is on the horizon for the general provisions of civil procedure. The proposed Community Regulation on jurisdiction and the recognition and execution of decisions in civil and commercial matters,

which was published on July 14, 1999 by the European Commission, and scheduled to replace the Brussels Convention, does not bring any important innovation to the questions discussed in this paper³⁴.

The change may come from the provisions in the area of patents.

It could come, first of all, from a protocol on the regulation of patent litigation for European patents, which will be proposed in 2001 for signature by the Member States of the EPO, and which would create an autonomous judicial system.

It may also come from a future Regulation on the Community Patent, the preparation of which was announced by the European Commission in July 2000.

In any event, the interaction of these systems with the Brussels Convention is yet to be developed.

³⁴ See also "Innovations apportées dans le contentieux de la propriété industrielle par le Règlement" No. 44 / 2001, 22 December 2000: RD propr. intell. 2000, No. 121.