
Cross-Border Jurisdiction Over Intellectual Property Rights Disputes - an Overview

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Outline

- I. Private International Law - A refresher
- II. Litigating IP Disputes - An Introduction
- III. Litigating IP Disputes - Exclusive Jurisdiction
- IV. Litigating IP Disputes - Consolidation of Complex Disputes
- V. Litigating IP Disputes - Suing At the Place of Infringement
- VI. Litigating IP Disputes - Parallel Proceedings

First session : Private international law in a nutshell

I. What is at stake?

- Private international law deals with *cross-border* situations involving '*private*' law
- 1st element : cross border nature (no definition – intuition)
- IP-rights are today very often (but not always) cross-border

I. What is at stake?

- Example 1 : portfolio of patent rights for new family of drugs developed by various companies of a pharma group headquartered in Belgium/UK/Germany but held by Irish subsidiary for tax reasons... (or by a Belgian subsidiary? See Law of April 27th, 2007 relating to 'patent royalties deduction' that allows Belgian companies to deduct 80% of patent royalties from their taxable income).

I. What is at stake?

- What if infringement of the patents by a French competitor?
- What if Irish subsidiary grants a licence on patent to Italian company, which does not pay royalties?

I. What is at stake?

- Example 2 : dispute over the sale by an auction house in Paris of a couple of works by Salvatore Dali : who is entitled to the resale right under Directive 2001/84?
- When he died, Salvador Dalí left five heirs at law. He also appointed the Spanish State as sole legatee by will. Those rights are administered by the Fundación Gala-Salvador Dalí

I. What is at stake?

- Directive 2001/84 :
 - Art. 1(1) : ‘Member States shall provide, for the benefit of the author of an original work of art, a resale right, to be defined as an inalienable right, which cannot be waived, even in advance, to receive a royalty based on the sale price obtained for any resale of the work, subsequent to the first transfer of the work by the author.’
 - Art. 6(1) : ‘The royalty provided for under Article 1 shall be payable to the author of the work and, subject to Article 8(2), after his death to those entitled under him/her

I. What is at stake?

- Dali case : dispute between legal heirs (children) and Dali Foundation concerning payment of resale rights
- Directive leaves it to MS to determine who are the heirs
- Under French law : for the purpose of directive, heirs are legal heirs, to the exclusion of legatees and successors in title (see art. L. 123-7 of the IPC)
- Under Spanish law : resale right are granted to whoever is entitled to estate under civil law

I. What is at stake?

- Dali case : should we apply Spanish or French law?

I. What is at stake?

- In the same line : infamous *Mein Kampf*, authored by A. Hitler : copyright held by the State of Bayern (because at the time of his death, Hitler was domiciled in Munich - his entire estate went to Bayern)
- May State of Bayern attempt to limit or prohibit publication of the book in Japan? (copyright held by Bayern will terminate on December 31st, 2015 - 70 years after death of 'author')

I. What is at stake?

- For some questions, national laws converge
- *E.g.* duration of copyright : common standard of 'life + 70 years'
 - Art. 1 of Directive 2006/116/EC of 12 December 2006 on the term of protection of copyright
 - Belgian law : art. 2 § 1 Copyright Act 1994
 - French law : art. L-123-1 *Code de la propriété intellectuelle*
 - US law : § 302 Copyright Act (Title 17 US Code))

I. What is at stake?

- For other questions, difference in national law
- *E.g.* do authors have a '*moral*' right on their work and what is the scope/effect of this right? Can the author's heirs exercise the moral rights? Can the moral rights be contracted out? —> major difference between 'European' approach and US approach

I. What is at stake?

- Moral rights : art. 6bis Bern Convention :
« *Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation* » → no mention of right of first divulgation...

I. What is at stake?

- Implementation Bern Convention in the US :
“The existing U.S. Law includes various provisions of the Copyright Act and Lanham Act, various state statutes, and common law principles such as libel, defamation, misrepresentation and unfair competition which have been applied by courts to redress author's invocation of the right to claim authorship or the right to object to distortion”

I. What is at stake?

- Compare with detailed provisions on moral rights under French law (artt. L-121-1 ff *Code de de la propriété intellectuelle*)
 - _ Art. L-121-2 : 'Droit de divulgation' (“L'auteur a seul le droit de divulguer son oeuvre. ... il détermine le procédé de divulgation et fixe les conditions de celle-ci”.)
 - _ Art. L-121-4 : droit de repentir (“Nonobstant la cession de son droit d'exploitation, l'auteur, même postérieurement à la publication de son oeuvre, jouit d'un droit de repentir ou de retrait vis-à-vis du cessionnaire.”)
 - _ Etc.

I. What is at stake?

- Example 3 : *Warner Brothers Inc. v Christiansen* (ECJ, Case 158/86) : Danish citizen buying *James Bond* movie in the UK (on a videocassette) and renting the cassette in DK. Under English law (at that time), owner of the work has no right in the rental of the work, while under Danish copyright law, owner may authorize / refuse rental + collect royalties when cassette is rented.

I. What is at stake?

- 2nd element : private international law deals with cross-border situations involving '*private*' law - as opposed to '*vertical*' relations dealt with by international law
e.g. : can the holder of a copyright bring proceedings against a company operating a search engine which archives copies of web-sites featuring copyrighted materials?

I. What is at stake?

- The mere fact that a public authority is involved in the proceedings does not exclude the application of private international law rules
e.g. : proceedings brought by a third party to obtain that a patent be declared void; end result of the proceedings will be a decision ordering that the register be modified to record the annulment of the patent

II. Three questions

- 1st question : jurisdiction
- Not prescriptive or enforcement jurisdiction, but *adjudicatory* jurisdiction (in which circumstances may a court entertain proceedings relating to a dispute which has some connection with foreign country(-ies))
- e.g. can a French company holding a German patent seize a court in Germany to get injunction + damages against a Belgian company allegedly infringing the patent?

II. Three questions

- 1st question : jurisdiction
- *e.g.* can an English company bring proceedings in Belgium against a Belgian company in order to claim ownership of a European Patent application (not yet granted) filed by the Belgian company, even if the cooperation agreement concluded between the 2 parties (and which plaintiff alleges defendant has breached by filing the application) provides for the jurisdiction of English courts?

II. Three questions

- 1st question : jurisdiction
 - I. In Europe : Brussels I Regulation (44/2001) in civil and commercial matters (in force since 01/03/2002)
 - II. Hierarchy of rules of jurisdiction : from domicile of the defendant (art. 2) to the the court chosen by parties (art. 23)
 - III. Very important role of the ECJ : abundant case law, directly relevant for IP-disputes (e.g. *Roche* case)

II. Three questions

- 2nd question : applicable law
 - I. Basic idea : Courts do not always apply their own law, but may apply foreign law in given circumstances
 - II. Which law applies? 'Conflict of laws rules' (*e.g.* a patent is governed by the law of the country which granted the patent)

II. Three questions

- 2nd question : applicable law
 - I. Determination of applicable law becomes moot if there is a harmonised uniform set of rules for the protection of ip-rights
 - II. Large number of important conventions in IP-law. However, these conventions do not introduce a complete uniform set of rules

II. Three questions

- 2nd question : applicable law
- e.g. 1896 Bern Convention on Copyright : Convention does *not* introduce a harmonised uniform statute on copyright. What it does is *i*) establish a system of equal treatment (= rules of international protection granting protection, under the national law of a Contracting state, to authors / works of another Contracting State), *ii*) provide strong minimum standards for copyright law (= guidelines for the provisions of the national copyright statutes)

II. Three questions

- 2nd question : applicable law
- e.g. harmonization of copyright law in the EU :
 - Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs
 - Directive 2006/116/EC of 12 December 2006 harmonizing the term of protection of copyright – ensuring a single duration for copyright and related rights in the EU, i.e. 70 years from the death of the author/*post mortem auctoris*
 - Directive 2004/48/EC ... of 29 April 2004 on the enforcement of intellectual property rights ('IP Enforcement Directive')

II. Three questions

- 2nd question : applicable law

e.g. harmonization of copyright law in the EU :

- Directive 2001/29/EC ... of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (Information Society Directive)

Various Directives, but at the end of the day only a 'piecemeal harmonization' : no comprehensive 'EU law on copyright'

II. Three questions

- 2nd question : applicable law

In the absence of a harmonized substantive law, harmonization can concern *conflict of laws* rules:

e.g. law applicable to a contract whereby holder of a patent grants a licence to another party to use the patent to manufacture a product : applicable law determined on the basis of the same rules in 27 EU Member States thanks to the Regulation 593/2008 ('Rome I' Regulation)

II. Three questions

- 3rd question : Foreign judgments
 - I. What is the value in Belgium of a judgment issued by a court in the UK?
 - II. Can foreign judgment be used to:
 1. Attach assets (enforcement)
 2. Preclude further litigation (*res judicata* effect)

II. Three questions

- Side questions:
 - I. Service of process / taking evidence abroad
 - II. Legalization of foreign documents
 - III. Possibility to request information on foreign law from foreign authorities
 - IV. Etc.

III. Where do we find the answer?

- No IP-specific regime except in a few cases: e.g. international rules
 - I. Article 5-II Bern Convention : “the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed”
 - II. Article 16 EU Regulation 40/94 on Community Trade Mark : law applicable to the transfer, or pledging (or other rights *in rem*) of a community trade mark

III. Where do we find the answer?

- No IP-specific regime except in a few cases: *e.g.* European rules
 - I. Article 22-2 Brussels I Regulation (specific rule of jurisdiction in relation with disputes regarding the validity of registered IP rights)
 - II. Art. 8 of the Rome II Regulation (Reg. 864/2007) : “The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed »

III. Where do we find the answer?

- No IP-specific regime except in a few cases: *e.g.* European rules
 - I. European Patent Convention : see the Protocol on Jurisdiction and the Recognition of Decisions in Respect of the Right to the Grant of a European Patent, of 05.10.1973 – specific rules of jurisdiction aimed at disputes relating to the « the right to the grant of a European patent in respect of one or more of the Contracting States”

III. Where do we find the answer?

- No IP-specific regime except in a few cases: e.g. national rules
 - I. Article 93 Belgian Code of PIL (law applicable to intellectual property rights)
 - II. Article 79 Belgian 1994 Copyright Act (national treatment afforded to foreigners holding copyrights)

III. Where do we find the answer?

- In majority of cases :
application of general rules
of private international law
in the absence of a specific
IP-regime

III. Where do we find the answer?

- Distinction between national and international rules
 - I. Int'l rules : *e.g.* Brussels I Regulation (harmony)
 - II. National rules : *e.g.* Code PIL 2004 (no harmony; importance of jurisdiction)

Litigating IP-disputes : 1/Introduction

I. The starting points

- Basic situation : cross-border disputes relating to IP-rights

e.g. infringement proceedings brought by a French group of companies against Belgian company allegedly infringing French, Belgian and Dutch patents by bringing products on these markets → where should proceedings be brought?

I. The starting points

- Basic situation : cross-border disputes relating to IP-rights
e.g. infringement proceedings brought Belgian company holding copyright on famous comic strip against book published in France by a French company, alleging that reproduction in book of parts of comic strip constitutes an infringement of copyright

I. The starting points

- Proceedings cannot be brought before a 'global' or 'European' court – no such court to deal with cross-border IP-disputes
- Plans to introduce such central court system : only aim at patents and at present unclear whether these plans will ever become reality

I. The starting points

- Most realistic project : European Patent Litigation Agreement (EPLA)
- System currently put in place by European Patent Convention :
 - Possibility to challenge the validity of the patent before EPC organs (during limited timeframe : 9 months opposition period starting with publication of the mention of the grant of the European patent in the European Patent Bulletin- see art. 99 EPC)
 - After such period has lapsed, no central court system to deal with infringement
 - In addition, art. 64(3) EPC specifically provides that “Any infringement of a European patent shall be dealt with by national law”

I. The starting points

- Infringement is therefore within the province of national courts
- Difficulties arose in the application of rules of jurisdiction whose goal is to allocate jurisdiction to national courts (rules of jurisdiction were not drafted specifically for IP-disputes; main difficulty is that if there is a bundle of patents coming in from one EPC application, not always possible to have one single court looking at all patents concerned by infringement)

I. The starting points

- Solutions?
 - Either draft new rules of jurisdiction, specifically tailored for IP-disputes (see e.g. the work of the CLIP-group and the ALI IP Project)
 - Or create a new institutional framework

I. The starting points

- 2003 Draft Agreement : creation of a 'European Patent Judiciary (EPJ), with :
 - 'European Patent Court' competent to decide on infringement relating to patents of EPO member states and including a 'European Patent Court of Appeal'; and
 - an 'Administrative Committee'

I. The starting points

- EPLA : victim of Europe's difficulty to agree on a unified patent regime...
- It appears that EPLA is not dead and could still be revived – if put in place, it would provide a framework for both EPC patents and European patents...
- In any case, this would only cover patents, not other IP-rights...

I. The starting points

- Hence necessary to allocate jurisdiction to courts of one State

I. A primer on litigation strategy

- Which national court? Relevant considerations
 - I. How fast can one obtain a judgment? (see *kort geding* proceedings under Dutch law vs proverbial lack of speed of Italian courts)
 - II. Home court advantage vs ease of enforcement
 - III. Expertise of some jurisdictions (specialized IP courts in England, Germany and Netherlands)
 - IV. Issue of costs ('loser pays it all'-rule?)

II. Arbitration : an alternative?

- Keep in mind, however, an alternative solution : *arbitration* of intellectual property disputes
- Arbitration : consensual method of dispute resolution based on and recognized by the law
- Arbitration : (preferred?) method of settling international commercial disputes → due to confidentiality, expertise and neutrality of arbitrators (*relative* advantages)
- Why shouldn't this also apply to IP-disputes?

II. Arbitration : an alternative?

- Arbitration is not well regarded in IP-world
 - I. Sometimes because of *ignorance* of the mechanism
 - II. Sometimes for *irrational* reasons (“who are these arbitrators anyway? Will they not split the baby in 2???”)
 - III. Sometimes for *valid* reasons (large company with huge IP-portfolio does not want these assets to be submitted to a one layer-proceedings, without any possibility to appeal).

II. Arbitration : an alternative?

- In *infringement* cases, lack of arbitration agreement between parties can constitute an obstacle to arbitration
—> lack of arbitration agreement (arbitration : consensual method of dispute resolution)
- For other IP-disputes : there may be a problem of *arbitrability* (may the dispute be referred to arbitration? Is a State willing to limit the monopoly of its courts and accept the possibility that private actors settle disputes?)

II. Arbitration : an alternative?

- For some IP-disputes, no issue of *arbitrability*
- 1) Disputes relating to *contractual* aspects of IP-rights : arbitrability is not an issue, e.g. :
 1. Dispute relating to payment of royalty fees due under a patent license agreement
 2. Dispute relating to IP 'rep's and warranties' following acquisition of a company (seller guaranteing that target is legitimate owner of certain IP rights - compensation sought by the buyer if this appears not to be true)
 3. Dispute relating to duty of disclosure of certain know-how under a patent licence agreement, licensee demands sanctions for failure to provide the necessary know-how

II. Arbitration : an alternative?

- 2) No issue of arbitrability for disputes relating to *ownership* of IP-rights, e.g.
 1. joint development agreement, one party claims sole ownership of a patent
 2. Dispute between employee and employer regarding ownership of a patent

II. Arbitration : an alternative?

- For other disputes relating to IP rights, issue of arbitrability may arise (in some countries), *e.g.*
 - I. No arbitration of disputes relating to *moral right* derived from a copyright (*e.g.* France) – but other issues relating to copyright may be referred to arbitration
 - II. *Validity* of patent rights – may arbitrator rule on the validity of a patent?

II. Arbitration : an alternative?

- Disputes relating to the validity of patent – in some countries, deemed to be inarbitrable. Why?
- 1st argument : a patent is an administrative act issued by a public authority, it is inconceivable that private persons - be they invested with the confidence of the parties to a dispute - should decide on the validity of a title delivered by the public authority...
- 2nd argument : patents are registered in public records which serve to inform the public about the existence of exclusive rights, a decision to update / modify these records cannot be taken by a private party...

II. Arbitration : an alternative?

- 3rd argument : patents are monopolies which may be used by the owner against all third parties. As such, any decision on such monopoly should be have the authority to bind third parties —> arbitration is a consensual process, arbitral award only binds the parties and does not work *erga omnes*

II. Arbitration : an alternative?

- In some countries, these arguments have not convinced and States have allowed IP disputes to go to arbitration
- *E.g. Belgium, art. 51 and 73 § 6 in fine of the 1984 Patent Act : disputes relating to patents (including disputes relating to validity) may be referred to arbitration (« Les dispositions du présent article ne font toutefois pas obstacle à ce que les contestations relatives à la propriété d'une demande de brevet ou d'un brevet, à la validité ou à la contrefaçon d'un brevet ... ainsi que celles relatives aux licences de brevets autres que les licences obligatoires soient portées devant les tribunaux arbitraux. »)*

II. Arbitration : an alternative?

- Disputes relating to validity : difficulty remain
- If arbitrators may rule on validity, lack of *erga omnes* authority of arbitral awards may cause difficulty
- Possible solution? Arbitrators only rule on *possibility* for a party to use the patent against other party to the arbitration process ('*opposabilité*') of the patent and not on validity as such - patent remains valid and may be opposed to other parties

II. Arbitration : an alternative?

- If validity of patent remains 'off limit' for arbitrators, additional difficulty is that many IP-disputes will concern both contractual and validity aspects (e.g. dispute between licensor and licensee, licensor requests payment of royalty fee, licensee challenges validity of the patent to avoid payment of fees → can arbitrators decide on the two aspects of the dispute or should they stay the proceedings until issue of validity has been decided by court?)

II. Arbitration : an alternative?

- By and large, arbitration can offer valuable alternative (if considered with due care for advantages and drawbacks) for many IP-disputes
- See in particular arbitration services offered by WIPO arbitration and mediation center (www.wipo.int/acm/)
→ WIPO rules

III. Which court?

- Where to find the rules? (in Europe) : Brussels I Regulation (44/2001)
 - I. Rules of jurisdiction in civil and commercial matters
 - II. In addition : recognition and enforcement of foreign judgments
 - III. Rules need to be read together with case law of the ECJ (limited number of cases directly related to IP; other cases also directly relevant)

IV. The first hurdle : actionability of foreign IP rights

- Key principle in IP-law : territoriality
 - I. Territoriality expresses the link between the country which granted the IP-right and its territory – IP-rights as ‘local monopolies’
 - II. Protection can only be sought for the territory for which the monopoly was granted
 - III. Idea of territoriality is stronger for IP-rights created through registration (e.g. patents)

IV. The first hurdle : actionability of foreign IP rights



- Territoriality : IP-rights have “no operation beyond the territory of the State under whose laws it is granted and exercised” (*Potter v. The Broken Hill Proprietary Company Ltd.*, [1906] CLR 476 at 494)

IV. The first hurdle : actionability of foreign IP rights



- Consequences of territoriality principle
 - I. Can the court of State A pass a judgment on the IP-right granted by State B? Or is territoriality of rights matched with territoriality of procedure?
 - II. Classic view : enforcement of IP rights (and certainly patent rights) can only be sought in the country where the right was created. The courts of that country have jurisdiction to decide all issues regarding the IP right

IV. The first hurdle : actionability of foreign IP rights



- Consequences of territoriality principle
 - I. Question is very much relevant for IP-rights created through registration (*e.g.* patents)
 - II. Question less relevant for copyright

IV. The first hurdle : actionability of foreign IP rights



- « The enforcement of foreign patent rights was traditionally viewed as a major threat to the legal independence and territorial scope of patent rights. Patent litigation was dominated by the widely accepted theory that territorially confined rights are necessarily enforced in each of the jurisdictions under whose legal system they arose. As a result, national courts have been more than reluctant to adjudicate on the infringement of foreign patents. » (M. Pertegás Sender, *Cross-border enforcement of patent rights*, OUP, 2002, at p. 1).

IV. The first hurdle : actionability of foreign IP rights



- *e.g.* TGI Paris, 4 May 1971 (RCDIP 1974 110) : French company brings proceedings against 2 Swiss companies, alleging infringement of a French patent (on a watch)
- Swiss defendant claims that matter should be brought before the Swiss courts which are 'natural judge' for the dispute (since the counterfeited watches were manufactured in Switzerland)

IV. The first hurdle : actionability of foreign IP rights



- e.g. TGI Paris, 4 May 1971 (RCDIP 1974 110) : « ... l'octroi d'un brevet nécessaire à l'exercice des droits de l'inventeur est un acte de concession émanant des pouvoirs publics dont l'intervention détermine ... la solution des conflits de lois en la matière; qu'un service public ne pouvant fonctionner que selon les lois qui l'instituent, les litiges nés de ce fonctionnement à l'occasion de la délivrance d'un brevet français sont nécessairement de la compétence des juridictions françaises assurant le maintien de l'ordre public interne qui prime... toutes autres considérations »

IV. The first hurdle : actionability of foreign IP rights



- *L.A. Gear Inc. c Gerald Whelan & Sons, F.S.R. 670 (High Court of Justice (Ch Div.) - May 24, 1991) : « ... Equally, in my view, it would probably not be possible for all the disputes between these two parties to be heard and determined in the Irish courts. As I have said, the United Kingdom trade mark has no effect outside the United Kingdom. The Irish courts cannot therefore hear and determine an action for infringement of that trade mark... »*

IV. The first hurdle : actionability of foreign IP rights



- Issue is not so much one of jurisdiction (in the sense of adjudicatory jurisdiction) as one of '*actionability*' or '*subject matter jurisdiction*'
- *Comp.* situation of court faced with a valid arbitration agreement or a defense based on sovereign immunity

IV. The first hurdle : actionability of foreign IP rights



- If territoriality is accepted, issue of jurisdiction is moot : IP-rights are only enforced in the jurisdiction under whose legal system they arose
- Consequence —> unique rule of jurisdiction : courts of the country under whose legal system IP-right was created

IV. The first hurdle : actionability of foreign IP rights



- Courts in the US / UK traditionally attached to the doctrine of territoriality and its consequences
- In England, series of rulings which have, however, discarded the rule of non actionability of foreign IP-rights

IV. The first hurdle : actionability of foreign IP rights



- *Pearce v. Ove Arrup Partnership Ltd v. Others* [1997] 2 WLR 779 : claimant, an architect, was suing for infringement of copyright in architectural drawings. Claimant alleged that a copyright under Dutch law had been infringed by the defendants (i.e. : *i*) a firm of civil engineers established in the UK, which was alleged to have been party to the infringement of the copyright by assisting in the design or construction of a building - the Kunsthall - in Rotterdam) domiciled in the Netherlands and the UK; *ii*) two firms established in the Netherlands) when designing a building in Rotterdam
- Could the English court exercise jurisdiction over a Dutch IP-right?

IV. The first hurdle : actionability of foreign IP rights



- *Pearce v. Ove Arrup Partnership Ltd v. Others* : the Court applied Article 2 of the 44/2001 Regulation (since one of the defendants was established in England) and Article 6(1)
- Judge Lloyd : this jurisdiction could be exercised even though the claim related to an ip-right which had been granted by a foreign State. Deciding otherwise would, according to the judge, « *impair the effectiveness of the Convention by frustrating the operation of the basic rule in Article 2* » → recognition of possibility to decide on foreign IP-rights but only because forced to in order to respect primacy of EU law...

IV. The first hurdle : actionability of foreign IP rights



- This ruling was repeated for foreign patents in later rulings : *Coin Controls Ltd. v. Suzo International (UK) Ltd. and Others*, [1997] 3 All ER 45 and *Fort Dodge Animal Health Ltd and Others v. Akzo Nobel NV and Another*, [1998] FSR 222
- In *Coin Controls*, claimant was the owner of identical UK, German and Spanish patents for a coin-dispensing machine. The defendants, including one domiciled in the UK, were accused of infringement in the countries covered by the patents. The Court held that proceedings for infringement of foreign patents may be brought in England where the UK and foreign patent claims are identical.

IV. The first hurdle : actionability of foreign IP rights



- Evolution in UK courts : non actionability rule abandoned *primarily* because applying it would bring too severe a limitation of the rules of jurisdiction provided by the Brussels I Regulation.
- Does this mean that the non-actionability rule remains valid when the Brussels I Regulation does not apply? In order to answer this question, one must look at the *justifications* given to support the non-actionability rule in other contexts

IV. The first hurdle : actionability of foreign IP rights



- In order to find out why refusal to decide disputes on foreign IP-rights, compare with other situations:
 - I. Can the courts of State A decide on the validity of *corporation* created under the law of State B?
 - II. Can the courts of State A decide on the validity of a *marriage* celebrated by State B?
 - III. Can the courts of State A decide on validity of *transfer of immovable* located in State B?
 - IV. Can the courts of State A decide on the enforcement of a *contract* governed by the law of State B?

IV. The first hurdle : actionability of foreign IP rights



- Compare with:
 - I. French case law which refuses application of Art. 14-15 French Civil Code to disputes relating to foreign immovable – French courts have no jurisdiction in respect of such foreign immovables
 - II. English case law relating to foreign corporation : also non actionable

IV. The first hurdle : actionability of foreign IP rights



- Recent US example : *Voda v. Cordis Corp.* (Court of Appeals, 01.2.2007) : Dr. Jan Voda, a cardiologist who invented and patented a catheter for coronary angioplasty, brought proceedings in the Federal District court for the Western District of Oklahoma against Cordis Corp., a US corporation, alleging that Cordis infringed his U.S. patents. Voda ultimately obtained a large damages award from the trial court based upon Cordis' willful infringement of his U.S. patent. Voda also sought, however, to assert patents on the same invention that he had procured in Britain, Canada, France, and Germany.

IV. The first hurdle : actionability of foreign IP rights



- Jurisdiction of the court (in the sense of 'venue' : territorial jurisdiction) could not be challenged : the plaintiff was a resident of Oklahoma and the defendant was established in Florida
- But *quaere* infringement of the foreign patents?

IV. The first hurdle : actionability of foreign IP rights



- Court of Appeals : no jurisdiction because it is impossible for a US court to exercise jurisdiction over foreign patents...
- Critical review of the arguments used by the court

IV. The first hurdle : actionability of foreign IP rights



- 1st argument : Court reviewed the Paris Convention for the Protection of Industrial Property (1883)
- Although the Convention contains no express provision allocating jurisdiction to hear patent infringement claims, Court finds that one could nonetheless infer a “*general principle*” according to which one jurisdiction should not adjudicate the patents of another → weak argument

IV. The first hurdle : actionability of foreign IP rights

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- 2nd argument : Patents are *territorial* in operation. Therefore no action will lie in Belgium for the infringement in France of a French patent...

IV. The first hurdle : actionability of foreign IP rights



- 2nd argument : Patents are *territorial* in operation. Therefore no action will lie in Belgium for the infringement in France of a French patent...
- Answer : confusion between scope of operation of patent and rules of jurisdiction. Scope of application may be purely territorial, rules of jurisdiction are not necessarily build on territorial concepts (or at least not on same classic concept of territoriality – e.g. rule of jurisdiction based on agreement between parties)

IV. The first hurdle : actionability of foreign IP rights



- 2nd argument : Patents are *territorial* in operation. Therefore no action will lie in Belgium for the infringement in France of a French patent...
- E.g. : French company holds a French patent, alleges that it is infringed by a Belgian company which sells products in France; scope of operation of patent : no difficulty, infringing acts in France; rule of jurisdiction : what if parties agree that the matter should be settled by a Swiss court? → no direct link between scope of operation and rule of jurisdiction

IV. The first hurdle : actionability of foreign IP rights



- 3rd argument : Court also held that *“Permitting our district courts to exercise jurisdiction over infringement claims based on foreign patents in this case would require us to define the legal boundaries of a property right granted by another sovereign and then determine whether there has been a trespass to that right”*
- Argument is in fact that *“assuming jurisdiction over Voda’s foreign patent infringement claims could prejudice the rights of the foreign governments »*

IV. The first hurdle : actionability of foreign IP rights

- Question : could sovereignty of foreign State be breached if courts pass a judgment on a foreign patent (or trademark or utility model, etc.)?
- What is *sovereignty* (comity) – concept of the same nature as territoriality (everybody feels what is at stake, difficult, if not impossible to give a precise definition – open ended concept whose content can vary according to time and opinions of author...)

IV. The first hurdle : actionability of foreign IP rights



- Patent disputes (and other ip-disputes) are in the end *private* disputes between companies or private individuals. They may involve rights which have been sanctioned by a public body. This does not, however, confer on the patent right a dimension of sovereignty
- Will Minister of Foreign Affairs ever react if foreign court passes a judgment on a local IP-right?

IV. The first hurdle : actionability of foreign IP rights



- Compare with:

- I. Can the courts of State A decide on the validity of *corporation* created under the law of State B?
- II. Can the courts of State A decide on the validity of a *marriage* celebrated by State B?
- III. Can the courts of State A decide on validity of *transfer of immovable* located in State B?
- IV. Can the courts of State A decide on the enforcement of a *contract* governed by the law of State B?

IV. The first hurdle : actionability of foreign IP rights



- Argument of sovereignty : certainly a distinction should be made between dispute relating to the *validity* of the foreign IP-right and disputes relating to other aspects (such as infringement or purely contractual disputes where patent is the object of the contract) —> in the first case, argument of sovereignty may be raised, in the other cases, much less relevant

IV. The first hurdle : actionability of foreign IP rights



- Offspring of argument of sovereignty : may court of State A modify the patent register of State B, when it decides a dispute in relation to patent issued by State B and decides that this patent is not valid?
- No infringement of sovereignty : State B decides on its own whether it will respect judgment of State A and adapt its patent register / documents following judgments issued by courts of State A

IV. The first hurdle : actionability of foreign IP rights

- Last argument : Court of Appeals in *Voda v. Cordis* held that « *Patents and the laws that govern them are often described as complex... As such, Cordis U.S. and one of the amicus curiae assert, and Voda does not dispute, that the foreign sovereigns at issue in this case have established specific judges, resources, and procedures to help assure the integrity and consistency of the application of their patent laws. Therefore, exercising jurisdiction over such subject matter could disrupt their foreign procedures*”.

IV. The first hurdle : actionability of foreign IP rights

- Criticism of argument :
 - I. Complexity is certainly inherent to cross-border cases – is it more difficult to appreciate foreign patent law than foreign divorce law? Application of foreign law is nothing new - applying foreign law is always more difficult than applying the home law... Should this mean that courts should never decide disputes which entail the application of foreign law?
 - II. There is a *trend* towards harmonisation of IP-law (at least on the level of general principles)
 - III. Patent litigation is very much *fact intensive*

IV. The first hurdle : actionability of foreign IP rights

- Criticism of argument : in fact, argument of *convenience* and not of *principle*
- If litigation on a bundle of national patents relating to the same invention : passing a judgment on foreign patent will not substantially burden the court, only add some difficulty (because it is true that the scope of protection of patents can be different according to the national law – e.g. literal or broad reading of patent claims). This additional difficulty must be weighed against the benefit of having all disputes between parties adjudicated by one single court (and no *piecemeal* litigation).

IV. The first hurdle : actionability of foreign IP rights

- Overall conclusion :
 - I. In its generality, doctrine of non-actionability of foreign IP-rights cannot be justified; justification only exists for some types of disputes (mainly in relation with validity of IP-rights). Distinction between infringement proceedings and validity issue. When the dispute is not focused on the validity, why should there be a limitation on the possibility for courts to decide disputes relating to non local IP-rights?

IV. The first hurdle : actionability of foreign IP rights

- Overall conclusion :
 - I. Even for disputes in relation with *validity*, arguments in favor of non actionability are more of *convenience* than of principle → hence, non-actionability may be too radical a solution
 - II. Drawbacks of non-actionability pale when compared with advantages offered by rule of actionability (mainly : avoidance of piecemeal litigation). Also : *tailor the rules of jurisdiction* to allocate jurisdiction to the best placed court

Litigating IP-disputes : 2/exclusive jurisdiction

I. Exclusive jurisdiction in general

- Art. 22 Brussels I Regulation confers exclusive jurisdiction (*monopoly* of jurisdiction) in a series of cases (dispute over title to immovables, over the validity of a company, etc.)
- *Rationale* of exclusive jurisdiction:
 - I. Courts designated by article 22 are *best placed* to adjudicate upon dispute (applicable law, proximity with facts underlying dispute)
 - II. Sovereignty issue (States are jaleous...)

I. Exclusive jurisdiction in general

- Monopoly granted by Art. 22 Brussels I Regulation confirms the erosion, if not altogether the disappearance of the old doctrine based on the strict territoriality of proceedings relating to IP, according to which all categories of proceedings relating to an IP-right should exclusively be submitted mentioned above should be submitted to the jurisdiction of the country where the right had been created (see previous session)
- Erosion even more visible since exclusive jurisdiction rule has been established as an exception from general rule based on the domicile of the defendant (Art. 2)

I. Exclusive jurisdiction in general

Monopolies of jurisdiction are effectively protected by a series of measures:

- Choice of court clauses are prohibited (even *after* the dispute has arisen) (art. 23-5° Regulation)
- Duty for the court to verify its jurisdiction *sua sponte* and decline jurisdiction if the case belongs to the exclusive jurisdiction of another court (art. 25 Regulation)
- Duty for the court at enforcement stage to verify application of Article 22 and deny enforcement / recognition in case of violation of Article 22 (art. 35-1° Regulation)

II. Exclusive jurisdiction in IP-disputes

- Art. 22(4) concerns disputes relating to “*registration or validity*” of some IP-rights (i.e. patents, trade marks, designs or similar rights requiring to be deposited or registered)
- Exclusive jurisdiction of the courts of the MS where registration or deposit took place (for European patent applications : since each 'bundle patent' must be thought as an independent fraction of the same European patent, resort to local jurisdiction)
- *Prima facie* : simple rule, allocating exclusive jurisdiction to the MS under whose laws IP-right was created

II. Exclusive jurisdiction in IP-disputes

Other rules of exclusive jurisdiction in IP-matters:

- Art. 55 Regulation 40/94 on Community Trademarks : exclusive jurisdiction of Office for Harmonization in the Internal Market for nullity of a Community Trademark (but art. 92 : Community Trademark courts also have jurisdiction over counterclaims for nullity of a trademark)
- Art. 81 of Regulation 6/2002 on Community designs : Community design courts have exclusive jurisdiction for actions for a declaration of invalidity of Community design and for counterclaims of invalidity of a Community design raised in connection with infringement actions

II. Exclusive jurisdiction in IP-disputes

- Question : what is reach of exclusive jurisdiction under art. 22? What is scope of exclusive jurisdiction of the State under whose laws the IP-right was created?
- First element : ECJ in *Duijnste* (case 288/82) : claim by the bankruptcy liquidator of a Dutch company against the former manager of the company, to *transfer* the patents applied for or granted in 22 countries. These patents covered an invention which the manager had made while employed by the company

II. Exclusive jurisdiction in IP-disputes

- ECJ : the terms 'proceedings concerned with the registration or validity of patents' should not received an interpretation based on the national law of one Member State but should rather be regarded as an « *independent concept intended to have uniform application in all the Contracting States* »

II. Exclusive jurisdiction in IP-disputes

ECJ in *Duijnsteek*:

- The notion of proceedings concerned with registration and validity should cover the “*proceedings relating to the validity, existence or lapse of a patent or an alleged right of priority by reason of an earlier deposit*”
- Court's reasoning is to limit application of Art. 22(4) to cases where there is a direct link with the activities of the intellectual property office as public service.

II. Exclusive jurisdiction in IP-disputes

ECJ in *Duijnsteek*:

- Liquidator's claim did not concern either the validity of the patents, nor the legality of their registration since the outcome of the case depended exclusively on the question whether the manager or the insolvent company was entitled to the patent
- This question should be determined on the basis of the legal relationship between the manager and the company

II. Exclusive jurisdiction in IP-disputes

- Article 22(4) has therefore no application in disputes concerning the *right to a patent* but which must be determined on the basis of a legal relationship between the parties concerned. This is the case *e.g.* for disputes about *ownership* of a patent/trademark (or similar IP-right)
- *e.g.* : disputes relating to the ownership of a right (see Article 9 of the Dutch *Wet uitvindingsoctrooien* or the '*Vindikationsklage*' o § 8 of the German *Patentengesetz*)

II. Exclusive jurisdiction in IP-disputes

- According to Mssrs. Fawcett and Torremans (1st ed., OUP, at p. 61), “A dispute over the ownership of a patent etc. does not concern either the registration of the patent or its validity, as required under Article 16(4) [Article 22(4) of the Regulation]”

II. Exclusive jurisdiction in IP-disputes

Other category of disputes

- *Contractual* disputes relating to patents or trademarks – disputes relating to the contractual arrangements made over a right (e.g. a dispute between a licensee and a licensor on the payment of royalties) : no application of Article 22(4) in this case
- *Infringement* dispute : no difficulty if the dispute relates exclusively to infringement of a right

III. Exclusive jurisdiction in IP-disputes : mixed claims

Difficulty if issue of validity is raised on the occasion of a dispute relating to the (alleged) infringement of a right:

- Either as a *defence* (cannot be addressed separately from plaintiff's main claim)
- Or as a *counterclaim* (is not an integral part of the action initiated by the plaintiff, it is a claim for a separate judgment against the plaintiff; it must be addressed separately as a matter of procedure)

III. Exclusive jurisdiction in IP-disputes : mixed claims

Difficulty exacerbated by difference in language versions of Art. 22(4):

- In the *English version*, exclusive jurisdiction applies to proceedings that are « *concerned with* » validity or another issue for which there exists an exclusive jurisdiction, the other language versions refers to « *proceedings which have as their object. . .* » : English version broader?
- *French version* : « *en matière d'inscription ou de validité des brevets, marques, dessins et modèles, etc.* »

III. Exclusive jurisdiction in IP-disputes : mixed claims

One of the instruments to guarantee enforcement of monopoly of jurisdiction :
duty to examine jurisdiction (Art. 25)

- Duty for the court to examine its jurisdiction *ex officio* / on its own motion and to decline jurisdiction if the dispute belongs to exclusive jurisdiction of another court
- Duty only exists if the dispute is “*principally concerned with a matter*” which falls under exclusive jurisdiction of another court

III. Exclusive jurisdiction in IP-disputes : mixed claims

Article 25 : Duty to examine jurisdiction -
differences between language versions:

- I. French version : « *Le juge d'un Etat membre saisi à titre principal d'un litige pour lequel une juridiction d'un autre Etat membre est exclusivement compétente en vertu de l'article 22, se déclare d'office incompétent* » (not « of a claim which is principally concerned with... », but « is seized as a main claim of a claim over which the courts... »)

III. Exclusive jurisdiction in IP-disputes : mixed claims

Art. 25 : Duty to examine jurisdiction -
differences between language versions:

- I. German version also different (*“Das Gericht eines Mitgliedstaats hat sich von Amts wegen für unzuständig zu erklären, wenn es wegen einer Streitigkeit angerufen wird, für die das Gericht eines anderen Mitgliedstaats aufgrund Artikel 22 ausschliesslich zuständig ist »*)

III. Exclusive jurisdiction in IP-disputes : mixed claims

- Art. 25 : Dutch version also different (“... waarbij een geschil aanhangig is gemaakt met als inzet een vordering waarvoor krachtens artikel 22 een gerecht van een andere lidstaat bij uitsluiting bevoegd is...”)
- Case law of national courts did not follow the same pattern (partially because of difference between language versions of Art. 25)

IV. Review of case law of Member States



- English courts : *broad* view of Article 25 - a court is required to decline jurisdiction whenever the issue of validity is raised, be it as a mere defence to oppose infringement proceedings
- High Court : *Coin Controls v. Suzo International (UK) Ltd. and Ors.*, [1997] 3 All ER 45 - claimant was the owner of identical UK, German and Spanish patents for a coin-dispensing machine; defendants, including one domiciled in the UK, were accused of infringement in the countries covered by the patent - defense of invalidity

IV. Review of case law of Member States



- Coin Controls : (Judge Laddie)
 - I. Principally concerned means 'not arising incidentally' ...
 - II. Defense of invalidity is not incidental, because:
« *something which is a major feature of the litigation is not incidental and is therefore a matter with which the action is principally concerned* »
 - III. Hence, court declines jurisdiction over the invalidity defense *and* the court also declines to rule on infringement of foreign patent because
« *infringement and validity of patents are so closely interrelated that they cannot for jurisdiction purposes be separated* »

IV. Review of case law of Member States



- Fort Dodge : (*Fort Dodge Animal Health Ltd. and Others v. Akzo Nobel N.V.* (1998) IIC vol. 29, 927) : infringement action before Dutch court against (i.a.) 3 English companies; these companies bring proceedings in England seeking revocation of the patent (before the English Patents Court)
- Case concerned primarily request for injunction against Dutch proceedings in that these proceedings dealt with infringement of UK patent
- Court of Appeal : question referred to ECJ, but Court also held that...

IV. Review of case law of Member States



- *Fort Dodge* :
- Court of Appeal confirms view of Judge Laddie, holding that *“when questions of infringement and validity both arise, it is invariably not possible to conclude there is infringement without validity being determined. . . It follows that the split contemplated in the Jenard Report between actions for infringement and proceedings concerned with validity cannot always be made”*

IV. Review of case law of Member States



- *Result of the interpretation adopted by English courts* : broad interpretation of art. 22(4) leads English courts to decline to rule on the validity of the foreign patent, even if only raised as a defence. Courts also refused to decide on the infringement of foreign patent based on the view that infringement and validity are inseparable
- As a consequence, infringement part of the dispute is effectively in limbo (in practice, this part of the dispute is effectively 'frozen')

IV. Review of case law of Member States

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- Could it be that the attitude of English courts is at least in part influenced by the old doctrine of non actionability of foreign ip rights?

IV. Review of case law of Member States



- Dutch courts : another reading of Article 22(4); if the defendant claims the invalidity of a patent as a defence, the issue should be regarded as *incidental* matter which did not affect the court's competence
- This is only different if cancellation proceedings have been initiated in the country of registration. In effect, courts considered that issues of infringement of a patent and validity of the patent were separable

IV. Review of case law of Member States



- German courts : assumed likewise jurisdiction over infringement of a foreign patent even when its validity was challenged in the framework of the infringement action

IV. Review of case law of Member States



- Belgian courts : mixed picture; some courts considered that issues of infringement and validity were inseparable
- *Röhm v. DSM* (Civ. Bruxelles, 12 May 2000, *Röhm v. DSM*, *I.R.D.I.* 2002, 321), claim for a declaration that the European patent held by the defendant was not valid and that further, plaintiff's products did not infringe the said patent. The European patent had been granted for several countries (Belgium, Austria, Sweden, Germany, Denmark etc.) - court takes the view that validity and infringement are not separable

IV. Review of case law of Member States



- *Röhm v. DSM* : the court held that « nu het octrooi voor elk van de verdragsluitende staten waarin het gelding heeft krachtens het Europese Octrooiverdrag moet aanzien worden als een afzonderlijk nationaal octrooi, elke vraag naar inbreuk of niet-inbreuk verknocht is met de vraag naar de geldigheid van het octrooi. . . de enige uitzondering zou voorliggen wanneer eisende partijen uitdrukkelijk zouden stellen de geldigheid niet te betwisten, derwijze dat enkel de inbreuk het voorwerp van het geschil zou uimaken. . . dat er geen inbreuk kan zijn indien het octrooi nietig is; dat dienvolgens de vraag naar de geldigheid van het octrooi noodgedwongen eerst moet onderzocht worden alvorens de rechter de vraag naar inbreuk of declaratie van niet-inbreuk kan onderzoeken »

V. The ECJ : *GAT v LUK*

- ECJ case C-4/03, *GAT (Gesellschaft für Antriebstechnik GmbH & Co. KG)/LuK (Lamellen und Kupplungsbau Beteiligungs KG)*, preliminary ruling by Oberlandesgericht Düsseldorf
- Dispute between two German companies in motor vehicle technology regarding the alleged infringement of French patents. GAT had made an offer to Ford, with a view to winning a contract for the supply of mechanical damper springs. LuK alleged that the springs offered by GAT infringed two French patents which it held.

V. The ECJ : *GAT v LUK*

- The alleged infringer did not wait until the patent holder brought proceedings. GAT sought a *declaration of non infringement* before the Düsseldorf District Court. GAT also alleged that if its products were found to be in violation of the French patents, this should not have any consequence, as the patents were either void or invalid
- Landsgericht held that it had jurisdiction to decide this side issue. At the appeal level, the court, however, referred the question to the ECJ.

V. The ECJ : *GAT v LUK*

- Opinion of AG Geelhoed (in sept. 2004, 2 years before the ruling...). Geelhoed suggested 3 possible readings of Art. 22(4):
 - I. Art. 22(4) only applies where the validity of the patent constitutes the object of the *principal* claim;
 - II. Second reading : the issue of validity and the issue of infringement cannot be separated, hence Art. 22(4) should also apply in infringement proceedings if validity is raised;
 - III. Final reading, only the court of the place of registration has jurisdiction to decide on the validity, other questions fall outside the scope of Art. 22(4)

V. The ECJ : *GAT v LUK*

- ECJ : « *the exclusive jurisdiction provided for by [Article 22(4)] . . . should apply whatever the form of proceedings in which the issue of a patent's validity is raised, be it by way of an action or a plea in objection, at the time the case is brought or at a later stage in the proceedings* ».

V. The ECJ : *GAT v LUK*

- Justification?
 - I. The courts of the MS in which the patent was granted, are best placed to adjudicate upon cases in which the dispute concerns the validity of the patent;
 - II. the risk of « *multiplying the heads of jurisdiction* », which raises the sceptre of inconsistent judgments
 - III. Court also considered and rejected the argument that an incidental decision on invalidity would only have effect *between the parties* and therefore would not be irreconcilable with Article 22(4)

V. The ECJ : *GAT v LUK*

- Criticism? Are the courts of the MS in which the patent was granted, really best placed to adjudicate upon cases in which the dispute concerns the validity of the patent?
 - I. A distinction can be made according to the origin of the patent : a 'purely' national patent does not give rise to the same concerns as national patents stemming from one European patent application.

V. The ECJ : *GAT v LUK*

- Criticism? Are the courts of the MS in which the patent was granted, really best placed ?
 - I. If various '*pure*' national patents (but unlikely that different national patents coexist for the same invention...) : argument that courts of place of registration are better placed to hear validity issue is not unreasonable - if the courts of State A examine the validity of a patent granted by State B, the courts will apply the law of State B. This will be more difficult than applying the *lex fori*
 - II. Bear in mind, however, that patent law follows the *same structure*; application of foreign law is hence not impossible

V. The ECJ : *GAT v LUK*

- Criticism? Are the courts of the MS in which the patent was granted, really best placed?
 - I. If patents at stake are progeny of one single European patent application, argument that courts of MS which granted the patent are better placed, is less convincing
 - II. Validity issue will indeed be governed by the same rules, i.e. rules of the European Patent Convention. It is true that the application of these rules (which are relevant for validity) by national courts may lead to *diverging* results. Fact remains, however, that the rules on which validity argument must be appreciated, are not different for the different versions of the European patent

V. The ECJ : *GAT v LUK*

- Criticism? Are the courts of the MS in which the patent was granted, really best placed?
 - I. Whatever the case (European patent or purely national patent), disputes relating to the validity will in fact turn in fact mostly on technical knowledge which will made up the bulk of the evaluation. This knowledge is not better accessible in the State where the patent was granted. See Kur : « *whether a patent is valid or not depends on a evaluation of the technical state of art at the relevant priority date. To assert that the courts in the country of registration have better access to that knowledge, which is universal by its nature, simply makes no sense* » (A. Kur IIC 7/2006, 844 at p. 848).

V. The ECJ : *GAT v LUK*

- Criticism? Inconsistent judgments? The fear is that if the courts of State A may issue a ruling on the alleged infringement of a patent granted by State B, including on the validity defense, this judgment may come in conflict with a judgment issued by the courts of State B
- Concern for inconsistent judgments is understandable given that Regulation 44/2001 allows for automatic recognition of judgments in all MS (automatic extension of *res judicata* in all States)

V. The ECJ : *GAT v LUK*

- However, isn't risk of inconsistent judgments limited precisely because of *res judicata* effect of judgment issued by the courts of State A? This judgment will bind courts of State B on issue of validity
- Caveat : *res judicata* limited to other disputes between the same parties and same object. Further, is there *res judicata* effect if issue of validity of patent has been dealt with incidentally by courts of State A? But even if technically there is no *res judicata*, it will be difficult for courts of State A to ignore the judgment on validity in future proceedings

V. The ECJ : *GAT v LUK*

- Concern then becomes that if judgment of State A is binding on the courts of State B, infringement proceedings could be used to *circumvent* Art. 22(4)

VI. Patent litigation after *GAT v LUK*

- If a court is only seized of infringement question, it may still issue a cross-border decision (and decide *e.g.* on patents issued in various other countries) – provided it has jurisdiction in respect of the infringement question (*e.g.* based on Art. 5§3)
- As soon as the validity of a foreign patent is put in issue (defense, counter-claim, etc.), Art. 22(4) applies and the court should decline jurisdiction, even if the invalidity issue was only incidental
- No longer possible to make a distinction between the situation where the issue of validity is raised as a *defence* and as a *counterclaim*

VI. Patent litigation after *GAT v LUK*

- Obligation for the court seized of issue of validity of a foreign patent, to decline jurisdiction : only in respect of issue of validity
- Court may continue examination of the proceedings in so far as they concern *local* patent (and deal with infringement *and* validity thereof)
- What happens to infringement proceedings in respect of *foreign* patent? Stay proceedings? Decline jurisdiction? Transfer proceedings?

VI. Patent litigation after *GAT v LUK*

- What happens to infringement proceedings in respect of foreign patent?
- Court may not decline jurisdiction in respect of infringement claim in relation to foreign parent (jurisdiction is still there)
- Court may not transfer proceedings to foreign court in order for the latter to deal with infringement issue together with validity issue – no legal basis for such transfer. If foreign court deals with infringement, it is only if parties have seized it (and it has jurisdiction under the Regulation...)

VI. Patent litigation after *GAT v LUK*

- What happens to infringement proceedings in respect of foreign patent?
- First possibility : *stay* proceedings in respect of infringement claim in relation to foreign patent – impossible to go ahead with the infringement without looking at the validity issue. How the stay should be ordered (e.g. '*renvoi au rôle*' – '*ajournement à une audience ultérieure*'), is a matter for local rules of procedure.
- E.g. *Coin Controls v. Suzo International (UK) Ltd. and Ors.*, [1997] 3 All ER 45 – English court could continue looking at both validity and infringement of UK patent, but could not look at validity of German and Spanish patents and hence stay proceedings on infringement of these patents

VI. Patent litigation after *GAT v LUK*

- Difficulty : if proceedings are stayed until validity issue is resolved by foreign court, this prevents any other infringement proceedings from being brought in court seized of validity issue (*lis alibi pendens*) – and this maybe for years...

VI. Patent litigation after *GAT v LUK*

- Hence, second possibility : plaintiff may request the court to *strike out* the proceedings in relation to infringement of foreign patent (advantage : plaintiff may initiate new infringement proceedings in country where patent registered)
- E.g. *Coin Controls v. Suzo International (UK) Ltd. and Ors.*, [1997] 3 All ER 45 – English court could continue looking at both validity and infringement of UK patent, but could not look at validity of German and Spanish patents and hence strike out proceedings on infringement of these patents

VI. Patent litigation after *GAT v LUK*

- How the court should strike out the proceedings, is a matter for local rules of procedure (e.g. '*désistement d'instance*')
- Strike out and not *dismiss* the proceedings (because if proceedings are dismissed – e.g. '*désistement d'action*' –, difficult for plaintiff to launch new infringement proceedings in country of patent – *res judicata* of dismissal)
- What if defendant resists striking out of proceedings?

VI. Patent litigation after *GAT v LUK*

- Consequences for the court seized of the validity
 - I. What may court seized of infringement proceedings do with the infringement part? No transfer, no declining jurisdiction, stay or strike out
 - II. What may Art. 22(4) court - seized of validity of the IP-right - do? May this court also decide on infringement, once validity issue is cleared?
 - III. It could be that Art. 22(4) court does not have jurisdiction to deal with infringement (e.g. based on art. 5(3))
 - IV. No rule of *ancillary* jurisdiction under Brussels Regulation - court should examine its jurisdiction for each claim separately, and cannot take jurisdiction for 'related actions' (but see suggestion of Prof. Nuyts)

VI. Patent litigation after *GAT v LUK*

- Cross-border infringement proceedings remain possible under the form of request for *declaration of non-infringement* by the alleged infringer, before the court of the patent holder (unlikely that the patent holder will raise validity issue...)

VI. Patent litigation after *GAT v LUK*

- Cross-border proceedings probably also remains possible if court is only seized of a request for *preliminary measures* (e.g. so-called '*kort geding*')
- When ordering provisional measures, court does not indeed need to address issue of validity of foreign patent in details; if the court is satisfied that there is a good case *prima facie* of infringement, court may grant the request after cursory review of the validity issue – which does not bind the court deciding on the merits (see e.g. Court The Hague *Bettacare Holding / H3* 21.09.2006)

VI. Patent litigation after *GAT v LUK*

- *Quaere* whether ECJ's ruling could be read as allowing court seized of infringement proceedings to go ahead with infringement proceedings (both of local patent *and* foreign patent) and to dismiss validity issue on the basis of assumption that patent is valid until a court has found otherwise...
- See HR in *Gat v Luk* (1st ruling) : « *De enkele omstandigheid dat er serieuze aanwijzingen bestaan dat het ingeroepen buitenlandse gedeelte van een Europees octrooi nietig is, behoeft de Nederlandse rechter niet te weerhouden van een oordeel omtrent een gestelde inbreuk op dat octrooi door een partij te wier aanzien [hij] rechtsmacht bezit , nu een eenmaal verleend octrooi geldigheid bezit zolang het niet is nietig verklaard of vernietigd* » (HR 13.07.2006)

VI. Patent litigation after *GAT v LUK*

- *Quaere* whether the court seized of infringement proceedings may examine the *strength* of the validity issue in order to distinguish between genuine validity concerns and abusive validity concerns
- AG Geelhoed made a reference to this argument in his conclusions (at § 46: “*The court judging the infringement can ... deal with the case itself where a defendant acts in bad faith* ») and national courts had already made qualification for bad faith argument of validity (e.g. *Fort Dodge Animal Health et al.* 1998 FSR 222 : “...when there is a bona fide challenge to the validity of a ... patent...”)
- ECJ has, however, not commented on this point in *GAT*...

VI. Patent litigation after *GAT v LUK*

- Abuse of rights : two questions :
 - I. Is there room under the Regulation for doctrine of abuse of jurisdiction? (see ECJ *Chen* and *Centros* where the Court does not exclude the possibility of a doctrine of abuse of right – but these cases concerned abuse of a substantive right, not abuse of a rule of jurisdiction; *comp.* however with *Gasser* where the ECJ excluded abuse of right from Regulation...)

VI. Patent litigation after *GAT v LUK*

- Is there room under the Regulation for doctrine of abuse of jurisdiction? One thing is sure : one cannot argue that abuse of right is a purely procedural matter, not dealt with by the Regulation and that Member States hence enjoy complete freedom to regulate this issue
- *If* a caveat is made for abuse of right, it should be made on a European level

VI. Patent litigation after *GAT v LUK*

- *Abuse of right*
 - I. Second question : when is there abuse? Is it enough e.g. that the defendant (alleged infringer) has never raised the issue of validity during discussions between parties before the patent holder issued proceedings? Is it enough that the alleged infringer did not raise the validity issue in first instance, but only in appeal? What if the defendant merely alleges that there is an issue of 'validity' but does not substantiate the argument?

VI. Patent litigation after *GAT v LUK*

- *When is there abuse of right ? Can we say there is abuse if the defendant raises the question of invalidity at a very late stage? Should the court then look at whether the patent is 'prima facie' valid? It is possible to determine whether by all appearances a patent is valid? What if the defendant has already recognized expressly or impliedly the validity of the patent (or trademark/design) - e.g. because the dispute involves a parallel importer or the existence or scope of a license?*
- Could court of a MS use national rule of procedure to bar a defendant from relying on the invalidity, because for example this argument has been raised at a late stage?

VI. Patent litigation after *GAT v LUK*

- The 'Swiss' solution?
- *Eurojob SA v Eurojob AG* (Handelsgericht Zurich, 23.10.2006) : Swiss court stayed its proceedings because defendant had raised the issue of validity of a EU trademark. However, the court also indicated to defendant that it should bring proceedings regarding the validity (or lack thereof) of the trademark before the OHIM in Alicante within a certain time limit – 6 weeks – otherwise, court would continue to hear the infringement claim

VI. Patent litigation after *GAT v LUK*

- The 'Swiss' solution? Question : what if defendant fails to bring proceedings or does not pursue these proceedings? Can the Swiss court resume its proceedings or does Art. 22(4) still prevents the court from hearing the infringement claim (is there a denial of justice in that case?)
- Is it feasible to impose to defendant raising the validity issue to bring validity proceedings in all MS concerned (in *Eurojob*, defendant only had to bring validity proceedings before OHIM in Alicante – what if dispute concerns 8 different national versions of same patent?)

VI. Patent litigation after *GAT v LUK*

- In practice – the 'test' solution
 - I. Court of country A seized of infringement proceedings in relation to patent of country A, B and C, must decline jurisdiction over validity issue in relation to patents of B & C, this may also impact infringement of patents of B & C
 - II. Patent holder decides to pursue proceedings over patent A (both validity and infringement) in A, in order to obtain a 'test judgement' → decision used in other countries?

VI. Patent litigation after *GAT v LUK*

- In practice – the 'test' solution
 - I. May decision obtained in country A be used as *res judicata* in other countries, dealing with infringement of other national patents?
 - II. May decision obtained in country A be used in order to form the basis for settlement discussions with patent infringer?

VI. Patent litigation after *GAT v LUK*

- In practice – drawbacks of the 'test' solution
 - I. Level of protection of patent holder is reduced – only obtains *direct* protection for local patent – infringement of foreign patents is put on hold, sometimes for long
 - II. Discussions on settlement could be protracted and sometimes not reasonable to engage in settlement discussions even if based on a positive ruling obtained in 'test' country (if infringement is clear – *mala fide* infringer)

VI. Patent litigation after *GAT v LUK*

- Alternative solution : the CLIP-solution
- Add a new proviso in Art. 22(4) : *“The provisions under lit. (a) do not apply where validity or registration arises in a context other than by principal claim or counterclaim. The decisions resulting from such proceedings do not affect the validity or registration of those rights as against third parties »*

VI. Patent litigation after *GAT v LUK*

Alternative solution : the ALI solution

- § 213 of the ALI project provides that
 - I. « (2) Except as provided in subsection (3), a proceeding brought to obtain a declaration of the invalidity of a registered right may be brought only in the State of registration »
 - II. « (3) An action to declare the invalidity of the registration of rights arising in multiple States may be brought in the State or States in which the defendant is resident, but the effect of the judgment on rights registered in States other than the forum will be limited to the parties to the action »

VI. Patent litigation after *GAT v LUK*

Alternative solution : the merits of the CLIP / ALI-solution

- Practical consequences of the limitation of the effects of the decision of the court : is it realistic to provide that the decision of the court seized of the infringement, on the validity, will be limited *inter partes*? The rationale is that this limitation will avoid that the court seized of the infringement will encroach upon the exclusive domain of the court having jurisdiction under Art. 22(4). But in practice, will this court not in any case be tempted to take into account the decision on (in-)validity?

VI. Patent litigation after *GAT v LUK*

- Ruling of ECJ in *GAT v Luk* does not affect litigation of other IP-rights
- Community Trade Mark and Community Design Regulation allow court seized of infringement, to rule on the validity or revocation of the right (art. 96(1° Community Trade Mark Regulation and art. 83 Community Design Regulation)
- Proviso : *i)* court seized of infringement must inform relevant Community Office and *ii)* court may (discretion) stay the proceedings (but then : require the defendant to submit and application for declaration of invalidity to the Office)

Litigating IP-disputes : 3/Consolidation of complex disputes

I. Why and when consolidate?

- Classic scenario : plaintiff brings proceedings against several defendants who are allegedly involved in the infringement of one or several patent
- E.g. *Coin Controls v. Suzo Int. (UK) Ltd* [1997] FSR 660 – High Court of Justice, Judge Laddie : action by the holder of identical national (UK, Germany and Spain) patents against multiple defendants - an English company which sold the product in England; a Dutch company which made the products; a Spanish company which sold the products in England, Spain and Germany and a German company which sold the products in Germany

I. Why and when consolidate?

- Reverse scenario : plaintiff brings proceedings requesting a declaration of non infringement against several defendants, each holding a national patent for a similar product
- Yet other scenario : several plaintiffs (same corporate group) bring proceedings against several defendants (same corporate group or not)

I. Why and when consolidate?

- Other scenario '*single defendant cases*' but multiple infringements committed by the same infringer, consolidation is also necessary

I. Why and when consolidate?

- Why consolidate?
 - Procedural economy (IP-disputes are fact-intensive, why let several judges study the file?)
 - Fear of inconsistent judgments

I. Why and when consolidate?

- Basic rule : domicile of the defendant (art. 2 Reg. 44/2001)
- Is consolidation possible?
- Art. 2 basis for consolidation if single defendant and multiple infringement
- What about multiple defendants cases?

II. Art. 6 in general as a basis for consolidation

- Art. 6 Brussels I Regulation deals with various cases of *complex* jurisdiction
- Four cases of complex jurisdiction:
 - I. Multiple defendants
 - II. Third party proceedings (action on a warranty or guarantee)
 - III. Counter-claim
 - IV. Action relating to a contract may be combined with an action relating to rights *in rem* in an immovable property located in the same country

II. Art. 6 in general as a basis for consolidation

- *Rationale* of Article 6 Brussels : avoid piecemeal litigation
- Art. 6 attempts to strike a balance between procedural economy (*one* set of proceedings) and preserving other rules of jurisdiction (mainly domiciliary principle – art. 2) by allowing *consolidation* in some cases and provided some requirements are met
e.g. in case of third party proceedings, third party may be called in guarantee “*unless [the third party proceedings] were instituted solely with the object of removing him from the jurisdiction of the court which would be competent in his case* »

III. Multiple defendants in cross-border IP litigation

- In '*multiple defendants cases*' (several defendants are allegedly liable for the infringement) : art. 6(1) offers only possibility to consolidate

III. Multiple defendants in cross-border IP litigation

- Art. 6(1) : plaintiff may elect to bring proceedings before the court of the *domicile of one of the defendants*
- No possibility to use art. 6(1) and bring proceedings before the court of the place of the harmful event or any other court
- No other possibility to consolidate claims before the same court – Brussels I Regulation does not provide for a '*related action*' mechanism (related actions : art. 28 only allows a *negative* consolidation)

III. Multiple defendants in cross-border IP litigation

- Temptation of art. 6(1) : plaintiff brings proceedings before the courts of the domicile of one of the defendants at his choice (e.g. plaintiff brings an action in contract against defendant A and an action in tort, which is totally unrelated to the first action, against defendant B...). If this were possible, it is obvious that Art. 6(1) could lead to abuses or at least surprising results

III. Multiple defendants in cross-border IP litigation

- Hence requirement in Art. 6(1) : there must be a connection between the various claims.
- At first requirement did not appear in the 1968 Brussels Convention. Requirement was added by ECJ in *Kalfelis* - action in contract and in tort by an investor against a German bank and a Lxbug bank following loss incurred on investment.

III. Multiple defendants in cross-border IP litigation

- ECJ in *Kalfelis* : “The principle laid down in the Convention is that jurisdiction is vested in the courts of the State of the defendant's domicile and that the jurisdiction provided for in Art. 6 (1) is an exception to that principle. It follows that an exception of that kind must be treated in such a manner that there is no possibility of the very existence of that principle being called in question. That possibility might arise if a plaintiff were at liberty to make a claim against a number of defendants with the sole object of ousting the jurisdiction of the courts of the State where one of the defendants is domiciled »

III. Multiple defendants in cross-border IP litigation

- Holding of ECJ in *Kalfelis* : “there must be a connection between the claims made against each of the defendants »
- Requirement is now as follows in the text : « *provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings* » (test is inspired by Art. 28 - related actions)

III. Multiple defendants in cross-border IP litigation

- Existence of a sufficient connection between various claims is linked to “*risk of irreconcilable judgments resulting from separate proceedings*”
- When is there a risk of inconsistent judgments

III. Multiple defendants in cross-border IP litigation

- There are in fact two versions of the test of irreconcilable judgments in the Regulation :
 - I. Strict version – judgments are irreconcilable if they contain mutually exclusive legal consequences (e.g. proceedings 1 : contract is void and proceedings 2 : contract must be performed)

III. Multiple defendants in cross-border IP litigation

- Broad version – (accepted by ECJ in *Tatry* in 1994 for application of Article 28 (3) - related actions) : judgments are irreconcilable if “separate trial and judgment would involve the risk of conflicting decisions, without necessarily involving the risk of giving rise to mutually exclusive legal consequences » (e.g. in proceedings 1, A is ordered to pay 150 and in proceedings 2, B is ordered to pay 50)

III. Multiple defendants in cross-border IP litigation

- Question : when is there a sufficient connection in IP-disputes?
- Various angles to consider the requirement of a connection : whether or not there is a link, can be looked at from two perspectives

III. Multiple defendants in cross-border IP litigation

- Focus on the link between the defendants (e.g. is there a common action of the defendants as joint tortfeasors? One company manufactures the products, the other sells them; it would be different in case of a chain of separate acts of distribution, with each link acting independently, e.g. purchaser A in country X buying from seller B in country Y, which bought from seller P in country Z)

III. Multiple defendants in cross-border IP litigation

- Focus on the link between the various claims :
 - I. One patent, various tortfeasors (manufacturer and distributor of products which allegedly infringe the same patent)
 - II. One patent, various tortfeasors acting independently (companies not part of the same group, each one of them manufacturing products which are said to infringe the patent)
 - III. Claim based on the existence of several independent national patents (company A alleges that company B infringes its German patent in Germany and its Belgian patent in Belgium)

III. Multiple defendants in cross-border IP litigation

- Courts of various Member States have adopted different readings of Article 6(1) and in particular of the *Kalfelis* proviso when dealing with IP disputes
- Some courts have shown a greater willingness than other courts to accept jurisdiction based on Article 6(1)
- Discussion focused specifically on proceedings relating to national versions of the same European patent

III. Multiple defendants in cross-border IP litigation

- *Fort Dodge* (C.A. England 1997) : A Dutch company, Akzo Nobel BV owned a basket of patents, all derived from an application prosecuted through the EPO relating to canine vaccines. In particular it had Dutch and United Kingdom patents which were to all intents and purposes identical. Akzo brought proceedings against a group of companies (Fort Dodge – companies from the UK, Netherlands and various other countries) which was also making and selling canine vaccines.

III. Multiple defendants in cross-border IP litigation

- *Fort Dodge* (C.A. England 1997) : Akzo brought *ex parte* application before Dutch courts, seeking relief against Fort Dodge for infringement of its Dutch patent in the Netherlands and its English patent in the UK
- Fort Dodge brought proceedings in England before the Patents Court in England to revoke Akzo's UK patent

III. Multiple defendants in cross-border IP litigation

- Question : is there a sufficient connection between the various claims to justify application of Article 6(1)?
Court of Appeal considers that there is no sufficient connection.

III. Multiple defendants in cross-border IP litigation

- According to the Court, action relating to a UK patent and a Dutch patent are « *actions relating to two different national rights. True they stem from the same patent application and similar rules of construction will be applicable, but the rights given by those patents are national rights limited in territory to the State in which they are registered and the ambit of the monopolies will not necessarily be the same as amendment is possible. There is no risk of irreconcilable judgments because a judgment on infringement in the UK will depend upon a national right having effect only in the UK. The same applies to a judgment on the Dutch patent* ».

III. Multiple defendants in cross-border IP litigation

- Dutch courts at first more sensitive to the need to concentrate proceedings before one court and thus holding that the fact that the various national patents originate from one European patent application constitutes as such a sufficient connection (*Chiron Corp. v. Akzo Pharma Organon Technika-UBI*)
- Court of Appeal of The Hague refined its case law in *Expandable Grafts v. Boston Scientific* (1998)

III. Multiple defendants in cross-border IP litigation

- Expandable Grafts : Court held that in principle, there is no connection between the claims since factual and legal identity between the various claims is not sufficient to confer the required degree of connection under Article 6(1)

III. Multiple defendants in cross-border IP litigation

- However, if the defendants are part of the same group of companies and are acting together on the basis of a common policy and the alleged infringing acts of the various defendants are the same or virtually the same, the court of the place where the policy originates can exercise jurisdiction over all defendants (*'spider in the web'*). Court should therefore look for the relevant head office / decision making centre of the group of companies

III. Multiple defendants in cross-border IP litigation

- *Expandable Grafts* :
 - I. *Pro* : bold interpretation of Art. 6(1), in line with how patent portfolio's are managed today (compare with the 'old fashioned' approach of Regulation, still based on the 'domicile' of companies...)
 - II. *Con* : sometimes difficult for the court to identify the spider in the web; *quaere* if there is no real spider?

III. Multiple defendants in cross-border IP litigation

- The spider of the web doctrine was later expanded (in the *Eka Chemicals AB v. Nalco Europe* case) : the court held that the Dutch company does not need to be the 'head spider'. It is sufficient that it controls the European subsidiaries (even if it is controlled by the US parent company)

III. Multiple defendants in cross-border IP litigation

- ECJ in *Roche v. Primus* (2006) :
 - I. Primus and Goldenberg, two American scientists, bring proceedings in the Netherlands against 9 companies of the Roche group (among which Roche BV) alleging infringement of a European patent (covering immuno-assay kits...)
 - II. Application of Article 6(1)? Is there a risk of irreconcilable judgments?

II. Multiple defendants in cross-border IP litigation

- ECJ : « no risk of irreconcilable decisions being given in European patent infringement proceedings brought in different Contracting States involving a number of defendants domiciled in those States in respect of acts committed in their territory »
- Why? Because « In order that decisions may be regarded as contradictory, it is not sufficient that there be a divergence in the outcome of the dispute, but that divergence must also arise in the context of the same situation of law and fact »

III. Multiple defendants in cross-border IP litigation

- And : « in the case of European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States, the existence of the same situation of fact cannot be inferred, since the defendants are different and the infringements they are accused of, committed in different Contracting States, are not the same »

III. Multiple defendants in cross-border IP litigation

- ECJ further points to the fact that patents originating from EPO patent application are « governed by the national law of each of the Contracting States for which it has been granted » (ECJ refers to Art. 64(3) of the Munich Convention according to which any action for infringement of a European patent must be examined in the light of the relevant national law in force in each of the States for which it has been granted)

III. Multiple defendants in cross-border IP litigation

- Conclusion : « Any diverging decisions could not, therefore, be treated as contradictory »
- ECJ adds that the fact that defendant companies belong to the same group and have acted in an identical or similar manner in accordance with a common policy elaborated by one of them does not influence outcome, because *i)* the legal situation would still be different, so divergences would not amount to contradiction, and *ii)* Court fears difficulty of application in practice of the 'spider in the web' test

II. Multiple defendants in cross-border IP litigation

- ECJ : refers to the « predictability of the rules of jurisdiction » and the « principle of legal certainty » which could be undermined. Court favours protection of defendant above considerations of procedural economy
- Lesson to be drawn from *Roche* : it is clear that ruling of ECJ applies also to infringement of national patents (risk of irreconcilable decisions is even weaker, at least if one adopts the ECJ's reading of this test).

III. Multiple defendants in cross-border IP litigation

- Aftermath of Roche : exercise of cross-border jurisdiction over multiple defendants still possible? Court seems to have closed the door to application of Art. 6(1) to patent infringement proceedings (ECJ went further than rejecting the 'spider in the web' doctrine; it took away possibility to apply Art. 6(1) altogether in case of infringement by multiple defendants)
- Consequence : piecemeal litigation (reinforcing the consequences of *GAT v LuK*) and making it difficult to consolidate proceedings / issue a joinder of claims

III. Multiple defendants in cross-border IP litigation

- Aftermath of Roche : it may still be possible to use Art. 6(1) and join several defendants before the domicile of the 'head-defendant' if the role of company at the center of the web is not limited to decision-making, but also involves acts of infringement (such as shipping the products to its subsidiaries) since in that case the 'spider' is also personally liable for the infringement jointly with the national subsidiaries

III. Multiple defendants in cross-border IP litigation

- Aftermath of Roche : Düsseldorf District court has held that there is a “close connection” between defendants who committed the alleged patent infringement *in complicity* (One member of the board of directors of an English company is domiciled in Germany. The directors and the English company can be sued for an alleged infringement of the U.K. and the German part of EP either before an English or German court)

III. Multiple defendants in cross-border IP litigation

- Evaluation of *Roche* : is reasoning of the ECJ convincing? Is there indeed no risk of irreconcilable judgments if courts of different MS rule on national version of the same patent application?
- Undeniable that in the spider in the web situation, the factual situation is the same (affiliated companies act according to a common strategy devised by one central office)

III. Multiple defendants in cross-border IP litigation

- What about legal divergences? European patents are indeed subject to the law of the country for which they are granted, but these laws are not fully autonomous instruments. Contracting States must comply with the content of the EPC. For patent infringements, see art. 69 EPC and Protocol guiding application
- AG had been more nuanced and argued that art. 69 only concerned the content of the patents and does not affect the legal scope of the claims

III. Multiple defendants in cross-border IP litigation

- Art. 69-1° : “The extent of the protection conferred by a European patent or a European patent application shall be determined by the terms of the claims. Nevertheless, the description and drawings shall be used to interpret the claims
- In fact, even though national law will come into play to a certain extent, the legal assessment of what constitutes the object of the alleged infringement will be the same in all MS

III. Multiple defendants in cross-border IP litigation

- Conclusion : it can be regretted that the ECJ has given priority to strict application of domiciliary principle over and above considerations of procedural efficiency (consolidation). Spider in the web doctrine seemed a balanced and pragmatic approach to multiple defendants litigation (even though it does generate a certain amount of uncertainty)

Litigating IP-disputes : suing at the place of infringement

I. Introduction

- Basic rule under the Brussels I Regulation : court of the domicile of the *defendant* (art. 2)
- *Rationale* : defendant must be protected since has not asked to be bothered by court proceedings... (disputed : is there a 'natural' defendant?)
- This rule is of a *general nature* (no limit as to the nature of the dispute – *caveat* : exclusive jurisdiction)

I. Introduction : the jurisdictional landscape in Europe

- ECJ has always attempted to preserve prevalence of Art. 2 (interpretation of other rules of jurisdiction should not go too far to avoid putting domiciliary principle at risk)
- Specific definition of the domicile of a natural / legal person (artt. 59/60 Regulation)

I. Introduction : the jurisdictional landscape in Europe

- Plaintiff may not want to bring proceedings before the defendant's court – which would give the latter a 'home court' advantage
- Brussels I Regulation also offers other possibilities in terms of jurisdiction

I. Introduction : the jurisdictional landscape in Europe

- Besides Art. 2, the Brussels I Regulation also provides for other rules of jurisdiction :
 - I. Rules of exclusive jurisdiction (art. 22 – specifically art. 22(4) relating to patents, trade marks, designs and similar rights)
 - II. Article 23 : possibility for parties to decide which court has jurisdiction (limited use in patent disputes; potential role in IP-contracts)
 - III. Rule aimed at avoiding splitting up of disputes (art. 6 : multiple defendants)

I. Introduction : the jurisdictional landscape in Europe

- **Article 5 of the Brussels I Regulation (44/2001)**
 - I.* *Optional* rule of jurisdiction : exists next to article 2, at the option of the plaintiff (“may *also* be sued . . .”)
 - II.* Article 5 aims at specific disputes : several headings (contracts, torts, maintenance, etc.)
 - III.* *Rationale* of Article 5 : jurisdiction granted to a court with a close link to the dispute (e.g. in contractual matters, jurisdiction granted to the court of the place where the contract was or should have been performed)

I. Introduction : the jurisdictional landscape in Europe

- Art. 5 (3) Brussels I Regulation (and Lugano Convention) : possibility to sue at the place of infringement?
- Art. 5(3) : proceedings may be brought « ... *in matters relating to tort, delict and quasi-delict, in the courts for the place where the harmful event occurred or may occur*”

I. Introduction : the jurisdictional landscape in Europe

- Next to the Brussels I Regulation, specific rules of jurisdiction in particular instruments which could help reach the same result, *e.g.* :
 - I. Art. 93(5) Regulation 40/94 on Community Trade Mark : proceedings may be brought « in the court of the Member State in which the act of infringement has been committed or threatened »
 - II. Art. 82(5) Regulation 6/2002 on Community Designs

II. Article 5(3) : jurisdiction over matters relating to a delict

- Scope of application
 - I. Aims at disputes relating to torts (very wide)
 - II. *Autonomous* meaning of the phrase (ECJ, *Kalfelis v. Bankhaus Schröder Münchmeyer Hengst & Co*, case 189/87, ECR [1988] 5565). Article 5(3) should not be confined to case where there is an action “in tort” under national law

II. Article 5(3) : scope of application

- e.g. an action brought by a shareholder against the directors of a company, claiming the directors have acted in violation of their duty of care or any other fiduciary duty owed to the company, may be, as a matter of national law, subject to a specific regime put in place by rules of corporate law, so that it is seen, again as a matter of national law, as *not in tort*. For the purposes of Art. 5(3), one should, however, disregard the characterisation given by national law

II. Article 5(3) : scope of application

- General definition given by the ECJ : “*all actions seeking to establish the liability of the defendant and which are not related to a contract in the meaning of article 5(1)*”
- Mutual exclusivity : it is necessary to determine *first* whether the claim made relates to a contract according to the autonomous meaning of Article 5(1); it is only if this is not the case that one may examine whether the claim falls under Art. 5(3)

II. Art. 5(3) : scope of application

- If infringement issue put forward while there is a contractual relationship between parties (rare occurrence), application of art. 5(3°)?

II. Article 5(3) : scope of application

- Still some uncertainty on the exact scope of Art. 5(3)^o e.g. quid of a *pauliana*? Quid of pre-contractual liability?
- But greater number of IP-disputes clearly fall under Article 5(3). In fact, disputes relating to IP-rights and specifically in infringement cases: ‘breeding ground’ for actions based on tort
- Only exception : contracts relating to IP-rights (license, etc.)

II. Article 5(3) : SCOPE of application

- No doubt that Art. 5(3) may be used if claims seeks to establish liability for personal injury or damage to physical property but also for damage to *intangible* property (e.g. reputation – IP rights)
- At one point doubted whether Art. 5(3) could be used in action to *prevent* threatened infringement (original version of Art. 5(3) referred to courts for the place where the harmful event “has occurred”)

II. Article 5(3) : scope of application

- ECJ in *Henkel* (C-167/00, § 46) has made clear that art. 5(3) could be used for preventive action (according to ECJ, the rationale of art. 5(3) is «*equally relevant whether the dispute concerns compensation for damage which has already occurred or relates to an action seeking to prevent the occurrence of damage* »)
- Wording of Art. 5(3) adapted in the Regulation to make clear that this provision can also be applied to prevent future harm (“ . . . *where the harmful event occurred or may occur* . . .”)

II. Article 5(3) : scope of application

- Logic consequence of application of Art. 5(3) to preventive action : art. 5(3) may also be relied on when an action is brought, not for damages (*i.e.* monetary compensation), but also for *injunctive relief* (by definition, preventive action cannot seek compensation for damage which has not yet occurred)

II. Article 5(3) : scope of application

- *e.g.* ECJ, 1 October 2002, *Verein für Konsumenteninformation v. Karl Heinz Henkel*, case C-167/00 : Austrian consumers association brings proceedings against a German businessman who organized ‘commercial day-trips’ and thereby used contracts that contained clauses unfair for the consumers. The businessman claimed that Art. 5(3) did not apply since there was no damage in Austria.

II. Article 5(3) : scope of application

- *e.g.* ECJ, 1 October 2002, *Verein für Konsumenteninformation v. Karl Heinz Henkel*:
ECJ : the association and the businessman had not entered into a contract. The businessman may have concluded some contracts with the consumers, but not directly with the plaintiff. The association actually acted based on a special legislation which granted it the right to sue in the name of consumers. The Court concluded that Art. 5(3) not only covers actions where damages for individual damage is sought, but also collective actions where a ‘collective’ damage is complained of

II. Article 5(3) : scope of application

- Application of art. 5(3) to IP-disputes:
 - I. No doubt about application to claim for damages as a compensation for the economic harm caused by infringement
 - II. Claims directly related to claim for compensation (e.g. claim for accounting) : also covered

II. Article 5(3) : scope of application

- Application of art. 5(3) to IP-disputes:
 - I. *Quaere* action for restitution of profits obtained through infringement? Liability of defendant is still the starting point of such claim – application of art. 5(3) warranted
 - II. *Quaere* application of Article 5(3) in case of 'contributory' infringement? (manufacture / sale by a company of part of a product under a patent, with the knowledge that such component has been especially made for use in the infringement of a patented invention)

II. Art. 5(3) : scope of application

- What about application of art. 5(3) to *non-infringement actions*? i.e. action by which a plaintiff seeks to establish that no infringement has been committed (declarative action)?
- Such actions have been used in litigation strategy (e.g. so-called torpedo's)
- See hereunder for treatment of this question

III. Article 5(3) : interpretation

- As an exception to the domiciliary rule (*i.e.* Article 2 of the Regulation), Art. 5(3) may not be construed too *broadly*
- According to the ECJ, provisions which allow a defendant to be sued, against his will, in a member state other than that of his domicile, must be construed *narrowly* (ECJ, *Kalfelis v. Bankhaus Schröder Münchmeyer Hengst & Co*, case 189/87, ECR [1988] 5565)

III. Article 5(3) : interpretation

- Consequence of the narrow interpretation by the ECJ :
no accessory jurisdiction
—> if a court has jurisdiction under Art. 5(3), it may not on that basis also rule on a contractual aspect of the claim

III. Article 5(3) : interpretation

- Narrow interpretation does not mean that art. 5(3) is 'toothless' : when it is applicable, one can use all the possibilities of art. 5(3):
 - I. Application of Article 5(3) even in case of *denial of infringement* : denial of the existence of a tort does not deprive the court from its jurisdiction. It would be too easy for the defendant to escape the jurisdiction of the courts under Article 5(3) by arguing that there is in fact no infringement. It is up to the court having jurisdiction under Article 5(3) to decide whether it has jurisdiction

III. Art. 5(3) : interpretation

- *When it is applicable, one can use all the possibilities of art. 5(3):*
 - I. Article 5(3) can also be applied to *culpable inaction* by a defendant (although in that case it may not always be easy to locate the place of the harmful event : enquire where the action should have been taken)
 - II. Art. 5(3) can also be applied to prevent future harm (wording adapted : “ . . . *where the harmful event occurred or may occur . . .*”)

IV. Art. 5(3) : which court has jurisdiction?

- Art. 5(3) refers to the courts of the country “where the harmful event took place”
- In most cases, the application of Article 5(3) does not raise difficulty:
 - e.g.* a Belgian pedestrian is knocked over by a car driven by an Italian citizen in Trier (Germany) and treated in a hospital in Trier : there is no doubt that the harmful event occurred in Germany.
 - e.g.* a fire destroys somebody’s house in Paris, the fire has been set by a pedestrian recklessly throwing his cigarette bud. The pedestrian is a US citizen residing in Belgium.
Harmful event : France

IV. Art. 5(3) : which court has jurisdiction?

- Place of the “harmful event” : very wide concept, what could it mean in the IP-context?
- Can inspiration be found in specific provisions applicable to some IP-rights? See Art. 93(5) Community Trade Mark Regulation 40/94 and Art. 82(5) of the Community Design Regulation 6/2002, which refer to the place where “the act of infringement has been committed or threatened”

IV. Art. 5(3) : which court has jurisdiction?

- If that reading is followed, art. 5(3) would have to be read as leading to the court of the place of infringement
- Application of Article 5(3) would not raise specific problems if place of infringement can be easily localized
- e.g. registration of a domain name using a trademark belonging to another company : if company B, established in the Netherlands, registers a domain name '*Trademark.be*' with the competent authorities (Belgian DNS), where can the company Trademark, a company established in Belgium, bring proceedings? (Brussels, 4 December 2004, *J.T.*, 2005, 338)

IV. Art. 5(3) : which court has jurisdiction?

- However, in many cases, place of infringement can be either difficult to localize (e.g. infringement on line) or not limited to one single place (e.g. for trademark, infringement is the reproduction, use or dissemination of the right – what if all 3 elements take place in different countries?)
- Further, is the place of infringement the only relevant element to determine jurisdiction under Art. 5(3)?

V. Art. 5(3) : application in complex cases

- Hence, need to look closely at art. 5(3) in complex infringement cases
- Application of Art. 5(3) raises difficulty if:
 - Harmful event cannot be easily localized
 - There are several harmful events (or harmful event is a sequence of events)
 - Can I also sue at the place where the damage occurs?
 - Can I bring an action for a declaration that there is no infringement?

V(1).What if place of harmful event cannot be easily localized?

- Place of harmful/causal event : what is it in relation to infringement of an IP-right?
- ECJ : it is the place « *at the origin of that damage* » (ECJ, Bier, § 25)
- In most cases, this will be the place where the infringement is committed
- In some cases, the infringement can easily be identified and localized (e.g. French company produces in France a product which it sells in France, and allegedly infringes French patent held by a Swiss company)

V(1).What if place of harmful event cannot be easily localized?

- Place of harmful/causal event : more difficult in the causal event is not a material/physical fact
- What if *e.g.* causal event is an oral declaration, made on the telephone?

V(1).What if place of harmful event cannot be easily localized?

- See case of *Alfred Dunhill Ltd. v. Diffusion Internationale de Maroquinerie*, [2002] I.L.Pr 13 (QB, 1 February 2001) : Dunhill, an English company enters into contracts for manufacture and supply of travel goods, to be distributed under its brand name, with French company. French company procures fabric for the travel goods from an Italian company. The fabric proved to be unsuitable, and Dunhill brought proceedings in England for rescission of the supply contract and damages, alleging that misrepresentations had been made as to the quality of the fabric. Dunhill argues that there is jurisdiction under Art. 5(3) in England because alleged misrepresentations as to the quality of the fabric were made by telephone or fax from Italy or France and received in England (with one face to face meeting in Italy)

V(1).What if place of harmful event cannot be easily localized?

- In *Dunhill*, the court held that the event that caused the harm for the purposes of Article 5(3) was the *making of misrepresentations* in Italy and France
- According to the court, the place where the harmful event occurred was where the misstatement *originated*. It was there that the negligence, if not every element of the tort, was likely to have taken place and for that and other reasons the place from which the misstatement was put into circulation was as good a place to found jurisdiction as the place where the misstatement was acted on, even if receipt and reliance were essential parts of the tort

V(1).What if place of harmful event cannot be easily localized?

- The *Dunhill* case illustrates
 - The difficulty of localizing the causal event when the event is immaterial / non-physical
 - The temptation of a national court to rely on the applicable law (in this case the *lex fori*) in order to identify the relevant elements of the tort (causal event) and localize them

V(1).What if place of harmful event cannot be easily localized?

- ECJ has, however, stressed that the law applicable to the tort is not relevant at all when applying Art. 5(3)
- See *Shevill* case : in a case of defamation, it was argued that the place of the causal event could only be the place where the newspaper was communicated to the public, since this was a crucial element for the existence of defamation under English law
- ECJ : no relevance at all, clear separation between issue of jurisdiction and issue of applicable law; elements of Art. 5 (3) should be determined autonomously (§ 40)

V(1).What if place of harmful event cannot be easily localized?

- It remains that in some case, it will be very difficult, if not impossible to localize the place of the causal event
- Two series of cases where it is difficult to localize the place of the causal event
 - Cases where the infringement is in fact a sequence of events taking place in different countries (so-called 'multi-events tort')
 - Cases involving infringement *on line*

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V(1).What if place of harmful event cannot be easily localized?

- Cases where the infringement is in fact a *sequence of events* taking place in different countries
- In most cases, infringement of an IP-right will be made out of several steps : e.g. copying a patent protected work, producing the infringing product, advertising and selling the product, etc.
- If the various constituting steps take place in one single jurisdiction, no difficulty of international jurisdiction
- Difficulty arises in cases where there is multi-State dissemination of the various infringing steps

V(1).What if place of harmful event cannot be easily localized?

- e.g. what if the allegedly infringing product was made in Spain and then imported in Belgium? What if the infringing product is designed and produced in Italy, but displayed at a trade show in Belgium? Would this be sufficient to say that the harmful event occurred in Belgium?
- See Court of Appeal Paris, case *Ideal Clima SpA and Others v. SA Ideal Standard* (Gaz. Pal., 1982, somm., 378), holding in a copyright case that this was indeed sufficient to create jurisdiction under Article 5(3). See also *Mölnlycke AB and another v. Procter & Gamble Ltd. and others*, [1992] 1 WLR 1112 : English court found it had jurisdiction to hear a claim brought because allegedly infringing products (nappies) were marketed in England

V(1).What if place of harmful event cannot be easily localized?

- Difficulty is not specific to IP-cases - could also happen in defamation cases
- Seminal case : *Shevill v. Presse Alliance SA*, C-69/93 [1995] ECR I-415 : plaintiff, a UK national residing in France, alleged that a French newspaper had published an article about an operation by a French drug squad at a *bureau de change* in Paris where she worked. According to claimant, the article was defamatory, because it suggested that the business was involved in drug-trafficking network. Copies of the newspaper were sold outside France, some were sold in England (a very limited number). Claimant brought proceedings in England – because defamation is rather easy to demonstrate under English law. The plaintiff argued that the courts of England had jurisdiction because the newspaper was also sold in the UK.

V(1).What if place of harmful event cannot be easily localized?

- In *Shevill*, dissemination of the various elements making up the causal event
 - Newspaper article written in France;
 - Newspaper published in France;
 - Newspaper sold and read in England

V(1).What if place of harmful event cannot be easily localized?

- In *Shevill*, the ECJ held that:
 - Defamation is a tort; no reason to think that another solution should be contemplated for other 'immaterial' torts, such as infringing IP-rights
 - The place of the harmful event : the place where the publisher of the defamatory publication is established, but ECJ added that this is because this is 'the place where the harmful event originated and from which the libel was issued and put into circulation' (§ 24)

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V(1).What if place of harmful event cannot be easily localized?

- What should we infer from *Shevill* in relation to infringement of IP-rights as a sequence of events disseminated in various States?
 - That the causal event is the place of establishment of the alleged infringer?
 - Or that this is only the case when an important or the most important part of the causal event also took place where the alleged infringer is established?

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V(1).What if place of harmful event cannot be easily localized?

- Debate is still on-going about this difficult question
- e.g. Prof. Nuyts : “in infringement matters, the causal event lies within the territory where the infringing material originates, was issued or sent, which normally should coincide with the place where the alleged infringer is established” (“Suing at the Place of Infringement...”, at p. 112)

V(1).What if place of harmful event cannot be easily localized?

- If infringing material is produced in State where alleged infringer is established, probably better to hold that the causal event took place in that State, even though product is sold in other State
- If alleged infringer is established in State A and allegedly infringing material is produced and offered for sale in State B, probably better to hold that causal event takes place in State B, even though the whole infringing process is masterminded from State A

V(1).What if place of harmful event cannot be easily localized?

- Solution to the difficulty : art. 2-202 CLIP Principles?
- “(1) In disputes concerned with infringement of an intellectual property right, a person may be sued in the courts of the State where the alleged infringement occurs or may occur.
- (2) For the purposes of paragraph 1, an infringement occurs in a State where the intellectual property right exists, provided that (a) the defendant has substantially acted or has taken substantial preparatory action to initiate or further the infringement, or (b) the activity by which the right is claimed to be infringed has substantial effect within, or is directed to, the territory of that State.”

V(1).What if place of harmful event cannot be easily localized?

- Another difficulty : on line infringement (mostly for trademark and copyright – rarely for patents). Where does the infringement takes place if copyrighted work (e.g. a book) is copied on a server in the Netherlands by a US company, and displayed on a webpage accessible by anyone anywhere?
- Seminal example : video's posted on *YouTube*, with copyrighted songs (recorded during concerts or on TV) – is infringing act the creation and management of the platform (US), the posting of video by a user (anywhere) or the fact that another user watches the video from home/office computer (anywhere)?

V(1).What if place of harmful event cannot be easily localized?

- Similar difficulty in case of infringement of a copyright by (satellite) broadcasting . Where is the place of the harmful event? See Fawcett & Torremans at pp. 159-160 : « *it is exceedingly hard to say where the act of infringement occurred when there is a whole sequence of events between the original uploading (input) of information and its eventual display in the screen in another country* »

V(1).What if place of harmful event cannot be easily localized?

- Caveat : not all internet cases are difficult...
- e.g. Case *Liberty Voyages.com* (Court of Appeal of Brussels, 2.12.2004, *Benelux Liberty TV, I.R.D.I.*, 2005, 197; *Ing. Cons.*, 2004, 537) : a Belgian company active in the travel industry has registered a trademark (Liberty tv.com) with the Benelux Trademark Office. The company has also registered the domain name *liberty-tv.com*. The company brought proceedings in Belgium against a Swiss company, which ran a travel agency in Switzerland under the name Liberty Voyages. The Swiss company also ran a web-site under the name *www.liberty-voyages.com*, which was only accessible in French. The travel agency was a purely local business (offering travel services only to and from Swiss airports, invoicing clients exclusively in Swiss francs, etc). The Belgian company complained about the infringement of its trademark

V(1).What if place of harmful event cannot be easily localized?

- The Court of Appeal examined its jurisdiction under Art. 5-3 of the Lugano Convention (similar to Art. 5-3 of the Brussels Regulation). The court first noted that the operation of Art. 5-3 in internet-related cases proved difficult (*« La mise en oeuvre des critères de rattachement précités en ce qui concerne les litiges relatifs à l'usage du réseau de communication mondial Internet, notamment par l'enregistrement et l'exploitation d'un nom de domaine, entraîne des difficultés particulières liées au fait que le réseau est fondamentalement accessible à tous et en tout point du monde, en sorte qu'il existe potentiellement un point de rattachement à chacun des ordres juridiques avec lequel la connexion est créée lors de la consultation d'un site »*)

V(1).What if place of harmful event cannot be easily localized?

- The Court referred to the rationale of Art. 5-3, i.e. the existence of a close link between the court and the dispute at hand. In the case at hand, the court found that the infringing act was the registration of the domain name with reference to the trademark Liberty and the use of this domain name to run a web-site. The Court accepted that the place of the harmful event was located in Switzerland since it was there that the defendant was established and ran its activities

V(1).What if place of harmful event cannot be easily localized?

- The Court the noted that the defendant's activities were strictly confined to Switzerland and that the defendant had never undertaken any commercial steps in Belgium or in the Benelux. Hence the fact that the defendant used a .com web-site could not be considered sufficient to say that the harmful event also took place in Switzerland (*« le fait que l'intimée se serve d'un mode de communication aisément accessible sur le territoire du Benelux ne permet pas de localiser l'événement causal sur ce territoire »*)

V(1).What if place of harmful event cannot be easily localized?

- In any case, avoid the temptation to read in Art. 5(3) the possibility to bring proceedings in local courts 'because the web-site can be viewed there'...
- e.g. TGI Paris, (3rd Ch.), 14 Sept. 2004 : use of 'Synergie' for temp work agency by Canadian company on web-site offering temp work services; claim by Adecco which uses similar brand for its services; do French courts have jurisdiction (case under French rules of jurisdiction – Brussels I Regulation not applicable...)

V(1).What if place of harmful event cannot be easily localized?

- TGI Paris holds that *“Dès lors que l'élément dénominatif de la marque 'Synergie' se trouve intégralement reproduit sur les pages de sites internet canadiens qui proposent des services de travail temporaires similaires à ceux visés par l'enregistrement de la marque opposée, il en résulte un risque de confusion évident dans l'esprit du consommateur normalement attentif qui peut être amené à penser que la société Synergie est associée à la société Adecco, son principal concurrent; Il ne saurait être valablement soutenu que ces sites ne sont pas destinés à la clientèle française dès lors que les pages sont accessibles depuis le territoire français à partir du moteur de recherche « Google », qu'elles sont en langue française et qu'elles n'excluent nullement le consommateur français des offres proposées »*

V(1).What if place of harmful event cannot be easily localized?

- In online cases, place of the harm also raises difficult issues... (see hereafter)

V(1).What if place of harmful event cannot be easily localized?

- For online infringements : see solution suggested by CLIP Principles
- “In disputes concerned with infringement carried out through ubiquitous media such as the Internet, the court whose jurisdiction is based on Article 2:202 shall also have jurisdiction in respect of infringements that occur or may occur within the territory of any other State, provided that the infringement has no substantial effect in the State, or any of the States, where the infringer is habitually resident (Article 2:102) and (a) substantial activities in furtherance of the infringement in its entirety have been carried out within the territory of the country in which the court is situated, or (b) the harm caused by the infringement in the State where the court is situated is substantial in relation to the infringement in its entirety »

V(1).What if place of harmful event cannot be easily localized?

- Last resort solution : ECJ has held in *Réunion européenne* that if it proves impossible to identify the place where the event giving rise to the damage occurred, then Art. 5(3) must be interpreted to mean that it only allocates jurisdiction to the courts of the country where the damage occurred (see hereafter for this second limb of art. 5(3))

V(2). May I also sue at the place where I suffer damage?

- What if the place of infringement can be easily localized, but it appears that the damage is suffered in a different MS?
- Situation arose in a seminal (non IP) case : ECJ *Handelskwekerij GJ Bier v. SA Mines de Potasse d'Alsace*, case 21/76, ECR [1976] 1735 : French industrial concern discharged polluted waste in the Rhine waters, with the unfortunate result that when this water was used to irrigate the flowers grown by a Dutch company in the Netherlands, the crop perished. The Dutch market-gardener sought to seize the Dutch courts. The question arose where the harmful event was considered to have occurred.

V(2). May I also sue at the place where I suffer damage?

- In *Bier*, the ECJ Court held that Art. 5(3) “*must be understood as being intended to cover both the place where the damage occurred and the place of the event giving rise to it*”. This decision showed considerable ‘jurisdictional generosity’ towards the plaintiff.

V(2). May I also sue at the place where I suffer damage?

- The *Bier* solution only applies where there is, *at the outset*, a separation between the place where the damage occurred and the place of the harmful event giving rise to it.

V(2). May I also sue at the place where I suffer damage?

- Application to IP-litigation : damage is often financial loss, *i.e.* loss of sale of infringed products
- Where is this damage sustained? May *Bier* formula be applied?
- *e.g.* infringement of a Belgian patent by a company based in Belgium, Dutch owner of the patent complains that its turnover declined in Belgium : can the patent owner bring proceedings in the Netherlands, where it feels the financial loss?

V(2). May I also sue at the place where I suffer damage?

- If patent owner may bring proceedings in the place where damage suffered / is felt, will this not always lead to proceedings in its home jurisdiction (*forum actoris*)?
- ECJ has brought some nuances to the *Bier* formula, which may restrict the possibility for patent owner to sue in its home jurisdiction

V(2). May I also sue at the place where I suffer damage?

- Nuances brought by ECJ to Bier-formula
 - a) ECJ in *Dumez France S.A. v. Hessische Landesbank*, Case C-220/88, [1990] ECR I-49 : place of damage refers only to the damage, which is the *immediate* consequence of the harmful event. Damage done to *indirect* victims should not be taken into consideration (French parent company complaining of damage suffered following insolvency of German subsidiary as a consequence of withdrawal by German bank of financial support)

V(2). May I also sue at the place where I suffer damage?

- Nuances brought by ECJ to Bier-formula
 - b) ECJ in *Marinari/Lloyds Bank*, C-364/93 ECR [1993] I-2179 : claim brought by a claimant domiciled in Italy against an English bank, after the confiscation of promissory notes from the claimant had taken place. The claimant argued that the damage had occurred in Italy, on the ground that the diminution of his patrimony had taken place there. ECJ : no jurisdiction, where physical damage has been done in a particular place, the later financial consequences of it were not capable of being seen as the damage relevant for the *Bier* principle.

V(2). May I also sue at the place where I suffer damage?

- Taking this case law into consideration, probably not possible for the Dutch owner of Belgian patent to bring proceedings before Dutch courts
 - Turnover declined, loss felt in the books of the company in the Netherlands
 - This loss is the consequence of the lost sales in Belgium, sales which were not achieved on Belgian market due to infringement

V(2). May I also sue at the place where I suffer damage?

- Financial loss as a consequence of IP-infringement : important to look for the *immediate* consequence of the harmful event, where does the infringement directly produce its harmful effect and *not* where is that effect felt by the victim
 - Copyright : financial loss occurs where copies of the infringed product are sold or otherwise distributed to the public
 - Trademark : financial loss occurs where the sign is used in support of marketing or offering the product

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V(2). May I also sue at the place where I suffer damage?

- What about online infringement – where is the damage suffered?
- Ruling by the French Court of Cassation in 2003 - the *Cristal* case (French Cass., 9.12.2003, *Société Castellblanch / Société Champagne Louis Roederer, RCDIP, 2004, 632*) : French champagne house brings proceedings against Spanish producer who advertises for its Cavas on a web-site, using the same name (*Cristal*)
- Cassation : the damage occurred at least in part in France because the website can be accessed from France (but jurisdiction limited to damage suffered in France according to Shevill formula)

V(2). May I also sue at the place where I suffer damage?

- *Cass. : “Attendu qu'en matière de contrefaçon, quel que soit le procédé utilisé, l'option posée par l'article 5,3 ... doit s'entendre en ce que la victime peut exercer son action soit devant la juridiction de l'Etat du lieu d'établissement de l'auteur de la contrefaçon, compétente pour réparer l'intégralité du préjudice qui en résulte, soit devant la juridiction de l'Etat ... dans lequel l'objet de la contrefaçon se trouve diffusé, apte à connaître seulement des dommages subis dans cet Etat ; qu'en admettant la compétence des juridictions françaises pour connaître de la prévention et de la réparation de dommages subis en France du fait de l'exploitation d'un site internet en Espagne, la Cour d'appel qui a constaté que ce site, fût-il passif, était accessible sur le territoire français, de sorte que le préjudice allégué du seul fait de cette diffusion n'était ni virtuel ni éventuel, a légalement justifié sa décision »*

V(2). May I also sue at the place where I suffer damage?

- Ruling of French Court of cassation adopts very wide reading of 'damage' : there is damage in France if a web-site can be accessed from France, without any further need to demonstrate that the web-site has indeed been effectively accessed from France and without any need for a further link with France (such as that the web-site was aimed at French public, hosted on a French domain name etc.)
- French Court of cassation was concerned that at the stage of jurisdiction, reasoning should be kept as light and easy as possible, without opening a debate on the existence and location of damage (which would burden the examination of jurisdiction and in any case need to be examined at the merit)

V(2). May I also sue at the place where I suffer damage?

- Most important nuance: *Shevill*
- as far as the place where the damage occurred was concerned, that place was where the publication was distributed and where the victim claims to have suffered injury to his reputation – but claimant was only entitled to sue in England to the extent that she complained of the sale of the newspaper sold in England, since the damage had, to that extent only, occurred in England

V(2). May I also sue at the place where I suffer damage?

- *E.g.* Commercial Court of Ghent, 2 January 2003, *T.G.R.*, 2003, 38 : A Belgian company bought a consignment of handbags from an Italian wholesaler and sold them on to a Japanese buyer. The Japanese buyer claimed that some of the bags were counterfeits and demanded repayment from the Belgian supplier. The Belgian company sued the Italian manufacturer of the handbags in tort (the Belgian company did not buy the handbags directly from the manufacturer) in Belgium, arguing that the Italian manufacturer was responsible for the counterfeits

V(2). May I also sue at the place where I suffer damage?

- Did the harmful event take place in Belgium : no decided the court, the causal event did not occur in Belgium, since the counterfeit was *committed* in Italy
- Did the *damage* occur in Belgium? Court : the initial damage in this case was incurred by others. The damage suffered by the Belgian company merely took the form of the refund paid to the Japanese company on taking back the counterfeit goods. This damage was therefore an *indirect consequence* of the damage originally suffered by another person → no jurisdiction in Belgium

V(3).What if claim seeking a declaration of non-infringement?

- Difficulties of application of Article 5(3) : IV. **Application of Article 5(3) to proceedings seeking a declaration of non-infringement**
 - action for a declaration of non-liability : serves to dispel uncertainty over alleged infringement, but also to pre-empt an action for infringement (choosing the favorable forum)
 - action for declaratory relief to be distinguished from action for future relief, action *ad futurum* (harm not yet caused – heavier burden of proof)
 - procedural requirements ('*Feststellungsinteresse*' – '*intérêt*') – hostility of courts

V(3).What if claim seeking a declaration of non-infringement?

- Supreme Court of Sweden (Högsta Domstolen), 14 June 2000, *Flootek, IIC*, 2001, 231 : art. 5(3) cannot be used to justify declaratory relief because no harm or harmful event at stake and the action for a negative declaration does not provide scope for a determination of the plaintiff's potential liability to the defendant for damages
- Court of Appeal of Brussels (8th Ch.), 20 February 2001, *Glaxo Wellcome/Hoffman La Roche* : no jurisdiction based on Art. 5(3) to entertain an action for a negative declaration

V(3).What if claim seeking a declaration of non-infringement?

- Hague Court of Appeal, 22 January 1998, *Evans Medical / Chiron*, EIR, 1998, 61 (« *la nature exceptionnelle de la compétence du lieu du fait dommageable posée à l'art. 5(3) de la Convention de Bruxelles ne laisse pas place à une interprétation qui tendrait à faire entrer dans ses prévisions une action ayant pour objet de faire dire et juger qu'un fait qui ne s'est pas encore produit ne porte pas atteinte à des droits de brevet. Une telle interprétation limiterait à l'excès le champ de la règle de principe de l'article 2 de la Convention* »)

V(3).What if claim seeking a declaration of non-infringement?

- Italian Supreme Court (case *B.L. Macchine Automatiche v. Windmoller & Holscher KG*, 19.12.2003) : art. 5(3) implies that a harmful event has occurred or may occur, while in a declaratory action for non-infringement, the plaintiff contends that no tort has occurred or may occur. Although an action for declaration of non-infringement may be envisaged as the mirror image of an action for infringement, it is not true with regard to rules of jurisdiction

V(3).What if claim seeking a declaration of non-infringement?

- Some courts have retained jurisdiction under art. 5(3) for declaratory actions for non-infringement, but only in respect of their national patent or designation of a European patent (see Court of Appeals Brussels, *Röhm Enzyme v. DSM*)

V(3).What if claim seeking a declaration of non-infringement?

- It is true that action for declaration of non infringement does not correspond to the definition of the scope of Art. 5(3) given by ECJ in *Kalfelis* : action seeking « to establish the liability of the defendant »
- There are, however, good reasons to take a *nuanced* approach to such actions
- 1st reason : Actions for negative relief are not *as such* offensive or aggressive. There are perfect legitimate reasons why a litigant could seek to obtain such a declaration (widely used in insurance matters)
- Procedural requirements can help sort out abusive actions

V(3).What if claim seeking a declaration of non-infringement?

- 2nd reason : No place for a literal reading of Art. 5(3) according to which this provision is only concerned with the liability of the defendant and cannot be applied when the relief sought is that there is no liability on the part of the plaintiff. This assumes that plaintiffs are 'naturally' plaintiffs and that defendants are 'naturally' defendants. Such determinism is not justified

V(3).What if claim seeking a declaration of non-infringement?

- 3rd reason : ECJ has allowed the use of the parallel provision for contract (Ar. 5(1)) to obtain a declaration that the contract is void (see the case *Gubisch / Palombo*). *Prima facie*, there is no reason to uphold a different interpretation of Art. 5(3)
- Likewise, ECJ has ruled that for the proper application of the *lis alibi pendens* rule (art. 27), an action seeking a declaration that a party is not liable for a loss « has the same cause of action and the same object » as a positive action (ECJ, *Tatry*)

V(3).What if claim seeking a declaration of non-infringement?

- 4th reason : Policy arguments : no reason to deny the application of Art. 5(3) in this context. Rationale of Art. 5(3) : substantial connection that is deemed to exist between court and the harmful event. If the courts seised of action for a negative declaration are the courts of the place where the allegedly infringing products are put on the market, why deny application of art. 5(3)?

V(3).What if claim seeking a declaration of non-infringement?

- Conclusion : no good reason to afford a different treatment to actions seeking to establish that no infringement has taken place
- If there are difficulties, should be handled on the basis of procedural requirements (protecting against abusive actions) or possibly a European wide principle of *Fraus omnia corrumpit*?

Litigating cross-border IP- disputes : Parallel proceedings

I. Parallel proceedings in general

- Brussels I Regulation leaves ample room for concurrent proceedings – basic scenario is that each party initiates proceedings before court of the domicile of the other party (art. 2). Other scenarios are also possible
- In fact, concurrent proceedings are even easier with Brussel Regulation because:
 - I. Level playing field – no need to undertake extensive research on national rules of jurisdiction to identify courts with potential jurisdiction over the case
 - II. Guarantee of obtaining enforcement of judgment – no need to worry about enforceability of the judgment

I. Parallel proceedings in general

- Brussels I Regulation should be concerned about concurrent proceedings, because :
 - I. Waste of judicial resources (which are scarce) – what about the waste of parties' resources?
 - II. Risk of conflicting judgments (*worst case scenario* in the European judicial area, given the near absolute possibility for judgments to circulate within 27 MS)

I. Parallel proceedings in general

- How can Brussels I Regulation cope with concurrent proceedings? Various solutions:
 - I. Establish a *hierarchy* of rules of jurisdiction – higher rule has priority over a lower rule? (*quaere* if jurisdiction of both courts is based on Art. 2...)
 - II. Establish a *qualitative* assessment of both proceedings, in order to give priority to one set of proceedings over the other? What test should be used to distinguish the 'best' proceedings?
 - III. Make it possible for the courts involved to discuss the proceedings of which they are seized and allocate the case to the most appropriate court? (*quaere* if courts do not reach a solution?)

I. Parallel proceedings in general

- How does Brussels I Regulation cope with concurrent proceedings? Strict mechanism based on the *priority in time*. Priority is given to the court first seized, in two stages:
 - I. In a first stage, court second seized should *stay* its proceedings
 - II. As soon as court first seized has found that it has jurisdiction, court second seized should *decline* jurisdiction (and dismiss the case, with or without costs = issue for national law)
 - III. Negative version of consolidation of proceedings - no real 'transfer' of the case from one court to the other - court second seized simply stops its proceedings, without sending the matter to the other court

I. Parallel proceedings in general

- It is obvious that Art. 27 only applies in the relations between MS
- If one of the courts seized is located outside the EU : application of the national law of the courts concerned ? (e.g. in Belgium, art. 14 of Code of Private International Law : 'permissive' version of the *lis alibi pendens* rule)

I. Parallel proceedings in general

- ECJ has given a broad reading of *lis alibi pendens* rule
- e.g. *Tatry* case : Dutch courts exercise jurisdiction based on the Regulation and English courts take jurisdiction based on a specialized convention, the Arrest Convention (International Convention for the unification of certain rules relating to the arrest of sea going ships, Brussels, 10 May 1952)
- ECJ : when a specialized convention contains certain rules of jurisdiction but not provision as to *lis alibi pendens*, Art. 27 of the Regulation should apply

I. Parallel proceedings in general

- Numerous issues arising out of the priority in time, among which how should one determine which court is first seized?
- Old solution : reference to the national law of each court concerned (ECJ *Zelger Salinitri* 1984) – created difficult situations if discrepancies between the various national laws
- Art. 30 Regulation : *autonomous* definition of the time at which a court is deemed to be seized, linked with the issue of service of process
- Other (side) issue : what if court second seized declines jurisdiction, but ruling is challenged in appeal? What should court first seized do?

I. Parallel proceedings in general

- Next to *lis alibi pendens* mechanism, Ar. 28 of the Regulation also creates a rule for so-called 'related actions'
- Rule is much less demanding : court second seized “*may*” stay its proceedings – consolidation is left to the discretion of the court second seized. Weak nature of this mechanism has certainly had an impact on the interpretation of Art. 27 by ECJ – tempted to give a broad interpretation of *lis alibi pendens* rule in order to ensure that parallel or related proceedings are dealt with

II. Parallel proceedings in IP-disputes

- Two issues must be addressed :
 - I. When are proceedings parallel or concurrent for the application of Art. 27?
 - II. What about abuse of *lis alibi pendens*? Is the rule of Art. 27 absolute or can it be nuanced in special cases?

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II. Parallel proceedings in IP-disputes

- Classic example :

Patent holder A plans to sue his competitor B for the infringement of the English part of a EP in England. Before being sued in England however, B files an action in a jurisdiction where he hopes proceedings will only progress very slowly, with the aim of obtaining a declaration that he does not infringe the English and other national parts of A's EP. A counterattacks with proceedings in England as planned

II. Parallel proceedings in IP-disputes : identity of proceedings

- When are proceedings parallel?
- Art. 27 refers to a double test : identity of parties and identity of 'cause of action'
- *Autonomous* meaning of these concepts (important in the light of restrictive approach to *lis alibi pendens* in some Member States, where a very formalistic approach is taken – e.g. no *lis alibi pendens* if divorce proceedings in two countries are not based on the same ground...)

II. Parallel proceedings in IP-disputes : identity of proceedings

- Identity of parties
 - I. Identity does not depend on *procedural position* of parties (*A v. B* in MS1 and *B v. A* in MS2)
 - II. If only *partial identity* of parties, court second seized should only decline jurisdiction to the extent to which the parties are also parties in the action previously started – remainder of the proceedings may continue

II. Parallel proceedings in IP-disputes : identity of proceedings

- Identity of parties : example of *Tatry* (C-406/92 - *The Tatry/The Maciej Rataj*) : contamination with diesel of a cargo of soya bean oil aboard the vessel *Tatry* from Brazil to Rotterdam and Hamburg
- Three groups of cargo owners, various proceedings : first proceedings by the shipowners against two groups of cargo owners (group 1 and 3) in the Netherlands, seeking a declaration that they were *not* liable or not fully liable for the alleged contamination
- Then came an (unsuccessful) attempt by the cargo owners to arrest the ship in Hamburg...

II. Parallel proceedings in IP-disputes : identity of proceedings

- Finally, proceedings *in rem* in England against shipowners by group 2 and 3 of cargo owners for payment of damages for the loss suffered
- ECJ : if only partial identity, application of *lis alibi pendens* leaves possibility for the court second seized to keep the case in so far as parties are not identical
- Consequence : fragmentation of proceedings. ECJ refers to the possibility to consolidate proceeding under Article 28 (related actions) : not entirely satisfactory since Dutch proceedings may continue in respect of group 2...

II. Parallel proceedings in IP-disputes : identity of proceedings

- Identity of dispute
 - I. Language versions of the Regulation differ : French, Dutch and majority of versions distinguish between same 'cause' ('*oorzaak*') and same 'object' ('*onderwerp*'), while English and German versions only refer to same 'cause of action' / '*Anspruch*'. ECJ in *Gubisch* (1987) : majority of language versions should be followed

II. Parallel proceedings in IP-disputes : identity of proceedings

- Identity of dispute : ECJ adopts a *broad* reading of the identity of disputes:
- *Gubisch* (1987) : first action to obtain the enforcement of a sales contract and second action to obtain that the same contract be declared void → ECJ finds that the two proceedings have the same cause of action

II. Parallel proceedings in IP-disputes : identity of proceedings

- Reasoning of the Court in *Gubisch* (1987) : « *it is apparent that the action to enforce the contract is aimed at giving effect to it and that the action for its rescission or discharge is aimed precisely at depriving it of any effect. The question whether the contract is binding therefore lies at the heart of the two actions* » (§ 17)

II. Parallel proceedings in IP-disputes : identity of proceedings

- Lessons from *Gubisch* : ECJ stays clear from a *formalistic* approach looking only at words used or legal basis (unworkable given cross-border dimension)
- ECJ focuses instead on the *substance* of the two proceedings. Substantial approach combined with *broad reading* inspired by concern for irreconcilable judgments

II. Parallel proceedings in IP-disputes : identity of proceedings

- In fact concern for irreconcilable judgments is paramount in *Gubisch* : it is the only support offered by ECJ for its ruling... (see § 18 : “If ... the questions at issue concerning a single international sales contract were not decided solely by the court before which the action to enforce the contract is pending and which was seised first, there would be a danger for the party seeking enforcement that ... a judgment given in his favour might not be recognized ... There can be no doubt that a judgment given in a ... State requiring performance of the contract would not be recognized in the state in which recognition was sought if a court in that state had given a judgment rescinding or discharging the contract »)

II. Parallel proceedings in IP-disputes : identity of proceedings

- After *Gubisch*, one can already wonder if there is any room left for related actions (art. 28 Regulation 44/2001)...

II. Parallel proceedings in IP-disputes : identity of proceedings

- Identity of dispute : ECJ later confirmed broad reading of the identity of disputes
- ECJ in *Tatry* : action for a declaration of non-liability for damages by the shipowner (in the Netherlands) and then an action for payment of damages by the cargo owners in England

II. Parallel proceedings in IP-disputes : identity of proceedings

- ECJ in *Tatry* : the '*cause of action*' comprises the facts and the rule of law relied on as the basis of the action
- An action for a declaration of non-liability and an action for damages have the same cause of action
- ECJ in *Tatry* : the '*object of the action*' means the end the action has in view

II. Parallel proceedings in IP-disputes : identity of proceedings

- Court finds that actions share the same object *“since the issue of liability is central to both actions”*. Court adds that *“the fact that a party seeks a declaration that he is not liable for loss implies that he disputes any obligation to pay damages”*
- Court adds that the *“fact that the plaintiff's pleadings are couched in negative terms in the first action whereas in the second action they are couched in positive terms by the defendant, who has become plaintiff, does not make the object of the dispute different »*

II. Parallel proceedings in IP-disputes : identity of proceedings

- Application to IP disputes – distinction between several scenarios
- First scenario : action in Belgium relating to infringement of a Belgian patent and action in the Netherlands relating to infringement of a Dutch patent, both covering the same invention (but patents do not originate from same EPO application)
- Second scenario : idem, but the two patents are issued from the same EPO application. Unchallenged that there is identity in the sense of Art. 27

II. Parallel proceedings in IP-disputes : identity of proceedings

- Third scenario : actions relating to various national versions of the same patent, in one country an action for infringement, and in the other, an action for a declaration of non infringement
- Fourth scenario : an action for infringement and in another court, an action aiming to obtain a declaration that the patent is void

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

- Abuses of *lis alibi pendens* ? Torpedo's...
- Scenario : alleged infringer initiates proceedings, seeking a declaration of non infringement, before a court not known for its swiftness (e.g. Italy and Belgium), in the hope of dragging proceedings (and forcing other party to settlement)
- Patent holder is barred from seeking relief (declaration of infringement and damages) before any other court since both actions are deemed to have the same cause of action in the sense of Art. 27

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- Can court second seized disregard *lis alibi pendens* if it thinks that the court first seized has manifestly no jurisdiction? See LG Düsseldorf 19 Dec 2002
- Ruling contravenes basic principle of European judicial area, *i.e.* that each court is the sole judge of its jurisdiction
- Principle confirmed by Art. 35 of the Regulation (no review of the jurisdiction of the court of origin in the framework of recognition/enforcement proceedings, except in special cases)

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- ECJ confirmed principle of monopoly of court seized in *Overseas Union Insurance* (27 June 1991, case C-351/89)
- Court explained that “in no case is the court second seized in a better position than the court first seized to determine whether the latter has jurisdiction” Court added that “Either the jurisdiction of the court first seized is determined directly by the rules of the [Regulation], which are common to both courts and may be interpreted and applied with the same authority by each of them, or it is derived, by virtue of Article 4 of the [Regulation], from the law of the State of the court first seized, in which case that court is undeniably better placed to rule on the question of its own jurisdiction »

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- Under the scheme of the Regulation, it is therefore forbidden for a court second seized to 'second guess' jurisdiction of the court first seized. The only action possible is *stay* the proceedings until the court first seized has ruled on its jurisdiction

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- Other possible route : craft a *caveat* to the strict *lis alibi pendens* rule in case it appears that the court first seized will not issue a judgment in a reasonable time
- Legal basis : obligation on all MS to abide by the reasonable time requirement of Article 6 ECHR?
- E.g. : TGI Paris 28 April 2000 – *General Hospital v. Bracco* : US company holding a European patent initiates proceedings in France against French and Italian company for infringement

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- *General Hospital* : Italian defendant raises *lis alibi pendens*, proceedings have been brought in Italy one month earlier...
- Court first verifies whether the two proceedings relate to the same dispute. It finds that they have the same cause of action since the two actions relate to the same claims of the patent
- Court finds, however, that the two proceedings do not share the same purpose/object since one is for a declaration of non infringement and the other for damages... Ruling cannot be sustained on that point

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- *General Hospital* : Court also finds that it cannot stay its proceedings based on Art. 28 since there was an abuse of right: « ... *the defendant intended to use the recourse to European law on civil procedure to block the infringement action filed against it in France by filing an action for a negative declaration in Italy for the purpose of determining that the part of the European patent valid in that country was not infringed.* »

II. Parallel proceedings in IP-disputes : urbing abuses of *lis alibi pendens*?

Reaction to torpedo's?

- *General Hospital* : Court adds that “It cannot be seriously disputed that this abuse of European law on civil procedure constitutes a circumvention of this law, since its main objective is to prevent conflicting decisions being rendered by the courts of two contracting states in identical or related matters. In contrast, it is not the aim of European law on civil procedure to permit a party knowingly to block proceedings for several years, even if such is to its own advantage ».

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

- Case law of ECJ makes it, however, abundantly clear that there is no room for an exception of abuse of right in application of *lis alibi pendens* mechanism
- In *Gasser* (C-116/02), ECJ rejected the abuse of right argument. No derogation from Art. 27 where, in general, the duration of the proceedings before the courts of the MS in which the court first seised is established is excessively long. Reason: mutual trust of the MS to each other's legal systems and judicial institutions

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

- See also ECJ C-158/02 – *Turner* : prohibition of anti-suit injunctions. Art. 27 is to be interpreted as precluding the grant of an injunction whereby a court of a MS prohibits a party to proceedings before it from commencing or continuing legal proceedings before a court of another MS, even where that party is acting in bad faith with a to frustrating the existing proceedings. Reason: mutual trust; no undermining of the jurisdiction of a court from one MS to determine a case by the jurisdiction of a court from another MS

II. Parallel proceedings in IP-disputes : curbing abuses of *lis alibi pendens*?

- Is there still some room left for the abuse of right argument with regard to the limited duration of patents?