



701 European Patent and Trademark Law

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Nelson A. Blish

Nelson A. Blish is presently patent counsel for Eastman Kodak Company in Rochester, NY, with responsibility for the engineering physics lab. He has over 20 years experience in intellectual property law including licensing, mergers and acquisitions, managing litigation, preparing and prosecuting patent applications in automotive, electronic, electrical, mechanical arts, infringement and validity studies, trademark and copyright practice, and management responsibilities.

Mr. Blish has specialized in corporate intellectual property law and has worked for a number of corporations including Philip Morris and Cooper Industries. While at law school Mr. Blish worked at NASA's Research Center at Langley, VA, and was licensed as a patent agent. At NASA he was responsible for patentability evaluations and preparation of patent applications for a 3,000 person Research and Development organization.

Mr. Blish is president of the Western New York Chapter of the US Naval Academy Alumni Association. In the past, he has been vice president of the Rochester Skating Club, president of ACCA's Rochester Chapter; on the Board of Directors of the ACCA Foundation, president of ACCA's Houston Chapter, president of the Gulf Coast Chapter of the U.S. Naval Academy Alumni Association, executive vice president of the Richmond Chapter of the Naval Reserve Association, and president of the Richmond Chapter of the US Naval Academy Alumni Association. His first novel, *Vengeance Mine*, will appear in print in 2003.

Nelson A. Blish graduated from the United States Naval Academy. After commissioning as an Ensign in the United States Navy, he obtained an MS from Michigan State University and attended Nuclear Power School and Submarine School. Capt. Blish remained in the Naval Reserves after leaving active duty and attended law school at Marshall Wythe, College of William & Mary.

Isabel Davies

Isabel Davies is chairman of the Eversheds National IP Group. Her experience spans all aspects of intellectual property including trademarks, patents, design, copyright, confidential information, and trade libel.

Early in her career she represented Reckitt & Colman PLC in the Jif lemon case and has been involved in high profile IP cases ever since. Recently she has been involved in a confidentiality action against a client's ex-employee which also includes a claim to patent entitlement for Accentus and in the trademark registration in respect of the Nabisco (Lifesavers) and Nestlé (Polo) dispute. Many of the aspects of her work have an international angle with litigation in overseas jurisdictions, crossing national boundaries, and involving cross border injunctions.

Ms. Davies is actively involved in various IP organisations including the International Trade Mark Association of which she is a board member, the Institute of Trade Mark agents, the Chartered Institute of Patent Agents, and the Law Society IP Sub-Committee. She has lectured and written extensively and is the legal editor to the *Journal of Brand Management*, on the editorial board of

Trade Mark World, a country contributor for EIPR, and editor of *Sweet & Maxwell's European Trade Mark Litigation Handbook*.

Managing Intellectual Property voted Ms. Davies the third best trademark lawyer in the world and the first in Europe. She is also listed in the 2001 edition of the Legal 500 and Chambers. Recently she was invited to become a member of the World Intellectual Property Organization Arbitration Mediation Centre Domain Name Panel.

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Susan N. Flook is general counsel for The Body Shop International plc, a British company. The Body Shop produces skin and hair care products and accessories, which are sold in over 50 countries mainly through a franchise system.

Prior to that she was general counsel—intellectual property for Diageo plc (formerly Guinness plc), an international company, producing, distributing, and marketing branded consumer products and services throughout the world. She was previously group legal counsel and company secretary for CPC (United Kingdom) Ltd, the UK subsidiary of the American multinational food manufacturer, CPC International Inc. (now part of Unilever). In this position, she covered not only the UK legal function but also CPC's European intellectual property work and certain acquisition and transaction work in the UK, Central and Eastern Europe, South Africa, Denmark, Holland, and Italy. She was also CPC's representative on the UK Food and Drink Federations' Food Law Panel and through that organization has worked closely on behalf of the food and beverage industry with Lacots, Trading Standards, and Environmental Health Officers throughout the UK and Europe. Prior to working for CPC, Ms. Flook was division attorney for The Coca-Cola Export Corporation in its Australasian and Central Pacific Divisions located first in Sydney and then later in Hong Kong.

Ms. Flook is a founding director and a past president of the ACCA's European Chapter. She won the prestigious ACCA Member of the Year Award in 1999.

Ms. Flook gained her arts and law degrees from Sydney University. She currently resides in the UK.

Globalization of the Corporate Department

By

Nelson Adrian Blish
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There Are No Local Markets, Only Global Markets

The Internet is a prime example of the globalization of the world economy. A corporation or individual can sell anything to anyone anywhere in the world at anytime. It is hard to imagine something that cannot be sold via the Internet. If you can describe it, photograph it, sing about it, or shout about it, you can sell it or buy it on the World Wide Web. You can type text, digitized photographs of the product, attach a soundbite, or a Java script all of which will give the prospective buyer a feel for what you're selling. The buyer can do everything on the Internet but kick the tires.

For example, evidence for use in a lawsuit was recently subject to a bidding war on eBay between a defense attorney and a plaintiff's attorney. A Houston lawyer representing asbestos victims paid \$2,125 for a 1941 Naval Machinery manual. The book gave details on how asbestos was used aboard Navy ships. Another lawyer purchased a number of old cigarette advertisements for used in a tobacco lawsuit. <http://www.siliconvalley.com/mld/siliconvalley/3710149.htm>. At other sites, corporations may conduct Dutch auctions for lawsuits. The law firm in which submits the lowest bid, wins the opportunity to represent the corporation in a lawsuit. See for example <http://www.bidlaw.com/>.

Protection of IP is a Global Issue

The global market is not limited to buying and selling products, but also includes manufacturing products. The digital camera that you purchase, may have been designed in the United States, assembled in Japan, with parts made in China, for sale in Europe. Intellectual property; patents, trademarks, copyrights, and trade secrets, are necessary to protect your corporate client's right to continue to manufacture and sell products worldwide.

Where do you file patent applications for the technology, which covers your product? Everywhere you make, use, or sell products covered by your technology. You do not want pirates manufacturing knockoff products in China or assembling them in Japan. Therefore, you file patent applications in China and Japan that cover the product, methods of manufacturing the product, and possibly individual components of the product. You do not want competitors selling identical products in Europe, no matter where they are manufactured, so you file patent applications in Europe. Since patents are enforced locally, you

must have patent coverage in all of these locations. The same is true for trademarks, copyrights, and trade secrets.

Courts Have a Global Reach

Many courts in different parts of the world now have an international if not a global reach. For example, a French court may try a French citizen who commits a crime in Germany. This may seem strange to U.S. attorneys, since criminal trials are usually held in the jurisdiction in which the crime is committed, but U.S. attorneys, especially corporate attorneys, must think globally.

U.S. courts are also expanding their global reach. Under the Economic Espionage Act, a U.S. citizen or corporation can be indicted for crimes committed abroad. 18 USC §1831-1839. Under the EEA, it is a felony to steal trade secrets. A corporation may be fined up to \$5 million, and individuals may be sentenced to up to 10 years in prison for violations under the act. The individual or corporation may be tried and sentenced by a U.S. court, even if the criminal act occurred outside the United States. For example, if a corporation doing business in Europe hires an individual to hack into a competitor's computer to steal trade secrets, the corporation and the individual may be tried in U.S. courts under the EEA.

Do the examples above mean that a U.S. corporation should be satisfied with an in-house law department, located in the United States, and staff by U.S. attorneys? The answer is emphatically no. Law is still practiced at a local level in each locality and the above examples are an exception to the rule. U.S. corporations must still file patent applications in each nation in which the corporation desires coverage, and enforce the resulting patents in each nation in which infringement occurs. There are, however, tricks of the trade related to choosing a foreign forum, which will be discussed in more detail by other panel members.

The Global Law Department-Midsize Corporate Law Departments

So how do you structure the law department at your corporation to maximize global efficiency? The answer often will vary depending on the size of the corporation and the size of the in-house legal department. What follows are some best practices gathered from working in-house in several large and medium-size corporations.

In a medium-size corporation it may not be possible to have in-house attorneys physically located in the countries in which your corporation is doing business. In this case, individual U.S. attorneys should be assigned responsibilities for particular geographic areas. For example, one attorney might have responsibility for Pacific Rim countries, another for European countries, and another for Middle East and African countries. These attorneys would become the in-house experts

for filing requirements for patents and trademarks in those regions. They would also be responsible for knowledge of laws relating to enforcement of intellectual property rights in their geographic area of responsibility, and identifying lawfirms in these areas that are best suited for handling corporation matters.

The in-house attorney responsible for a particular geographic area should travel to that region periodically. A trip does not have to be scheduled once a year, it may depend on the amount of business the corporation is doing in that area, or the amount of legal work being done in that area, but at least some face-to-face meetings should be held.

When in country, the in-house attorney should visit the law firm handling business for the corporation. It is always easier to work with someone by telephone or email, if there has been a face-to-face meeting. Also it will give the in-house attorney and opportunity to evaluate the firm. Is it a one-man show, or does it have sufficient staff to handle a major lawsuit? It may be a basic question, but are the attorneys licensed in that jurisdiction? What do the law offices look like? If the CEO of your corporation had to visit that law firm while on an international trip, would you feel comfortable having selected that firm for corporation business?

While in country, the in-house attorney should visit corporate facilities in that country. It will help the in-house attorney better understand the company business, and it is also an opportunity to show the corporate flag. There may not be many opportunities for corporate officers to visit all the foreign factories or sales offices, and it will make the local operations feel like they are part of the team. You should also schedule meetings with inventors during the trip, and make a presentation on patent law and corporate procedures relating to intellectual property.

The Global Law Department-Large Corporate Law Departments

In the large corporations, it may be best to have full-time, in-house corporate attorneys living in the country. It is possible to transfer U.S. attorneys abroad to staff an in-house outpost. A benefit of doing this would be that the U.S. in-house attorney already knows the business, has worked with the other in-house attorneys at the corporation, and is fluent in English.

A negative associated with assigning a U.S. attorney abroad is that the U.S. attorney is paid on the U.S. corporate scale. This is often at a significantly higher pay scale than an equivalent foreign attorney. Other typical additional expenses include a cost of living differential, a subsidy for maintaining a separate residence outside the United States, periodic company paid flights to the United States, and private schools for children of the employee stationed abroad.

A better practice is to hire a foreign national as corporate in-house attorney in the nation in which she will be located. The benefits are obvious. The person hired will already be licensed to practice law in the foreign country, will have a familiarity with the court system, and may know individuals in administrative positions and at lawfirms that will make doing legal business in country easier. The individual hired should also be fluent in both English and the local national language.

As an example, Eastman Kodak Company has in-house legal outposts located in England, France, Spain, and Switzerland. Some of these locations have one in-house attorney, and some have multiple attorneys. A Legal Director of the European, African, and Middle Eastern area coordinates these legal offices. The current Legal Director is German, and is fluent in three languages; German, French, and English. The Legal Director reports to the General Counsel located in Rochester, New York, and has dotted line reporting to the regional business manager.

In a similar fashion, there is a Legal Director for the Latin American region, located in Miami; a Director of the Greater Asian Region, located in Hong Kong; and a Legal Director of Japan. The choice of locations for locating a legal outpost, and the number of attorneys at each office, is determined by the volume of corporate business in each area, and the relative number of legal issues in that locality. Keep in mind that this is merely an example of how one corporation structures its global legal department.

From the Macroscopic to the Administrative

The devil is in the details. Once you have established a global Law department, how do you make it function efficiently? How do you insure that attorneys in each country are following similar procedures? More important, how do you guarantee that the whole organization functions efficiently?

One way to standardize procedures is to establish a cross-border mentoring program. The Patent Legal Staff at Eastman Kodak Company has a program whereby a U.S. attorney is paired with an in-house foreign attorney to provide guidance on company procedures and U.S. law. For example, an experienced U.S. attorney may be paired with a newly hired foreign attorney. The U.S. attorney would then give guidance to the foreign attorney on issues relating to U.S. patent applications with a foreign parent.

A practice which tremendously increases the efficiency of a global law department, is to make the U.S. attorney responsible for prosecuting foreign counterparts of applications she has filed in the United States. It may seem obvious, but many U.S. corporations turn over prosecution of U.S. filed patent applications to foreign associates. The foreign associate then must become familiar with the technology and the prior art before arguing the merits of the

case. This is a duplication of effort, since the U.S. attorney is already familiar with the case, and may have already distinguished the prior art during U.S. prosecution. In a similar fashion, the foreign attorney prosecutes cases first filed abroad and later filed in the United States. The response is of course checked by the local attorney for proper format, and signed by the local attorney.

Another procedure for making all members of the Legal Department, both foreign and domestic, feel like they are part of the team is to include everyone in major meetings. This does not necessarily involve significant travel expenses. If the Legal Department is holding a semi-annual meeting, the foreign members of the team attend by using NetMeeting or similar technology. Using NetMeeting the remotely located members of the Legal Department views the PowerPoint presentation on their computer, and listens to the speaker's remarks on the telephone line. If conducted properly, the remote attendee also has the ability to comment and ask questions which are amplified for the local audience.

The availability of technology to conduct remote meetings does not mean that the entire Legal Department should not be brought together periodically. At Eastman Kodak Company the Legal Department conducts an in-house meeting approximately every three years, at which time all members of the legal department are invited to Rochester. Business unit managers and Legal Department members make presentations on current business conditions and recent changes in the law. Social events are also scheduled.

The Patent Legal Staff also conducts an in-house exchange program. A U.S. attorney is sent abroad for a period of six weeks to a year at one of the foreign in-house offices. The purpose is to give the U.S. attorney additional expertise in foreign legal practices and to teach U.S. practices to the foreign in-house attorneys. The foreign in-house attorneys are also given an opportunity to work in the U.S. corporate office for a brief period of time. The Legal Department also transfers some attorneys for a longer period of time, sometimes lasting for several years.

From the Administrative to Minutiae

To achieve efficiency in a global law department, it is often necessary to focus on the minute details. For example, U.S. patent law allows an application to be filed in a one of two formats, either 8 1/2 by 11 inches, or size A4 (21 cm by 29.7 cm). If the U.S. patent application is filed on 8 1/2 by 11 inch paper, it must be reformatted before it is filed in Europe. Thus it makes sense to file the U.S. case on A4 paper to avoid reformatting the patent application. Thus the U.S. case may be merely photocopied for filing abroad.

Even more efficient than making a photocopy of the U.S. case, mailing it to the foreign in-house corporate attorney for filing, would be sending it electronically. This, however, presents another problem. When the application is printed

locally, the page breaks and line breaks may be formatted differently by the printer. This may not seem like a problem, until the case is prosecuted. The U.S. attorney making a correction on a certain page and a certain line, maybe looking at a different section than the foreign Patent Examiner. One way to solve this problem is to standardize hardware and software for all offices.

Conclusion

Running a global law department is not without problems. It can, however, result in a more efficient, better run organization when the problems are solved. The world is a global marketplace, and to function effectively, the corporate law department must be organized globally.

SELECTING A COURT AND FORUM SHOPPING IN EUROPE

Isabel Davies

ACCA 2002 ANNUAL MEETING

1. *INTRODUCTION*

Laddie, J said in 1998 in *Fort Dodge*¹, and has subsequently added that his views in more recent years² had simply been confirmed and reinforced;

“Intellectual Property litigation in general and patent litigation in particular in Europe is in a state of some disarray. At the moment there appears to be, at least in some quarters, an unifying competition to secure jurisdiction over proceedings to enforce these commercially important rights.”

This paper aims to navigate the practitioner through the muddy waters that surround forum shopping in Europe by examining the legislative framework and significant case-law and drawing out some practical conclusions.

2. *WHY WORRY?*

It is important to emphasise that most intellectual property rights are local rights, involving local infringement, specific to a given jurisdiction. Where infringement is widespread and on a large scale it is generally unrealistic to attempt to litigate in all jurisdictions. Thus, it is invariably best to stop infringement as early as possible at its source or, where infringement only becomes apparent at a later stage, focussing infringement proceedings in larger markets. The rules for where and how such proceedings can be brought are examined in detail below. However, it is also important to consider the collateral benefits of litigating in other, less obvious, jurisdictions. For instance, it may be valuable to be able to export judgments or information from specific jurisdictions to another. Alternatively, there may be practical and legal advantages in seizing or avoiding specific jurisdictions.

But why is this decision so important? Given that it is not possible to litigate in every jurisdiction, both parties have a crucial choice as to where to commence proceedings if they start first. This can have significant implications for all aspects of the litigation. Your chance

¹ *Fort Dodge Animal Health Limited v. AKZO Nobel* [1998] F.S.R. 222

² *Seprachor Inc. and Hoechst Marion Roussel Limited and others* [1999] F.S.R. 746

of success is likely to be affected by the court of choice. For instance, you may not be able to run your best arguments in certain jurisdictions. More fundamentally, the choice of court will set the type of relief that will be obtained or avoided and the speed with which this is granted. The factors which dictate whether there is even the opportunity to choose between different courts and, if so, what court may be chosen are discussed below.

3. ***THE BRUSSELS CONVENTION***

The starting point for examining the rules for selecting a court in Europe is the Brussels Convention. The institutions of the European Community have long accepted that it was important that there should be a uniform system of jurisdiction in the EC. It was important to ensure that conflicting judgments were not obtained in different Member States and that rules of jurisdiction did not discriminate on the basis of nationality. Accordingly, in 1968 the six original Member States of the EC signed the Brussels Convention for Civil Jurisdiction and the Enforcement of Judgments (“the Brussels Convention”). New Member States joining the European Union since this date have acceded to the Brussels Convention. In addition, the Lugano Convention on Jurisdiction and Enforcement of Judgments applies in relation to countries belonging to EFTA (the European Free Trade Association which includes Austria, Finland, Iceland, Norway, Sweden and Switzerland). The Brussels Convention is a multi-lateral treaty, rather than a piece of legislation, to which countries have acceded. For instance, in the United Kingdom, the Brussels Convention was brought into force by the Civil Jurisdiction and Judgments Act (1982) (“CJJA”) which gives the Brussels Convention the force of law in the United Kingdom.

The Brussels Convention applies to civil and commercial matters. Certain areas, such as the legal capacity of natural persons, bankruptcy, social security and arbitration are excluded from its scope. The aim of the Brussels Convention is set out in the preamble as follows:

“The parties to the Treaty establishing the European Economic Community..... undertook to secure the simplification of formalities governing the reciprocal recognition and enforcement of judgments of courts or tribunals; Anxious to strengthen in the Community the legal protections of persons therein established; Considering that it is necessary for this purpose to determine the international jurisdiction of their courts, to facilitate recognition and to introduce an expeditious procedure for securing the enforcement of judgments, authentic instruments and court settlements; have decided to conclude this Convention...”

On March 1 2002, the Regulation on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (“the Jurisdiction Regulation”)³ came into force in all Member States (except Denmark). However, the Lugano Convention continues in force as does the Brussels Convention between Denmark and other Member States. There are few differences between the Jurisdiction Regulation and the Brussels Convention but, where there are differences, the Jurisdiction Regulation will take priority over the Brussels Convention. The differences are not likely to be of great significance to intellectual property lawyers but, where it is of relevance, the new wording of the Jurisdiction Regulation has been highlighted. The preamble to the Jurisdiction Regulation sets out its purpose, arguably in a clearer manner than the Brussels Convention, stating that;

- “(1) The Community has set itself the objective of maintaining and developing an area of freedom, security and justice, in which the free movement of persons is ensured. In order to establish progressively such an area, the Community should adopt, amongst other things, the measures relating to judicial co-operation in civil matters which are necessary for the sound operation of the internal market.
- (2) Certain differences between national rules governing jurisdiction and recognition of judgments hamper the sound operation of the internal market. Provisions to unify the rules of conflict of jurisdiction in civil and commercial matters and to simplify the formalities with a view to rapid and simple recognition and enforcement of judgments from Member States bound by this regulation are essential”.

The Brussels Convention overrides inconsistent national law regarding matters of jurisdiction, *lis pendens*, recognition and enforcement. Generally, rules relating to the choice of law, the applicable substantive law, general procedural law and matters outside the EC remain unaffected.

It is important to emphasise that the Brussels Convention only applies where the defendant is domiciled in a Contracting State (i.e. a signatory to the Brussels Convention). Where defendants are not domiciled in a Contracting State the matter will be governed by the jurisdictional rules of the country whose court is initially seized of the matter. For the Brussels Convention to apply, the court seizing the dispute must also be in a Contracting State because the Brussels Convention will not bind a court of a non-Contracting State, even where

³ EC Council Regulation No. 44/2001

the defendant is domiciled in a Contracting State. The key provisions of the Brussels Convention, in relation to litigation involving patents and trade marks, are examined at 3.1 to 3.6 below.

3.1 *Articles 2 and 3 (Domicile)*

The starting point for establishing jurisdiction under the Brussels Convention is provided by Article 2. This states that:

“Subject to the provisions of this Convention, persons domiciled in a Contracting State shall, whatever their nationality, be sued in the courts of that State.

Persons who are not nationals of the State in which they are domiciled shall be governed by the rules of jurisdiction applicable to nationals of that State”.

In effect, the claimant must “play away”. In determining whether a party is “domiciled” in a Contracting State whose courts are seized of proceedings, Article 52 states that the court shall apply its internal law. Correspondingly, where a party is not domiciled in the State whose courts are seized of the matter then the court must apply the law of the State of supposed domicile in determining whether the party is domiciled there.

Under Article 53 the seat of a company or other legal person or association of natural or legal persons is treated as its domicile. In determining the seat in question the court shall apply its own rules and private international law. For instance, in the UK the relevant rules relating to domicile are located in Sections 41 to 46 of the CJJA. In *Gareth Pearce v. Ove Arup* [2000] Ch.403, the Court of Appeal held that, on the basis that the defendant was domiciled in the United Kingdom, it had jurisdiction to hear proceedings relating to the infringement of Dutch copyright in architectural drawings that were used in the construction of the Kunsthal arts centre in Rotterdam.

Under the Jurisdiction Regulation, although Article 2 is identical to Article 2 of the Brussels Convention, the definition of domicile previously contained in Articles 52 and 53 is slightly different. Under Article 60, a company is domiciled where it has (a) statutory seat; or (b) central administration; or (c) principal place of business. Arguably, this provides an opportunity for claimants to bring proceedings in different

Contracting States which are treated as the domicile of the defendant where, for example, its statutory seat (which in the United Kingdom means the registered office) is different to the principle place of business or central administration.

Article 2 has obvious advantages for a claimant where a defendant commits acts of infringement in a number of Contracting States. Under the Brussels Convention, the claimant is able to sue for all the acts of infringement in the domicile of the defendant. Thus a French defendant can be sued in France for violation of not only a French patent but also an Italian, German or Spanish patent, as circumstances dictate.

The status of Article 2 as the starting point when considering bringing an action is expressly outlined in Article 3 of the Brussels Convention which states:

“Persons domiciled in a Contracting State may be sued in the courts of another Contracting State only by virtue of the rules set out in Sections 2 to 6 of this Title”.

Article 2 is often considered to be the “golden rule” of the Brussels Convention. It is important to emphasise that derogations from this rule will always be construed narrowly.

3.2 *Article 5 (Special Jurisdiction)*

In addition to the basic rule outlined in Article 2, the Brussels Convention provides further rules of “special jurisdiction”. These may provide claimants with the choice of suing a defendant in more than one jurisdiction. Of particular relevance to proceedings relating to intellectual property rights is Article 5(3) which states that:

“A person domiciled in a Contracting State may, in another Contracting State, be sued:

(3) in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred”.

Therefore, when a tort is committed in a given Contracting State, the claimant may sue the defendant in the State where the party is domiciled or the Contracting State in which the tort was committed. However, it is important to remember that Article 5(3) still relies on the fact that the defendant is domiciled in a Contracting State (albeit a different one). For instance, it will not confer jurisdiction on an English

court to decide on the infringement of a UK patent by a person domiciled in the United States.

The expression “place where the harmful event occurred” has been the subject of considerable debate as to its scope and application. In *Bier BV v. Mines de Potasse d’Alsace*⁴ the European Court of Justice (“the ECJ”) held that the “‘place where the harmful event occurred’ was intended to cover both the place where the damage occurred and the place of the event giving rise to it.”. Therefore, at the option of the claimant, the defendant may be sued either in the courts for the place where the damage occurred or in the courts for the place of the event which gives rise to and is at the origin of that damage.

However, the approach in *Bier* was given a narrower interpretation in *Dumez France SA and Tracoba SARL v. Hessische Landesbank*⁵ when it was stated that:

“although the expression ‘place where the harmful event occurred’ contained in Article 5(3) of the Convention may refer to the place where the damage occurred, the latter concept can be understood only as indicating the place where the event giving rise to the damage, and entailing tortious ... liability, directly produced its harmful effects upon the person who is the immediate victim of that event”.

However, the jurisdiction of the court seized will depend upon which limb of the test is relied upon. For instance, *Shevill v. Presse Alliance*⁶ concerned the victim of a libel by a newspaper article that was subsequently distributed in several Contracting States. It was held by the ECJ that the claimant could bring an action for damages against the publisher before the courts of the Contracting State of the place where the publisher of the defamatory material was established. If so seized, the court would have jurisdiction to award damages for all the harm caused by the defamation. Alternatively, the claimant could bring a claim before the courts of each Contracting State in which the publication was distributed and where there was alleged to have been injury to reputation. In this case, each court would have jurisdiction to rule solely in respect of the harm caused in the state of the court seized. However, the ECJ emphasised the limitation of the rule;

⁴ SA C-21/76 [1976] E.C.R. 1735

⁵ C-220/88 [1990] E.C.R. I-0049

⁶ C-68/93

“it is settled case-law that that rule of special jurisdiction, the choice of which is a matter for the claimant, is based on the existence of a particularly close connecting factor between the dispute and the courts other than those of the State of the defendant’s domicile which justifies the attribution of jurisdiction to those courts for reasons relating to the sound administration of justice and the efficacious conduct of proceedings”.

Therefore, a defendant cannot be sued in the place where the “indirect effect” of the event occurred. In *Modus Vivendi v. British Products Sanmex*⁷, the English High Court considered both tests in relation to a passing off action where products were manufactured by a defendant living in Scotland and transported to China. It was held that a mere drop in sales experienced by the English claimant did not satisfy either of the two tests and that, effectively, England did not have a connecting factor with the dispute that was close enough to confer jurisdiction on the English court.

The only difference in the relevant Article of the Jurisdiction Regulation to that of the Brussels Convention is the addition of the words “or may occur” after the wording “where the harmful event occurred”. Although this widens the possibility of a claimant using Article 5(3) to pursue a defendant in a court other than in the Contracting State or domicile, it is not clear at this stage how immediate the threat must be.

3.3 *Article 6 (Multiple Defendants)*

Article 6(1) of the Brussels Convention states that:

“A person domiciled in a Contracting State may also be sued where he is one of a number of defendants, in the courts for the place where any one of them is domiciled”.

Thus, a German co-defendant could be sued with a French co-defendant in France in proceedings for infringement of a German, French and Italian patent. However, the ECJ had previously held that there must be a link between the relevant actions⁸. The case-law has been codified in Article 6(1) of the Jurisdiction Regulation which has the following additional wording:

⁷ [1996] F.S.R. 790

⁸ ECJ decision in *Athanasios Kalfelis v. Bankhaus Schroder, Munchmeyer, Hengst and Co* [1998] E.C.R. 5565

“provided that 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”.

This wording originates from Article 27(3) of the Brussels Convention. The term “irreconcilable judgments” in this context has a comparatively narrow meaning. However, in *the Tatry*,⁹ the court held that the expression had a wider meaning (this was specifically in the context of Article 22 but has subsequently been used in the interpretation of Article 6(1)):

“In order to achieve proper administration of justice, that interpretation must be broad and cover all cases where there is a risk of conflicting decisions, even if the judgments can be separately enforced and their legal consequences are not mutually exclusive”

Article 6(1) provides a useful option for claimants where infringing acts are carried out in more than one jurisdiction by more than one defendant. The claimant can argue that it is expedient for the various proceedings to be heard together because they relate, for instance in the case of parallel patents granted via a European patent, to the same subject matter. Difficulties were caused over whether such actions, if heard separately, could lead to irreconcilable judgments because of a difference in interpretation, particularly between the English and Dutch courts. However, the issue was examined in *Fort Dodge* [see 4.2] and a similar approach adopted in *Expandable Grafts, Ethicon and Cordis v. Boston Scientific*¹⁰ in which it was held that:

“The Court of Appeal is of the opinion that this question must be answered in the negative. Even if the act where the judgments in the Netherlands and in France would differ – which is possible in spite of the application of the same rules of substantive patent law – it cannot be said that the judgments are irreconcilable. The fact is that the national patents out of the European bundle exist independently of each other. It is therefore quite possible for one national patent out of the European bundle to be declared wholly or partially null and void whilst another is held to be valid ... One might say that what the patents originating from a European patent have in common is,

⁹ *The Tatry* [1994] E.C.R. 645

¹⁰ [1999] F.S.R.

in particular, the past and that, after being granted, each of them lives its own life”.

3.4 *Articles 21 and 22 (Related Actions)*

Article 21 of the Brussels Convention states as follows:

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

The corresponding provisions in the Jurisdiction Regulation are contained at Article 22.4 which includes the following additional wording:

“Without prejudice to the jurisdiction of the European Patent Office under the Convention on the Grant of European Patent, signed at Munich on 5 October 1973, the courts of each Member State shall have exclusive jurisdiction, regardless of domicile, in proceedings concerned with the registration of validity of any European patent granted for that state.”

Article 22 of the Brussels Convention provides that:

“Where related actions are brought in the courts of different Contracting States, any court other than the court first seized may, whilst the actions are pending at first instance, stay its proceedings.

A court other than the court first seized may also, on the application of one of the parties, decline jurisdiction if the law of that court permits the consolidation of related actions and the court first seized has jurisdiction over both actions.

For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgements resulting from separate proceedings”.

Articles 21 and 22 are important where actions are commenced in more than one jurisdiction. This is most likely to occur as a result of a conflict between Articles 2 and 5. Article 21 is applicable where the *same* cause of action is commenced in

different Contracting States. Where the parties and the cause of action are the same, there is a mandatory obligation upon the court second seized to decline jurisdiction. In contrast, Article 22 is concerned with actions that are *related*. Where actions are related, the court second seized has a discretion as to whether to stay proceedings or decline jurisdiction if the actions can be consolidated and the court first seized has jurisdiction to hear both actions. Clearly, the aim of Articles 21 and 22 is to prevent parallel proceedings in courts of different Contracting States and to avoid any resulting conflict between decisions (a key aim of the Brussels Convention as made explicit in the preamble).

There is no absolute definition of “cause of action”, but case law of the ECJ (specifically *Gubisch and Palumbo*¹¹) makes clear that it has a meaning under the Brussels Convention independent of national law and that for Article 21 to apply the relevant claims need not be identical, but must have the same parties, the same object, arise from the same facts and apply the same rule of law. If these issues are the same then even where the claimant in one action is the defendant in another, Article 22 will apply. In complex, or multi-party, proceedings different causes of action may be distinguished with Article 21 applicable to some and not others¹².

Which court is first seized is a question of national law in reference to each proceedings. For instance, in England it is settled case law that proceedings are commenced when the claim form is served¹³.

The applicability of Article 22 was expounded in *The Tatry* case in which it was stated that:

“In order to achieve proper administration of justice, that interpretation must be broad and cover all cases where there is a risk of conflicting decisions, even if the judgements can be separately enforced and their legal consequences are not mutually exclusive” [in relation to “related”].

Article 22 is much wider in scope than Article 21 because neither the parties nor the cause of action itself need be the same. However, this provision tends to be of rather less importance, particularly in relation to intellectual property infringement actions

¹¹ [1987] E.C.R. 4861

¹² *The Tatry*

¹³ *The Sargasso* [1995] I.L.Pr. 53 CA

in the English courts, because a court is unlikely to conclude that an action should be stayed simply because there are similarities with foreign proceedings.

A key question is whether actions for the infringement of a registered intellectual property right and a subsequent counterclaim for revocation fall within Articles 21 or 22. In *Gubisch v Palumbo*,¹⁴ a contract case concerning a German domiciled company and an Italian resident, the defendant sought declarations that he was not bound by the contract after the claimant had sued in Germany for the contract price. It was held that actions for enforcement and annulment of the same contract involved the same cause of action and Article 21 was applied. It can be argued¹⁵ that actions for infringement and revocation of registered IP rights involve the same cause of action and the same principles will apply. However, under Article 16(4), an action for revocation of a registered right must be brought in the Contracting State in which the right was registered. This situation is discussed in more detail at 3.6 below.

The other situation which can have relevance to Articles 21 or 22 is parallel claims in jurisdictions between the same parties relating to the infringement of IP rights. Although such actions may involve the same parties they do not involve the same cause of action; the infringement of a German patent is a different cause of action, involving issues of territory and national law to, for instance, a French patent. However, the way in which these Articles have been used by litigants in order to “torpedo” proceedings and confine actions to courts that are perceived to be slow moving is discussed at 4.6 below.

3.5 *Article 16 (Exclusive Jurisdiction)*

Article 16 confers exclusive jurisdiction on the court of a Contracting State, regardless of the domicile of the defendant, in relation to five specified areas of law. Article 16(4), which is of particular relevance to intellectual property rights, states that a court will have exclusive jurisdiction:

“In proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or is under the term of an international convention deemed to have taken place”.

¹⁴ C-144/86 [1987] E.C.R. 4861

¹⁵ Tritton – In Intellectual Property in Europe (2002)

Article 19 outlines the action to be taken where there is a conflict in relation to Article 16 stating:

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

The *Jenard Report*¹⁶ expands on the significance of Article 19 as follows:

“This rule is essential since the exclusive jurisdictions are conceit to matters of public policy which cannot be departed from the free choice of the parties ...

The words “principally concerned” have the effect that the court is not obliged to declare of its own motion that it has no jurisdiction if an issue which comes within the exclusive jurisdiction of another court is raised only as a preliminary or incidental matter.”

Thus, where Article 16 applies, parties cannot confer jurisdiction on another court and any court other than that relevant to Article 16 must decline jurisdiction on its own motion. The *Jenard Report* justifies and clarifies Article 16(4) stating that:

“Since the grant of a national patent is an exercise of national sovereignty, Article 16(4) of the Judgments Convention provides for exclusive jurisdiction in proceedings concerned with the validity of patents. Other actions, including those for infringement of patents, are governed by the general rules of the Convention”.

The only ECJ case directly concerned with the applicability of Article 16(4) is *Duijnste v. Lodewijk Goderbouer*¹⁷ which confirms the approach outlined in the *Jenard Report* including the inapplicability of Article 16(4) to infringement actions. Although, in contrast to the *Jenard Report*, *Duijnste v. Goderbouer* justifies Article 16(4) on the basis of convenience and not public policy or national sovereignty. Importantly, Article 16(4) applies to registered IP rights only and does not apply to contract, licence or proprietorship claims even where these will affect a national register of IP rights.

¹⁶The *Jenard Report* on the 1968 Convention and the 1971 Protocol (1979)

Therefore, in proceedings relating to pure claims for invalidity or revocation Article 16(4) will apply. Conversely, it is clear that Article 16(4) does not apply in relation to issues of infringement where there is no issue of validity. However, in many patent actions the validity of the right is an issue. Although the ECJ has not made a significant ruling in relation to this issue, a number of national courts have considered the point.

In *Fort Dodge*¹⁸ it was held by the English Court of Appeal that where issues of validity and infringement arose it was not usually possible to determine the latter without reference to the former. It was stated that;

“It follows that the split contemplated by the Jenard Report between actions for infringement and proceedings concerned with validity cannot always be made”.

Thus, under Article 19, the English court would decline jurisdiction in favour of the Contracting State of registration where validity is raised by the defendant. In recent cases in the Dutch court¹⁹ a similar line has been followed, and it was acknowledged that given that infringement of an invalid patent is impossible, it is preferable to have both questions answered by the same court. However, in contrast to the English approach (of declining jurisdiction) the Dutch courts have tended to favour a stay in proceedings pending the outcome of validity proceedings.

However, despite some agreement as to approach there remains no binding interpretation as to the applicability of Article 16(4) in this context. Arguably this remains the biggest unresolved question for litigators in relation to IP rights and the Brussels Convention.

3.6 *Article 24 (Interlocutory Relief)*

Article 24 provides that:

“Application may be made to the courts of a Contracting State for such provisional, including protective, measures as may be available under the

¹⁷ (C288/82) [1985] F.S.R.221

¹⁸ *Fort Dodge Animal Health Limited and others v Akzo Nobel N.V. and another* [1998] F.S.R. 222

¹⁹ *Boston Scientific BV v Cordis Corporation* [2000] E.N.P.R. 87.

law of that State, even if, under the Convention, the courts of another Contracting State have jurisdiction as to the substance of the matter”.

Interlocutory applications are a common place and important area of intellectual property litigation. For instance, Article 24 is important in allowing simultaneous applications to seize assets or goods in a number of Contracting States. It is important to note that Article 24 cannot be used to avoid the more general rules of jurisdiction in the Brussels Convention and the measures sought must be genuinely provisional. The Court of Justice has stated that “provisional including protective measures” refers to measures which “are intended to preserve a factual or legal situation so as to safeguard rights, the recognition of which is otherwise sought from the court having jurisdiction as to the substance of the case”²⁰.

More recently the ECJ²¹ has also emphasised that there is a need for;

“the existence of a real connecting factor between the subject matter of the measures sought and the territorial jurisdiction of the Contracting State of the court before which those measures are sought”.

It is important to emphasise this point because there has often been a widespread misunderstanding of the scope of Article 24. This is particularly the case in relation to the Dutch courts use of the *kort geding* procedure which was regularly used to grant pan-European injunctions against the infringement of patents. This is discussed in more detail at 4.3 below. However, whilst certain Dutch cases assume that the *kort geding* procedure is within the scope of Article 24 no proceedings have been based solely on this ground. Typically, jurisdiction has been based on Articles 2, 5(3) or 6(1) of the Brussels Convention.

Thus, Article 24 does not confer international jurisdiction but simply permits national courts to exercise pre-existing jurisdiction under national law. This must be distinguished from the ability of courts having jurisdiction in relation to the substantive matter also having jurisdiction to make provisional and protective measures which may have extra-territorial effect independent of Article 24.

The corresponding provision in the Jurisdiction Regulation is contained at Article 31 and is identical to Article 24 of the Brussels Convention.

²⁰ C-261/90 *Reichert and Kockler v. Dresdner Bank* [1992] ECR I-2410

²¹ *Van Uden Maritime v Deco-Line* [1998] E.C.R. C-391/95

4. ***THE REAL WORLD***

Discussed below in more detail are a number of significant cases and themes running through European patent litigation which highlight the scope and problems of forum shopping.

4.1 ***Coin v. Suzo***²²

In *Coin v. Suzo*, the claimant was the proprietor of identical United Kingdom, German and Spanish patents for coin dispensing equipment. The first defendant traded in England and was alleged to have sold an infringing device. The third defendant was a Dutch company involved in the development and manufacture of the device which was sold by a German company (the fourth defendant) in Germany and in Spain. An action was brought in England alleging infringement of the UK patent in England by the first defendant, infringement of the UK patent in England by the third defendant as a joint tortfeasor, infringement of the German patent in Germany by the fourth defendant, infringement of the German patent in Germany by the third defendant and infringement of the Spanish patent in Spain by the third defendant.

Laddie J held that because the first defendant was domiciled in England, the various actions against the foreign defendants could be heard under Article 6(1) because there existed a connection between the claims such that it was expedient to hear them together to avoid the risk of irreconcilable judgments. However, the defendants subsequently disputed the validity of the patents. As a result, Laddie J held that the effects of Article 16(4) and 19 required the court to decline jurisdiction once the issue of validity had been raised. Under Article 19 courts are obliged to decline jurisdiction in claims “principally” concerned with Article 16 issues. Accordingly, jurisdiction was declined over all the claims, even those parts which dealt with infringement and were thus not within Article 16.

This decision created a conflict in approach between the Dutch and English courts. The Dutch approach was that even where the validity of patents was challenged, and if an action was brought in Holland against a Dutch domiciled defendant in respect of infringement, it would seize the action and restrain infringement. Typically this was done by way of interlocutory injunctions with cross-border effect. Where there was a challenge to validity of the foreign patent a preliminary assessment was made of the likelihood of success and, if appropriate, the Dutch courts would stay the

²² *Coin v. Suzo* [1997] F.S.R. 660

proceedings. This created something of a conflict between the Dutch and British courts given that Dutch courts would grant relief in respect of foreign infringements where validity was challenged even though the British courts would not. The approach of the two jurisdictions has been at least partly reconciled by the decision in *Fort Dodge* which is discussed below.

4.2 *Fort Dodge v Akzo*²³

This was the first case in which the English Court of Appeal had been required to consider the issue of an English court's ability to hear an action for infringement of a foreign IP right. Akzo owned a number of patents resulting from an EPC application including virtually identical Dutch and UK patents relating to a vaccine used to prevent the infection of dogs. The petitioners were English, Dutch and Australian domiciled companies in the Fort Dodge Group of Companies. In April 1997, Akzo began ex-parte patent infringement proceedings in the Netherlands against the petitioners. In September 1997, the petitioners commenced an action in the English High Court seeking revocation of Akzo's UK patent and an interlocutory order that Akzo be prevented from seeking relief in the Netherlands in respect of acts committed within the jurisdiction of the English court. It was principally argued that under Article 16(4) the English court had exclusive jurisdiction regarding claims for infringement of the UK patent and that the Dutch courts ought to have declined jurisdiction.

In relation to Article 6(1), the Court of Appeal held that where different defendants are alleged to have infringed different countries' patents, Article 6(1) will not be applicable because, in relation to different national rights, there is no risk of mutually exclusive judgments and it could therefore not be expedient to try them together²⁴. Lord Woolf M.R. said that:

“These are actions relating to 2 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

²³ *Fort Dodge Animal Health Limited and others v Akzo Nobel N.V. and another* [1998] F.S.R. 222

²⁴ The court differed from Laddie J's approach in *Coin v. Suzo*.

infringement in the United Kingdom will depend upon a national right having effect only in the United Kingdom. The same applies to a judgment on the Dutch patent”.

The court then concerned itself with the construction of Article 16. Based on Article 16(4), the court concluded that there was no doubt that all proceedings for revocation of a patent had to be decided by the court of the state where the patent was registered. However, Article 16(4) (as discussed above) differentiates between actions for infringement and proceedings concerned with validity. With specific reference to the nature of patent proceedings in the UK, Lord Woolf M.R. stated that:

“Where questions of infringement and validity both arise, it is invariably not possible to conclude there is infringement without validity being determined. An extreme example, known as a *Gillette* defence, is where the alleged infringer’s case is that the patent is invalid if the alleged infringing acts fall within the ambit of the claim. That appears to be part of the appellant’s contentions in this case. It follows that the split contemplated in the Jenard Report between actions for infringement and proceedings concerned with validity cannot always be made”.

It was held that for the purposes of Article 19 the claim in respect of acts carried out in the UK was principally concerned with the validity of the UK patent. Therefore, by virtue of Article 19 and Article 16, the claim fell within the exclusive jurisdiction of the English court.

The court examined whether, under Article 24, the Dutch court could order provisional relief as an adjunct to Akzo’s claim for final relief in the Dutch proceedings. On this point, the court stated:

“If the United Kingdom courts have exclusive jurisdiction over the dispute concerning the United Kingdom patent, then there is no justification for the respondents attempting to obtain from the Dutch court even provisional relief as an aid to or an adjunct of the claim for final relief in respect of the United Kingdom patent. It would be vexatious to seek such relief.”.

Despite expressing definite views as to the construction of Article 16(4) and 24, the court acknowledged that “however, we accept that a contrary opinion is tenable. The matter is accordingly not “*acte clair*”. As a result, various questions were referred to

the ECJ for consideration. As a result of the matter being settled, these questions were never addressed by the ECJ.

4.3 *Spiders and the Rocket Docket*

The 1989 Judgement of the Netherlands Supreme Court (*Focus Veilig v. Lincoln Electric*²⁵) found that, in light of the inherent disadvantages in commencing separate proceedings in all relevant jurisdictions, there was no reason why an order by a Dutch court need be limited to actions taking place in Holland itself. The court held;

“there is no support in the law for a restrictive interpretation which would, in an age of increasing cross-border contracts, lead to the undesirable result in practice that a Dutch plaintiff whose rights have been infringed by unlawful actions of a cross-border nature, such as the infringement of intellectual property rights....would be obliged to bring an action before the courts of each of the countries in question”

Since the decision in *Lincoln Electric* the Dutch courts have become well known for granting cross border injunctions in intellectual property cases, primarily in relation to patent proceedings. This became known as the “rocket docket”. This approach, whilst becoming increasingly common, was widely criticised, particularly by Dutch multinationals which became the focus of such actions.

Pan-European relief has typically been sought in Holland via the *kort geding* procedure. This translates as “short procedure” and although there is no identical procedure in other European countries it has the advantage of speed, simplicity and low legal costs. The relief sought is typically domestic or extra-territorial relief and, in the case of patent proceedings, could only be brought before the court of the President in the Hague. For instance in *Applied Research Systems v Organon International*²⁶ the claimants were granted an injunction against nine defendants for the ten EPC contracting states. This had the effect of terminating the defendants’ clinical trials on hormones. In granting the relief the Dutch court expressly disregarded the fact that these preliminary measures would not have been available in some of the relevant Contracting States.

²⁵ [1991] B.I.E. 86

²⁶ Hague Courts of Appeals 1994

Prior to the Court of Appeals at the Hague cases²⁷ the Dutch courts had argued that cross border jurisdiction was available for any defendant infringing a “European patent”. Generally, Dutch courts utilised Article 6(1), rather than Article 24, in asserting that national patents originating from one European patent application constituted enough of a “connection” for the purposes of Article 6(1).

However, after the three decisions of the Court of Appeals, and aligning itself with the English courts in *Coin v Suzo* and *Fort Dodge v Akzo*, the Dutch approach now accepts that European patents should be seen as “a bundle of national patents”. The Court of Appeals ruled that simply because a number of defendants infringe national patents that originate from the same European application this is not sufficient to allow for the cross border jurisdiction of the Dutch courts over foreign defendants.

However, there is a significant difference between the current UK and Dutch approach. The Hague court held in *EGP v. Boston Scientific* that where defendants belong to the same group of companies which market identical products in different national markets this may be considered to be a single act requiring the simultaneous administration of justice under Article 6(1). However, it is the court where the head office of the relevant company, or “central co-ordinating part”, is domiciled that is considered the court that has cross border jurisdiction. Thus, if a Dutch company is the “spider in the web” it is the Dutch court that will have cross border jurisdiction.

It was clarified in *EKA Chemicals A.B. v. Nalko Europe B.V. et al*²⁸ that the “spider” need not be the main headquarters of a company in global terms. It was held that a Dutch defendant that was the European headquarters for a US multinational had a sufficiently leading role to justify cross border jurisdiction of the Dutch courts over the other national subsidiaries. Interestingly, although jurisdiction over the defendants in other European countries was accepted and evidence was provided of indirect infringement outside the Netherlands the court declined to grant cross-border relief stating;

“in light of the nature of preliminary injunction proceedings and the far-reaching consequences of cross-border injunctions against direct infringement, the Court should be prudent”.

²⁷ *EGP v. Boston Scientific* [1988], *Boston Scientific B.V. et al v. Cordis Corporation* [1998] and *Eka Chemicals A.B. v. Nalco Europe B.V. et al* [2000]

²⁸ the Hague Court of Appeals [25 May 2000]

This led one local commentator²⁹ to write;

“in view of the ruling that there was literal infringement of a valid patent, it is hard to imagine under what circumstances the court would grant cross-border relief in preliminary injunction proceedings in the future”.

It is important to note, in relation to the above, that the ability of Dutch courts to grant such cross border jurisdiction only applies to national patents arising from the same European patent application. In respect of independent national patents the “normal rules” will apply.

Articles 5(3), 24 and 16(4) have also been utilised by the Dutch courts in order to justify cross-border jurisdiction. Although the Court of Appeals in *EGP v. Boston Scientific* did not rule on Article 5(3), the District Court has more recently ruled³⁰ that it lacks cross border jurisdiction where this is based on Article 5(3) only. In relation to Article 24 the Court ruled in *EGP v. Boston Scientific* that any jurisdiction granted for provisional relief under this article is restricted to the national territory of the Dutch court. As discussed above, the Dutch approach to the interpretation of Article 16(4) has moved towards the English interpretation in viewing issues as to the validity and infringement of patents as inseparable. However, although the Court in *EGP v. Boston Scientific* refused to grant cross border relief on the facts it indicated that less restraint was required in assessing whether provisional measures would be appropriate. Therefore, although the use of the “rocket docket” has become more restricted it has not gone away and, particularly where Dutch Courts have jurisdiction under Articles 2 or 6(1), its use still needs to be considered.

4.4 *The Torpedo*

Some years ago Articles 21 and 22 of the Brussels Convention took on a new significance as the basis for slowing down or virtually halting patent litigation. To a large degree this was a response to the willingness of the Dutch courts to grant pan-European injunctive relief. The strategy works on the basis that an alleged infringer can slow proceedings for the infringement of parallel patents by seeking a declaration of non-infringement in a jurisdiction where litigation is slow. Initially at least, the slow-moving courts in question were Italian and subsequently Belgian, giving rise to the expression the “Italian (and Belgian) Torpedo”.

²⁹ Van Der Broek – EIPR 2000

This “torpedoing” of litigation was first named by Mario Franzosi in his article “*Worldwide Patent Litigation and the Italian Torpedo*”³¹ in which he explained;

“This is the principle that the slowest ship determines the speed of the entire convoy. If in a certain country the litigation for ascertaining non-infringement is conducted over a long period of time, the enforcement of the patent becomes impossible. All the countries are obliged to cut their engines until the slow-moving ship arrives.”

This tactic was particularly useful in Italy because Italian cases are decided when the three degrees of jurisdiction are exhausted; first instance, appeal and second appeal. Franzosi said of the system;

“this may take an outrageous length of time. During this time, the enforcement of the intellectual property right would be paralysed”.

Some commentators³² have maintained that Article 21 is not applicable in such situations because although the actions may well be the same subject matter, they do not involve the same cause of action. However, the actions are clearly related and so Article 22 will apply even if Article 21, and the mandatory stay, do not. Thus the same approach can be used although it relies on the discretion of the courts of other Contracting States as to whether or not to stay the proceedings for infringement.

In recent years there has been an increased awareness of the use of this tactic to stall proceedings and certain courts have reacted against this perceived abuse of process. As a result of the decision in *Coin v Suza*, the English courts will not separate infringement and validity and will refuse jurisdiction over claims for the infringement of non-UK patents where validity is an issue elsewhere, thus making English infringement actions “torpedo-proof”.

The Belgian courts have shown an increasing reluctance to allow litigation to be torpedoed. This is particularly so where Articles 2, 5(3) and 6(1) have been utilised to “manufacture” a torpedo. In June 2000³³ the court of first instance in Brussels ruled out its international jurisdiction in relation to countries mentioned in a patent

³⁰ *DSM v Orffa Nederland Feed BV & Novo Nordisk Farma BV et al* [2000 IER 143]

³¹ [1997] E.I.P.R.

³² In *Intellectual Property in Europe – Tritton – 2002*

³³ Docket No 99/6.600/A

dispute relating to medicine. The patent holder had brought an action for infringement in Germany. On the same day the defendant applied to the Belgian court to revoke the Belgian part of the European patent and for a declaration of non infringement for the relevant European countries in the patent. Crucially, the only defendant company domiciled in Belgium was not the patentee or the licensee and the medicine itself had never been sold in Belgium. The court held that;

“the second defendant was summoned before the court for reasons that had nothing to do with the facts of the dispute. The plaintiffs have clearly not summoned the second defendant in the court in order to submit a dispute regarding subjective rights between themselves and the defendant; they have summoned the faraway defendant to the court to deprive him of the jurisdiction of the competent court. The improper use of the rules of procedure constitutes a misuse of the proceedings.”

The Dutch court has also sought to limit the impact of the “torpedo”. In *Therex v Medtronic*³⁴ the claimant started preliminary injunction proceedings in the Netherlands in relation to its European patent for an implantable infusion device. However, prior to this the defendant launched a “torpedo” by seeking a declaration of non-infringement in Belgium. The defendant argued that the Dutch court should decline jurisdiction, on the basis of Article 21, because it had already instituted proceedings in Belgium in regard to the same subject matter. This argument was rejected and it was held that jurisdiction (in relation to the Dutch preliminary injunction proceedings) could be derived from Article 24 because of the real link with Holland (the defendant was Dutch and the alleged infringing products were manufactured in Holland).

In contrast, however, the Italian³⁵ and the German courts³⁶ have continued to allow, in principle, the “torpedo” tactic to be utilised. In the German case the key question was whether pending patent infringement proceedings should be suspended as a result of a negative action for declaratory judgement filed in Belgium. A significant issue was the different interpretation of “pending” in Article 21 in different jurisdictions. A reference was made to the ECJ but, due to the subsequent settlement of the case, will not now be heard. However, the German court appears to be

³⁴ *Therex Limited Partnership v Medtronic BV* – The President – 6 February 2001

³⁵ *Euromach v. Hiebsch and Peege* [November 1999]

³⁶ Higher Regional Court of Dusseldorf - case W60/98

continuing its previous approach of feeling unable to dismiss such action as an abuse of legal rights because this would undermine the principle that each jurisdiction within Contracting States is equal and it is not for one Contracting State to disqualify the courts of another.

4.5 *Seprachor Inc v. Hoechst Marion Roussel*³⁷

This recent case provides a useful insight into the English courts current view of forum shopping. The claimant applied for patent protection under the EPC in seventeen European countries. The patent concerned an antihistamine drug and the first to sixth defendants (all being companies within the Hoechst Group) dealt with a product it was alleged infringed the patent in question. It is useful to note the range of location of the defendants in question. The first and second defendants were English companies. The third to fifth defendants were based in Germany and the sixth defendant was based in the USA.

In May 1998 the fifth defendant (based in Germany) and a Belgian company within the same group commenced proceedings in Belgium against the claimant seeking declarations that the designations of patent in Germany were invalid or not infringed. Laddie, J observed that a patent infringement in Belgium would typically take approximately five years to come to trial and another five years for any subsequent appeal. Referring to the action as “deploying the Belgian torpedo” Laddie, J described this as “a means of preventing a patentee from obtaining effective relief by starting litigation in a Brussels Convention country which is believed or hoped to have slow court proceedings”.

In September 1998 the proceedings in England were commenced by the claimant seeking a declaration that the patent in question in the 12 European countries to be considered was valid. Particulars of objections were filed by the first defendant and an application made to strike out the claimant’s case on the basis that it was not open to the claimant to sue in England in respect of infringement of patents in other Member States where the validity of the patent was an issue. Laddie, J referred to *Fort Dodge* although recognising that elements of the decision were inconsistent with the view of the Brussels Convention held in the Netherlands as per *Boston Scientific v. Cordis*. The complexities of multi-jurisdictional patent litigation is illustrated by Laddie, J’s comment that;

“A different view is probably also held in Germany although it is not clear whether the German view is the same as the Dutch. It may be that the courts in Belgium hold a different view as well.”

On the basis of the decision in *Fort Dodge* those parts of the claimant's case seeking to litigate in other jurisdictions were struck out. In addition the case against the third to sixth defendants (i.e. non-UK based) was removed from the action on the basis that there was no infringement by common design of the parties (a basis for joint tortfeasance³⁸ i.e. there was no common design to infringe the UK patent).

4.6 **Conclusion**

Having attempted to navigate through the maze that can be European patent litigation it is clear that it is at times no easy task. Laddie, J highlighted the problems inherent in cross border intellectual property litigation when he said:

“A sensible man, uncontaminated by familiarity of the Brussels Convention, and faced with the necessity to litigate in a national court, would be forgiven for thinking that the obvious ways of resolving the issues without unnecessary duplication of proceedings would be to litigate validity and infringement in Germany. But that is the course that both sides wish to avoid. Hoechst wants the German issues to be tried in Belgium and Segrachor wants them to be settled in England. As it is there is a positive incentive to commence proceedings in countries where they are not likely to come to a hearing within a reasonable period of time or in countries which have no real relationship to the acts of infringement alleged or, as here, in both. A less sensible system cannot have been dreamt up by Kafka. It does not meet the legitimate needs of patent holders and potential infringers within ECP countries and simply proliferates pre-emptive litigation. The fact that there is a difference of opinion between the courts in various countries as to the effect of the Brussels Convention has not caused a problem, but it has exacerbated it. The sooner that difference is resolved by the ECJ the better.”

³⁷ *Segrachor Inc. and Hoechst Marion Roussel Limited and others* [1999] F.S.R. 746

³⁸ as per *Hobhouse LJ in Credit Lyonnais Bank, Nederland N.V. v. Export Credit Guarantee Department* [1998] (1) *Lloyds Rep*
19

However, despite the complexities and, at times, the difficulties, it is possible to utilise the current system to one's advantage be that as a claimant or a defendant. The practical factors that need to be considered in assessing a client's position are considered in more detail at section 6 below.

5. *COMMUNITY TRADE MARKS*

Under Council Regulation 40/94 ("the CTM Regulation"), in force since 1994, it is possible to file a single trade mark application for the whole of the European Union. Once registered, a Community Trade Mark ("CTM") will provide protection in all 15 Member States and is unitary in nature. This means that a CTM may only be registered or revoked for the whole of the EU. The substantive provisions of the CTM Regulation are not discussed in this paper. However, the CTM Regulation contains specific provisions relating to jurisdiction which are important to the potential forum shopper.

CTMs are enforced before Community Trade Mark courts, which, although their role and function are laid out in the CTM Regulation, are purely national courts. As such, the proceedings before these courts, and their decision-making, are largely governed by national law. However, provisions relating to the jurisdiction of the courts, applicable law and the relationship between decisions taken in these courts, are outlined in Title X (Articles 90 to 104) of the CTM Regulation. The aim of these provisions is to ensure the unitary nature of the CTM and to restrict the possibility of contradictory decisions in respect of the same CTM.

Article 92 covers jurisdiction in relation to infringement and validity and states that CTM courts shall have exclusive jurisdiction in respect of the following:

- “(a) for all infringement actions and - if they are permitted under national law - actions in respect of threatened infringement relating to Community trade marks;
- (b) for actions for declaration of non-infringement, if they are permitted under national law;
- (c) for all actions brought as a result of acts referred to in Article 9(3), second sentence³⁹;

³⁹ Allowing the trade mark proprietor to recover damages for infringement from the publication date of the CTM.

- (d) for counterclaims for revocation or for a declaration of invalidity of the Community trade mark pursuant to Article 96”.

(These are collectively referred to as Article 92 proceedings)

Article 19 deals with the overlap between the Brussels Convention and the CTM Regulation and states, in effect, that the Brussels Convention will apply. However, the CTM Regulation then goes on to exclude many of the relevant grounds of jurisdiction under the Brussels Convention including Articles 2, 4, 5(3) and 24. However, the CTM Regulation, at Article 93, provides for international jurisdiction on similar, although not identical, principles to the Brussels Convention.

A significant advantage of the CTM Regulation is the jurisdiction given to a CTM court in relation to infringing acts outside the national territory of that CTM court. Thus, for infringing acts committed throughout the EU, it is possible to obtain an order from a single court prohibiting infringement on an EU-wide basis.

5.1 *Pan-European Relief*

The basic rule, contained at Article 93(1) is that Article 92 proceedings shall be brought in the court of the Member State in which the defendant is domiciled or in which he has an establishment. Thus, a company domiciled in France which commits an infringement of a CTM in the UK and Germany must be sued in France in relation to the infringing acts in the UK and Germany. The French CTM court will then be able to issue an injunction forbidding infringement throughout the rest of the EU.

Under Article 93(2), where the defendant is not domiciled, nor has an establishment in any Member State, the proceedings shall be brought in the court of the Member State in which the claimant is domiciled or has an establishment. For example, this would apply if a US company which has neither domicile nor an establishment in the EU commits an infringement in the UK and France of a CTM owned by a company domiciled in Germany. The US company must be sued by the German company in Germany in respect of the infringing act. The German CTM court is then able to issue an injunction forbidding infringement throughout the EU.

Under Article 93(3) where neither the defendant nor the claimant is domiciled or has an establishment in the EU, proceedings must be brought in Spain, which is where OHIM has its seat. Whether a legal person has a place of establishment or is

domiciled in a particular jurisdiction is a question of national law in that Member State.

Outlined in Article 93(4) are two further ways in which a court can be seized. First, Article 14 of the Brussels Convention will apply such that if the parties agree on the jurisdiction of a specified CTM court the proceedings can be heard by that court and it will have pan-European jurisdiction. Second, Article 18 of the Brussels Convention shall apply, such that if a claimant brings an action in any given CTM court (irrespective of the other rules of jurisdiction) and the defendant does not object, then that CTM court will have pan-European jurisdiction.

There is a further alternative ground of jurisdiction, contained within Article 93(5) of the CTM Regulation. Where acts of infringement have been “committed or threatened” in a Member State, then Article 92 proceedings can be brought in the court of that Member State. However, where jurisdiction is based solely on Article 93(5) the CTM court will only have jurisdiction in respect of acts committed in the territory of that Member State. This provision is similar to that contained in Article 5(3) of the Brussels Convention. However, the wording in Article 5(3) refers to “place where the harmful event occurred” as opposed to “committed or threatened”. It is not clear as yet whether these provisions will be interpreted differently. However “committed” certainly suggests the location of the act giving rise to the infringement itself as opposed to where the infringement caused damage.

5.2 *Revocation or Invalidity Proceedings*

It is interesting to note that Article 92 proceedings do not include a claim (rather than a counterclaim) for revocation or a declaration of invalidity of a CTM. This is because, under Article 95, the CTM courts still treat the CTM as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or a declaration of invalidity. Further, where a party brings an action for a declaration of non-infringement, validity cannot be put in issue.

However, CTM courts have jurisdiction for a counterclaim for an action for infringement. The grounds for revocation are that the mark has become descriptive, that it has become generic or that it has not been used anywhere in the EU for 5 years. The grounds for a declaration of invalidity include non-distinctiveness, the existence of an earlier mark, or bad faith in applying for the mark. Under Article 96 a CTM court must reject a counterclaim for revocation or a declaration of invalidity

if a decision has already been taken by OHIM in relation to the same subject-matter and cause of action involving the same parties. However, where a CTM court has given judgment on a counterclaim, it is possible to be a party to subsequent proceedings relating to the same subject-matter and cause of action involving the same parties before OHIM⁴⁰. This provision may often be a significant tactical consideration. Proceedings involving counterclaims in CTM courts may well involve extensive disclosure and witness evidence (for instance in the UK). However, proceedings before OHIM are less likely to involve extensive disclosure or live evidence. Therefore, if a party wishes to attempt to revoke a mark, it may well be advisable to wait for infringement proceedings to be brought rather than initiating proceedings before OHIM.

Under Article 100(1) where revocation or invalidity proceedings are pending before OHIM or another CTM court when an infringement action is commenced, the CTM court with conduct of the infringement proceedings is obliged to order a stay of those proceedings pending the outcome of the revocation/invalidity proceedings. Conversely, OHIM is obliged to stay proceedings where the validity of the CTM is already subject to proceedings of counterclaim before a CTM court. However, if one of the parties before the CTM court requests, it may stay proceedings pending determination of the application before OHIM even if it was seized first.

Article 99 of the CTM Regulation allows CTM courts to grant such provisional and protective measures as may be available under the law of that state in respect of a national trade mark. This applies even where under the CTM Regulation a CTM court of another Member State has jurisdiction in relation to the substance of the matter. However, it is important to note that any provisional relief granted by a CTM court not having jurisdiction in relation to the substance of the matter, will be restricted to the jurisdiction in which it is situated.

5.3 *Forum Shopping*

⁴⁰ Provided that the CTM court judgment has acquired the authority of a final decision (Article 55(3)).

Although the rules in the CTM Regulation are mandatory, as with the Brussels Convention, there is scope for forum shopping. For instance, where a CTM owner or infringer has domicile/establishment in a number of Member States. The issues outlined below may need to be considered in addition to those at section 6 below.

5.3.1 Linguistic considerations

Depending on the marks in question different national phonetics and pronunciation may be a factor in determining whether there is confusing similarity between two marks and as a result where best to seek to bring an action.

5.3.2 Substantive law

Although the law concerning the validity and infringement of CTMs is unitary there will be differences in national application until more rulings are given by the ECJ. This is evident in relation to the Harmonisation Directive (89/104/EEC) which sought to harmonise national trade mark law through the EC. For instance, the Benelux countries backed a provision, also included in the CTM Regulation, which expanded the likelihood of confusion test to include a likelihood of association. Therefore, where infringement is not clear cut the trade mark owner may need to consider bringing an action in a pro-claimant court, such as one of the Benelux courts.

5.3.3 Interim relief

The ease of obtaining pre-action or interim relief will vary from one jurisdiction to another. For instance, Germany is traditionally recognised as offering wide protection to trade mark owners and, as such, where urgency can be shown it is comparatively easy to obtain interim relief. In contrast, Spanish courts have generally been reluctant to grant interim relief, particularly against Spanish companies.

6. WHERE TO SUE?

As evidenced by the principles discussed in this paper this is a question that can only be answered by considering the issues arising in any set of circumstances. However, there are some general points to be addressed before deciding where you may want to commence or avoid proceedings.

6.1 *Doing the homework*

Particularly at times of regular mergers and acquisitions and changes in company structure it is vital to ensure that patents are registered to the relevant company whose business is related to the intellectual property right. Failure to do so can have significant implications regarding which companies can bring an action in relation to disputed patents and, more importantly, whether damages will be awarded. For instance, if the patentee does not carry on the relevant business in question, in certain jurisdictions, it will be restricted in recovering the actual losses incurred.

Similarly in certain jurisdictions licensees are not able to sue for infringement in their own name. In the UK exclusive licensees are able to sue a potential infringer but the patentee must also be a party to the litigation (if necessary, as a defendant).

It is also important that the relevant registers of patents are regularly reviewed and updated. For instance, if there is a change of ownership in a patent, and this is not registered at the national register, this may mean that no damages are awarded for any infringements which predate registration of the proprietor.

6.2 *Threats*

Where a patentee thinks that there is a risk that its patent is violated the first step is often to enter discussions with the alleged infringer to desist from any infringement. However, as discussed above, this effectively puts the infringer on notice that proceedings may be brought against it and there will be a real risk that it will seek to “torpedo” any future litigation by a pre-emptive action of non-infringement before a slow court. Accordingly, depending on the circumstances, it may be appropriate not to send warning letters which is the common approach in certain jurisdictions, such as the United Kingdom or Germany.

6.3 *Cost*

Costs will vary considerably from jurisdiction to jurisdiction, depending on amongst other things procedural rules, and local advice should be taken at the time.

6.4 *Speed*

The speed of any proceedings are likely to be an inherent feature of the national court system.

As discussed in detail above, the Italian and Belgian courts have traditionally had a reputation for slow moving proceedings. In contrast, although the use of the *kort geding* procedure is now more restricted, the Dutch courts can still offer rapid preliminary cross border injunctive relief. Consideration also needs to be given to the ability of the parties in any given jurisdiction to control the speed of proceedings, for example, by allowing applications for a stay of proceedings. Since the introduction of the CPR (Civil Procedure Rules) in England litigation has tended to be quicker and less dominated by procedural requirements. In addition, the use of specialist IP judges hearing cases in the High Court has tended to reduce the time from the commencement of an action to trial.

6.5 ***Obtaining a positive result***

The attitude to intellectual property rights, especially patents, varies from jurisdiction to jurisdiction within Europe. This will be a key factor in considering where to seek a judgment. Certain jurisdictions, most notably France, Germany, the Netherlands and England have “specialist” patent courts whilst other jurisdictions will hear patent issues in mainstream courts. Generally, these expert courts tend to more sceptical in relation to patent validity or the construction of broad claims. Likewise, certain courts tend to be pro-claimant or pro-defendant in relation to patent infringement or its interpretation of the substantive law contained in the CTM Regulation.

A serious analysis of the likelihood of positive result, on the facts, should be undertaken as early as possible. Although the possibility of forum shopping may have implications for the success of an action, and should be considered as early as possible, it should not distract from the merits of the case.

6.6 ***Jurisdictional influence***

Certain jurisdictions have a reputation for producing fully reasoned judgments. The English, Dutch and German courts are generally regarded as producing judgments which are likely to have influence on courts in other parts of Europe. Whether or not this is a relevant consideration may depend on whether it is likely that proceedings are likely in other jurisdictions in the future.

6.7 ***Procedure***

A factor to consider in choosing a court is the different procedural systems in different parts of Europe. For example, in Germany the disclosure of documents

tends to be limited to specific applications to court. In contrast, in England disclosure is automatic. The court system in England and Wales has the advantage that, being common law, it is procedurally similar to the US. As a result, clients often feel more comfortable being involved in litigation in England rather than in a civil jurisdiction as in the rest of Europe.

6.8 *Court structure*

This can have a significant bearing on where an action is commenced. For instance, in Germany the validity and the infringement of patents are treated as separate matters by different courts. In contrast, in the UK, both matters will be considered together.

7. *THE FUTURE?*

In July 2000, with a view to simplifying and reducing the costs involved in applying for and enforcing patents in the EC, the Commission published its proposals for the introduction of a Community Patent. This involved various proposals of which three were particularly important. First, the EC would accede to the European Patent Convention and the EC (rather than individual member states) would be designated upon application at the EPO. Secondly, the language regime would be simplified and involve the use of a single language. Finally, enforcement would be by way of a newly created court affiliated to the European Court of Justice. This court would consider issues relating to validity and infringement and its decisions would apply throughout the EC.

The benefits of such proposals are clear and they initially enjoyed widespread support. However, numerous issues have continued to make the path to agreement somewhat tortuous. As is often the case with European decision making the issue of language has been a key problem. Arguably, since English is the main language of international commerce an "English only" option would not only be the cheapest solution but would be acceptable to most people. However, such proposals have met stiff resistance from other European countries. For sometime there appeared to be a compromise in place along the lines of that for the CTM in which applications may be submitted in any of the EC's official languages. The applicant would then have to indicate a second language from one of the five main languages (English, German, French, Italian and Spanish) in which future proceedings could be heard. However, on the basis of equal treatment and legal certainty, current proposals have

stated that the translation of all claims into all official Community languages “is the only viable solution and the only realistic basis for a compromise”.⁴¹

The second stumbling block has traditionally been the role of national patent offices. This has arisen from a recognition that the EPO is already overworked and that a Community Patent could simply make matters worse. Correspondingly, some national states have been concerned about the perceived decrease in the importance of their national patent offices and the resultant loss of income. The current proposal is that the EPO would play a central role in the administration of the Community Patent and would be solely responsible for examination and grant. However, national patent offices would have a role to play in advising applicants, receiving applications and so on.

The final stumbling block has been the jurisdictional arrangements within the EC. The unitary nature of the Community Patent means that decisions must have effect in all member states and national courts would not be able to rule on the question of infringement and validity on a national level. Current proposals, at the level of first instance, are for a central Community Patent Panel (CPP) attached to the Court of First Instance in Luxembourg. In addition, Regional Chambers of the CPP could be designated in different parts of the EC should this be justified by an increase in litigation.

Although some progress is being made the meeting of the IMCT on 21 May 2002 produced no real breakthrough and political disagreements have held up new developments. As the IMCT itself declared “nothing is agreed so long as everything is not settled”. The Community Patent may prove to be a much simpler tool for the litigant and ease the need for forum shopping at sometime in the future. However, for the moment, agreement seems as far away as ever and it looks likely that the vagaries of the present system will need to be handled for years to come.

⁴¹ From the proposals of the Spanish Presidency of the Internal Market, Consumer Affairs and Tourism Council (IMCT) on 21 May 2002.

Globalization of the Corporate Legal Department

Nelson Adrian Blish
Patent Counsel
Eastman Kodak Company

There are no Local Markets

- **Internet**
 - anything, anyone, anywhere, anytime
 - photograph
 - text, Java Script, video clip
- **Example**
 - bidding war, Navy Machinery manual
 - old cigarette advertisements
 - Dutch auctions, e.g. www.bidlaw.com

Protection of IP is a Global Issue

- **Manufacturing**
 - **designed in US**
 - **parts from China, assembled in Japan**
 - **sold in Europe**

Where do you file Patents?

- **Right to Prevent Others**
- **make, use, or sell products**

Litigation is Local

- **Law is practiced at a local level**
- **Patents enforced locally**
- **Exceptions - Courts with a Global Reach**
 - **French court**
 - **French citizen who commits a crime in Germany**
 - **Economic Espionage Act**
 - **U.S. corporation doing business in Europe**
- **Choosing a Foreign Forum**

The Global Law Department - Midsize Corporate Law Departments

- **Responsibilities for particular geographic areas**
 - **Pacific Rim, Europe, Middle East and Africa**
 - **in-house experts**
 - **identifying lawfirms**
- **Travel to that region**
 - **once a year**
 - **visit the law firm**
 - **visit corporate facilities**
 - **meetings with inventors**

The Global Law Department - Large Corporate Law Departments

- **Transfer U.S. attorneys abroad**
 - **know the business**
 - **fluent in English**
- **A negative**
 - **paid on the U.S. corporate scale**
 - **cost of living differential**
 - **maintaining a separate residence**

The Global Law Department - Large Corporate Law Departments

- **Foreign national as corporate in-house attorney**
 - **licensed to practice law in the foreign country**
 - **familiarity with the court system**
 - **know individuals in administrative positions at law firms**
 - **fluent in both English and local national language**

The Global Law Department - Large Corporate Law Departments

- **Example, Eastman Kodak Company**
 - England, France, Spain, and Switzerland
 - Latin American Region
 - Greater Asian Region
- **Choice of locations**
 - volume of corporate business
 - relative number of legal issues
 - factories

From the Macroscopic to the Administrative

- **A cross-border mentoring program**
 - U.S. attorney is paired with an in-house foreign attorney
- **Prosecuting foreign counterparts**
 - familiarity with the technology and prior art
 - duplication of effort
 - checked by the local attorney
- **Major meetings**
 - NetMeeting
 - PowerPoint presentation on their computer
 - speaker's remarks on the telephone line

From the Macroscopic to the Administrative

- **In-house meeting approximately every three years**
 - members of the Legal Department come to Rochester
 - Business unit managers make presentations
 - Social events
- **In-house exchange program**
 - A U.S. attorney is sent abroad

From the Administrative to Minutiae

- **Formats**
 - 8/12 by 11 inches or size A4
 - photocopy
 - electronic - page breaks and line breaks, correction on a certain page and a certain line
- **Solutions**
 - standardized hardware and software
 - transmitting in .pdf format

ACCA ANNUAL MEETING 2002
**EUROPEAN PATENT AND TRADEMARK
LAW**
TRADEMARKS IN THE SINGLE MARKET

Susie Flook
General Counsel
The Body Shop International plc

**Trademark Protection in Europe: National,
International, Supra-National (CTM]**

- **Trademarks can be protected by means of**
 - **national registrations**
 - **international registrations**
 - **registration as a CTM**
 - **non-registered rights on the basis of the Paris Convention (well known marks, Article 6 bis), “passing off” (eg United Kingdom and Ireland) or fame (eg Germany)**

Getting the rights

• Registration

- obtained by means of an application to the Office of the country or area where the mark is to be registered
- Belgium, Netherlands and Luxembourg have one common Benelux registry
- The Community Trade Mark Office (“OHIM”) covers the entire EU
- unregistered rights can arise in different ways in different countries
- registration is best
- but which sort of registration?

National Registrations (1)

• Characteristics

- national law
- national representative
- language of the country in question
- full registration fee
- harmonized law in EU but still substantial differences in interpretation

National Registrations (2)

☉ Advantages

- can be obtained rapidly in some countries

☉ Disadvantages

- comparatively costly
- peculiarities of national law and practice
- outcome sometimes more difficult to predict

International: Madrid Agreement (1)

☉ Characteristics

- need a home registration in your country of origin or establishment
- Country of origin or establishment must be a party to the Madrid Agreement (eg not UK or US)
- an application filed in French in Geneva designating countries
- WIPO forwards the application to the designated countries
- those countries have twelve months to refuse registration

International: Madrid Agreement (2)

- **where refused, applicant can appoint a domestic representative to pursue the application before the National Office**
- **once registration achieved, validity depends, during the first five years, on the validity of the home registration (“central attack”)**

International: Madrid Protocol

☉ Characteristics

- **Same basics as Madrid Agreement but some changes**
 - can be based on a home application instead of registration
 - can be done in French or English
 - contracting states can opt for extending refusal period to 18 months
 - countries can opt to charge a higher national fee (most have!)
 - in case of “central attack” possibility of conversion into national application/registration (additional cost; but maintains priority)
 - Senate paves the way for United States accession

The Madrid Clubs: Pros and Cons

• Advantages

- can be cheap
- easy to administer (one renewal, one assignment etc)

• Disadvantages

- can be costly if problems in some states
- results in a bundle of national rights
- need to comply with use requirements in each state
- need to enforce separately in each state

Community Trade Mark (1)

• Characteristics

- unitary right
- single registration procedure
- single office (OHIM)
- can be filed in any EU language
- oppositions five languages available: English, French, German, Italian, Spanish (but English most used)
- obstacle in one EU country means no registration (“all or nothing”)

Community Trade Mark (2)

- if fails, can be converted into national applications
- **Advantages**
 - cheap, given that CTM covers 15 countries
 - long term advantages in terms of cost and effort (only one renewal), one assignment etc)
 - use in one country sufficient
 - enforcement by means of Pan-European Union injunctions
 - easier to succeed than before some national registries

Community Trade Mark (3)

- **Disadvantages**
 - slow registration proceedings (compared to some countries)
 - higher risk that application fails (“all or nothing”)

Enforcement: CTM Courts (1)

- **Why are they necessary?**
 - **CTM courts have exclusive jurisdiction over infringement actions, declarations of non-infringement and counter-claims for revocation for invalidity of CTMs**
 - **No power to consider free-standing applications for revocation or invalidity**

Enforcement: CTM Courts (2)

- **CTM regulation requires member states to “designate in their territories as limited a number as possible of national courts and tribunals of first and second instance”**

CTM Courts: Do they exist? (1)

- **Deadline**
 - **deadline for designation of CTM courts was 14 March 1997**
 - **all countries missed the deadline**
- **Existing designations**
 - **now all but Spain and Italy have designated courts**
 - **Spanish proposal for one first and second instance court to be based in Alicante may become law by Spring 2003**

CTM Courts: Do they exist? (2)

- **Italian Government proposal to set up to a maximum of eight courts but unlikely to be in place before next year**
- **Until a CTM court has been officially designated in a member state then infringement action based on a CTM can be brought before those courts in that state that are competent to deal with infringements of national marks**

CTM Courts: The cases so far (1)

☉ General observations

- **150,000 CTMs (as of June 2002) but comparatively few cases so far**
- **Most are infringement claims based on the CTM in addition to parallel national registrations**
- **In two cases the courts have declared a CTM invalid where invalidity was counter-claimed (one was overturned on appeal)**

CTM Courts: The cases so far (2)

- **courts have been prepared to grant community wide injunctions covering all 15 member states**

UK cases - VIAGRA

• VIAGRA

- Pfizer own UK and CTM registrations for VIAGRA
- VIAGRA is a pharmaceutical used in treating a form of impotence in males and the registrations are in Class 5
- as some of you may know VIAGRA is supplied in blue diamond shaped capsules
- the Defendant, Eurofood Link, was a UK company which appeared to carry on business in Finland

UK cases - VIAGRA

- by advertisement in the Financial Times it sought importers and distributors in the UK for its product Viagrene
- this was an allegedly sexually stimulating drink. The liquid in the bottle was in VIAGRA blue and there was a diamond device on the label
- the case came on for full trial but late in the day Eurofood Link declined to appear
- The court had no doubt it had power to grant an EU wide injunction

UK cases – Rugby Rose

• **Facts**

- **The English Rugby Football Union (RFU) sued Cotton Traders Limited**
- **The CTM in suit was a black and white version of the Rose symbol used by the RFU for many years**
- **The court agreed that the public saw the Rose as a national emblem or symbol of England rather than of the RFU alone**
- **CTM declared invalid**

UK cases – Rugby Rose

- **A very English CTM decision**
 - **the evidence of reputation and perception was almost exclusively English**
 - **what would the public elsewhere in the European Union have perceived?**

Italy – suing on CTM applications

☉ Spice Girls

- Tribunale di Modena granted an injunction based on the Spice Girls CTM
- CTM was still an unpublished application at the time, not a registration
- CTM regulation says “the rights conferred by a CTM shall prevail against third parties from the date of publication of registration of the trade mark” but the court did not consider this point

Italy – suing on CTM applications

- instead the court resolved that as an injunction could be based on an unpublished Italian national application the same should apply to the CTM
- Later cases
- The Tribunale di Verona later took a similar approach
- later still the Tribunale di Napoli decided that a CTM application could not form the basis for an injunction

Germany

☉ Mozart

- the claimant had not succeeded in registering the word mark MOZART as a national registration in Germany
- it had succeeded in obtaining a CTM
- at first instance the court held the CTM was invalid and rejected the infringement claim
- The Appeal Court accepted the validity of the mark but also rejected the infringement case

Some conclusions

- ☉ There is a single market
- ☉ Only one unitary right covers all fifteen member states – the CTM
- ☉ There are pros and cons to national, CTM or Madrid-based registrations depending on the circumstances
- ☉ CTM courts are handing down decisions
- ☉ The CTM is a valuable right and it's here to stay

Community Patent Update 2002

**Martha Ann Finnegan
Cabot Corporation**

The Community Patent ...

- **What is it?**
- **Where is it?**
- **Where is it going?**

What is the “Community Patent”?

It is a proposed new industrial property right that would provide the holder a unitary patent that would be in force in each of the Member States of the European Union.

Article 2 of the proposed Council Regulation on the Community Patent, 2000

Term of Community Patent

Twenty years from application date

Article 27 of the proposed Council Regulation on the Community Patent, 2000

Language of the Community Patent ...

☉ A Community Patent will be:

- **granted in a language of the Office (English, German, or French)**
- **published in that language with a translation of the claims into the other two languages**

Section 2.4.4 of the Explanatory Memorandum of the "Proposal for a Council Regulation on the Community Patent" 2000/0177(CNS)

The Community Patent ...

Will give the holder the right to prohibit the direct and indirect use of the invention

Articles 7 & 8 of the proposed Council Regulation on the Community Patent, 2000

The Community Patent will not:

- **Give the holder the right to prohibit acts done privately and for non-commercial purposes**
- **Extend to acts concerning the product outside of the EU after that product has been put on the market in the EU by the right holder or its licensee**
- **Apply to prior use of the invention**

Articles 9, 10 & 12 of the proposed Council Regulation on the Community Patent, 2000

The Community Patent ...

- **Will be licensable by holder**
 - **exclusively or non-exclusively**
 - **in some or all of the EU**
 - **in whole or in part**
 - **may charge fee**
 - **will be subject to compulsory licensing**

Articles 19, 20, 21 & 22 of the proposed Council Regulation on the Community Patent, 2000

Validity may be attacked . . .

- ⦿ **By the Right holder or any other person**
- ⦿ **In whole or in part**
- ⦿ **Even if the patent has lapsed**
- ⦿ **Invalidity decisions will be retroactive (with certain exceptions - e.g., prior performance under prior contracts, prior *res judicata* enforcement decisions)**

Articles 28, 29 & 31 of the proposed Council Regulation on the Community Patent, 2000

Grounds for Invalidity include:

- ⦿ **Invention is not patentable (See Articles 52-57 of the Munich Convention)**
- ⦿ **Invention is not disclosed in a manner sufficiently clear and complete to be carried out by one skilled in the art**
- ⦿ **The subject matter is not supported by the content of the application as filed**

Article 28 of the proposed Council Regulation on the Community Patent, 2000

The Community Patent will -

- **Coexist with the European Patent**
- **Coexist with individual national patent rights**
- **Provide an alternative form of patent protection in Member States**

Comparison

Community Patent

- **One application**
- **Covers all EU Member States**
- **One patent granted - no validation required**
- **One annual renewal fee**

EPC Patent

- **One application**
- **Covers only designated States**
- **When granted - must be validated in individual countries**
- **Renewal fee in each country**

Comparison

Community Patent

- **Governed by EU patent law**
- **If successfully challenged in one Member State - it would fall in all Member States**

EPC Patent

- **Individual patents governed by respective national law**
- **Patents fall individually**

Community Patent Enforcement

- **The proposal calls for creation of a centralized Community IP Court**
- **The proposed Court will have exclusive jurisdiction over litigation concerning infringement and validity**

Chapter IV of the proposed Council Regulation on the Community Patent, 2000

Remedies for Patent Infringement

- **Injunctive relief**
- **Seizure of products resulting from infringement**
- **Seizure of goods, materials, etc. that enable use of the invention**
- **Damages**

Articles 43 & 44 of the proposed Council Regulation on the Community Patent, 2000

Where is the Community Patent?

- **Proposed by European Commission in 2000**
- **Key outstanding political issues -**
 - **role of national patent offices**
 - **language & translation**
 - **jurisdictional arrangements**
 - **financial regime**
 - **the relationship between the Community Patent and the European Patent Convention**

Where is the Community Patent going?

- ⊗ **Some foreign associates predict enactment no later than 2005.**
- ⊗ **Others predict that enactment will never happen.**
- ⊗ **Wait & see ...**

References:

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- ⊗ Press Release, “Results of the Internal Market/Consumer Affairs/Tourism Council, 26th November 2001, http://europa.eu.int/comm/internal_market/en/indprop/patent/imc/11-01prep.htm
- ⊗ Press Release, “Results of the Internal Market Council Brussels, 20th December 2001, http://europa.eu.int/comm/internal_market/en/indprop/patent/imc/12-01prep.htm
- ⊗ See http://europa.eu.int/comm/internal_market/en/indprop/patent/ and <http://www.patent.gov.uk> for additional information concerning the Community Patent

Selecting a Court and Forum Shopping in Europe

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What's the Problem?

“ There is a positive incentive to commence proceedings in countries where they are not likely to come to a hearing within a reasonable period of time or in countries which have no real relationship to the act of infringement alleged. A less sensible system could not have been dreamt up by Kafka”

Laddie J. (Seprachor v Hoechst 1999)

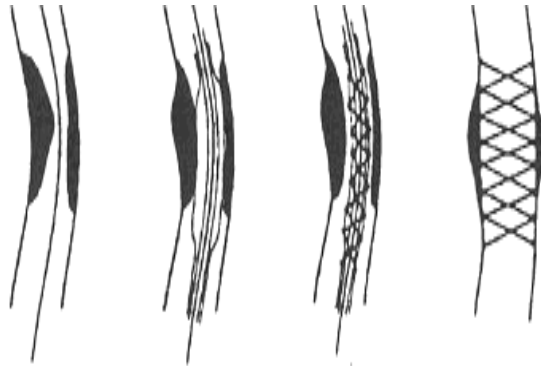
European Patents Framework

- **National patent grant**
- **EPO Grant - “bundle of national patents”**
 - 15 EU States
 - 3 EEA States
- **Brussels Convention**
 - New European member states accede since 1968
- **Lugano Convention in relation to EFTA countries**
- **Brussels Regulation in force for all member states since 1 March 2002 (except Denmark)**
 - Only limited changes to Brussels Convention

Boston Scientific - a case study

- **Boston Scientific and Palmaz (via Licensee) both manufactured coronary stents**
- **Palmaz proprietor of European Patents granted for 13 states including DE, FR, NE and UK**

What is a Stent?



Boston Scientific

- **Boston Scientific (BS) became aware that Palmaz believed BS infringing patents throughout Europe**
- **What are Palmaz's options?**

Brussels Regulation - Establishing Jurisdiction

Article 2 - “The Golden Rule”

Subject to the provisions of this Regulation, persons domiciled in a Contracting State shall, whatever their nationality, be sued in the courts of that State.

Brussels Regulation - Establishing Jurisdiction

Article 5

A person domiciled in a Contracting State may, in another Contracting State, be sued:

(3) In matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur

Brussels Regulation - Establishing Jurisdiction

Article 6

A person domiciled in a Contracting State may also be sued:

- (1) Where he is one of a number of defendants, in the courts for the place where any one of them is domiciled provided that the claims are so closely connected that it is expedient to hear them together to avoid the risk of irreconcilable judgments resulting from separate proceedings**

Boston Scientific

• What are BS's options?

- Wait for infringement action by Palmaz**
- Predict and pre-empt Palmaz**
 - i.e. seize jurisdiction first**

Brussels Regulation - Establishing Jurisdiction

Article 16

The following courts shall have exclusive jurisdiction regardless of domicile:

4. In proceedings concerned with the registration or validity of patents, trade marks, designs or other similar rights required to be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place.....

Article 19

Where a Court of a Contracting State is seised of a claim which is *principally concerned* with a matter over which the Courts to another Contracting State have exclusive jurisdiction by virtue of Article 16, it shall declare of its own motion that it has no jurisdiction”.

Brussels Regulation

• **Article 21**

- Where proceedings involving the same cause of action and between the same parties are brought in the courts of different Contracting States, any court other than the court first seised *shall* of its own motion decline jurisdiction in favour of that court.

• **Article 22**

- Where related actions are brought in the courts of a different Contracting State, any court other than the court first seised *may*, while the actions are pending at first instance, stay its proceedings.

Boston Scientific

What happened next

- **13 March 1997 - BS commences proceedings in English High Court for declaration of non-infringement and revocation of Palmaz's UK patents for invalidity**
 - **Since *Coin Controls v Suzo* English Court will not split issues of infringement and validity**

Boston Scientific

- **Palmaz counterclaimed for infringement and application to amend specifications**
- **14 March 1997 Palmaz applied for accelerated infringement proceedings in Holland in respect of most jurisdictions**
 - **Classic use of the Dutch "Rocket Docket" seeking Pan-European relief via the accelerated procedure**
 - **Dutch Court claimed jurisdiction over all European defendants under Article 6 (1).**
 - **Article 21 did not apply because no pending applications for interim relief (Article 31-previously Article 24)**

Boston Scientific

- **Dutch Court held that patents not infringed and claim dismissed - but had jurisdiction**
- **English Patent Court held first patent invalid due to prior disclosure, second patent obvious over prior art and not infringed**

Appeal

- **Dutch: Upheld patent findings - limited jurisdiction to “Spider in the web”**
- **English: Upheld first instance decision**

Community Trade Mark Regulations

Basic rules for determining correct CTM Court for infringement action;

- **Proceedings should be brought where the Defendant is domiciled or, if not, has an establishment (Article 93 (1))**
- **If not then proceedings must be brought where the Claimant is domiciled or, if not, has an establishment (Article 93(2))**
- **If none of the above apply then proceedings in Spain (Article 93(3))**
- **But;**
 - **The parties may agree on a different Court; or**
 - **Where acts of infringement have been committed or threatened in that member state [BUT - Court will only have jurisdiction over acts committed in the territory.]**

Community Trade Mark Regulations

Forum shopping

- **Domicile/establishment in a number of member states may allow forum shopping - Consider;**
 - **Language - different National phonetics and pronunciation may be factor in determining confusion**
 - **Substantive law - differences in National application**
 - **Interim relief - ease of obtaining pre-action or interim relief will vary from jurisdiction to jurisdiction**

Why worry about whether and where to start proceedings?

Because;

- **you have a choice, if you start first**
- **unrealistic to litigate in every jurisdiction**
- **you believe your chances of success are affected**
- **of the type of relief you will get/avoid**
- **of the speed with which you will get/avoid relief**

Practicalities No. 1

- **Speed**
 - **“The Torpedo” - Italian and Belgian Courts continue to have a reputation for slow moving proceedings**
 - **Courts in Europe can offer preliminary cross border relief (although now restricted to the “Spider in the Web”)**
 - **Post CPR and with specialist IP Judges English Court is quicker and less dominated by procedure - Patents County Court increasingly popular**

Practicalities No. 2

- **Jurisdictional Influence**
- **Procedure**
- **Obtaining a positive result**

The Future?

- **European Patent Litigation Agreement**
 - **A possible halfway house?**
- **July 2000 - Commission proposals for the introduction of a Community Patent**
- **Political Disagreement and National Differences have proved problematic**

The Future?

• **The Spanish Presidency recently stated;**

“nothing is agreed so long as everything is not settled”!!