



JONES DAY
COMMENTARY

THE (CROSS) BORDER IS CLOSED: ECJ RULES ON PATENT INJUNCTIONS

Europe, while often considered one territory from a commercial viewpoint, cannot be viewed so simply from the IP perspective. Patents (and other IP rights) are national rights. This is the case even for European patents, which provide a common prosecution procedure and on grant produce a bundle of national patents that each exist separately under the law of the relevant European country. The result of this is that patents in Europe must, *prima facie*, be enforced on a country-by-country basis. Understandably, some patentees would prefer to be able to enforce their patents across Europe with just one proceeding.

For many years now, some courts, led by the Dutch, have been trying to find a way of providing cross-border relief in patent actions. However, whether such measures are permissible—and if so, under what circumstances—has long been clouded in uncertainty. The decisions of the national courts have varied from country to country and even from court to court.

With two decisions of July 13, 2006, the European Court of Justice (“ECJ”), which on questions from national courts provides clarification on matters of

European-wide law, has, in ruling on cross-border injunctions in patent actions in Europe, provided much-needed certainty.

There is no specific legislation for cross-border injunctions. The legal basis for cross-border actions is the Brussels Regulation (although the cases were decided under its predecessor, the Brussels Convention, which in all material respects is the same). Effectively, this governs jurisdiction over matters amongst the courts in Europe. Article 2 of the Brussels Convention provides that persons domiciled in a Contracting State of the Brussels Convention (“Contracting State”) shall, whatever their nationality, be sued in the courts of that State. Article 6 of the Brussels Convention is an exception to this rule and provides that a defendant domiciled in a Contracting State may also be sued in another Contracting State if he is one of a number of defendants and one of the defendants is domiciled there. Based on this provision, there have been attempts to sue several defendants domiciled in different countries in one proceeding for patent infringements committed in the respective countries.

In the primary decision, *Roche v Primus*, the ECJ has now decided that it is not possible to sue several infringers domiciled in different countries for patent infringements committed in these countries jointly before the courts of one country where one of the infringers is domiciled, even if the infringers belong to the same group of companies and have acted in an identical or similar manner in accordance with a common policy elaborated by one of them. Given the way most businesses operate in Europe, this decision ends the possibility of getting cross-border relief in most situations. (The remaining, and very limited, possibility for cross-border relief is discussed at the end of this article.)

The ECJ also decided a second case, *GAT v LuK*, in which it held that the courts of the country where a patent was granted have exclusive jurisdiction to decide on the validity of that patent, regardless of whether the invalidity is raised in an invalidation suit or as an objection in an infringement proceeding.

ROCHE V PRIMUS (C-539/03)

The patent holders, Drs. Primus and Goldenberg, brought an infringement action in the Netherlands against Roche Nederland BV and named eight other companies in the Roche group (those domiciled in the U.S., Belgium, Germany, France, the U.K., Switzerland, Austria, and Sweden) as co-defendants on the grounds that these eight companies infringed the patent in other jurisdictions.

The eight non-Dutch companies contested the jurisdiction of the Dutch court. The Dutch Supreme Court (*Hoge Raad*) stayed the proceedings and referred two questions to the ECJ for determination:

- i. Is there a connection as required for the application of Article 6(1) of the Brussels Convention between a defendant (for example, Roche Nederland BV) with its registered office in the state of the court in which the patent infringement action is brought (for example, the Netherlands) and various defendants (for example, the eight other Roche group companies) with registered offices in other contracting states (for example, Belgium, Germany, France, etc.) that are alleged to infringe the patent in other European jurisdictions?
- ii. If the answer to (i) is no, when would such a connection exist and what are the relevant factors to establish this? The specified examples were membership of the same group, acting on the basis of common policy, and whether the alleged infringing acts are the same.

Having reviewed the case law on Article 6 of the Brussels Convention, the ECJ addressed the first question, finding that for the connection required for Article 6 to apply, it must be expedient to determine the actions together in order to avoid the risk of irreconcilable judgments that could result from separate proceedings. This connection did not exist in the case of alleged patent infringements committed by different defendants in different countries. The answer to the first question was therefore no.

In explaining the decision, the ECJ stated that even if the concept of the risk of “irreconcilable judgments” was to be understood in its broadest sense as the risk of “contradictory decisions,” there was no such risk where individual patent infringement actions were brought in different countries (for example, in Germany under the German patent, in the U.K. under the U.K. patent, in France under the French patent) in respect of infringing acts committed in the respective countries. The factual situation for each of these actions is different because the defendants are different and the alleged acts of infringement are different, so there could be no risk of “irreconcilable judgments.”

It is immaterial that European patents are granted through a centralized procedure. Once granted, a European patent takes effect as a national patent in each of its designated States and is governed by the national law of that designated State. For example, a European patent that designates Germany and the U.K. will on grant take effect as separate German and U.K. patents, governed by the laws of Germany and the U.K. respectively. Therefore, the ECJ said, infringement actions, albeit that they are against a centrally granted European patent, must be brought in each individual country, as the granted European patents are subject to the respective laws of each individual country.

This applies even where the defendant companies belong to the same group or have acted in accordance with a common policy. Although there was recognition of the procedural

economy of consolidating actions before one court, this was rejected, as the advantages were limited and there were further risks involved. Permitting consolidation in these circumstances would lead to a number of potential venues for the action, which would undermine the predictability of jurisdictional rules and the principle of legal certainty. Last, but by no means least, it would encourage forum shopping.

Each of the scenarios put forward in the second question was rejected as not being sufficient to establish the necessary connection for Article 6 to apply. Further, the ECJ held that if the court seized on the proceedings was required to adjudicate on whether a sufficient connection existed, it would in effect be adjudicating on the substance of the case before it could establish whether or not it had jurisdiction.

Finally, the ECJ addressed a practical issue. The advantages of a consolidated action were limited, even if the court before which it was brought did feel able to accept jurisdiction. There would inevitably be at least a partial fragmentation of the proceedings, as issues on the validity of the patent would be raised either by way of a revocation action or by counterclaim in the infringement proceedings. Under Article 16(4) of the Brussels Convention, proceedings for the validity of a patent can take place only in the jurisdiction in which that patent is registered. This is confirmed by the *GAT v LuK* decision.

The result is that Article 6(1) does not apply in patent infringement proceedings involving companies in different Member States in respect of acts committed in those different Member States, even if the companies are part of the same group or have acted in accordance with a common policy: no pan-European injunctions for patent infringement.

GAT V LUK (C-4/03)

GAT (a German company) brought an action against LuK (a German company) in Germany seeking a declaration of non-infringement in respect of LuK's French patents and the revocation of those French patents.

The Regional Court (*Landgericht*) of Düsseldorf considered that it had international jurisdiction to decide both the declaratory and nullity actions in respect of those French patents.

The *Landgericht* dismissed GAT's action and held the French patents at issue to be valid.

Article 16(4) of the Brussels Convention states that in proceedings concerning the registration or validity of patents, the courts in which the registration has been applied for, has taken place, or is deemed to have taken place under the terms of an international convention shall have exclusive jurisdiction. So the Higher Regional Court (*Oberlandesgericht*) of Düsseldorf stayed the appeal and referred to the ECJ the question whether Article 16(4) concerns all proceedings relating to the registration or validity of a patent, including proceedings where the invalidity is raised by way of counterclaim to an infringement action, or whether it applies only to nullity suits.

The ECJ clarified that Article 16(4) refers to proceedings relating to the validity, existence, or lapse of a patent or an alleged right of priority by reason of an earlier deposit but does not apply to proceedings where validity is not disputed by the parties, *i.e.*, in infringement actions where the validity of the patent is not challenged. However, in practice, validity is frequently raised as a counterclaim to an infringement action and may also be raised in tandem with a declaratory action seeking a declaration of noninfringement.

The purpose of Article 16 is to ensure that jurisdiction rests with the court that is closely linked to the proceedings in fact and law. For patent validity, this means the court where the patent takes effect. Indeed, this is particularly important in the field of patents where a number of countries have set up a system of specific judicial protection, as it ensures that patent validity cases are dealt with by specialized courts (for example, the German- and U.K.-designated Patents Courts). Further, exclusive jurisdiction is also justified because patents necessitate the involvement of the national administrative authorities.

Therefore, the ECJ held, this exclusive jurisdiction to hear nullity actions should apply regardless of the form of proceedings in which the issue of a patent's validity is raised, whether by way of counterclaim to an infringement action or by a nullity action.

The ECJ's rationale was as follows:

First, to allow a court seized of an infringement action also to decide validity undermined the binding nature of the jurisdictional rule set out in Article 16(4).

Second, circumventing Article 16(4) would mean that the number of potential jurisdictions was increased, thereby undermining the predictability of the rules of jurisdiction laid down by the Brussels Convention and the principle of legal certainty.

Third, to allow it would increase the risk of conflicting decisions, which the Brussels Convention seeks specifically to avoid.

Finally, the ECJ addressed an argument put forward by LuK that a judgment of (for example) a German court affecting the validity of (for example) French patents could apply only between the parties to the action (for example, LuK and GAT). The ECJ found that if this approach was followed, its effect would be to lead to contradictory decisions and distortions that would undermine the equality and uniformity of rights and obligations arising from the Brussels Convention.

THE RESULT OF THESE RULINGS

While it is important that the ECJ in its decisions has defined the limits of cross-border injunctions and the decisions serve the desired goals of harmonization of procedural rules and the predictability of legal decisions, it is regrettable that actions against several infringers in various EU Member States (particularly where they are part of the same group) cannot be brought together in one proceeding. It is hoped that these decisions will spur on the Commission and national governments in Europe to introduce a cross-border enforcement procedure for European patents.

As touched on above, cross-border injunctions remain possible in limited circumstances. In particular, where a single entity is domiciled in a European country, it can be sued in

that country for patent infringement wherever it should occur in Europe. In practice this will be of very limited help. Given standard business practices, it will be rare for there to be one (and only one) desired defendant across Europe. Moreover, following the GAT decision, the defendant needs only to put validity in issue, and the proceedings from “foreign” jurisdictions won't be able to proceed.

In practice, the cross-border injunction for patent infringement is effectively dead. Accordingly, for the time being at least, patents in Europe will have to be enforced mostly on a country-by-country basis.

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