



# PAN-EUROPEAN PRELIMINARY INJUNCTIONS IN PATENT INFRINGEMENT PROCEEDINGS: DO WE STILL NEED A EUROPEAN UNIFIED COURT SYSTEM?

The Court of Justice of the European Union (“ECJ”), Europe’s highest court in charge of interpreting harmonized laws among the 27 member states, has set the scene for a new option in patent infringement proceedings in Europe. In the decision *Solvay v. Honeywell Companies* (Case C-616/10), the court has confirmed that national courts in Europe are not prevented by European legislation from granting pan-European preliminary injunctions.

Beyond confirming that a pan-European injunction is in line with European law, the ECJ also extended the scenarios in which plaintiffs can add other defendants into proceedings to avoid the risk of irreconcilable judgments: proceedings may cover defendants domiciled in different European countries, provided that they are accused of infringing with respect to the “same product” in the same countries. This opens the door for plaintiffs to enjoin several European companies in one proceeding, but also leaves open important questions. Like earlier ECJ judgments such as

*Roche/Primus* and *GAT/LUK* that changed the patent litigation landscape some years ago, this decision will likely have a significant effect on litigation strategies in Europe.

## THE FACTS OF THE CASE IN A NUTSHELL

The proprietor of a European patent, Solvay, brought an action before a Dutch court against three companies of the Honeywell Group. The action was for infringement of the national parts of a European patent in Denmark, Ireland, Greece, Luxemburg, Austria, Portugal, Finland, Sweden, Liechtenstein, and Switzerland. Notably, the Dutch part of the European patent—in the territory where the court is domiciled—was not asserted. Furthermore, only one of the defendants was in fact based in The Netherlands. The two other defendants were based in Belgium, as was the plaintiff Solvay. After bringing an action on the merits, Solvay sought later provisional relief

in the form of a cross-border prohibition. The request was for an injunction to stop the three companies from infringing the asserted patents until a decision had been made in the main proceedings.

## THE EUROPEAN LAW AS IT WAS...

To understand the impact of the decision, it is important to recall one basic concept of patent protection in Europe: The term “European patent” is a misnomer. It is not, as one might believe, one single right/title with a similar protection in different countries. In fact, a European patent is a bundle of national patents that are applied for in a single application and granted by a single decision of the European Patent Office. After grant, however, the patent is treated as separate rights, each having a limited scope confined to the territory of the respective member state. Consequently, a European patent in fact consists of “the German part of the European patent,” “the French part of a European patent,” etc. Whether or not the national parts of the European patent are infringed is then determined based on the national laws of the respective member states of the European Union. While these laws are essentially harmonized, differences still exist, in particular regarding construction of the patent claim in the case of equivalent acts and the relevance of the prosecution history.

In essence, therefore, if a court wants to determine infringement of the German part of the European patent, the court will have to apply German law. If it also wants to determine infringement of the UK part of the European patent, it will have to apply UK law, etc. The straightforward way of pursuing infringers, therefore, is to take the case to a court in the country where the infringing act is committed, so that the court will apply its national law, with which it is familiar.

However, attempts have previously been made to centralize infringement proceedings by asking the court also to rule on infringement of other national parts of a European patent based on the Brussels Regulation (Regulation No. 44/2001). This practice had been cut back substantially by two earlier judgments of the ECJ. In *GAT/LUK*, the ECJ held that once a defendant raises the defense of invalidity of a patent—irrespective of whether the issue is raised by way of a

counteraction or plea in objection—the pan-European proceeding could not continue, as a binding decision on validity can only rightfully be made by the courts of the member state where the patent is registered. As invalidity is one of the standard defenses in patent infringement proceedings, this effectively ruled out infringement suits before one court that would cover several jurisdictions. In *Roche/Primus*, the ECJ decided that there is no cross-border jurisdiction when the infringing acts relate to the same product but are committed by different defendants in different member states by infringing different national parts of a European patent. In essence, the mere fact that the various national parts all stem from the same European patent application is not considered a sufficient nexus for establishing cross-border jurisdiction.

A patent owner is thus forced to bring his case to several courts if he wants to act against infringers in more than one country. This is one of the key reasons why attempts continue to be made to create a unified European patent court that can cover several jurisdictions with just one single proceeding.

## ...AND THE LAW AS IT IS NOW

The ECJ ruled in *Solvay/Honeywell* on two issues for cross-border scenarios: jurisdiction over defendants domiciled outside the territory of the court, and the admissibility of a cross-border injunction in patent matters in general.

First, the ECJ decided that a member state court can have jurisdiction over co-defendants domiciled in different member states, provided that the defendants each infringe in relation to the same product the *same national part* of a European patent. The key difference from *Roche/Primus* is that the co-defendants both infringe the same national part of the European patent in at least one EU member state. The ECJ argued that this geographic overlap could lead to irreconcilable judgments. In separate proceedings, there is a risk that two national courts might come to different results for infringement of the same national part of the European patent. If, for example, the actions had to be filed with the Belgian and Dutch courts, where the defendants are domiciled in the *Solvay/Honeywell* case, the ECJ points out that both courts would have to deal with infringement

of the Finnish part of the European patent as the result of both defendants marketing the identical infringing product in Finland. This risk of irreconcilable judgments is sufficient reason to have the cases joined before one court.

Second, the ECJ clarified that despite the limitations in the main proceedings set out in its earlier case law, the situation is entirely different if *preliminary* relief is sought. The court argued that while the rules of its earlier landmark *GAT/LUK* decision remain unchanged, these rules apply only to a final decision on the validity of the patent. If, in contrast, only interim measures are sought, these formal limitations will not apply.

Obviously, the court that is asked to enact preliminary measures that enforce a patent right immediately has to be aware of the significance of its decision. In addition to being convinced that the patent is infringed, the court will have to consider whether there is a reasonable, non-negligible possibility that the patent invoked would be declared invalid by the respective courts in other member states. However, this assessment is only a prognosis and part of the decision-making process of the court for the temporary, interim injunction. It does not preclude the courts in the respective member states from arriving at a different conclusion on validity and eventually revoking the patent with effect for their territory.

Therefore, in preliminary relief cases, the courts of a member state are not bound by the constitutional restrictions that were the basis of the landmark *GAT/LUK* decision. Consequently, the ECJ confirmed that courts in the member states are not prevented from issuing preliminary injunctions with effect to the territory of other member states of the European Union as well.

## QUESTIONS REMAIN

Plaintiffs will certainly be seeking cross-border injunctions on the basis of the *Solvay/Honeywell* decision. The ECJ decision paves the way for doing so, even though it is limited to specific fact scenarios and to preliminary injunctions as the remedy. Still, questions remain about the application of the ECJ ruling:

- The adoption of the ECJ ruling in the national courts will vary depending on the national case law in issuing preliminary injunctions in patent matters. Courts in several member states allow in principle preliminary injunction requests in patent matters (e.g., France, Germany, Italy, Netherlands, Spain, or UK). The thresholds for patentees in obtaining a preliminary injunction are, however, different throughout the member states. Member state courts will now need to decide whether they regard themselves as having jurisdiction in cross-border scenarios. This opens the door to plaintiffs for forum shopping throughout Europe.
- If the ECJ's ruling is followed strictly, the court deciding on the pan-European preliminary measures will have to apply not just one set of patent law, but the patent laws of all the countries for which territory protection is claimed. While the laws are harmonized to a high degree, differences still exist—for example, whether and to what extent to take the prosecution history of the patent into account for the construction of the patent claims. Diligently applying the laws of many different countries may be a daunting task for a court, and it remains to be seen how receptive courts are to issue such pan-European preliminary injunctions in daily practice.
- The ECJ leaves open the question of how to proceed with a parallel main action once the defendant raises the invalidity defense. For main proceedings, the strict *GAT/LUK* principles of the ECJ still apply. Consequently, even though the preliminary injunction could be obtained at one court, the subsequent main proceedings for infringement will have to be pursued before the court of the various territories for which patent protection had been asserted. In *Solvay/Honeywell*, the Dutch court might subsequently need to dismiss the main action because no Dutch part of the European patent was asserted.
- The ECJ did not answer the Dutch court's question about what requirements constitute “a real connecting link” between the subject matter of the measures sought and the territorial jurisdiction of the national court before which those measures are sought. In that case, the real connecting link to the Dutch court was not obvious, since infringement of the Dutch part of the European patent was not even claimed.

## IMPACT ON LITIGATION STRATEGY

The ECJ has thus added a new tool to the litigator's toolbox in Europe. If the facts support it, a preliminary injunction can be obtained quickly to block infringing acts throughout Europe in one single proceeding. It is no longer necessary that all defendants be domiciled in the territory where the court resides, nor is it required to commit infringing acts in this specific territory. It is sufficient that the defendants' infringing acts relate to the same product and to the same countries so that infringement of a foreign part of the European patent can be decided based on the same facts for all defendants. As the ECJ reasoned, this is justified to avoid conflicting decisions of courts in various member states on essentially the same allegedly infringing acts.

However, this tool comes at a price. The defendant can still force the plaintiff to have the issue reviewed in detail in main proceedings where the strict *GAT/LUK* principles still apply. Instead of selecting one or two jurisdictions for main proceedings, as a budget-conscious patent owner may currently prefer, a plaintiff may then be forced, if the defendant has the stomach for the fight, to litigate the case in the other jurisdictions. This may require a substantial increase in the litigation budget once the first quick preliminary success has been achieved.

Furthermore, the *Solvay/Honeywell* scenario is limited to specific distribution and marketing situations because the plaintiff needs to present evidence that the defendants were active in the different member states and thereby at least once infringed the same national part of the European patent. This structure is unlikely to apply to U.S. or far-Eastern businesses that sell in Europe through strictly separated local subsidiaries.

Strategic considerations for choosing a cross-border preliminary injunction will also be affected by the strength of the patent at issue. Unless infringement and validity claims are very strong, many claimants may shy away from the procedure because of the potential liability that may arise under the preliminary injunction once enforced.

It will also be interesting to see what measures defendants take to counter such proceedings. For example, some courts, such as the UK courts, would likely be amenable to fast-tracking a validity challenge to limit the impact of an interim injunction that was not justified. Potential defendants may consider filing protective letters with their anticipatory defense, for instance in German courts, or make use of other preemptive tools as offered by the respective European jurisdiction.

## SUMMARY AND OUTLOOK

The ECJ has added a new tool to the litigator's toolbox in Europe. Whether this tool will be widely used or will eventually prove to be unwieldy and/or to entail too many undesired consequences remains to be seen. In any event, the ruling opens up the scene for more pan-European approaches.

Nevertheless, as the ruling is restricted to preliminary measures and does not cover main proceedings, it gives, at best, half of what a patent owner would desire. The calls for a unified court system in Europe will therefore continue.

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