

Issues in cross-border patent infringement: a European story

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Two landmark decisions of the European Court of Justice related to cross-border patent infringement cases are examined here. One case highlights issues related to jurisdiction of national courts of one European Union (EU) state in deciding the validity of a patent granted by another EU state, and the second case deals with issues when there are multiple defendants in a patent infringement suit where the defendants belong to different countries of the European Union.

Keywords: Cross-border, European case law, intellectual property, patent infringement.

TWO recent cases *GAT vs LuK*¹ and *Roche Nederland vs Primus*² in which the European Court of Justice (ECJ) provided preliminary rulings have evoked great interest. The cases reached the ECJ from the lower courts of Germany in the *GAT vs LuK* case and the Netherlands in the *Roche Nederland vs Primus* case. The rulings provide insights as to how certain issues related to cross-border infringement of patents in Europe are to be viewed. The rulings interpret two important articles, namely Articles 6 and 16, of the Brussels Convention³ for the first time by the ECJ and in the process address two important questions that arise in cross-border patent infringement cases. The questions are related to: (1) jurisdiction of a foreign court on the issue of validity of a patent, if the validity of the patent came up as an incidental issue in a patent infringement case, and (2) whether infringement cases can be bundled into a single case if branches/affiliates of a company located in different EU states infringed the same patent?

Contentious opinions

Courts in different European countries hold differing opinions regarding their jurisdiction in the adjudication of cases of foreign patent infringements in light of Articles 6 and 16 of the Brussels Convention. The two articles and the Brussels Convention in general are related to the regulation of disputes involving jurisdiction and the enforcement of judgments in civil and commercial matters among the states of the European Union. We cite three examples of dissonant opinions.

1. Dutch courts consider the issue of invalidity of a patent to be an incidental issue in foreign patent infringement cases. They also believe that the invalidity

issue does not bar the court from hearing and ruling on a foreign patent infringement case against a defendant domiciled in the Netherlands.

‘[The] Dutch courts have regularly assumed competence for adjudicating foreign patent infringement claims against a defendant domiciled in the Netherlands.’⁴

2. German courts believe they have jurisdiction to adjudicate cases of foreign patent infringements and deal with issues of patent invalidity if they arise as incidental matters in the infringement proceedings provided the law of the country where the patent was granted, allowed it.

‘In Germany, courts have held that irrespective of Article 22.4 (or Article 16.4 of its predecessor, the Brussels Convention), the validity of foreign patents could be assessed as an incidental matter within the framework of infringement proceedings, if such assessment was permitted in terms of the law applicable in the country where the right existed’⁴.

3. English courts hold the opinion that the issue of patent validity is inseparable from patent infringement claims. They hold that validity issues come under the jurisdiction of the courts in the country where the patent was granted. Therefore when dealing with foreign patent infringement cases, they do not rule on the validity of foreign patents if the issue arises in a case.

‘In the UK, the view has been endorsed that adjudicating patent infringement claims is inseparable from the assessment of patent validity, with the result that infringement claims are regularly “concerned with” validity in the meaning of the (English version of) Article 22.4, thereby entailing exclusive jurisdiction of the courts in the country of registration’⁴.

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To resolve conflicting interpretations of articles of the Brussels Convention, or when in doubt, courts of the contracting states of the European Union refer cases to the European Court of Justice for its opinion.

A common ground – the European Court of Justice

The European Court of Justice (ECJ) is the highest court of the European Union. The ECJ was established in 1952 at Luxembourg, under the ECSC Treaty^{5,6}.

‘Its job is to make sure that EU legislation is interpreted and applied in the same way in all EU countries, so that the law is equal for everyone. It ensures, for example, that national courts do not give different rulings on the same issue.’⁵

The ECJ is composed of one judge from each of the member states of the European Union. The five most common types of cases referred to the ECJ are: references for preliminary ruling, actions for failure to fulfil an obligation, actions for annulment, actions for failure to act, and action for damages.

The national courts of each nation of the European Union are responsible for ensuring that EU law is applied correctly in their respective jurisdictions. But due to differences in national language or established judicial procedures of a country, there is always the risk that EU law may be interpreted differently in different countries, as we saw above with respect to Articles 6 and 16 of the Brussels Convention. In such circumstances,

‘if a national court is in any doubt about the interpretation or validity of an EU law it may, and sometimes must, ask the Court of Justice for advice. This advice is given in the form of a “preliminary ruling”’⁵.

GAT vs LuK

The GAT vs LuK case was a patent dispute between two competing German firms Gesellschaft für Antriebstechnik mbH & Co. KG (GAT) and Lamellen und Kupplungsbau Beteiligungs KG (LuK). GAT had offered to supply mechanical damper springs to a German automobile manufacturer based out of Germany. LuK alleged that the damper spring which GAT offered infringed two French patents that it owned. Before LuK could sue for infringement GAT appealed for declaratory action before Landgericht Düsseldorf (Düsseldorf Regional Court), stating that its products did not infringe on the French patents held by LuK. It also argued that the patents held by LuK were either void or invalid. The question of validity of a foreign (French) patent was raised before the German court as an incidental matter. Assuming it had in-

ternational jurisdiction to adjudicate upon the action related to alleged infringement of patent rights, Landgericht Düsseldorf dismissed the action brought by GAT. In the process Landgericht Düsseldorf assumed that it also had jurisdiction to rule on the invalidity issue of the two French patents brought before it by GAT. The court said that the patents were valid, holding that the patents at issue satisfied the requirements of patentability.

GAT appealed before the Oberlandesgericht Düsseldorf (Düsseldorf Higher Regional Court) using the same arguments it had presented before the Landgericht Düsseldorf. The Higher Regional Court, however, stayed the proceedings of the case and referred the case to the European Court of Justice (ECJ) for a preliminary ruling on the following question:

Whether ‘the scope of the exclusive jurisdiction provided for in Article 16(4) of the Convention in relation to patents ... concerns all proceedings concerned with the registration or validity of a patent, irrespective of whether the question is raised by way of an action or a plea in objection, or whether its application is limited solely to those cases in which the question of a patent’s registration or validity is raised by way of an action’¹.

The ECJ ruled that¹

‘It should be recalled, in this connection, that the notion of proceedings “concerned with the registration or validity of patents” contained in Article 16(4) of the Convention must be regarded as an independent concept intended to have uniform application in all the Contracting States (Case 288/82 *Duijnste* [1983] ECR 3663, paragraph 19)⁷.

The Court has thus held that proceedings relating to the validity, existence or lapse of a patent or an alleged right of priority by reason of an earlier deposit are to be regarded as proceedings “concerned with the registration or validity of patents” (*Duijnste*, cited above, paragraph 24)⁷.

In essence, the ECJ was of the opinion that even when validity of a patent was an incidental issue, the Brussels Convention confers exclusive jurisdiction to the courts in the country of the registration of the patent. Exclusive jurisdiction is justified on the ground that the patent is granted by a country in light of its national patent laws and regulations. It reasoned that the courts in the country that granted the patent are in the best position to adjudicate cases concerning the patent’s validity, given the specialized nature of patent law, and added that Contracting States have set up special jurisdictional systems to deal with such cases in special courts which have expertise in this area. It also stated that annulling a patent has *erga omnes* effect in several Contracting States of the Brussels

Convention. If foreign courts were allowed to rule indirectly on the validity of a patent, it would lead to contradictory decisions and also lead to distortions and thereby undermine the equality and uniformity of rights provided by the Brussels Convention to the Contracting States and the persons concerned.

Interestingly, during the proceedings of a patent infringement case if the validity of a patent is not raised as a plea in objection of infringement of the patent, or the question of invalidity is not put forth by any of the parties, then the dispute stands uncovered by Article 16(4) of the Brussels Convention.

Roche Nederland vs Primus

The Roche Nederland vs Primus was a dispute between Roche Nederland BV and eight other companies in the Roche group against Frederick Primus and Milton Goldenberg, in the courts of the Netherlands. While Primus and Goldenberg were domiciled in the United States, they owned European Patent 131 627 filed under the PCT⁸. The patent holders accused Roche Nederland and members of the Roche Group operating in eight different countries (the United States of America, Belgium, Germany, France, the United Kingdom, Switzerland, Austria and Sweden), of infringing the patent.

The patent's international patent application (International Application Number: PCT/US1984/000077)⁹ was filed under the Patent Co-operation Treaty (PCT), on 20 January 1984 and was published on 2 August 1984 along with the international search report, as per the PCT regulations. The patent was for specific CEA-family antigens and antibodies, and their methods of use and was granted for nine nations in the European Union – Austria, Belgium, Switzerland, Germany, France, United Kingdom, Luxembourg, the Netherlands and Sweden.

Primus and Goldenberg alleged that their patent was infringed when Roche Nederland and eight other companies of the Roche Group, some of them located outside of the Netherlands, began marketing immuno-assay kits in the Netherlands, the United States of America, Belgium, Germany, France, the United Kingdom, Switzerland, Austria and Sweden in each of which country the patent was protected. The duo sued Roche Nederland and the eight other companies in the *Rechtbank te s'-Gravenhage* (the Hague District Court). Those companies of the Roche group which were not based in the Netherlands contested arguing that the Netherlands court did not have jurisdiction over them and that there was no infringement by them and that the patent was invalid. On 1 October 1997, the District Court of Hague ruled that it had jurisdiction over the group companies of Roche even if they were not based in the Netherlands. It also ruled that the patent in suite was not infringed.

Primus and Goldenberg appealed before the *Gerechthof te s'-Gravenhage* (Regional Court of Appeal, the

Hague). The Regional Court of Appeal reversed the decision of the District Court on the infringement issue and ordered Roche Nederland and its group companies to cease infringement of the patent, but it left intact the District Court's decision on the jurisdiction issue.

Roche Nederland and its group companies appealed before The Hoge Raad (the Dutch Supreme Court), while Primus and Goldenberg lodged a cross appeal before the same court. The Hoge Raad sought a preliminary ruling from the ECJ on the following questions.

1. 'Is there a connection, as required for the application of Article 6(1) of the Brussels Convention, between a patent infringement action brought by a holder of a European patent against a defendant having its registered office in the State of the court in which the proceedings are brought, on the one hand, and against various defendants having their registered offices in Contracting States other than that of the State of the court in which the proceedings are brought, on the other hand, who, according to the patent holder, are infringing that patent in one or more other Contracting States?
2. If the answer to Question 1 is not or not unreservedly in the affirmative, in what circumstances is such a connection deemed to exist, and is it relevant in this context whether, for example,
 - the defendants form part of one and the same group of companies?
 - the defendants are acting together on the basis of a common policy, and if so is the place from which that policy originates relevant?
 - the alleged infringing acts of the various defendants are the same or virtually the same?'².

The Hoge Raad essentially raised the issue of multiple defendants who belonged to the same group and infringed the same patent(s) in different countries acting under a common policy. The question of bundling of cases of an individual case against each infringer into a single case before a court in one of the countries where one of the defendants was domiciled was also raised. Article 6(1) of the Brussels Convention allows a defendant domiciled in one Contracting State to be sued in another Contracting State where one of the defendants is domiciled. A crucial argument of Primus and Goldenberg was that, if each case for the same infringement was fought in the respective national courts of the infringers, the judgment of each national court could differ and lead to irreconcilable judgments.

The ECJ thoughtfully noted that, even though patents were granted in eight EU states, the grant of a patent is bound by the patent law and regulation of the granting state. Further, according to Article 64(3) of the European Patent Convention¹⁰, infringement of a European patent must be examined in light of the laws of the state which

granted the patent. The ECJ, bearing in mind that an infringement case brought before different national courts of the EU could decide the case differently, reasoned that

‘Any diverging decisions could not, therefore, be treated as contradictory.

In those circumstances, even if the broadest interpretation of “irreconcilable” judgments, in the sense of contradictory, were accepted as the criterion for the existence of the connection required for the application of Article 6(1) of the Brussels Convention, it is clear that such a connection could not be established between actions for infringement of the same European patent where each action was brought against a company established in a different Contracting State in respect of acts which it had committed in that State.’²

The ECJ held that the risk of irreconcilable judgments should be considered only when both the legal and factual situations are the same. That is, the risk of irreconcilable judgments may not be recognized if the legal situation was different even though the case would have the same factual background. Finally, the ECJ ruled that even though there was the presence of the ‘spider in the web’ criteria, it was not possible to join claims against companies/members of the same group for coordinated infringement of European bundle patents.

Consequence of the ECJ judgements

The judgments of the ECJ on *GAT vs LuK* and *Roche Nederland vs Primus* cases handed on the same day (13 July 2006) have resulted in important consequences. First, there is now fear among patent owners that if one of their patents is infringed by an affiliated entity in different EU states, they may have to fight fragmented infringement cases in each of those states. This will not only raise the cost of litigation but may also result in irreconcilable diverse judgments. Such uncertainties may encourage people to infringe patents if it does not lead to substantial losses to the infringer. Second, an infringer could easily raise the issue of invalidity of the allegedly infringed foreign patent and stall judicial proceedings for an indefinite period until the validity or otherwise of the patent is decided by the patent office or a court of the country in which the patent was granted. This could result in substantial losses to the patent owner if the patent was found to be valid.

Concluding remarks

The two landmark cases discussed in this article provide an insight into the issues that surface during cross-border patent infringement litigation in the European Union. On a global scale, the issues are understandably more complex and fragmented. The solution perhaps lies in granting international patents that are valid around the world and in harmonizing and integrating judicial systems to address the problem of international patent infringement and patent validity litigation. Of course, this is easier said than done, given the complex political systems of the nations of the world.

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ACKNOWLEDGMENT. The author thanks Prof. Rajendra Bera for the inspiration and several fruitful discussions as well as his editorial assistance in the preparation of this manuscript.

Received 5 January 2009; revised accepted 28 August 2009