

A tale of spiders and torpedoes

The ECJ's recent decisions in *GAT v LuK* and *Roche v Primus* will make life much harder for patentees seeking to enforce their rights in cases involving more than one European country

By **Christophe Ronse**, ALTIUS Law Firm, Brussels

For reasons inspired by the cost and complication of patent litigation, many patentees have traditionally sought ways to avail themselves of patent protection through cross-border injunctions covering as many countries of the European Union as possible.

In pursuing such endeavours, however, the patentee is restricted by the rule that a defendant established in the European Union should normally be sued before the courts of its country of domicile; this under the general principles on jurisdiction established by the Brussels Convention (now superseded by EC Regulation 44/2001) and the Lugano Convention. Only under certain exceptions can a defendant be sued in another member state of the European Union or the European Economic Area. This particularly raises an issue where the allegedly infringing products are marketed in various European countries by separate legal entities.

Furthermore, as a European patent consists only of a bundle of national patents subject to their respective national rules on enforcement and infringement, there has always been a high degree of uncertainty as to whether and how a national court could judge on the infringement or absence thereof of foreign (parallel) patents. In view of the connection existing between the various national claims, the German, Belgian and, in particular, Dutch courts have shown a certain willingness to assert jurisdiction *vis-à-vis* defendants established in various European Union member states. Applying the so-called spider in the web theory, the Dutch courts have considered themselves competent to

judge on patent infringements committed by defendant companies belonging to the same group or otherwise cooperating in the infringing activities pursuant to a joint plan, when the entity responsible for the implementation thereof is domiciled either in the Netherlands or outside Europe. Other national courts, such as the English courts, have been much more reluctant to grant such pan-European relief.

Conversely, potential infringers have sought ways to prevent patentees from asserting their rights in certain countries by bringing actions for declaration of non-infringement, or so-called torpedo actions, in other countries – such as Belgium or Italy – where courts are allegedly less diligent in furthering patent cases. In doing this, they seek to block the infringement proceedings in the former countries through the application of the rules of *lis pendens* available in the European Union. Although such attempts are based on a doubtful assumption – at least as far as the speed of Belgian proceedings is concerned – and have consistently been rejected (by the Belgian courts, for example), the strategy has to some extent been effective. This is particularly the case in Germany, whose courts have traditionally acknowledged the suspensive effect of non-infringement proceedings in other European countries relating to the same patent and subject matter.

All this may now be changing, however. Following the long-awaited decisions of the European Court of Justice (ECJ) in *GAT v LuK* (case C-4/03) and *Roche v Primus* (case C-539/03) rendered on 13th July 2006, patentees seeking pan-European relief are likely to find it much harder to get. The decisions highlight the inadequacy of the present European rules on international

jurisdiction when it comes to the enforcement of European patents.

Invalidity as a ground for opposing jurisdiction

GAT v LuK concerned a dispute between two German companies active in the automotive industry. The plaintiff sought a declaratory judgment before the Düsseldorf *Landgericht* that it had not infringed the defendant's French patents, which it alleged to be invalid. The lower court accepted jurisdiction, but on appeal the *Oberlandesgericht* decided to seek a preliminary ruling from the ECJ on the interpretation of Article 16(4) of the Brussels Convention (presently Article 22(4) of Regulation 44/2001). This provides for the exclusive jurisdiction of the courts of the country where a patent has been issued in proceedings concerned with the validity of such patents.

In line with the opinion of the Advocate-General, the ECJ gave a broad interpretation to this rule and stated that it applied to all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection. In short, national courts of member states other than in which the patent has been issued are precluded from assessing the validity of the patent.

Needless to say, even if this limitation does not apply to the infringement claim *per se*, the practical downside of this ruling will probably be that a defendant in pan-European patent proceedings will only have to raise a defence based on the alleged invalidity of the foreign patent(s) at stake to frustrate the efforts of the patentee to obtain a cross-border injunction. Indeed, a national court will be reluctant to allocate a claim on infringement in the presence of a serious invalidity defence and will undoubtedly prefer to stay the proceedings until this matter has been decided upon by the national court having jurisdiction in the matter.

One can thus only conclude that *GAT v LuK* has created a new type of torpedo for alleged patent infringers confronted by cross-border patent claims, provided that they can invoke a validity defence which has sufficient merit.

No more multiple defendants

Even if no invalidity issue is at stake, the ruling of the Court of Justice in the *Roche v Primus* case is likely to render any centralisation of patent infringement proceedings impossible in many other instances.

In this case, two US patentees had

brought infringement proceedings in the Netherlands against the local Roche subsidiary and various other affiliates established in other member states of the European Union. As the defendants objected to the territorial jurisdiction of the Dutch courts *vis-à-vis* the defendants established in other member states of the European Union, the Dutch *Hoge Raad* decided to seek a preliminary ruling from the European Court of Justice on the interpretation of Article 6(1) of the Brussels Convention (presently Article 6(1) of Regulation 44/2001). This provides that a defendant established in another member state of the European Union may also be sued, where he is one of a number of defendants, in the courts of the place where any one of them is domiciled. The provision had previously been interpreted by the ECJ as applying only in those cases where 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 interpretation has since been espoused by Regulation 44/2001.

In its ruling, the ECJ held that the requirement for a connection is not met in a situation where patent infringement proceedings based on the same European patent are brought in different European Union member states, involving a number of defendants domiciled in those states, in respect of acts committed in their territory. This is so even if those defendants belong to the same group of companies and may have acted in an identical or similar manner in accordance with a common policy elaborated by one of them. According to the Court, only an identical legal and factual situation can give rise to irreconcilable decisions and it does not suffice that there could be a divergence in the outcome of the dispute.

With regard to pan-European patent infringement, the Court considered that the same situation of fact cannot be inferred, since defendants are different and the alleged infringements are not the same. Neither will the same legal situation arise, as the infringement of a European patent must be assessed in the light of the national law of each country for which it has been granted. The fact that European patents are governed by common rules (particularly when it comes to defining their scope of protection) and that decisions by the various national courts should presumably present a certain degree of harmony was thus held insufficient by the Court to consider that a sufficient connection was present in order to allow

foreign defendants to be sued in another member state of the European Union.

The end of cross-border injunctions?

Even if their wording is not always crystal clear, the joint reading of the above decisions of the ECJ are likely to mean that cross-border enforcement of patent rights in proceedings on the merits will become much more arduous, if not practically impossible, under the present Community rules on jurisdiction. In order to avoid any defence based on the lack of jurisdiction, the patentee will be obliged to sue potential infringers in each separate country where they are established and/or can be proven to have committed infringing acts.

Of course, it will remain possible to claim cross-border relief against a single party which has committed alleged infringements in various European states before the courts of the latter's home state, at least provided this party does not challenge the validity of the foreign patent. Depending upon the provisions of national judicial law, such proceedings could possibly also be extended to include any non-European defendants who cannot avail themselves of the provisions of EC Regulation 44/2001 or the Lugano Convention. However, it is doubtful that such a concurrence of circumstances will frequently arise.

More importantly, patentees might take some comfort from the fact that the ECJ's jurisprudence should not affect the patentee's ability to seek a cross-border injunction on a preliminary basis in application of Article 31 of Regulation 44/2001, respectively Article 24 of the Lugano Convention, which needs to be interpreted separately from the other provisions of these legal instruments. In order to prevail in summary proceedings and obtain provisional measures – according to the present jurisprudence of the ECJ – the patentee must demonstrate the existence of a real connecting link between the subject matter of the measures sought and the territorial jurisdiction of the country of the court before which those measures are sought. This threshold is undoubtedly much lower than that imposed by *Roche v Primus* (identity of the factual and legal situation). Depending on the facts of the case, it will most probably allow patentees to obtain cross-border preliminary relief in certain countries against alleged infringers established in other European countries in respect of infringements committed abroad. It remains to be seen, however, whether the possibility of preliminary relief will be of any

avail to the patentee, as summary proceedings need to be followed up by proceedings on the merits.

The present situation thus remains quite unsatisfactory and severely restrains a patentee's opportunities to seek adequate cross-border relief at an acceptable cost within a reasonable period of time. Undoubtedly, this will further stoke the debate relating to the European Patent Litigation Agreement (EPLA) or the introduction of the Community patent, something that the ECJ may have intended. This process is, however, expected to take several years and the outcome remains uncertain. In the meantime, cross-border patent litigation will remain in turmoil, with only a limited number of options for cross-border litigation remaining available.