

Strategic issues concerning patent litigation in Europe

Cross-border patent litigation remains as complex as ever. However, there is some hope that there will be a simpler system in future

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In the absence of any European legislation providing specifically for pan-European patent litigation, patent owners have had to think laterally about how to enforce their European patents. Until recently, the Dutch courts used to interpret the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters as permitting them to grant injunctions in every EU member state in which a patentee held a designation of a European patent, as long as one of the related infringing companies was based in the Netherlands. However, the European Court of Justice (ECJ) ruled in *GAT v LuK* that cases against a group of companies based in different EU member states, each infringing equivalent national designations of European patents, cannot be joined in one action in one country and, in *Roche v Primus*, that courts in one jurisdiction may not entertain proceedings in which the validity of patents registered in other jurisdictions is raised.

Forum shopping

The ECJ's decision means that until the Community patent, the EPLA or the London Agreement becomes a reality, there are still multiple jurisdictions with different procedures and characteristics, and companies need to choose carefully the jurisdiction in which they are most likely to achieve their aim – be it to enforce patent rights or to defend against such enforcement. Clearly, if a patent is held only in one country, or if an infringer is operating only in one country, then there will be no

need to consider in which forum to litigate. However, it is more common that a patentee will hold multiple designations of a European patent and an alleged infringer will be operating in several countries at the same time, and this means that both parties will have a choice of jurisdiction in which to resolve any dispute.

Generally speaking, following the recent clarification of the law in *GAT v LuK*, a patent owner will have to bring separate proceedings in each country where its rights are infringed. It is tactically important to decide where best to bring the proceedings and in what order, because early decisions in one country may set a precedent for later proceedings, particularly if the earlier decision was from a specialist court.

The three countries often regarded as having the most developed patent litigation systems in Europe are the Netherlands, Germany and the UK. Each of these three jurisdictions has a specialised patent court and a range of procedures available to both the patentee and the alleged infringer including injunctions, revocation actions and infringement actions, and each will generally produce a decision in infringement proceedings at first instance within about a year (validity proceedings in Germany will take up to two years). However, the judgments are reached by quite different processes.

The most obvious difference between the common law system in the UK and the civil law systems on the continent is that disclosure is available to parties in the UK. Clearly, disclosure of documents relating either to an allegedly infringing article or to the making of the alleged invention provides useful ammunition to the receiving party, which may (subject to confidentiality and

court rules) be used in other jurisdictions.

The adversarial nature of the UK system is reflected in the preparation of evidence. In the Netherlands and Germany the court appoints an expert to prepare an unexamined report (parties may appoint their own experts but these are generally considered not to be independent and their views are therefore not given much weight), whereas in the UK both parties appoint their own expert and both parties have the opportunity to cross-examine the other party's expert. This enables a very thorough examination of the merits of the case to be conducted by the court.

A further difference between the jurisdictions is the rigour with which experimental evidence is gathered. For example, experimental evidence can be submitted in Germany and the Netherlands, but there is no requirement in these jurisdictions for the experiment to be witnessed by the opponent and therefore the results cannot be given the same weight as in the UK, where experiments which are relied on must be repeated in the presence of representatives of the other side. Additionally, following a recent change to the practice in the UK, the protocol and results of any work-up experiments preceding the actual witnessed experiments must also be disclosed to the other side. This procedure ensures that a party cannot practise an experiment in private and submit only one result to the court: all the practice results need to be disclosed.

Of course, one consequence of the thorough analysis of a patent action conducted by the UK courts is that it will cost more than a case in, say, the Netherlands or Germany. However, this is balanced by the fact that the winning party will normally recover a large proportion of its costs in the UK, but not in Germany or the Netherlands. In Germany, the winning party will recover some of its costs on a fee scale, but this rarely compensates it for the costs actually incurred. The position in the Netherlands is similar to Germany in that only some fixed costs are recoverable, although it remains to be seen whether this will change since EC Directive 2004/84, which seeks to harmonise the position across Europe, came into force in April 2006.

Legal aspects

In theory, the scope of every European patent is interpreted according to the Protocol on the Interpretation of Article 69 of the European Patent Convention. However,

each national court does not necessarily interpret the Protocol, and therefore patents, in the same way. In addition, the quirks of each national system make harmonised interpretation very difficult.

In Germany, courts use a doctrine of equivalents to construe claims and they have a bifurcated system, hearing trials of infringement and validity in separate courts. The combination of an absence of squeeze arguments (caused by the bifurcated system) and a doctrine of equivalents means that it is sometimes easier to obtain a judgment of infringement in Germany than it is in the UK, where infringement and validity are tried together, thus enabling so-called validity/infringement squeeze arguments, and where there is no doctrine of equivalents. The Netherlands sits neatly in the middle using a doctrine of equivalents but hearing issues of validity and infringement together.

Jurisdictions also vary in terms of the procedures for interim injunctions. In the UK a patent is presumed valid and an injunction can be granted within a matter of days based on technical evidence that there is an arguable case that the patent is infringed, and commercial evidence that the balance of convenience is in favour of an injunction. This contrasts with the Netherlands, where there is a full preliminary review of the merits of the case based on expert affidavits and witness statements, and the time from writ to hearing is likely to be about six weeks with a further two weeks until judgment. Likewise, in Germany an interim injunction hearing is almost a mini-trial, which will consider the strength of the patent and the likelihood of infringement as well as the commercial arguments, usually taking between two and four months to obtain a decision.

As for the other jurisdictions in Europe, they all have patent litigation conducted in courts ranging from the very experienced to the comparatively untested. While by no means binding, an earlier judgment from one of the more experienced patent countries is likely to be persuasive.

EPO proceedings

There is one further very important 'jurisdiction' which has not been mentioned and that is the European Patent Office (EPO). The national designations of a European patent are all the result of a single application to the EPO. The application is examined by the EPO and, if deemed to fulfil the criteria, is granted as a bundle of national patents. Once a patent is granted by

the EPO any third party has nine months in which to register an Opposition and attempt to have the patent revoked. Oppositions can last many years but culminate in what is usually a one-day hearing at which the patent can be maintained, amended or revoked on the basis of written submissions and an oral hearing, if requested. If the patent is revoked by the EPO, it is revoked *ab initio* and every national designation is revoked with it. The same applies if the result of the Opposition is an amendment.

EPO proceedings affect national proceedings in different ways. If there is an EPO Opposition on foot against a patent then in Germany it is not possible to commence national revocation proceedings. So the patentee may sue an alleged infringer for infringement and the infringer cannot retaliate with a revocation (at least not in Germany: retaliatory proceedings in the UK, the Netherlands or any other jurisdiction are, however, perfectly possible). At the opposite end of the spectrum the UK courts are unlikely to grant a stay of revocation or infringement proceedings on the basis that there is an Opposition in the EPO (but note that it is possible for a patentee to win in the UK and then for the EPO to revoke a patent, and in such circumstances the infringer will still be required to pay any damages already granted by the UK court). As usual, the Netherlands sits in the middle and will grant a stay of national revocation proceedings on the basis of an EPO Opposition if certain requirements are fulfilled.

RIM v InPro

The recent judgments in the United Kingdom and Germany in the patent litigation in *Research in Motion v InPro Licensing SARL* have highlighted the differences between the jurisdictions and demonstrated the lengths to which parties will forum shop to steal maximum tactical advantage.

Early in 2005 InPro commenced action against T-Mobile in the District Court in Düsseldorf alleging that T-Mobile was infringing its European patent by offering and implementing the BlackBerry system in Germany. RIM intervened in the proceedings in support of T-Mobile, its customer, and retaliated in the usual way by commencing revocation proceedings against the patent. However, RIM was faced with the serious problem that the infringement trial seemed certain to be decided several months in advance of the validity trial, thus leaving a gap of several months during which T-Mobile might be enjoined and not be able to

provide the BlackBerry service.

Clearly, this was not satisfactory and RIM therefore brought proceedings in the UK to revoke the UK designation of the same patent with the aim of obtaining a favourable result in the UK which might be useful in convincing the Düsseldorf court that the infringement proceedings in Germany should be stayed until the validity proceedings had been heard. Infringement hearings in Germany are stayed on the basis of pending validity actions only if there is strong evidence that the revocation is likely to succeed. In the event, the UK action was not necessary because the Federal Patent Court of Germany managed to hear the case in good time and revoked the patent in advance of the infringement hearing.

Future developments in European patent litigation

It may be that forum shopping will soon be reduced in importance. There have been a number of developments (possibly prompted by the ECJ's decision in *GAT v Luk*) which mean that the pipedreams that have been the European Patent Litigation Agreement (EPLA), the Community patent and the London Agreement may one day be realised.

London Agreement

The London Agreement aims to create a cost-effective post-grant translation regime for European patents. The parties to the agreement waive the requirement for translations of European patents to be filed in their national language, meaning that all European patents will be translated into only a few languages.

The chief remaining obstacle to the London Agreement coming into force has been ratification by France, but France's Constitutional Council recently ruled that the Agreement complies with the French constitution and this enables parliament and the president to proceed with the ratification process. If/when it comes into force it should significantly reduce the cost of obtaining European patents, but not the cost of litigating them.

European Patent Litigation Agreement (EPLA)

It is hoped that the EPLA will help reduce the cost of litigation. The European Commission is due to make a formal proposal on patent litigation, centred around the EPLA, before the end of the year. The EPLA is a non-EU treaty which would establish a European Patent Judiciary (EPJ) to create and run a European Patent Court which would hear

litigation concerning infringement and validity of patents granted by the EPO. This will enable European patents to be litigated on a pan-European basis in one court rather than the current system of litigating in each country where the patent is in dispute, which should significantly reduce litigation costs given that there will be only one trial.

Charles McCreevy, European Commissioner for Internal Market and Services, broadly supported the EPLA in a speech he gave on 8th September. However, if the EPLA conflicts with the *acquis communautaire* of the EU then member states would not be free to sign up to the EPLA independently, being reliant on the EU to accede to the agreement on their behalf. The potential conflict is being examined by the European Commission's legal department and in the meantime the European Parliament voted on 12 October to postpone the EU's accession so that 'significant improvements' could be made to it in terms of democratic control, judicial independence and litigation costs. Clearly, if there is no conflict with the *acquis communautaire* then member states would be free to sign up to the EPLA independently.

Community patent

The agenda behind the EU's opposition to the EPLA is that it has its own project in the Community patent. The Community patent will be, as the name implies, an EU patent system created by directive or regulation and regulated and enforced by the European Commission. It was first suggested as long ago as the 1970s but politics, in particular the politics of languages, has always prevented it becoming a reality. This scenario is unlikely to change as there are important issues to resolve which stem from the commitment of the EU to operate in each language of the Community.

The EU ideal would be to translate every Community patent into every language, but given that there are 20 official languages the cost of this would be prohibitive. Accordingly, it has been suggested that Community patents should be published in only a few languages (as is the proposal for European patents under the London Agreement). However, this resolves neither what language a patent should be litigated in, nor the relative weight given to the meaning of translations of the patent claims as opposed to claims in their original language. In addition, if a Community patent were only translated into, say, three languages, then is it right that people can be affected by a third-party right

which they cannot understand? Obviously, the issue of language also applies to the EPLA but can be sidestepped more easily because the EPLA is not required to operate in the language of each EU member state.

Conclusion

As you can see, it has been an interesting year in patent litigation, what with pan-European injunctions being ruled out and litigants becoming ever more sophisticated about forum shopping. It would be good if these jolts to the system encouraged the parties behind the various treaties to finalise their arrangements and create an accessible and effective system of pan-European patent litigation.