

I

PATENT LITIGATING IN EUROPE **the current system**

As a patent litigator in France for almost 40 years, I have been asked to assess before you the current patent litigation system.

Today, I would like to wager that I can show you that a single Judge can rule upon a patent infringement committed in several European territories.

However, before I begin, I would like to reiterate two rules:

1. Under private international law, many countries, particularly European countries, admit that a national Court can apply a foreign or international law to a situation that took place abroad.

II

Thus, a Polish citizen can ask a French Court to apply German law to a French person because he was the victim of an accident caused by said French person in the German territory.

Although civil courts are bound by this fundamental rule of private international law, the same is not true for criminal courts, as they cannot apply a law other than their national criminal law, even when the acts were committed abroad to the detriment of a French victim.

2. Most lawyers and professionals traditionally admit the natural rule that the Court that has territorial jurisdiction, should be that of "the main defendant's domicile" (with discussions in the defendant's language).

To win my bet concerning a single Court to punish patent infringement in Europe, I would like to begin with an example based on a contractual situation and then follow up with a criminal situation.

III

In this case, I will use the example of a Polish inventor who owns a patent in several European countries (for example in Poland, Germany, Sweden, France, Spain and Italy). These patents can have been granted either by each of the national Offices of these six countries, or by the European Patent Office (EPO).

How can the Polish inventor defend his rights in these European countries against a company in Paris that wants to exploit his invention, whether with a license agreement or without the patentee's authorization?

the contractual situation

Let us first assume that the Polish inventor agrees to grant a license to the Paris company.

IV

1. a. The Paris company will be able to manufacture and sell in France.

It will export its goods to the five European countries mentioned above, in relation with five resellers that will each import the goods into their own country.

- b. The inventor and company's counsels decide wisely that French law will govern the agreement, and that the Paris Court will have exclusive jurisdiction to rule upon any difficulty that may arise between them.

2. In spite of all this, a problem arises because the licensee decides to stop paying the royalties provided in the agreement.

[Indeed, the French company considers that the royalties are not due because it argues that the invention is not patentable or is in any case limited to a specific solution, and that in any event, the product it exploits, does not reproduce the patent claims].

3. The Polish inventor will necessarily react: he will summon before the Paris Court the French company and its resellers, which export and import outside France.

- a. We can imagine that as plaintiff, the Polish inventor will ask the Paris Court:

- for the past: for the payment of the royalties provided in the agreement
- for the future: given the disagreement between the two parties, for the termination of the license, and for an injunction against the continuation of the infringement both in France and in the five other European countries.

- b. In defense, the Paris company will claim that it is not obliged to pay the royalties and that it can continue to exploit its product freely because:

- the invention is not patentable or in any case, it is limited to a specific solution, and
- in any event, the product does not reproduce the claims of the patents.

4. So far, no one disputes the territorial jurisdiction and the authority of the Paris Court to rule upon the difficulty between the Polish inventor and its Paris licensee.

a. Indeed, the Paris Court was appointed by both parties, who decided to apply French law to the clauses of the European license.

And it is natural for the French Court to apply only one law to the European licence.

b. To assess the issue of whether the licensed invention is patentable, the French Court must choose and apply the law of the patent.

i. It would be right for the Paris Court in charge of ruling upon the dispute arising out of the license, not to sentence the Paris company to pay royalties, if the invention does not exist.

- If the invention is covered by a European patent, it is therefore natural for the Paris Court to apply the Munich Convention to determine whether the Paris company is right in claiming that the invention does not exist in light of this Convention. It should be said here, that it is fortunate that a single European Court is thus able to apply such an international law, that is uniform throughout several European countries.
- If the invention is covered by national patents, the Paris Court will then have to apply each of the six European laws to determine whether the Paris licensee is right in claiming that the invention does not exist under these national laws.

Here it should be noted just how difficult it is in practice for a national court to assess six foreign patent laws. However, it is also true that patent laws in Europe are now assessed within a single area of the law.

ii. It is necessary to point out that the Paris Court is not requested to order the nullity of the title, whereby the Polish inventor granted a license to the Paris company.

Indeed, as we know, under articles 16.4 of the Lugano Convention and 22 of Council Regulation 44/2001, only the Court of the country where the patent was granted, has jurisdiction to order the invalidation thereof.

Indeed, it seems natural to reserve the power to invalidate this title to such a court because its decision directly affects the State Authority that granted it.

In addition, in certain countries, the invalidation of a patent has an *erga omnes* effect – it is enforceable against all – unlike other judicial decisions in other countries.

It seems fair, and it is admitted in private international law, that the Court in charge of a claim can assess all the grounds or pleas, that the defendant considers it is entitled to raise to have the opposing claim dismissed.

Indeed, in the instant case, it seems normal to be able to state that a royalty is not due if the invention does not exist or is not patentable; and it is also right for the Court not to order the payment of a royalty, if the invention is not used by the Paris company.

However, for this, the Court does not need to decide whether the patent, which is the title claimed by the licensor, is valid or invalid. By only stating that the invention exists or that it is not patentable, the Paris Court does not violate the State Authority that granted the patent. Its decision will have no *erga omnes* effect, but only a relative effect between the Polish inventor and the Paris company.

- c. Everyone knows that, for the moment, the community patent, that defines a uniform and harmonized law of infringement in Europe, is not in force.

As a consequence, to assess the infringement in the six European countries of our example, the Paris Court will have to apply each of these six national laws.

Once again, a practical difficulty may arise in evidencing these six national laws. However, we know that today these national laws are increasingly similar in Europe.

5. Thus, in a contractual situation, a single Court can assess in Europe whether a licensee may continue to exploit its product freely, without paying any royalty to the patentee.

I therefore think that, for this first reason, I have won my bet.

the situation without contract

In other words, the case is that the Parisian company has decided without the Polish inventor's authorization, to manufacture freely in France and to market not only in the French territory but also in Poland, Sweden, Germany, Spain and Italy.

V

We will now see that, even when there is no patent license, the territorial and material jurisdiction of the Paris Court remain the same.

1. The Polish inventor will be in the same situation as it was with the licensee who refused to pay royalties. It will therefore summon before the Paris Court not only the Paris manufacturer but also the five resellers that export outside France and import into each of the five European countries.

Here, the Paris Court's territorial jurisdiction is certainly consistent with the Lugano Convention and with Council Regulation 44/2001. The Paris Court is the Court of the domicile of one of the defendants and particularly that of the domicile of the main defendant (the French manufacturer that supplies the European resellers).

- a. The Polish inventor, as plaintiff, will also claim:
 - for the past, a financial indemnity
 - for the future, a prohibition from continuing the infringement.
 - b. In defense, the French manufacturer and its resellers will maintain that there cannot be any violation of the patent right:
 - since the invention does not exist i.e. it is not patentable, or limited to a specific solution, and
 - in any event, the product does not reproduce the patent claims.
2. To rule upon the dispute between the inventor and the manufacturer, the Paris Court can apply French and foreign laws.
 - a. To know whether the product that is exploited, reproduces the patent claims, the Paris Court will apply each of the six national laws and their case law.
 - b. To know whether or not the invention exists or is patentable, the Paris Court will apply the Munich Convention if it is a European patent, or each of the six national laws if the patents are national patents.

However, here again, to rule upon the dispute between these two European parties, the French Court does not need to decide on the validity or the invalidity of the title claimed by the inventor.

It seems natural and fair for this Court not to order any penalties against the French manufacturer and its European resellers if the invention does not exist, or if it is limited to a specific solution and above all if it is not reproduced in the product in dispute.

Concerning the invalidity of the patent

1. Indeed, it could be imagined that the defendant, the Paris manufacturer, would want to bring a nullity action against the Polish patentee.

The French manufacturer will then take action before each of the six national courts in the countries that granted the patent to the Polish inventor.

In this respect, the Paris Court is the only European Court that has jurisdiction to assess the validity or invalidity of the French part of the European patent under the harmonized law of the Munich Convention. It is also the only Court in Europe having jurisdiction to assess the validity or invalidity of the French patent under French law, which has long modeled itself on the Munich Convention.

Although outside France, the Paris Court does not have jurisdiction to decide on the validity or invalidity, it will nevertheless have a sufficiently clear idea of the likelihood of having one of the five European Courts order the validity or the invalidity of the Polish inventor's patent. Indeed, once again, the validity of the European patent must be decided under the harmonized law of the Munich Convention and, since 1978, national laws tend to become increasingly close to this international convention.

Therefore, if the Paris Court considers that the chances are overwhelming that the foreign patent will be invalidated by one or more foreign Court(s), it will stay its judgment, at least for these foreign territories.

On the contrary, if the Paris Court considers that it is unlikely that the foreign patent will be invalidated, it will consider it to be valid. But it can nevertheless assess its specific scope and determine whether the product at issue reproduces the claims.

2. a. Indeed, it could be imagined that the French Court would decide to punish the foreign infringement, while the foreign Court rule that the patent is to be invalidated.

The situation between the Polish inventor and the Paris manufacturer would not be so different from that in which the first decision of the Court would be entirely reversed by the Paris Court of Appeals.

Moreover, such a situation would not be more unfair or surprising than when the Paris Court cancels a French patent while the Marseilles Court considers that there is an infringement that should be punished.

- b. This situation is also not so far off from the situation in Germany where the infringement Court (which does not have jurisdiction to rule on the issue of validity) can decide to punish an infringement, except if it considers that there is a serious likelihood that the Patent Court will invalidate the patent.

The Italian torpedo

1. You all know the Italian torpedo, whose purpose is to delay the penalties of the infringement for several years.

Indeed, it is imaginable that the Paris company could decide to ask the Italian Court to declare that not only does its product not reproduce the Italian claims, but also that it does not reproduce the Polish, Swedish, German, French and Spanish claims.

On the face of it, such a request would not be contrary to the rules of private international law.

Thus, the Polish inventor would be barred from going before the other European Courts to claim penalties for the infringement, or at least these other European Courts would have to consider themselves to be required to await the Italian decision.

2. In fact, to my knowledge, this Italian torpedo has never had any effect in France.

This is because French case law has shown that it applies a very narrow interpretation of the matter of *lis pendens* (on both national and international levels) for three series of reasons.

- a. As you know, when a same dispute is brought before two different Courts, the second Court must decline jurisdiction in favor of the first Court.

In assessing which was the first Court to be referred a matter, the French Courts interpret this notion very broadly in their own favor: for instance, the patentee had already filed a request to be authorized to perform an infringement-seizure in France, before an action on the merits was filed at a Court.

- b. The French texts make a difference between actions for a declaration of non-infringement on the one hand, and patent infringement and invalidity actions on the other hand.

Therefore, the Italian torpedo is a dispute that is different from the infringement action that the patentee would have initiated in France.

- c. The French Courts have not hesitated to apply consider the Italian torpedo as a "fraudulent use of the law".

Indeed, the French Courts hold that a Court's territorial jurisdiction must be determined according to the traditional rule of the Court of the main defendant's domicile.

Therefore, the French Courts have already considered that if the Italian torpedo was initiated after the suspected infringer became aware of the likelihood of an action by the patentee in France (for instance thanks to an infringement-seizure prior to a summons), such a torpedo was consequently launched only with a view to harming the patentee's rights and impeding its legitimate actions.

It is therefore a "fraudulent use of the law that ruins all" and that affects and invalidates the action before the Italian Court.

As a result the French Court will regain its jurisdiction to punish the infringement in France.

The remedies

Once again, when this single Court assesses the patent infringement in several European countries, it will not issue a judgment on the validity or invalidity of the titles claimed. It will only rule on the question of whether it considers that a patentable invention has been copied.

If so, our Paris Court will order remedies for the past and for the future.

1. For the past, the Paris Court can provide for a financial indemnity.
 - a. This indemnity will have to be computed according to the laws and case law of each of the six European countries at issue.

However, as we know, Directive 2004/48/EC sets a common framework to assess such a financial indemnity under these different national laws

- b. Nevertheless, it is necessary to mention the decision that the ECJ handed down in the Fiona SHEVILL case. The ECJ held in this matter that in order to claim compensation for the entire damage the victim of a tort had suffered in various European countries, the plaintiff should have summoned the main defendant in its place of domicile.

In our instance, the Polish inventor will obtain from the Paris Court an indemnity for the infringements committed in the six European territories. On the contrary, if our Polish inventor had brought his claim before a Court other than the Paris Court, which is the domicile of the main defendant, it could only have obtained from this foreign Court an indemnity limited to the damage suffered in its territory alone.

2. For the future, the Paris Court can order the remedies that the foreign laws provide in their country. This is true of the definitive injunction to stop the infringement, together with a civil fine in some cases (in France such a fine is usually several times the price of the infringing object).

There is now a framework for this prohibition in European countries: article 11 of Directive 2004/48/EC.

For the moment, no ECJ decision has stated that such a prohibition measure can be ordered abroad only if the Court is that of the main defendant's domicile.

Provisional measures

Article 31 of the Regulation allows the European Courts to order provisional or protective measures.

1. Thus, as provided in article 7 of Directive 2004/48/EC, the Polish inventor can ask a national Court to authorize it to perform an infringement-seizure to collect local evidence of the infringement that it is claiming against the Paris manufacturer or against any of its five European resellers.
2. Article 9 of Directive 2004/48/EC now authorizes all national Courts to order an immediate provisional injunction.

The ECJ has not yet limited this power to national Court that is the one of the main defendant's domicile.

Consequently, there is no problem for a single national Court to order an immediate provisional injunction in various European markets.

This is what Netherlands Courts decided when it applied its own procedural law, and what the Paris Court of Appeals agreed to admit automatically in the French territory.

It is possible that certain national Courts might consider it necessary to apply a foreign law in dealing with such a prohibition in a foreign market.

Conclusion

1. It is unfortunate that in the *Primus v. Roche* matter, the ECJ thought it would promote the entry into force of the EC patent. Indeed, in doing so, it actually made legal errors that go against plain common sense.

VI

In the *Primus v. Roche* matter, it should be stated that there was no manufacturer in Europe that supplied each of its European resellers, as in our example, but that the case involved a US manufacturer that directly supplied each of its subsidiaries in each of their European countries.

- a. i. The ECJ followed the errors made in this respect by the Advocate General, and held that it was not worthwhile to bring together the actions against the various European resellers before a single Court, on the grounds that the infringement was still governed by national laws, so that the German Court could consider that there was no infringement in the German territory while the Swedish Court could for its part hold that there was an infringement on its Swedish market.

Yet, the European Courts are bound by the same uniform law on the European patent. Therefore, they should necessarily come to the same conclusions.

It seems that the ECJ omitted to fully apply article 2 of the European Patent Convention that binds all the Contracting States of the European Union, under which a European patent has the same effects as a national patent granted by that State, "unless this Convention provides otherwise."

Articles 64 and 69 of the Munich Convention specify that although the rights granted by a European patent are those of a national patent, it is clear that under this international convention, the protection – which will actually allow to solve the matter of whether or not there has been an act of copying – is determined by the claims as granted by the European Patent Office, and that they still must be interpreted in light of the description and the drawings.

In fact, such an interpretation is the subject of a special system that is defined in an interpretative protocol that forms an integral part of the Munich Convention in compliance with article 164 §1.

Thus, to define the protection granted by the European patent, it is necessary to achieve a balance between the narrow and literal meaning of the claim and its guiding line to ensure "both equitable protection for the applicant and a reasonable degree of certainty for the third party" namely for the infringer that could be sued before a national Court.

Therefore, the ECJ wrongly held that there could not be any irreconcilable decisions, when it is nonsense that a German Court could interpret a claim in a manner that is the opposite of the British Court's interpretation, or vice versa.

Thus, for any person of good will, it seems inconceivable, despite the ECJ's decision, for two European Courts in different countries to have jurisdiction, and for one to say that an infringement has been committed while the other dismisses such an infringement of the claims of one and the same European patent, which must be interpreted under the uniform law of the Munich Convention.

- ii. Moreover, it is sometimes necessary to bring together before a single Court the infringement committed by two European parties.

This is true for instance when the Polish inventor asks that the Paris Court jointly sentence the Paris manufacturer and the German reseller, which each export outside France and import into Germany.

It is quite odd that the ECJ did not take into account this case dealing with the question of a joint sentence of two European defendants as may be requested by the victim and ruled upon by a single Court.

- b. It seemed obvious that common sense should prevail to decide to have a single European Court have jurisdiction in the PRIMUS v. ROCHE matter. Indeed, concerning the issue of patentability, it is governed solely by the Munich Convention, which should have led to an assessment by a single Court in Europe. Moreover, it is generally admitted that even though patentability and infringement are different in nature and are governed by different laws, they are actually two sides of the same coin.

Lastly, although infringement matters are still governed by national European laws, such laws were modified a long time ago to converge towards the Community patent. Moreover, it does not seem a bad idea to trust in the wisdom of the Courts as a means of harmonization of these national infringement laws.

Today, the remedies for infringement are contained within a common legal system in the European Union, under Directive 2004/48/EC.

2. a. It is naturally admitted that plaintiffs are not entitled to pick their forum, particularly not to opt for the Court of their own domicile.

This is the natural traditional rule of the jurisdiction of the Court (and language) of the main defendant's domicile, a rule that the Netherlands Courts have described with the expression "the spider in its web."

- b. It also seems natural for the Court of the place where the harmful event took place, to have jurisdiction to rule on the dispute. Such is the case of the victim of an automobile accident.

However, this rule can have excessive consequences, when the harmful event – such as an infringement – is committed in several different places.

This rule then allows "forum shopping," when it seems unfair to be able to get the jurisdiction of a more favorable Court, particularly when it has jurisdiction for only one harmful event among many others, and when it may have been committed by the least liable of the parties to the infringement, such as a small retailer, for instance.

- c. It would be good to keep these principles in mind in instituting for the future a single Court to deal with patent disputes in Europe.

Although it seems impossible to do away with the territorial jurisdiction of a Court based on the place of the harmful event or the domicile of one of the defendants, it could be imaginable for only the Court of the domicile of the main defendant to have full authority to rule on the infringement in all the European territories concerned, while the Court of the place of the harmful event would have powers that would be limited to the borders of its territory.

3. a. I believe that I have shown that there is today a single Court to assess infringement in several European countries.

It is true that this does require that the patentee at least evidence the infringement under each national law.

- b. In this respect, it should be noted that there is currently no European infringement law in force.

However, there are several legal texts that define such a European infringement law: the Luxembourg treaties on the EC patent as well as the current projects prepared first by the EPLA (European Patent Litigation Agreement), and later by the Brussels Commission.

It is good to see that – at least on the face of it – there is a consensus on such legal texts pertaining to a uniform infringement law among those professionals involved.

Thierry Mollet-Viéville
Warsaw
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