



Professor Dr. Dr. h.c. Jürgen Basedow, Hamburg
Andrea Birkmann, München
Professor Dr. Graeme Dinwoodie, Chicago
Professor Dr. Josef Drexler, München
Dr. Mireille van Eechoud, Amsterdam
Professor Dr. Jean-Christophe Galloux, Paris
Christian Heinze, Hamburg
Professor Dr. Annette Kur, München
Dr. Axel Metzger, Hamburg
Dr. Alexander Peukert, München
Professor Dr. Heiki Pisuke, Tartu
Professor Dr. Paul Torremans, Nottingham/Gent
Clemens Trautmann, Hamburg

c/o Professor Dr. Annette Kur
Max Planck Institute for Intellectual Property,
Competition and Tax Law
Marshallplatz 1
80539 München
GERMANY

20.12.2006

EXCLUSIVE JURISDICTION AND CROSS BORDER IP (PATENT) INFRINGEMENT
SUGGESTIONS FOR AMENDMENT OF THE BRUSSELS I REGULATION

CONTENTS

- I. Introduction
- II. Background
 - 1. Adjudication of foreign IP rights
 - 2. The ECJ judgments of 13 July 2006
- III. Evaluation of the situation and proposals for amendment
 - 1. Consequences of the ECJ's judgments
 - 2. Objectives to be achieved
 - 3. Adjudication of foreign patents or other IP rights involving validity as incidental matter (the *GAT v. LuK* problem)
 - a) The basic rule: choice between several fora at the plaintiff's option
 - b) Exception: exclusive jurisdiction under Art. 22
 - c) Different language versions of Art. 22.4
 - d) Underlying principles of concurrent and exclusive jurisdiction
 - e) *Inter partes* or *erga omnes* effect of infringement judgments
 - 4. Claims against multiple defendants (the *Roche Nederland* problem)
 - a) The risk of irreconcilable judgments concerning formally separate national rights
 - b) Measures safeguarding the interests of defendants
- IV. Summary

I. Introduction

CLIP is a group of scholars in the fields of intellectual property and private international law. It was established in 2004 and meets regularly to discuss issues of intellectual property, private international law and jurisdiction. The Group's goal is to draft a collection of principles for conflict of laws in intellectual property and to provide independent advice to European and national lawmakers. The Group is funded by the Max Planck Society.

The purpose of this document is to provide input for the report to be prepared by the Commission on the functioning in practice of the Brussels Regulation on Jurisdiction and Enforcement of Foreign Judgments in Civil and Commercial Matters (the Regulation), and to submit proposals for amendment (see Art. 73 of the Regulation).

II. Background

1. Adjudication of foreign IP rights

In Article 22.4 of the Regulation (English text), it is stipulated that

“in proceedings *concerned with* the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place shall have exclusive jurisdiction, regardless of domicile” (emphasis added).

The wording “proceedings *concerned with*” in the English text distinguishes para 4 of Article 22 from paras 1-3 of the same Article, which refer to “proceedings *which have as their object*”. In the Dutch, German, French, and Italian versions of the Regulation, the wording “proceedings which have as their object” (in the respective languages) appears in all four paragraphs.

Article 22.4 does not address the issue of proceedings involving IP rights other than proceedings having as their object, or being concerned with, registration or validity. Therefore, the question has arisen as to what extent courts other than those located in the country where the right has been registered may exercise jurisdiction. The issue has become particularly topical in proceedings brought for infringement of foreign patent rights before a court in the defendant's country of domicile (Article 2) or several claims joined against multiple defendants before a court in the country where one of them is domiciled (Article 6.1).

The issue has given rise to diverging court practice in the Member States:

Concerning claims for infringement of foreign patents,

- *Dutch* courts have regularly assumed competence for adjudicating foreign patent infringement claims against a defendant domiciled in the Netherlands¹. If the defendant claimed invalidity of the patent as a defence, the issue was generally regarded as incidental matter which did not affect the court's competence. However, when cancellation proceedings had been initiated in the country of registration, and the court, upon a preliminary assessment of the invalidation claim, arrived at the conclusion that it had a chance to be granted, the proceedings were stayed until the matter was finally decided².
- In *Germany*, courts have held that irrespective of Art. 22.4 (or Art. 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 existed³.
- 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) Art. 22.4, thereby entailing exclusive jurisdiction of the courts in the country of registration⁴.

With regard to claims against multiple defendants (Art. 6.1),

- extensive use has been made of the clause for some time by Dutch courts allowing consolidation of claims for infringement of national bundle patents deriving from a European patent application, whenever one of a number of defendants was domiciled in the Netherlands. These practices were finally restricted following the *Expandable Grafts v. Boston Scientific* decision by the Appeal Court in The Hague⁵. The court held that the mere fact that the infringed rights shared a "common past" was not sufficient as such to meet the requirements imposed by ECJ jurisprudence for the application of Article 6.1⁶, but that it must be established that the defendants belonged

¹ E.g. *Lincoln v. Interlas*, (1) BIE 1991, 23; *De Boer Staalinrichtingen v. Cewaco*, 28.8.1990, BIE 1992,78; *Philips v. Hermogram*, 30.12.1991, BIE 1992, 80; *Pipe Liners v. Wavin*, 16.1.1992, BIE 1993, 9; *Vredo v. Veenhuis*, 15.4.1992, BIE 1994, 77; *Wiener v. Llovera*, 30.11.1993, BIE 1995, 2; *De Groot v. Euro Agra, Aqual, Tigra*, 12.12.1993; *Applied Research Systems v. Organon et. al.*, 3.2.1994 (IER 1994, 8); *Chiron v. Organon Teknika-UBL*, 22.7.1994 (IER 1994, 24); *Chiron v. Organon Teknika-UBL*, 1.12.1994 (IER 1995, 15); *Cordis v. Schneider*, 22.12.1994 (IER 1995, 6); *British Telecommunication v. Plumetazz*, 31.3.1994 (docket nr. 94/269); *Minnesota Mining v. Professional Diamond Tools Elsburg*, 24.10.1994 (docket nr. 94/1044); *Brard v. ACS v.* 26.1.1995 (docket nr. 95/87); *Chiron Murex*, 8.5.1995 (docket nr. K695/303) and 7.12.1995 (BIE 1998, 879) and 12.12.1996 (BIE 1997, 319); *Hoffmann-La Roche v. Organon Teknika*, 14.12.1995 (IER 1996, 6); *Raychem Corp. v. Thermon*, 22.5.1995 (IER 95,3).

² The position of the Dutch courts is special insofar as the rulings were handed down in summary proceedings (kort geding) which allow for a more flexible assessment than regular proceedings.

³ See in particular decisions by the Düsseldorf district court, 1.2.1994, docket nr. 4 O 193/87; 1.6.1996, docket nr. 4 O 5/95 and other decisions reported in the court's annual reports 1996, I - Reinigungsmittel für Kunststoffverarbeitungsmaschinen; 1998, I - Kettenbandförderer III; 1998, 92 - Schussfadengreifer.

⁴ See *Fort Dodge v. Animal Health*, Chancery Division - Patent Court (Laddie J.) F.S.R 1998, 222, 226 and Court of Appeals, F.S.R. 1998, 22, 237.

⁵ Decision pronounced April 23, 1998 docket nr. 97/1296.

⁶ No such requirements were stipulated in Art. 6.1 of the Brussels Convention of 1968, but they were introduced by jurisprudence in order to prevent a misuse of the provision, see C-189/87 - *Kalfelis/Schröder*, [1988] ECR,

to the same group of companies pursuing a joint action, and that the proceedings must be brought in the country where the head office of the group, or “spider in the web”, is established.

2. The ECJ judgments of 13 July 2006

By two judgments handed down on 13 July 2006 – *GAT v. LuK*⁷ and *Roche Nederland v. Primus*⁸ – the practice previously established in Member States where courts have assumed competence for adjudicating foreign patents was basically declared irreconcilable with the spirit and provisions of the Brussels Regulation.

GAT v. LuK concerned a dispute between two German firms about an alleged infringement of a French patent. The alleged infringer raised a claim for declaration of non-infringement before the Düsseldorf district court. In conformity with its prior practice, the court considered itself competent to adjudicate the case, also with regard to an incidental assessment of the validity issue, and dismissed the claim. Upon appeal, the Düsseldorf appeal court referred to the ECJ the question whether exclusive jurisdiction (within the meaning of Article 16.4 Brussels Convention which applied at the relevant date) *only* applies when a claim is raised for declaration of patent invalidity (with effect *erga omnes*, i.e. against everyone), *or also when* the issue of validity or invalidity is raised by one of the parties in proceedings concerning the infringement of a patent. In response to that, the ECJ found that Article 16.4 Brussels Convention confers exclusive jurisdiction on the courts in the country of registration even when validity only arises as an incidental matter.

Roche Nederland v. Primus concerned a European patent owned by two American citizens and granted for ten EPC Contracting States. The patent holders claimed that the patent was infringed by Roche Nederland and members of the Roche Group having their seats in eight different countries. The infringement claim was brought against all defendants before the court in The Hague. The defendants contested jurisdiction, denied infringement and challenged the validity of the patents. Both the court of first instance and the appeal court have confirmed the jurisdiction of Dutch courts, but arrived at different conclusions concerning the infringement issue. When the case was pending before the Dutch Supreme Court, two questions were referred to the ECJ seeking clarification as to the conditions under which claims concerning infringement of European bundle patents may be joined before one court – in particular, whether the ECJ endorses the criteria for a joinder of claims that were developed in the *Boston Scientific* case⁹. The ECJ responded that irrespective of the presence of so-called “spider in the web” criteria, it is not possible to join claims against affiliated companies for coordinated infringement of European bundle patents.

5565; C-406/92 – *Tatry*, [1994] ECR I-5460 and C-51/97 – *Réunion Européenne and Others*, [1998] ECR I-6511.

⁷ C-4/03 – *Gesellschaft für Antriebstechnik mbH & Co. KG (GAT) v. Lamellen und Kupplungsbau KG (LuK)*.

⁸ C-539/03 – *Roche Nederland et al v. Frederick Primus and Milton Goldenberg*.

⁹ See above, footnote 5.

III. Evaluation of the Situation and Proposals for Amendment of the Brussels Regulation

1. Consequences of the ECJ's judgments

The judgments of 13 July have stirred considerable concern in the EU patent community and beyond. It is feared that barring the way to consolidating claims against infringers of parallel patents or other intellectual property rights existing in several EU Member States will lead to more litigation with a greater risk of diverging judgments, and hence to an overall increase in costs. The consequences will primarily affect patent law, where absent a functioning European or Community judiciary, rightholders will have to enforce their rights vested in parallel bundle patents in a fragmented, country-by-country manner. To raise a claim for infringement occurring in several countries before the courts in the defendant's country of domicile, will appear as too risky a strategy, *inter alia* because the ECJ's ruling does not seem to impose any procedural obstacle against a defendant raising the invalidity defence at a rather late stage in the proceedings, to the likely effect that the court seized with the proceedings declares itself incompetent to hear the claim any further, thus rendering futile all efforts previously invested in the pursuit of the claim. Furthermore, the fact that the right holder will not be in a position to secure a judgment that includes other Member States and is enforceable there on the basis of the Regulation, may raise the reluctance of alleged infringers to enter in post-litigation settlement concerning damages.

In view of these difficulties, the proprietors of rights that are infringed in several European countries will most likely take a limited approach towards litigation, confining enforcement to those countries where the most substantial losses are sustained. This, in turn, would regularly allow infringers to walk away with part of the gains obtained through illegal activities, and as a consequence, it would lead to under-compensation on the side of the rightholders. The underestimation of such risks is likely to send the wrong signals, in particular when, on the other hand, the importance of efficient law enforcement in the field of intellectual property is emphasised strongly, not least vis-à-vis third countries.

It needs to be emphasised in this context that the problems will not easily be solved by possible new instruments providing for Community-wide jurisdiction, i.e. the Community patent and/or the European Patent Litigation Agreement (EPLA)¹⁰. While the prospect of those instruments being enacted in the future is certainly welcome, it does not disperse concerns about the present impact of the two ECJ judgments. First, even if the negotiations necessary for the finalisation and acceptance of one or both instruments run smoothly (which is by no means a given thing), it will take long before any of the new judiciaries is established and working. Second, with regard to the EPLA, the qualification must be made that it will be an optional agreement to which probably not all EPC Contracting States would accede.

Notice should further be taken of the fact that the decisions do affect other areas of IP law as well. Although they may not be of the same importance and relevance interest as in patent law, they may also cause problems concerning these fields. It is true that trade marks and industrial designs which are used, and therefore are potential objects of infringement, in several Member States will frequently secure protection under the relevant Community rights systems (Community trade mark and Community design). As Community rights, they are not subject to the same rules and restriction imposed on national bundle patents – they are

¹⁰ In that regard, see the remarks made by Advocate General Leger at the end of his opinion in *Roche Nederland*.

litigated under a special system, which includes one possible venue for consolidated jurisdiction (see Article 93 Community Trade Mark Regulation and Article 82 Community Design Regulation respectively)¹¹. However, if the acquisition of e.g. a Community Trade Mark fails, because an obstacle to protection exists in one Member State, the application will regularly be transformed into a number of parallel national rights. The situation would therefore be essentially the same as in *GAT v. LuK*. For copyright, on the other hand, Article 22.4 of the Regulation does not pose a problem, as the provision is not concerned with unregistered intellectual property rights. However, it is unclear which consequences ensue from *Roche Nederland* for cases when e.g. a person copying protected software colludes with dealers distributing the pirated products in different countries. As copyright remains to be regulated nationally, it may have to be inferred from the judgment that a joinder of claims against all infringers involved in the concerted action is not possible.

Finally, the matter is also of concern from the aspect of general European policies, in particular in view of the aim to promote a genuine European area of justice in civil and commercial matters in accordance with the Amsterdam Treaty. By providing for the possibility to acquire parallel, largely harmonised rights in the various Member States¹², the intellectual property regimes applying in the EU have laid an excellent foundation on which the completion of the European justice area can proceed. It would be a most unfortunate result in this situation if, irrespective of the high degree of substantive harmonisation, rightholders were compelled into a fragmented approach when it comes to the enforcement stage.

2. Objectives to be achieved

In the light of the previous considerations, the application of jurisdiction rules established within the framework of the Regulation should be geared towards the following objectives:

- The owners of intellectual property rights existing in different Member States should be given access to efficient enforcement, by allowing for *consolidation*, before one competent court, of claims for infringements committed, by one or several alleged infringer(s), in all or several of the states for which the rights have been granted,
- *provided* that the competence of the forum can be established under the *general rules* of the Regulation, thereby honouring the basic principles on which the Regulation relies, and
- *without prejudice* to the sovereign rights of other Member States to decide on registration and validity of registered intellectual property rights *with effect against third parties* (erga omnes).

The elements by which those objectives are to be implemented are set out in the following.

¹¹ Joinder of claims is not expressly regulated in the CTMR and CDR. In that regard, the rules of the Brussels Regulation apply, i.e. Article 6.1. However, as the CTM and CDR are unitary rights, there would not be any argument about the legal situation being “essentially the same” in case of infringement by several persons under essentially the same factual circumstances (on Article 6.1 and the requirements for its application see below).

¹² This concerns situations where, for one reason or another, the acquisition of unitary Community rights – which provide an even better basis for Community-wide enforcement – is not possible or feasible.

3. Adjudication of foreign patents or other registered IP rights involving validity as an incidental matter (the *GAT v. LuK* problem)

a) The basic rule: choice between several fora at the plaintiff's option

Article 2 of the Regulation sets out as a basic rule that the courts in the country of defendant's domicile are competent to adjudicate all claims raised against him or her. In addition, the plaintiff may choose to bring a claim before another court whose competence can be established on the basis of the provisions in Section 2 of the Regulation. The existence of such options for a choice of forum is thus an imminent and essential feature of the Regulation.

In cases of torts or delicts, the choice to be made by the plaintiff lies between the courts in the country of defendant's domicile and the courts at the place where the harmful event has occurred or is threatening to occur. The special competence assigned to the latter courts is motivated by the consideration that they usually have the best access to the factual circumstances out of which the claim has arisen. Furthermore, considering that the law governing the assessment of tort claims will often be the *lex loci delicti commissi*, the courts at the place where the harmful event has occurred – and not the courts in the country of defendant's domicile – are regularly in a position to apply their own substantive law when considering the merits of the case. Nevertheless, nothing in the Regulation would suggest that in such cases, the courts in the defendant's country of domicile could no longer assert jurisdiction over the case. The general rule anchored in Article 2 of the Regulation remains fully vigorous even in view of those considerations.

There is no reason why these oft-confirmed rules should be set aside in intellectual property cases¹³. The practice developed by courts in certain Member States to adjudicate infringements of foreign IP rights is in perfect compliance with the structure and objectives of the regulation, as set out above. The competence of courts in the defendant's country of domicile (as well as that of other courts whose competence is founded on the provisions in Section 2) is not affected in any manner on the ground that the courts in the country of registration may be perceived as having a better access to the factual and/or legal evaluation of the case in its merits – an assumption forming a questionable hypothesis in patent infringement cases anyway, as the technical knowledge on which the evaluation primarily relies is universal in its nature.

b) Exception: exclusive jurisdiction under Art. 22

It remains of course undisputed that the competence of the courts in the defendant's country of domicile cannot be asserted where another court has exclusive jurisdiction pursuant to Article 22 of the Regulation. As regards the relationship between the provisions on general and exclusive jurisdiction, it has been set out in previous decisions by the ECJ, with reference to the systematic structure of the provision as an exemption from the rules otherwise applying, that Article 16 of the Brussels Convention should be interpreted cautiously so as not to be given a broader ambit than it was intended to cover¹⁴. Inter alia, this principle has been

¹³ The competence of courts to decide on matters involving foreign IP rights with the sole exemption of validity proceedings is confirmed by the Jenard report, O.J. C 59/1 of 5 March 1979, at 36; see also below.

¹⁴ See Case 73/77 – *Sanders*, [1977] ECR 2383, para. 17/18; Case 115/88 – *Reichert I*, [1990] ECR, I-27, para. 9; C-261/90 – *Reichert II*, [1992] ECR I-2149, para. 25; C-292/93 – *Lieber*, [1994] ECR I-2535 para 12; C-8/98 – *Dansommer*, [2000] ECR I-393 para 21; C-518/99 – *Gaillard*, [2001] ECR I-2771 para 14; C-73/04 – *Klein*, [2005]

confirmed in the context of a dispute involving ownership and registration of patent rights that had arisen in the relationship between an employer and his former employee¹⁵.

c) Different language versions of Art. 22.4

It was pointed out (above, II.1) that the wording of Article 22.4 is not congruous in the various language versions. The diversities date back to the Brussels Convention and are discussed in that context in *GAT v. LuK*. In the languages of the Member States which concluded the Brussels Convention in 1968, the assignment of exclusive jurisdiction to the courts in the country of registration relates to “proceedings that have as their object” (the registration or validity of registered IP rights). The English version, which was added at the time when the United Kingdom became a member of the EEC and thus also joined the Brussels Convention, is the only one referring to “proceedings concerned with” the validity of such rights. As pointed out in the Advocate General’s opinion in *GAT v. LuK*, there is no explanation in the legislative documents for this, and hence there is no reason to assume that the English version should be considered the authoritative guideline for interpretation of the proviso; rather, the circumstantial evidence seems to indicate that the difference in wording as compared to the other language versions is due to a drafting error.

Given the importance of determining the exact scope of Article 22.4 in order to define its scope in relation to Article 2, it can hardly be submitted that the distinction between “proceedings that have as their object” and “proceedings concerned with” is of no interest at all. Only the latter formulation would seem to lend itself to the interpretation that exclusive jurisdiction has to be assumed on a regular basis whenever a dispute, in any form, involves validity matters. Contrary to that, the wording “proceedings which have as their object” reflects a more restrictive approach, which generally suggests that only such proceedings are meant to be exclusively dealt with by the courts in the registration country where the (in)validity of a registered intellectual property right forms the object of the principal claim¹⁶.

It is therefore proposed that by way of corrigendum, the English version of Article 22.4 (and, as the case may be, also other language versions applying equivalent terminology) should be changed so as to correspond to the French, German, Italian and Dutch versions of the Regulation¹⁷.

d) Underlying principles of concurrent and exclusive jurisdiction

Whereas it is submitted that the proposed corrigendum will be instrumental for arriving at a congruous text and diminishing potential risks for misunderstanding, it would not achieve a

ECR I-8667 para 15; C-343/04 – *Land Oberösterreich*, [2006] ECR I-0000 para 26 s. (all decisions concerning Art. 16.1 Brussels Convention).

¹⁵ Case 288/82 – *Duijnste v. Goderbauer*, [1983] ECR 3663, in particular para. 23. Quite remarkably, the ECJ omits any reference to that particular paragraph of the *Duijnste* decision in the references made in *GAT v. LuK*.

¹⁶ The latter is also the interpretation of Article 16.4 Brussels Convention suggested in the Jenard report, above, footnote 12, at 34.

¹⁷ It would also be useful to clarify that Art. 22.4 does not apply to unitary Community rights such as the CTM, the Community design or the Community plant breeder’s right. Such a clarification exists so far only in the Community Design Regulation 6/2002 (Art. 79.3a) and should be included in the two other regulations as well. Furthermore, a reference to that effect could be included in the explanatory comments to a regulation amending the Brussels I Regulation.

change in substance of the ambit attributed to Article 22.4¹⁸. It needs to be reiterated in this context that neither a perceived risk of the plaintiff being given a choice of forum between the courts in the country of defendant's domicile and the courts in the registration country¹⁹, nor the assumption that the courts in the registration country are "best placed" for legal and/or factual reasons to adjudicate the infringement, would warrant a finding that infringement claims involving validity issues should regularly fall under the exclusive jurisdiction rule (see above). Accordingly, those considerations do not furnish a valid reason for holding that the approach towards interpretation of Article 22.4 should be rather broad, so as to encompass all situations when validity is at stake²⁰. On the contrary – as was pointed out above, in accordance with previous case law the interpretation should rather follow a cautious route, so as not to detract more than necessary from the basic rule anchored in Article 2²¹. That a cautious attitude should be taken in order not to encroach upon basic principles generally honoured by the Regulation is further underlined by the fact that the consequences of exclusive jurisdiction, once it has been established, are rather severe, *inter alia* in that they rule out any possibility for the parties to bring the case before a forum of their own choice. It would clash with the respect owed to the principle of party autonomy²² if in view of that effect, the rule assigning exclusive jurisdiction would be interpreted broadly rather than in a restrictive manner²³.

Turning to the objectives underlying Article 22.4, it is generally accepted that the reason for assigning exclusive jurisdiction with regard to validity issues to the courts in the registration country derives from the fact that the grant of exclusive rights by virtue of registration is an Act of State, which cannot be set aside by foreign authorities (Act of State doctrine)²⁴. Full application of Article 22.4 is therefore indispensable where – but only where – the decision

¹⁸ In *GAT v. LuK*, both the Advocate General and the ECJ have held that the wording alone is not decisive, but that regard must be had to the objectives underlying the provision and its position within the scheme of the Brussels Convention.

¹⁹ Which is at the same time also the country in which the harmful event occurs, Art. 5.3 Brussels Regulation.

²⁰ However, this is exactly what the ECJ appears to be endorsing in *GAT v. LuK*.

²¹ See the Jenard report (footnote 12); *Duijnste v. Goderbauer* (footnote 14).

²² It is remarkable that in consequence of the ECJ's rather (admittedly) broad interpretation of the exclusive jurisdiction rule, less respect is paid to party autonomy in the Brussels system than what is foreseen in the recently concluded Hague Convention on choice of court agreements (Convention of 30. 6. 2005 on Choice of Court Agreements, at http://www.hcch.net/index_en.php?act=conventions.listing). The Hague Convention applies to litigation involving industrial property rights, provided that the conflict arises within the framework of a prior contractual relationship between the parties, and it also allows the chosen court to adjudicate invalidity as a preliminary matter, with the incidental ruling not being enforceable as such under the Convention. Once the Hague Convention has entered into force, a party's option would be available even in conflicts involving a party domiciled in the EU, as long as the other party is a non-EU resident. By contrast, the more rigid system of the Brussels Regulation would apply if both parties are resident in countries to which it applies.

²³ This is also the position regularly endorsed by the ECJ in the decisions cited above, in footnote 14, where the need was emphasised to interpret Art. 16 Brussels Convention restrictively.

²⁴ Jenard report (above, footnote 12) at 36. In addition to that, the Jenard report as well as the ECJ make reference to the aspects that the courts in the registration country are best placed to adjudicate upon cases in which the dispute itself concerns the validity of the patent or the existence of the deposit or registration, and that such matters regularly necessitate the involvement of authorities. However, both arguments are not helpful in the present matter – first, as was pointed out above, the "nearness" of the local courts is a factor which is always present in tort cases, which nevertheless remain subject to the general jurisdiction rule, and second, the point with cases like the one at stake in *GAT v. LuK* is exactly that because validity is only brought up as incidental matter, the involvement of national authorities is *not* necessitated.

made by a foreign court jeopardises the validity of the IP right which is at stake in the proceedings. It is submitted that such would not be the case as long as the decision only deals with validity as an incidental matter, to the effect that the ruling, in its final outcome, does not more than resolve the actual dispute between the parties. This is usually termed as “*inter partes* effect” of the ruling, as opposed to the legal effect *erga omnes*, which would ensue from proceedings brought before the competent authorities in the country of registration for cancellation, revocation or declaration of invalidity of an intellectual property right.

e) *Inter partes* or *erga omnes* effect of infringement judgments

It is therefore of crucial importance for measuring the reach of Article 22.4 whether and to what extent the legal effects of judgements involving invalidity issues as an incidental matter remain to be confined to the actual conflict and the parties involved in the proceedings. The problem was addressed in *GAT v. LuK* by the ECJ. It was found that under present legal conditions, there was no way to ensure that a judgment involving validity would not go beyond having merely *inter partes* effect. As the Court pointed out, “the effects flowing from such a decision are...determined by national law. In several Contracting States, ...a decision to annul a patent has *erga omnes* effect.”²⁵ Therefore, the Court held that the argument which is valid e.g. under German law, that the effects of a judgment indirectly ruling on the validity of a patent are limited to the parties to the proceedings, does not furnish an appropriate response to the risk that to accept jurisdiction with regard to such cases would amount to a circumvention of Article 22.4 in the light of the objectives underlying it.

On the other hand, it follows from that reasoning that the misgivings articulated by the ECJ could be overcome if the extent to which legal effect is ascribed to a judgment involving validity issues as an incidental matter would not be left, as in the present situation, to the national law of each Member State, but would be expressly set out in the Regulation. Once the effects of such judgments are limited in an appropriate manner, the view could no longer be sustained that a conflict might ensue with the rule enshrined in Article 22.4 and the Act of State doctrine on which it is founded. Submitting that none of the other arguments addressed in *GAT v. LuK* actually warrants an interpretation of Art. 22.4 that would compel its application with regard to proceedings involving validity issues as incidental matters, the practice heretofore established in Member States to adjudicate the infringement of foreign patents (and other registered IP rights) would not have to be abandoned in favour of a necessarily fragmented, country-by-country approach.

It is therefore proposed to amend the present text of the Regulation by inserting wording as follows:

Art. 22.4

(The following courts shall have exclusive jurisdiction, regardless of domicile:..

(a) in proceedings *which have as their object* the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention

²⁵ At para 30 of the decision.

deemed to have taken place. Without prejudice to the jurisdiction of the European Patent Office under the Convention on the Grant of European Patents, signed at Munich on 5 October 1973, the courts of each Member State shall have exclusive jurisdiction, regardless of domicile, in proceedings *which have as their object* the registration or validity of any European patent granted for that State.

(b) The provisions under lit. (a) do not apply where validity or registration arises in a context other than by principal claim or counterclaim. The decisions resulting from such proceedings do not affect the validity or registration of those rights as against third parties.

4. Claims against multiple defendants

a) The risk of irreconcilable judgments concerning formally separate national rights

By allowing for consolidation of claims against multiple defendants before the courts of the country where one of them is domiciled (Article 6.1), the Regulation provides for a means to counteract the risk of irreconcilable judgments being rendered by courts in different Member States in cases involving essentially the same legal and factual situation²⁶. It was held by the ECJ in *Roche Nederland* with regard to infringement of European bundle patents that irrespective of the factual situation being essentially the same in the case at hand, the legal situation was different because parallel bundle rights are formally independent of each other and are governed by national patent law. It must be noted, however, that although being correct as such, the statement does not pay sufficient attention to the fact that national law with regard to the scope and contents of European bundle patents is determined by Article 69 of the European Patent Convention (EPC), the observation of which forms part of the obligations incurred by each Member State due to its adherence to that convention. Consequently, decisions arriving at different conclusions with regard to the interpretation of parallel patents in the light of Article 69 EPC under essentially the same factual circumstances would have to be regarded as irreconcilable on the basis of the definition given above, in spite of the rights being formally independent of each other. The same would accrue if a dispute concerning the violation, under essentially the same factual circumstances, of parallel trademark or industrial design rights, or violation of copyright in an area where harmonising legislation has been enacted, leads to judgments in different Member States which diverge in their interpretation of the harmonised provisions. To exclude any possibility for consolidated jurisdiction in such cases appears undesirable and counterproductive even in view of the ECJ's own interpretation of the conditions under which Article 6.1 should apply.

There is reason to assume that an express clarification of that point is of considerable interest, not only for IP matters, but also for other areas of civil and commercial law where harmonisation plays an increasingly important role. In addition, a more explicit regulation of the conditions for a joinder of claims would be instrumental for achieving a better coordination of Member States' heretofore rather inconsistent practice. The ECJ's statement

²⁶ This formulation was endorsed by the ECJ in *Roche Nederland*, at para. 26. No decision was considered necessary as to the possible distinction between irreconcilable and contradictory judgments (see on that point the Advocate General's opinion of 8 Dec. 2005, paras. 94 *et seq.*). The ECJ's definition is adopted also here, as the point of departure for the reasoning set out above, and as the basis for new wording to be added to Article 6.1 in its present form, see below, b).

in *Roche Nederland*, that a risk for irreconcilable judgments would have to be found where the legal and factual situations are essentially the same, should be adopted as a basis for the clarification.

It is therefore proposed to complement Article 6.1 as follows:

A person domiciled in a Member State may also be sued:

1. (a) where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided that 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.

(b) For the purposes of this provision, a risk of irreconcilable judgments exists in disputes involving essentially the same legal and factual situation. A finding that disputes involve the same legal situation shall not be excluded by the mere fact that different national laws are applicable to the separate proceedings, provided that the applicable provisions of the relevant national laws are harmonised to a considerable degree by Community legislation or an international convention applicable in each of the proceedings.

b) Measures safeguarding the interests of defendants

As a matter of principle, it cannot be ignored that the interests of the defendants are negatively affected, when they are joined in a claim raised before a court in the country where only one or several of them are domiciled. The fact that *Roche Nederland* has put much emphasis on the protection of defendants' interests is understandable from that point of view. Under general aspects of fairness and equity, it makes sense to require that those interests should not be put in jeopardy to any larger extent than is necessary and proportionate in view of the legal aims aspired by the provision. On the other hand, it is also true that the possibly adverse consequences for defendants who are joined in a claim raised before a court in another country than that of their own domicile are imminent in the structure and wording of the provision as it stands now. Art. 6.1 apparently and deliberately leaves the plaintiff a certain latitude to choose between the possible venues for a joinder of claims, and such choice is not rendered illegitimate by the fact that it will regularly not be steered only by neutral and objective motives such as a striving for procedural efficiency, but will typically also be influenced by the plaintiff's strategic interest in finding the place considered most advantageous by her or him for lodging a claim.

All this is, strictly speaking, nothing but a consequence of Article 6.1 in its present wording. Nevertheless, the ECJ has targeted the effects of the option granted thereby as particularly noxious in view of the overall objectives of the Regulation²⁷. The judgment does not expand on whether these misgivings result from the relatively broad option for choice of forum provided by Article 6.1 in general, or whether they are specifically aimed at intellectual

²⁷ An additional argument for the ECJ's judgment in *Roche Nederland* has been that following *GAT v. LuK*, the court seized of the joint claims must anyhow decline jurisdiction in favour of the court(s) in the registration country (or registration countries) when the defence of invalidity is raised in the proceedings. However, this additional obstacle would become obsolete on the basis of the proposal made above, III.1.

property infringements, and if so, why and how the latter should have to be treated differently from other cases falling into the ambit of the same provision.

It is strongly recommended that the topic be investigated further within the framework of the report to be delivered by the Commission. For the purpose of those deliberations, it is of interest to note that the concern obviously shared by the ECJ, that a plaintiff should not be granted too wide a choice of possible venues (at least) in IP infringement cases, has motivated the limitation introduced by the “spider in the web”-rule developed by Dutch jurisprudence²⁸. The basic idea underlying the rule is that if multiple infringements are resulting from a concerted action, the court best suited to hear the claims in their entirety is the court for the place where the defendant responsible for the coordination of the common scheme has its seat. It is submitted that the concept expressed therein is basically sound and practically feasible, and that – if it should be found that a certain limitation of the present rule is indeed advisable – the rule is apt to be taken as a model for an appropriate qualification of Article 6.1. It would restrict the number of options for a choice of forum available to the plaintiff in a manner which increases foreseeability and legal security, thereby diminishing the risk for purely arbitrary, strategically motivated choices. In addition, it serves to allocate jurisdiction to the forum which has the closest connection with the case in its entirety, *inter alia* because it can be expected that the most substantial evidence can be found there.

The insertion of a rule based on these considerations might provide an appropriate solution for intellectual property disputes as well as for other civil and commercial matters where similar situations may arise. Nevertheless, in view of the broad range of application such a rule would assume, it appears advisable first for the Commission to embark upon a thorough, comprehensive investigation of the issue before a final decision on this point is taken.

As a proposal to be considered if that investigation leads to a positive result, it is suggested to amend Article 6.1 in the following manner (building further upon the structure proposed above for the formulation of Art. 6.1 (a) and (b)):

A person domiciled in a Member State may also be sued:

1. (a) where he is one of a number of defendants, *subject to lit. (b) (ii)*, in the courts for the place where any one of them is domiciled, provided 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.
 - (b) For the purposes of this provision, a risk of irreconcilable judgments exists in disputes involving essentially the same legal and factual situation.
 - (i) A finding that disputes involve the same legal situation shall not be excluded by the mere fact that different national laws are applicable to the separate proceedings, provided that the applicable provisions of the relevant national laws are harmonised to a considerable degree by Community legislation or an international convention applicable in each of the proceedings.
 - (ii) *Where the risk of irreconcilable judgments arises out of the fact that the defendants engage in coordinated activities, the defendants may only be*

²⁸ See above, footnote 5.

sued in the courts for the place where the defendant coordinating the activities is domiciled. Where the activities are coordinated by several defendants, all defendants can be sued in the courts for the place where any one of the defendants coordinating the activities is domiciled.

IV. Summary

In consequence of ECJ judgments C-4/03 – *GAT v. LuK* and C-539/03 – *Roche Nederland v. Primus*, handed down on 13 July 2005, it appears no longer feasible for a national court to allow for consolidation of claims against a person infringing parallel intellectual property rights registered in different Member States, and/or to accept a joinder of claims against multiple defendants engaged in concerted actions. It is feared that this will entail considerable impediments for an efficient enforcement of intellectual property rights, in particular of patents.

The Group

- being aware of the ongoing efforts to evaluate the functioning in practice of Regulation EC 44/2001 (cf. Art. 73 of the Regulation),
- taking account of the legal issues identified in the two ECJ judgments, and
- striving to avoid a result which would weaken the position of rightholders, and would clash with the aim of establishing a genuine European justice area,

submits the following proposals.

1. Article 22.4 should be amended as follows*

(The following courts shall have exclusive jurisdiction, regardless of domicile:..

(a) in proceedings *which have as their object* the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place. Without prejudice to the jurisdiction of the European Patent Office under the Convention on the Grant of European Patents, signed at Munich on 5 October 1973, the courts of each Member State shall have exclusive jurisdiction, regardless of domicile, in proceedings *which have as their object* the registration or validity of any European patent granted for that State.

(b) *The provisions under lit. (a) do not apply where validity or registration arises in a context other than by principal claim or counterclaim. The decisions resulting from such proceedings do not affect the validity or registration of those rights as against third parties.*

2. Article 6.1 should be amended as follows:

A person domiciled in a Member State may also be sued:

* In this as well as in the following proposals, new text is printed in italics.

2. (a) where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided that 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.

(b) For the purposes of this provision, a risk of irreconcilable judgments exists in disputes involving essentially the same legal and factual situation. A finding that disputes involve the same legal situation shall not be excluded by the mere fact that different national laws are applicable to the separate proceedings, provided that the applicable provisions of the relevant national laws are harmonised to a considerable degree by Community legislation or an international convention applicable in each of the proceedings.

3. Depending on the outcome of a comprehensive investigation of the issues involved, it is suggested that Article 6.1 be further amended as follows:

A person domiciled in a Member State may also be sued:

1. (a) where he is one of a number of defendants, *subject to lit. (b) (ii)*, in the courts for the place where any one of them is domiciled, provided 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.

(b) For the purposes of this provision, a risk of irreconcilable judgments exists in disputes involving essentially the same legal and factual situation.

(i) A finding that disputes involve the same legal situation shall not be excluded by the mere fact that different national laws are applicable to the separate proceedings, provided that the applicable provisions of the relevant national laws are harmonised to a considerable degree by Community legislation or an international convention applicable in each of the proceedings.

(ii) Where the risk of irreconcilable judgments arises out of the fact that the defendants engage in coordinated activities, the defendants may only be sued in the courts for the place where the defendant coordinating the activities is domiciled. Where the activities are coordinated by several defendants, all defendants can be sued in the courts for the place where any one of the defendants coordinating the activities is domiciled.