SPAIN
(INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW)

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SECTION I: GENERAL OVERVIEW

1. LEGAL SOURCES

1.1. Intellectual Property

1.1.1. International Conventions

Spain has ratified the main international treaties in the field of intellectual property (hereafter, IP), covering both industrial property and copyright and related rights. First, Spain is a member of the WTO and has ratified the 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).¹


In particular, Spain is a contracting party to the WIPO conventions establishing international registration systems, including the following: Madrid Agreement Concerning the International Registration of Marks of April 14, 1891 (in force since July 15, 1892) and Stockholm Act (1967) (in force since June 8, 1979); Protocol Relating to the Madrid Agreement Concerning the International

¹ Spain is a member of the WTO since 1 January 1995.
² The full text of the WTO and the updated information concerning the contracting parties to the treaties administered by WIPO can be accessed at the official website of WIPO, <http://wipo.int>.
³ The information is provided as of 15 March 2010.

Spain is also a contracting party to the main classification treaties, including the following: Locarno Agreement Establishing an International Classification for Industrial Designs of October 8, 1968 (in force in respect to Spain since November 17, 1973); Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of June 15, 1957 (in force since April 8, 1961); and Strasbourg Agreement Concerning the International Patent Classification of March 24, 1971 (into force since November 29, 1975).4

2. Spain is a party to the Munich European Patent Convention (hereafter, EPC) and therefore Spanish patent legislation is very much influenced by the uniform provisions concerning patentability and persons entitled to obtain patents. The EPC establishes a uniform system for the grant of so-called European patents that allow the applicant to obtain protection for the invention in several or all contracting parties – including Spain – by means of a bundle of national patent rights. A European patent confers on its proprietor, in each Contracting State in respect of which it is granted, the same rights as would be conferred by a national patent granted in that State, Article 64.1 EPC. The EPC is a source of far-reaching harmonization of patent law, especially concerning granting requirements, procedures for examination, granting and opposition, and effects of the patents. However, the scope of harmonization of substantive law is limited especially with respect to infringement and nullity procedures.

1.1.2. EU Law: Approximation of Laws and Community Rights

3. Since Spain is a Member State of the European Union, the protection of IP and the content of the national legislation in this area are to a great extent determined by EU law. Firstly, EU regulations establishing Community industrial property rights create rights that have a unitary character and cover the territory of Spain. As far as Community IP rights are concerned, their existence, registration, effects, use, transfer, duration, revocation, invalidity, legal actions resulting from

4 Additionally, Spain has signed the following treaties administered by WIPO that are not in force in Spain: Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of October 31, 1958 (signed on October 31, 1958); Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite done at Brussels on May 21, 1974 (signed on May 21, 1974); Nairobi Treaty on the Protection of the Olympic Symbol adopted on September 26, 1981 (signed on October 24, 1981); and Patent Law Treaty adopted at Geneva on June 1, 2000 (signed on June 2, 2000).
them, and other issues related to the rights are governed by means of EU regulations which are directly applicable in all Member States.

Secondly, membership in the EU has required Spanish legislation to implement the common standards of protection laid down by the EU directives on the approximation of national legislations in the area of intellectual property. Furthermore, although EU regulations on Community IP rights do not impose on states the obligation to lay down provisions approximating national rights to Community rights, the Spanish legislators considered desirable such an approximation, and hence many of the provisions of the national legislation on trademarks and designs stem directly from the respective EU regulation in order to prevent the possibility that two titles which produce identical effects in Spain could be subject to completely different provisions.

4. Community industrial property rights established by EU regulations have equal effect throughout the Community – including Spain – and their territory of protection extends to the whole Community, although they coexist with national rights. Community rights can only be applied for and granted for the whole EU territory, but they do not replace national rights in each Member State since national and Community industrial property rights coexist and complement each other. EU regulations establishing Community industrial property rights provide a single application and a single registration before a single Community office which grants direct protection in all the Member countries of the EU through a unitary procedure. Community IP rights can only be registered, transferred, revoked, or declared invalid in respect of the whole Community.

Registered Community industrial property rights are granted by a Community office and not by national authorities. In particular, community trademarks and designs are registered and administered by the Office for Harmonization of the Internal Market (hereafter, OHIM), which is located in Alicante (Spain) and is a body of the European Union. The possibility to register Community industrial property rights is open to any person domiciled or with an establishment in the EU or in a country which is a party to the Paris Convention or to the WTO.


Community trademarks protect any signs capable of distinguishing the goods or services of one undertaking from those of other undertakings and capable of being represented graphically, particularly words, designs, letters,

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5 Community plant variety rights are registered by the Community Plant Variety Office that is also a Community body located in Angers (France).
numerals, and the shape or packaging of goods. Community trademarks are registered for a period of ten years from the date of filing of the application, and the registration may be renewed for further periods of ten years. Community designs protect the external appearance of a product including lines, contours, colors, forms, texture, materials, and its ornamentation. The Community design Regulation recognizes both registered and unregistered designs provided these meet the requirements of novelty and individual character. The initial term of protection of a registered Community design is five years, but this term is renewable for additional periods of five years up to a maximum of twenty five years from the date of application. By contrast, the protection granted to unregistered community designs is more limited. Unregistered designs are protected for a period of three years form the date on which the design was first made available to the public within the Community. It only grants the right to prevent the commercial use of the design if the use results from copying.

6. Harmonization of national laws on IP rights by means of directives contribute to reducing the distortions resulting from the multiplicity of national exclusive rights within the EU but do not lead to the application of a unitary regime to those rights. Directives do not challenge the territorial nature of IP rights nor their spatial scope limited to the territory of one Member State. Intellectual property, especially trademark law and copyright law, is among the areas of private law in which harmonization has been more intense in the EU. Harmonization of IP law has focused on reducing disparities among Members States with respect to the protectable subject matter, the scope of the rights conferred, and their enforcement. Spanish legislation has implemented the undertakings resulting from EU membership that include high levels of harmonization in coordination with international conventions.


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1.1.3. National Legislation

7. Intellectual property has traditionally been divided in Spain into two main branches: industrial property and copyright and related rights. In fact, this second branch has traditionally been referred to by legislation as *propiedad intelectual* (intellectual property). In recent times under the influence of international texts such as the TRIPS Agreement and Directive 2004/48/EC on the enforcement of intellectual property rights, a broader concept of intellectual property, covering both industrial property and copyright and related rights, has also been accepted in Spain although the distinction between industrial and intellectual property remains an important feature of Spanish legislation.


8. Legislation concerning copyright and related rights is contained basically in a single act, named as Consolidated Law on Intellectual Property [*Ley de propiedad intelectual*], regularizing, clarifying, and harmonizing the applicable statutory provisions approved by Royal Legislative Decree 1/1996 of April 12, 1996 and revised lately by Law 23/2006 of July 7, 2006. This revision implemented Directive 2001/29/EC into Spanish law and aligned the content of Spanish legislation with the WIPO Copyright Treaty and the WIPO Performances

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23 *BOE* no. 97, April 22, 1996.
24 *BOE* no. 162, July 8, 2006.
and Phonograms Treaty of 1996. Under Spanish legislation copyright exists from the moment the relevant work is created, without any registration or other formalities being required. The author is the creator of literary, artistic, or scientific creations. The Intellectual Property Register is only an optional copyright registration mechanism that sets up a public record of copyright claims that may be used as evidence against third parties in copyright disputes, as established in the Royal Decree No. 281/2003 of March 7, 2003, Approving the Regulations on the General Registry of Intellectual Property [Real Decreto 281/2003, de 7 de marzo, por el que se aprueba el Reglamento del Registro General de la Propiedad Intelectual].

The subject matter of intellectual property (propiedad intelectual in the sense of copyright and related rights) are original literary, artistic, or scientific creations expressed in any manner or medium, whether tangible or intangible, that is known at present or may be invented in the future, such as the following: books, writings, speeches, conferences, lectures, and any other similar works; musical compositions; films and any other audiovisual works; choreographic and theatrical works in general; works of art such as sculptures, paintings, graphics, engravings, or comics; architecture and engineering works, including projects, models, and drawings; maps and drawings from the field of topography, geography, and science in general; photographs; and computer programs. Additionally, derived works such as translations, adaptations, annotates, musical arrangements, and transformations of a literary, artistic, or scientific work that represents an intellectual work are also the subject matter of intellectual property. Computer programs are protected with copyright and, with certain exceptions, are treated as literary works. The Consolidated Law on Intellectual Property devotes a special chapter to computer programs implementing the EC Directive on the legal protection of computer programs that has been codified in Directive 2009/24/EC.

Protected works create various economic and moral rights. The exclusive rights of exploitation of the author include the reproduction, distribution, communication to the public, and transformation of the work. Moral rights cannot be waived or assigned. They entitle the author to decide whether his work is to be published and how, to demand that he be recognized as the author and that the integrity of the work is respected, and to withdraw the work from the marketplace. Special sections of the Intellectual Property Law are devoted to the rights of performers, phonogram producers, producers of audiovisual recordings, and broadcasting organizations.

9. Regarding industrial property rights, at least one specific law has been adopted for each of the main categories of objects protectable by means of these rights, namely inventions, industrial designs, distinctive signs, and topographies of semiconductors products. The registration principle is the basic criterion in Spain concerning industrial property rights. Hence, industrial property rights are subject to registration, although some exceptions apply concerning the protection of well-known marks and certain non-registered designs. Additionally, the “first-

to-file” system prevails, and rights are awarded to the first person to apply, although previous use may be relevant to protect well-known marks.

10. The main legislative text in the field of inventions is Law 11/1986 of March 20 on Patents [Ley de patentes].26 Under Spanish legislation both inventions and procedures may be patentable. Bio-technological inventions are patentable although with significant restrictions in tune with the European Directive concerning these inventions. Computer programs as such are not patentable in Spain, but certain flexibility has been introduced in accordance with the practice of the EPO. The efforts to establish uniform rules within the EU, as illustrated by the Proposal of Community Directive on the Patentability of Inventions Implemented by Computers, have not yet been successful. The maximum term of patents in Spain is 20 years from the date on which the application was filed. The Law on Patents was amended in 2006 to include the so-called Bolar clause as an exception for experimental use. The Complementary Protection Certificate for pharmaceutical and phytosanitary products extends the duration of the patent by up to 5 additional years for the time it took to obtain the authorization required to market the products concerned. Inventions are also protected under Law 11/1986 through utility models. This instrument of protection is intended for inventions whereby an object is given a configuration or structure that results in an advantage for its use or manufacture and requires a lesser degree of invention than patents since it only requires national novelty. Additionally, the term of protection is shorter since the maximum duration of utility models is 10 years. The device protected by a utility model is characterised by its utility and not for its appearance, contrary to industrial designs.

11. The protection of plant varieties is regulated in Spain by the Law 3/2000 of January 7 on the Legal System of Plant Variety Protection, and national protection coexists in this area with the community system established in the EU by (EC) Council Regulation No. 2100/94 of July 27 on Community Plant Variety Rights. A plant variety is protectable when it is clearly distinguishable from any other variety whose existence is a matter of common knowledge on the date of application, it is sufficiently uniform in the expression of its characteristics, and it is stable because it remains unchanged after repeated propagation.

Rights on topographies of semiconductor products protect the diagram of the various layers and elements making up an integrated circuit and were introduced in the Spanish system by the 1988 Act on the legal protection of Semiconductor Product Topographies. Law 11/198 implements in Spanish law the Community Directive 87/54/EEC of December 16, 1986. The subject-matter of protection is the way in which the integrated circuit is physically mounted and the physical arrangement of all its elements. The law requires originality and creativity. Protection lasts for a period of ten years starting from the end of the year in which it is exploited for the first time in the world or the topography is registered.

26 BOE no. 73, March 26, 1986.
12. The creative aspects of innovations may be protected as industrial designs, the basic regime of which is established in Law No. 20/2003 of 7 July on Legal Protection of Industrial Designs [Ley de Protección Jurídica del Diseño Industrial]. The content of this act is very much influenced by that of the EU legal instruments in this field. Exclusive rights on industrial designs refer to the appearance of a product as a result from the lines, colours, shape, texture or materials of the product itself, or its ornamentation. Industrial designs protect the aesthetic appearance of goods rather than their functional novelty. Industrial designs last for five years from the filing date and can be renewed for one or more consecutive five years periods for a maximum of twenty-five years.

13. The regime of national trademarks is established in the Law 17/2001 of December 17 on Trademarks that came into force on July 31, 2002. A trademark is a title giving exclusive right to the use of a sign to identify a product or service on the market. Signs capable of constituting a trademark include words or a combination of words, pictures, figures, symbols, graphics, letters, numbers, and three-dimensional forms such as containers or product formats. The Spanish Patent and Trademark Office (hereafter, SPTO) also awards trade names for the protection of distinctive signs that identify a company on the market. Trademark and trade name registration is valid for ten years and can be renewed indefinitely for additional ten-year periods. The registration may lapse if the trademark is not used during a five-year period, if it is not renewed, or if it becomes generic or deceptive.

1.1.4. Institutional Competences

14. There are three procedures through which the registration of a trademark having effect in Spain can be obtained: the national system, the international system in accordance with the Madrid Agreement and Madrid Protocol, and the Community system under the Community Trademark Regulation. National trademarks are registered by the SPTO. All the rights awarded by the Spanish Office have effects in the whole national territory. The SPTO only examines, ex officio, whether any absolute grounds for refusal of registration apply to the sign. The absolute grounds for refusal include cases where the mark is generic, misleading, descriptive, or contrary to public policy. Relative grounds for refusal, such as the existence of identical or similar marks registered for identical or similar products with the likelihood of confusion, are only considered when owners of earlier signs oppose the application filed for a new trademark. At any rate, the SPTO performs a computer search concerning each new application and notifies the holders of previous identical or similar signs, for informative purposes only, of the application in case they are interested in filing notice of opposition.

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27 BOE no. 162, July 8, 2003.
Spanish trademarks may be obtained as a result of so-called international applications through a unified administrative procedure under the Madrid Agreement and the Protocol to the Madrid Agreement administered by the WIPO, whose International Bureau maintains an international register that, despite its name, does not grant international rights but facilitates obtaining several national registrations through a unified administrative procedure. An international trademark may be applied for to the SPTO by persons with Spanish citizenship or residing in Spain or that possess a real and effective establishment in Spain. The EU has also adhered to the Madrid system, and it ratified the Madrid Protocol on October 1, 2004. Therefore, the Community trademark application procedure is now connected with the international registration system. International applications designating non-EU Member States that are parties to the Madrid Protocol may be filed at the OHIM. Additionally an international registration in accordance with the Madrid Protocol designating the European Community produces under the Regulation the same effect as an application for a Community trademark. Community trademark applications may be submitted directly to the OHIM or to the SPTO who forwards the application to the OHIM. The OHIM examines the application to ensure that the trademark applied for does not fall within any of the absolute grounds for refusal. By contrast, the relative grounds for refusal are only examined by the OHIM upon opposition by the proprietor of an earlier trademark.

In tune with the situation described with respect to trademarks, there are also three procedures through which the registration of an industrial design having effect in Spain can be obtained: the national system, the international system resulting from the Hague Agreement Concerning the International Deposit of Industrial Designs, and the Community system under Regulation 6/2002 on Community designs. The international registration scheme may also be requested in order to obtain a Community design granting protections for the whole territory of the EU. The SPTO administers the registration of Spanish designs, and the OHIM is in charge of the Community registry.

15. Concerning patent protection it is noteworthy that Spain is also a contracting party to the Patent Cooperation Treaty aimed at reducing the costs of obtaining patent protection for an invention in several countries. Although under the scheme of this Treaty registration is granted by each of the relevant national or regional offices – in the case of Spain, the SPTO and the EPO – applicants benefit from unified initial application procedures and search reports that reduce the costs involved in determining the novelty of the invention and the inventive step when they are interested in seeking patent protection for an invention in several countries. The SPTO may receive international patent applications from persons who are Spanish or are resident in Spain; it may also act as International Search Administration for Spanish applicants and those from Latin America. In addition, it may act as International Preliminary Examination Administration for Spanish applicants and those from Latin America.

Given that Spain is a Contracting State to the EPC, the regional registration system before European Patent Office (hereafter, EPO) coexists with
the national patent application scheme before the SPTO. The EPC system enables protection to be obtained in all countries that are members to the Convention – including Spain – which are designated in a single European patent application. The procedure up to grant, the opposition procedure, and the appeals procedure are all regulated in the EPC. The validity of a European patent may be challenged before the EPO in opposition proceedings. The revocation of the European patent affects all territories to which the European patent concerned has been extended. The Board of Appeal is responsible for the examination of appeals from the decisions of the Receiving Section, Examining Divisions, Opposition Divisions, and Legal Division. The courts of each contracting state also have jurisdiction to revoke a European patent but only with effect for its territory.

16. Although legislation on industrial and intellectual property falls within the exclusive competence of the State – as opposed to regional governments or Autonomous Communities – and industrial property rights can only be granted by national authorities – SPTO – (Art. 149.1.9 of the Spanish Constitution), the regions have certain administrative competences concerning the management of registration related procedures.

Applications can be filed with the competent body of the Autonomous Community where the applicant is domiciled or has a real and effective industrial or commercial establishment. Applicants not domiciled in Spain file their applications directly with the SPTO or with the competent body of the Autonomous Community where the applicant’s representative has his legal domicile or a real and effective subsidiary. The regional body that receives the application has to record the application number and the day, hour, and minute of its filing and forward it, along with data on the application in the form and with the content prescribed by regulation, to the SPTO within five days of receipt of the application. Appeal from decisions of the SPTO shall lie to the courts dealing with administrative issues [orden contencioso administrativo].

17. The intellectual property rights in works and other productions protected by the Law on Intellectual Property [Ley de propiedad intelectual] may be the subject of entries in the Intellectual Property Registry. Registration of the works is not a necessary condition for the author to benefit from copyright protection. Therefore, registration is voluntary and provides only a public record of the basic fact of a particular copyright that may serve to prove the existence of the work and its ownership in case of a dispute. Indeed, in the absence of proof to the contrary, it is presumed that the rights registered exist and belong to their owner in the form specified in the relevant entry.

In the process of registration the registrar shall consider applications filed and the legality of registrable instruments, having the right to refuse or suspend the making of the corresponding entries. Appeal from decisions of the Registry shall lie direct to the civil courts. The General Registry of Intellectual Property is the only such body for the entire national territory. The Central Registry is under the authority of the Ministry of Culture, which has adopted common provisions on registration and measures for coordination and information among all the
competent public administrations. This is necessary because the Autonomous Communities have the authority to determine the structure and operation of the Registry in their own territories and are in charge of the keeping of the Register, in all cases complying with the common provisions.

18. Enforcement of industrial and intellectual property rights against infringements is possible in Spain in the framework of civil and criminal proceedings. The Spanish Criminal Code (Articles 270 et seq.) expressly includes the counterfeiting of all sorts of industrial and intellectual property rights, the unauthorised reproduction or multiplication thereof, and the unauthorised use of the name of said varieties as infringements that may be sanctioned by criminal fines, special disqualification, and even prison. These proceedings are brought before criminal courts. A criminal court seised of criminal proceedings may have jurisdiction to entertain civil actions concerning non-contractual liability, especially damages, resulting from an act – such as IP infringements – giving rise to the criminal proceedings.

19. Specialised civil courts known as commercial courts [Juzgados de lo mercantil] were introduced in 2004 to deal, among other matters, with IP litigation other than criminal proceedings and controversies regarding proceeding before the SPTO. Notwithstanding that some aspects are contained in the substantive laws on the different IP rights, most procedural issues concerning civil IP litigation are contained in Law 1/2000 of January 7 on Civil Procedure (LEC 2000).

Although preliminary proceedings and proceedings to secure evidence are established in Spanish legislation for all kinds of disputes, some specific provisions on disputes relating to IP rights were introduced by Law 19/2006 in order to ensure the implementation of Directive 2004/48/EC. These provisions ensure that when a party has presented reasonable evidence to support its claims and has specified evidence which lies in the control of the opposing party, courts may order that such evidence be presented by the opposing party. The decision on preliminary proceedings is adopted ex parte but the other party can oppose them before they are implemented except in the case of so-called description proceedings. Additionally, prompt and effective provisional measures are established to preserve relevant evidence in respect of the alleged IP infringement. These measures can be granted prior to the filing of the infringement action (such measures will become ineffective if the applicant does not bring a suit within 20 days) or in the course of infringement proceedings. Only under special circumstances can such measures be adopted ex parte, and the defendant may oppose the decision within 20 days. Additionally, IP right holders and other parties filing IP related claims are entitled to seek interim relief protection, including interlocutory injunctions and seizure orders. These provisional measures cease to have effect, upon request of the defendant, if the applicant does not institute within 20 days proceedings leading to a decision on the merits of the case before the competent court. Only under exceptional circumstances can interim injunctions be granted ex parte.
In accordance with the relevant substantive laws, the owner of an IP right is entitled to bring civil actions requesting the adoption of measures such as: cessation of the infringing acts; compensation of damages; seizure of the infringing goods and means of production; all necessary measures to prevent the continuation of the infringement; and the publication of the judgment in some media. The effectiveness of the relevant actions may be ensured by injunctive relief. Any party holding a legitimate interest may file a non-infringement action against the holder of the right to obtain a declaration by the court that a practice does not infringe an IP right. These actions are subject to certain requirements, such as the prior sending of a notice letter to the holder of the patent concerned. Interested parties may also file a revocation claim in order to have an industrial property right declared null. The revocation action may also be brought as a counterclaim in the framework of infringement proceedings. In these situations, the same court that deals with the infringement proceeding decides the nullity question in a single judgment.

A final decision by a commercial court may usually be appealed before the Court of Appeal [Audiencia Provincial]. Second instance decisions are subject to appeal before the Supreme Court [Tribunal Supremo] only when certain restrictive requirements are fulfilled. First instance decisions on IP disputes such as injunctions are provisionally enforceable even if an appeal has been brought against them.

20. Jurisdiction concerning Community trademark and Community design infringement actions is granted to Community trademark courts and Community design courts, which are national courts designated by each of the Member States. According to the relevant EU Regulations, Member States have to designate as limited a number as possible of national courts and tribunals of first and second instance. In Spain Law 8/2003 of July 9 modified Organic Law 6/1985 on the Judiciary and designated the mercantile courts of Alicante and the Alicante Court of Appeal as first and second instance Community Trademark courts in Spain, respectively, making their jurisdiction extensive to these effects to the entire Spanish territory.

Litigation on infringements of European patents raises special difficulties given the disparities between the national systems and the lack of a common procedure for litigation covering the bundle of national patents which result from the uniform granting mechanism of the EPO. Among the efforts made to improve the situation, a draft agreement on the establishment of a patent litigation system, known as the European Patent Litigation Agreement, was drawn up within the framework of EPO.28 The Agreement envisages a central European Patent Court having jurisdiction over infringement and validity claims in relation to European patents across Contracting States, but a final agreement has not been reached and the prospects remain uncertain.

National Report to the 18th International Congress on Comparative Law (International Academy of Comparative Law).

1.2. International Jurisdiction

1.2.1. EU Law: Scope of Application and Grounds of Jurisdiction

21. Regulation (EC) No 44/200129 (hereafter, Brussels I Regulation) is a binding and directly applicable Community instrument establishing uniform jurisdiction rules. Given that the scope of the Regulation covers all the main civil and commercial matters apart from certain exceptions listed on Article 1.2, IP disputes fall typically within its substantive scope of application. In accordance with Article 4.1, if the defendant is not domiciled in a Member State, the jurisdiction of the courts of each Member State is to be determined by the law of that Member State. Therefore Spanish national legislation on international jurisdiction applies to IP disputes only in situations in which the defendant is not domiciled in the EU. Moreover, the provisions on exclusive jurisdiction and prorogation of jurisdiction of the Regulation may apply even to situations in which the defendant is not domiciled in the EU.

The Brussels I Regulation establishes the defendant’s domicile as the basic and general ground of jurisdiction (Art. 2) that is always available except in those situations to which the exclusive jurisdiction rules apply or when the parties reach a choice a forum agreement (Arts. 22 and 23). In addition to the defendant’s domicile, the Regulation provides for a number of alternative grounds of jurisdiction based on a significant connection between the court and the action intended to facilitate the sound administration of justice, as shown by Articles 5 and 6 on special jurisdiction. Furthermore, specific provisions have been included to address jurisdiction in matters relating to insurance (Arts. 8-14), jurisdiction over consumer contracts (Arts. 15-17), and jurisdiction over individual contracts of employment (Arts. 18-21). The Brussels I Regulation is currently under review to discuss, among other issues, the possibility of extending the special jurisdiction rules of the Regulation in order to apply them to third State defendants.30

1.2.2. International Conventions

22. Although Spain is a contracting party to a great number of international conventions in the field of Private International Law (hereafter, PIL), only a few of them regulate international jurisdiction covering IP litigation. The most important is the Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. This Convention used the 1968 Brussels Convention as a blueprint since it was intended to extend the scheme of the Brussels Convention to European countries (EFTA countries) other


than the EU Member States. The revised Lugano Convention of October 30, 2007 adapts its text mainly to the changes introduced by the Brussels I Regulation with respect to the 1968 Brussels Convention. Therefore, with regard to the grounds of international jurisdiction available, there is almost total concurrence between the new Lugano Convention and the Brussels I Regulation. According to Article 64 of the new Lugano Convention, this Convention does not prejudice the application by the EU Member States of the Brussels I Regulation. Hence, Spanish courts apply the Lugano Convention typically to situations in which the defendant’s domicile is located in a contracting state that is not a member of the EU, in particular, Iceland, Norway, and Switzerland.

Two bilateral conventions of a general character include jurisdiction rules that may be applicable to IP disputes since they were drafted using the Brussels Convention as a model: Convention between Spain and Romania on Jurisdiction and Recognition and Enforcement of Judgments in Civil and Commercial Matters done at Bucharest on 17 November 199731 and the Convention between Spain and El Salvador on Jurisdiction and Recognition and Enforcement of Judgments in Civil and Commercial Matters done at Madrid on 7 November 2000.32 After the adhesion of Romania to the EU, the Brussels I Regulation superseded the bilateral Convention with Romania. Additionally, the prevailing view is that, in line with the ECJ Opinion on the new Lugano Convention33, the conclusion of international conventions on jurisdiction in the matters covered by the Brussels I Regulation falls now entirely within the sphere of exclusive competence of the EC, and hence Member States are not allowed to negotiate and conclude such agreements on their own.

23. The international conventions on IP rights, such as the TRIPS Agreement and those administered by WIPO, do not contain significant rules directly addressing the international jurisdiction of the courts of the Member States to adjudicate IP related claims.

The EPC does not regulate the determination of international jurisdiction in patent infringement claims, although it encompasses some specific rules on jurisdiction in respecting issues relevant to the grant or revocation of a European patent and has even annexed a Protocol on jurisdiction and the recognition of decisions. Pursuant to Article 138 EPC, the courts of each contracting state have jurisdiction to revoke a European patent but only with effect for its territory. The coordination between the Brussels I Regulation and the EPC is based on the fact that the provisions of the EPC shall prevail in accordance with Article 71.1 of Brussels I. The conclusion of conventions dealing with the jurisdiction and the recognition of judgments in the area of patent litigation falls currently within the sphere of competence of the EC.

33 See ECJ Opinion 1/03 of 7 February 2006.
1.2.3. National Legislation

24. The national provisions on international jurisdiction are basically contained in Article 22 of Organic Law 6/1985 on the Judiciary [Le Ley Orgánica del Poder Judicial]. In the matters covered by the Brussels I Regulation, national provisions apply in practice only to disputes in which the defendant is not domiciled in the EU (Art. 4 Brussels I Regulation) or in other states bound by the Lugano Convention (Art. 4) and when the provisions on exclusive jurisdiction and prorogation of jurisdiction (Arts. 22 and 23) of these instruments do not apply.

Article 22 of Organic Law 6/1985 on the Judiciary was modelled on the jurisdiction rules of the Brussels I Convention. Therefore, the defendant’s domicile and party autonomy are the basic and general grounds of jurisdiction (Art. 22.2) although now in IP disputes the Brussels I Regulation supersedes national legislation and applies directly to situations in which the defendant is domiciled in Spain or the parties have chosen the Spanish courts. Furthermore, Article 22 of Organic Law 6/1985 provides for a number of alternative grounds of jurisdiction that are basically the same as those of the Brussels Convention. In principle, Article 22 of Organic Law 6/1985 does not include excessive or exorbitant fora, as illustrated by the fact that no Spanish provisions are listed in Annex I to the Brussels I Regulation.

1.3. Choice-of-Law

1.3.1. International Conventions

25. None of the international conventions on choice-of-law to which Spain is a contracting party relate directly to intellectual property. On the other hand, the basic multilateral treaties on IP, to which Spain is a party, affirm territoriality and independence as basic features of national rights, but they are aimed at creating substantive minimum rights and abolishing discrimination against foreign authors. Article 2(1) of the Paris Convention, Article 5.1 of the Berne Convention, and Article 3 of the TRIPS Agreement enshrine the principle of national treatment that establishes a standard concerning the treatment of foreigners. The view that territoriality and independence as basic features of intellectual property rights combined with the principle of national treatment leading in practice to the lex loci protectionis as an implicit choice of law rule for the protection of those rights achieved significant acceptance in Spain. According to other views, the

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34 BOE no. 157, July 2, 1985.
provisions of those conventions, including Article 5.2 of the Berne Convention, do not affect the freedom of states to adopt the conflict rules they deem appropriate.

Given the controversy on the issue and the fact that those conventions are not aimed at establishing choice of law rules, it seems appropriate from an international perspective to accept that the view that those conventions impose an implicit choice of law rule has not achieved general acceptance in the conventions’ interpretations in all contracting states. Therefore, in the basic multilateral conventions on IP issues concerning the application of the *lex loci protectionis*, criterion remain open since certain alternatives or limits to that rule, especially as far as initial ownership or the remedies available in case of infringement are concerned, may be compatible with the territorial nature of IP rights.

1.3.2. EU Law: Implications of the new Regulations

26. Significant progress has been achieved within the EU in the creation of unitary choice of law rules by means of two instruments that include key IP disputes. Regulation No 864/2007 of 11 July 2007 on the law applicable to non-contractual obligations (Rome II)\(^{36}\) covers infringements of IP rights. Article 8.1 of the Rome II Regulation establishes that the law applicable to a non-contractual obligation arising from an infringement of an IP right shall be the law of the country for which protection is claimed. The unification within the EU in this field is based on ‘the universally acknowledged principle of the *lex loci protectionis*, as stated in paragraph 26 of its Preamble.

Article 8 of the Rome II Regulation supersedes, within its scope of application, national PIL provisions. According to Article 3 the choice of law rules of the Regulation have universal application. The law specified by the Regulation applies whether or not it is the law of a Member State, and there is no requirement of a connection with the EU provided that the forum court of a Member State has international jurisdiction over the dispute. The Regulation applies irrespective of the nature of the court or tribunal seised.

By contrast, the substantive scope of application of the Rome II Regulation and in particular of Article 8 is limited since it only relates to the non-contractual obligations arising from an infringement of an IP right (Articles 1 and 8). The introduction of the *lex loci protectionis* in the Regulation leads to the application of the same rule that usually applies to the IP right itself in national systems. However, the Regulation is not intended to cover all issues concerning IP rights. Article 8 comprises only some of the issues typically addressed by broad choice of law rules on IP rights in certain national legislations, such as Article 10.4 of the Spanish Civil Code.

As an alternative to mere harmonization, the creation of community IP rights that have a unitary character leads to the disappearance of conflicts of laws within the EU with respect to such rights, except in those aspects not covered by

the uniform rules. Hence, although the creation of unitary community rights reduces significant legal risks otherwise linked to multi-state commercial activities, specific conflicts arise concerning the need to supplement EC law as the \textit{lex loci protectionis}. Article 8.2 of the Rome II Regulation establishes that the law applicable to a non-contractual obligation arising from an infringement of a unitary Community IP right is, for any question that is not governed by the relevant Regulation, the law of the country in which the act of infringement was committed.

27. Regulation 593/2008 of 17 June 2008 on the law applicable to contractual obligations (Rome I)\footnote{\textit{OJ} L 177, 4.7.2008, pp. 6–16.} has unified within the EU the choice of law rules in that area including contracts on IP rights, even though a specific rule for these contracts was not included in the final Regulation. This Regulation replaces the 1980 Rome Convention in the Member States. Both the Regulation and the Convention have a universal scope of application and apply, in situations involving a conflict of laws, to contractual obligations in civil and commercial matters.

1.3.3. National Legislation

28. Article 10.4 of the Spanish Civil Code contains a broad choice of law rule establishing that intellectual and industrial property rights shall be protected in Spain in accordance with Spanish law without prejudice to international conventions in this field. It is widely accepted in the interpretation of this provision that it is to be understood as establishing the \textit{lex loci protectionis} criterion as a bilateral choice of law rule to the extent that Spanish courts may have jurisdiction to adjudicate claims concerning the protection of foreign IP rights.

Because of the limited scope of application of Article 8 of the Rome II Regulation, Article 10.4 of the Spanish Civil Code remains applicable to issues such as initial ownership, registration, existence, validity, content, duration, or transferability, and effects against third parties of IP rights are not in principle covered by the unified rules. As already noted, those questions remain typically outside the scope of the Regulation.

1.4. Recognition and Enforcement of Foreign Judgments

1.4.1. International Conventions

29. Spain is a contracting party to a significant number of bilateral and multilateral agreements on recognition and enforcement of foreign judgments. Although there is no multilateral treaty on the recognition and enforcement of foreign judgments in the area of IP rights, some of the international conventions concluded by Spain cover IP disputes, although usually they have no specific
provisions in this field. Therefore, the conditions applicable to recognition differ depending on the country of origin of the judgment since treaties on recognition and enforcement of judgments are usually subject to reciprocity. Indeed, Spain has built a network of bilateral treaties that because of their general character apply to the recognition and enforcement of most IP judgments coming from the respective contracting States. In particular, leaving aside the Member States of the Brussels I Regulation and the Lugano Convention, Spain has concluded bilateral treaties with countries such as Colombia (1908), Mexico (1989), Israel (1989), Brazil (1989), Russia (1990), China (1992), Morocco (1997), El Salvador (2000), Tunisia (2001), Algeria (2005), and Mauritania (2006). However, not all IP disputes fall within the scope of application of these conventions; in particular the Convention with Mexico – Article 3.j – does not apply to disputes on non-contractual liability.

Multilateral conventions or instruments covering recognition and enforcement of IP disputes have mainly been drafted at the regional level, especially in Europe. Spain is a contracting party to the Lugano Convention parallel now to the Brussels I Regulation that establishes a uniform and coherent system of mutual recognition and enforcement of judgments. This system applies to the reciprocal recognition and enforcement between Member States of judgments in civil and commercial matters, including IP disputes. In accordance with Article 64 of the Lugano Convention, the Brussels I Regulation prevails between the EU Member States.

1.4.2. EU Law

30. The recognition and enforcement provisions of the Brussels I Regulation apply to IP judgments. The term “judgment” is understood broadly as covering “any judgment given by a court or tribunal of a Member State, whatever the judgment may be called, including a decree, order, decision or writ of execution, as well as the determination of costs or expenses by an officer of the court” (Art. 32). Recognition is automatic, and the declaration that a judgment given in one Member State is enforceable in another may be issued virtually automatically after purely formal checks of the documents supplied, without there being any possibility for the court to raise of its own motion any grounds for non-enforcement. However, the defendant is able to appeal against the declaration of enforceability based on the presence of any of the grounds for non-enforcement provided for by the Regulation.

As to the grounds for non-recognition, it is noteworthy that the jurisdiction of the court of origin may not be reviewed except in the situations referred to in Article 35.1 that include the verification that the judgment does not conflict with the exclusive jurisdiction rules provided for by Article 22 of the Brussels I Regulation. The other grounds for non-recognition are the test of public policy, the verification of service of process where the judgment was given in default of appearance, conflict with a judgment given in a dispute between the same parties in the Member State in which recognition is sought, and conflict with an earlier
judgment given in another state involving the same cause of action and between the same parties (Art. 34).

Finality in the sense of judgment no longer subject to ordinary forms of review is not necessarily a requirement for recognition and enforcement under the Brussels I Regulation (Arts. 38.1 and 46.1) since the decisive element is that the law of the country of origin confers to the foreign judgment the effects that are to be expanded to the requested state, and hence a judgment provisionally enforceable in the Member State of origin may be provisionally enforced in another Member State.

31. The common recognition and enforcement rules of the Brussels I Regulation apply only to judgments given by a court of other Member States. There is no uniform approach to the recognition of judgments rendered in third countries, and the dichotomy between the uniform intra-Community rules and the national rules for third country judgments still exists. The current EU system does not ensure equal treatment or effects to third country judgments throughout the EU. However, the debate is currently open as to the future extension of the common EU rules to cover third country judgments. 38

1.4.3. National Legislation

32. The Spanish national system of recognition and enforcement is established in Articles 951 to 959 of the old Civil Procedure Law [Ley de enjuiciamiento civil] of 1881 39 (hereafter, LEC 1881) since the Civil Procedure Law of 2000 – LEC 2000 – did not cover recognition and enforcement of foreign judgments. These provisions apply to those judgments not covered by an international convention or EU Regulation. Although formally the system is subject to a reciprocity requirement (Arts. 952 and 953 LEC 1881), in practice it does not play a significant role, 40 and the grounds for non-recognition of Article 954 of the LEC 1881 usually apply. 41

Under the prevailing interpretation of the LEC 1881, only final and conclusive foreign judgments can be recognized. Judgments meet that requirement when there is no possibility of an appeal because no further appeal is possible or the time for filing an appeal has elapsed. Provisional orders and interim decisions do not meet this requirement. Other grounds for non-recognition under Article 954 of the LEC 1881 are verification of jurisdiction of the rendering court, incompatibility with substantive or procedural public policy, control of the


40 See, e.g., the decisions (autos) of the Spanish Supreme Court of 5, 12, and 19 of May of 1998 (RAJ 4292, RAJ 4344, and RAJ 4451).

proper notification of the proceedings to the defaulting defendant, incompatibility of the foreign judgment with a judgment given or recognised in Spain, and pending proceedings between the same parties having the same cause of action before a Spanish court if the proceedings in Spain were first instituted. Additionally, the copy of the judgment must satisfy the conditions necessary to establish its authenticity.

2. INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW

2.1. International Jurisdiction

2.1.1. Infringement Claims

33. Under the Brussels I Regulation and the Lugano Convention (2007), the main criteria establishing jurisdiction for these claims are the defendant’s domicile is a general forum (Art. 2) and is the place where the harmful event occurred or may occur (Art. 5.3). The specific provision on plurality of defendants (Art. 6.1) may also apply. Although it is not common in practice, parties are allowed to agree that the courts of a Member State have jurisdiction to settle infringement claims.

Article 22 paragraphs 2 and 3 of Organic Law 6/1985 on the Judiciary establish the same grounds of jurisdiction in the national legal system. Given the broad scope of application of the EU system, only the interpretation of the internal rule based on the place where the harmful event occurred may be significant in practice in those cases in which the defendant is domiciled outside the EU.

2.1.2. Contractual Disputes

34. In case the parties have not agreed on the prorogation of jurisdiction, the special forum granting jurisdiction to the courts of the place of performance in matters relating to a contract applies under the Brussels I Regulation as an alternative to the general forum of the defendant’s domicile.

In disputes in which the defendant is not domiciled in a Member State of the EU or the Lugano Convention, it is noteworthy that Article 22 paragraph 3 of Organic Law 6/1985 on the Judiciary grants jurisdiction to the Spanish courts not only when the place of performance is located in Spain but also when the place of contracting is in Spain.

2.1.3. Exclusive Jurisdiction on Validity of Rights Subject to Registration

35. Article 22.4 of the Brussels I Regulation grants exclusive jurisdiction in proceedings concerned with the registration or validity of industrial property rights protected on the basis of registration to the courts of the Member State in which the deposit or registration has been applied for, has taken place, or is
deemed to have taken place. This is a mandatory ground of jurisdiction that may influence litigation on infringement claims and contractual disputes. According to the case law of the ECJ\(^2\) and the text of Article 22.4 of the Lugano Convention (2007), this exclusive jurisdiction applies irrespective of whether the issue is raised by way of an action or as a defence. It also applies regardless of the nature of the court of tribunal, in particular, in Spain issues concerning registration may be decided in certain situations by courts in charge of administrative matters (orden contencioso-administrativo).\(^3\)

Although Article 22 paragraph 1 of Organic Law 6/1985 on the Judiciary also contains a provision on exclusive jurisdiction similar to Article 22.4 of the Brussels I Regulation, it never applies due to the scope of application of Article 22 of the Brussels I Regulation.

### 2.2. Applicable Law

#### 2.2.1. Infringement of IP Rights

36. The Rome II Regulation is applicable since 11 January 2009. As already noted Article 8 of the Rome II Regulation supersedes national PIL provisions on the law applicable to a non-contractual obligation arising from an infringement of an IP right. Therefore, Article 10.4 of the Spanish Civil Code does not apply now to that specific issue. According to Article 8.3 of the Rome II Regulation recourse to the lex loci protectionis may not be derogated from by an agreement between the parties.

#### 2.2.2. Territoriality and lex loci protectionis

37. As noted earlier, after the date of application of the Rome II Regulation, Article 10.4 of the Spanish Civil Code remains applicable to issues such as initial ownership\(^4\), registration, existence, validity, content, duration or transferability, and effects against third parties\(^5\). Under Article 10.4 the law

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\(^2\) ECJ Judgment of 13 July 2006, C-4/03, GAT, paras. 18-30.

\(^3\) See C. González Beilfuss, Nulidad e infracción de patentes en la Comunidad Europea, Madrid, Eurolex, 1996, p. 95.


applicable to all these issues is the law of the country of protection. The conflict of laws rule is mandatory and choice of law by the parties is not allowed\(^\text{46}\).

2.2.3. Contracts Relating to Intellectual or Industrial Property Rights

38. The Rome I Regulation applies to contracts concluded after 17 December 2009. Contracts concluded prior to that date are governed by the Rome I Convention. Neither of these instruments contains specific provisions on contracts relating to IP rights, but all such contracts fall within the scope of application of the Convention or Regulation that supersedes the national provisions of the Member States in this area.

2.3. Recognition and Enforcement of Judgments

2.3.1. Procedural Issues

39. Under the Brussels I and Lugano systems, recognition is automatic since a judgment given in a Member State is recognised in the other Member States without any special procedure being required (Art. 33). Article 38 and the following one of the Brussels I Regulation establish the procedure to obtain a declaration of enforceability (exequatur). Under Article 41 a judgment is to be declared enforceable immediately on completion of certain formalities but without any review of the grounds for non-recognition and without giving the party against whom enforcement is sought the possibility to make any submissions on the application at this stage of the proceedings. However, the decision on the application for a declaration of enforceability may be appealed before a court that shall refuse or revoke a declaration of enforceability in cases where any grounds for non-recognition are present.

Contrary to the situation in most bilateral and multilateral conventions that are based on automatic recognition, under Article 955 of the LEC 1881 automatic recognition is not possible. Exequatur proceedings are governed by Articles 955 et seq. of the LEC 1881 and are subject to the review of grounds for non-recognition under Article 954.

2.3.2. Grounds for Non-Recognition

40. There are no specific provisions on the recognition and enforcement of IP judgments. Therefore, the general grounds for non-recognition of the relevant system (Brussels I Regulation, Lugano Convention, bilateral convention, LEC 1881) apply to judgments in this area.

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SECTION II: HYPOTHETICAL CASE STUDIES

CASE 1 GENERAL/SPECIAL GROUNDS OF JURISDICTION

A is an international pop-music idol who has just released a new single. At a point in time when sales of the new single have increased B, the publisher of a monthly music journal, inserts a headline article claiming that the new single of A is a mere adaptation of a song released in the 1950’s. A files a defamation suit.

1) Would a court of your country have international jurisdiction if the defendant B had its residence in your country? Would the decision regarding international jurisdiction of the court of your country differ if the defendant was a corporation having its main place of business in a third country X, but a branch was located in your country?

2) Would a court of your country have international jurisdiction if the copies of the journal were distributed in your country in the language which is officially spoken? Would the decision differ if the journal was printed in your country for distribution in a neighboring country X (in a language which is not spoken in your country)?

3) Under the law of your country, would residence of the defendant be necessary for a court to have international jurisdiction over A’s claim for the overall damage sustained in all countries where the journal was published? (Please specify if answers to these questions were different in cases where intellectual property rights are at stake.)

1) A Spanish court would have international jurisdiction over B if B had its domicile in Spain. Persons domiciled in Spain, whatever their nationality, may be sued in Spain for defamation based on Article 2 of the Brussels I Regulation. Given the scope of application of the Regulation under Articles 1 and 4, the national provisions of Article 22 of Organic Law 6/1985 on the Judiciary shall never apply to a defamation claim against a party domiciled in Spain. According to Article 59 Brussels I Regulation, in order to determine whether a party – other than a company or other legal person – is domiciled in Spain, the Spanish courts apply Spanish law. Under Articles 40 and 41 of the Spanish Civil Code, the domicile is located where the person has her or his habitual residence. Under Article 60 of the Brussels I Regulation, a company or other legal person is deemed to be domiciled at the place where it has its (a) statutory seat, (b) central administration, or (c) principal place of business. The treatment would be the same in cases concerning IP infringement claims, provided that the dispute does not involve a validity or registration claim of a foreign IP right in the relevant circumstances causing it to fall within the scope of exclusive jurisdiction as discussed in the answer to case number 2.
In cases where the defendant was a corporation having its main place of business in a third country but a branch was located in Spain, the Spanish courts could also have international jurisdiction. If the corporation was domiciled in another Member State of the Brussels I Regulation, under Article 60, Article 5.5 of the Brussels I Regulation would apply. According to this provision the courts of the place where the branch is located (Spain in this hypothetical) have jurisdiction in regard to disputes arising out of the operations of the branch. This ground of jurisdiction does not apply to independent agents or other intermediaries that are not under the control of the defendant, and the protection of appearance plays a key role in the interpretation of this jurisdictional ground in the case law of the ECJ. Article 5.5 would grant international jurisdiction to Spanish courts over non-contractual claims (such as those arising from defamation or IP infringements) provided that the dispute results from the activities or operations of the branch located in Spain, including undertakings entered into by this branch in the name of its parent body that are performed outside of Spain. In cases where the defendant was a corporation located in Switzerland, Norway, or Iceland, Article 5.5 of the parallel Lugano Convention would apply. If the defendant was a corporation located in a country not belonging to the EU or the Lugano Convention, the provision on branches of Article 22.4 of Organic Law 6/1985 on the Judiciary would apply leading also to the same result since the rule was modelled on Article 5.5 of the 1968 Brussels Convention.

2) If the copies of the journal were distributed in Spain in Spanish, the international jurisdiction of the Spanish court would result from Article 5.3 of the Brussels I Regulation, Article 5.3 of the Lugano Convention (if the defendant is domiciled in Switzerland, Norway, or Iceland), or Article 22.3 of Organic Law 6/1985 on the Judiciary (if the defendant is domiciled in a third country not belonging to the EU nor the Lugano Convention). However, it is important to note that the scope of jurisdiction based on the place of the harmful event under those provisions is limited. In the Shevill judgment, concerning a non-contractual claim arising out of defamation, the ECJ stated that when a tort causes damages in several countries, Article 5.3 of the Brussels Convention allocates jurisdiction to the courts of those countries only in respect of the harm caused in the territory of the court seised.

Significant uncertainty remains concerning Internet activities as to the level of connection between the website and the forum country (Spain) that is necessary to consider Spain as the place of infringement in such claims for the purposes of Article 5.3 of the Brussels I Regulation and Article 22.3 of Organic Law 6/1985. The need for further clarification on this point is illustrated by the preliminary questions referred to the ECJ by the German Federal Court of Justice on the interpretation of term “place where the harmful event may occur” in Article

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49 See ECJ Judgment of 6 April 1995, C-439/93, Lloyd’s, para. 22.
50 ECJ Judgment of 7 March 1995, C-68/93, Shevill.
5.3 of the Brussels I Regulation. The questions have arisen in a case concerning the violation of personal rights but the application of Article 5.3 to claims on the infringement of IP rights in websites raises similar doubts in the courts of the Member States. The questions referred to the ECJ include the clarification of whether the phrase “place where the harmful event may occur” in cases of violations of rights due to the content of an Internet website is to be interpreted as meaning that the person concerned can bring an action against the operator of the website before the courts of every Member State where the website can be accessed or if the jurisdiction of the courts of a Member State where the operator of the website is not established require a particular connecting link either between the forum and the content or the website itself which goes beyond the mere accessibility of the website. Moreover, in case the ECJ considers that such a particular connecting link with the forum is required, the German Federal Court of Justice asks for clarification about which criteria are decisive for establishing just a link.

Therefore, a court having jurisdiction only by virtue of the circumstance that it is one of the countries where the damage happened may only hear a claim relating solely to the harm caused in its own country. The difference between the limited jurisdiction of the country in which the damage occurs – that leads to fragmentation – and the potential broader jurisdiction of the country in which the event giving rise to the damage takes place is founded by the ECJ in the idea that imposing such limitation to the jurisdiction based on the location of the harmful event derives from the exceptional nature of the jurisdictions established in Article 5 in contrast to the general jurisdiction of Article 2, and it is required to ensure the sound administration of justice, to respect the principle of proximity, and to avoid multiplication of forum shopping options. Additionally, it is noteworthy that according to Spanish practice international jurisdiction based on Article 5.3 of the Brussels I Regulation in these situations is not limited to cases in which copies of the foreign journal were distributed in Spain in Spanish. Even if the foreign newspaper was only distributed in a foreign language or available through the Internet but the media is well-known in Spain, Spanish courts are deemed competent in respect of the harm caused in Spain.

Spanish courts would also have international jurisdiction if the journal was printed in Spain for distribution in a neighboring country in a language which is not spoken in Spain. Jurisdiction would also be founded on Article 5.3 of the Brussels I Regulation, Article 5.3 of the Lugano Convention, or Article 22.3 of Organic Law 6/1985 on the Judiciary. As to the scope of the international jurisdiction of Spanish courts in such disputes, it is relevant to note that in Shevill the ECJ seemed to accept that Article 5.3 can allocate jurisdiction to the court of the place where the harmful event occurred – place of origin of the activity –

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51 See pending case C-509/09.
52 Judgment of 10 January 2008 of the Juzgado de Primera Instancia núm. 35 de Barcelona, Diario La Ley, num. 6879, 8 February 2008, holding liable the French newspaper Le Monde for false doping allegations against a Spanish football team but imposing only damages with respect to those sustained in Spain.
53 P.A. de Miguel Asensio, op. cit. n. 35, pp. 306-318.
without the abovementioned limitation, and hence the court can be entitled to adjudicate overall damage sustained in all countries where the journal was published\textsuperscript{54}. However, the applicability of that distinction to the infringement of IP rights and to defamation claims concerning activities carried out through the Internet in order to broaden the territorial scope of the jurisdiction of one of the countries that can be allocated competence based on Article 5.3 remains controversial.

3) As explained in answers 1 and 2, Spanish courts would have international jurisdiction over A’s claim for the overall damage sustained in all countries where the journal was published provided that the defendant is domiciled in Spain (Art. 2 Brussels I Regulation). Additionally, although it remains controversial, it may also be argued that under Article 5.3 of the Brussels Regulation, the Lugano Convention, and Article 22.3 of Organic Law 6/1985 on the Judiciary, jurisdiction is granted to such an extent provided that Spain can be considered as the place where the activity having effects in several countries originated\textsuperscript{55}.

\textbf{CASE 2 SUBJECT-MATTER JURISDICTION}

A court of country X is dealing with a dispute between A and B concerning an infringement of a foreign patent issued in country Y. During the course of infringement proceedings, B makes a counter-claim that the patent is invalid. Assuming that a court of your country is the court of country X:

1) Would it have international jurisdiction and would it decide the question of the infringement of foreign intellectual property rights?

2) Would the court have international jurisdiction to decide upon the issues of validity (and registration) of foreign intellectual property rights? If so what would be the legal effects (inter partes or erga omnes) of such a decision? Would the decision differ with regard to registered and non-registered intellectual property rights?

3) What would be the decision of a court if the question of the validity of a foreign intellectual property right arose as a preliminary question and remained unchallenged by the parties?

Article 22.4 of the Brussels I Regulation grants exclusive jurisdiction in proceedings concerned with the registration or validity of industrial property rights subject to registration to the courts of the Member State (including Spain) in which the registration has been applied for, has taken place, or is deemed to


have taken place. Given the scope of application of Article 22.4 of the Brussels I Regulation, it supersedes for all situations concerning IP rights the exclusive jurisdiction rule of Article 22.1 of Organic Law 6/1985 on the Judiciary. The wording of the rule is intended to make clear that regardless of the use of mechanisms of international cooperation for its acquisition, such as the Madrid Agreement, the Madrid Protocol, or the Patent Cooperation Treaty, the validity of an industrial property right subject to registration can only be adjudicated by the country for which the contested right has been granted. In addition, with respect to European bundle patents granted under the EPC, Article 22.4 makes clear that such a rule means that the courts of each Member State shall have exclusive jurisdiction in proceedings concerned with the registration or validity of any European patent granted for that State. Such a rule is consistent with the independence of European bundle patents once they have been granted.

In opposition to other jurisdiction provisions of the Brussels I Regulation, its rules on exclusive jurisdiction apply regardless of the defendant’s domicile and hence those criteria apply even if none of the parties is domiciled in a Member State. The rationale behind this exclusive jurisdiction is related to the idea that IP rights whose existence is subject to registration are created by a decision of a public body and grant exclusive rights that affect significant public interests within the territory of that country. Also, according to the case law of the ECJ, that rule on exclusive jurisdiction is justified by the fact that the courts of the State in which the deposit or registration has been applied for are best placed to adjudicate upon cases in which the dispute itself concerns the validity or registration of the IP right.

Given that Article 22.4 is an exception to Article 2, the issues covered by the rules of Article 22 must be limited to what it is essential to achieve their purposes. Article 22.4 of the Brussels I Regulation has a restrictive nature, and hence it does not cover other actions, such as those for infringement of registered IP rights. Article 22.4 applies not only to patents, but to all IP rights whose existence is subject to registration or a granting decision, such as registered trademarks and designs.

57 The second paragraph of Article 22(4) states: “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 concerned with the registration or validity of any European patent granted for that State.”
58 The Explanatory Report to the Convention considered that this exclusive jurisdiction is justified because the granting of patents (and IP rights subject to registration) is an exercise of national sovereignty. See P. Jenard “Report on the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed at Brussels (Signed at Brussels, 27 September 1968)”, OJ C 59, 05.03.1979, 1, at 36.
59 See ECJ Judgment of 15 November 1983, 288/82, Duijnstee, para. 22.
60 Ibid. paras. 23-25.
61 Article 22.4 does not apply to copyright and related rights since copyright is protected without any formalities – as stated in Article 5.2 of the Berne Convention – and its existence is not subject to a procedure of registration. Notwithstanding the fact that registration is not a condition
The scope of Article 22.4 has been marked by controversy, especially its application to cases in which the validity of an IP right is challenged only by means of a counterclaim or as a defense. Certainly, significant divergences existed between the Member States of the EU regarding the treatment under Article 16.4 of the Brussels Convention of incidental challenges to the validity of patents in disputes concerning the infringement of foreign patents. It is undisputed that Article 22.4 covers all proceedings brought to declare (registered) IP rights invalid, that is to say, proceedings in which the registration or validity challenge is raised by way of an action, including a counterclaim. However, in litigation relating to IP infringements, and even in disputes concerning the breach of licence contracts, it is a common defense by the suspected infringer (or the licensee) to challenge the validity of the IP rights concerned as a plea in objection.

In the *GAT* case the ECJ was requested by the Oberlandesgericht Düsseldorf to determine if the exclusive jurisdiction established under Article 16.4 of the Brussels Convention — Article 22.4 of the Brussels I Regulation — covers all proceedings concerned with the registration or validity of a patent, irrespective of whether the question is raised by way of an action or a plea in objection. Therefore, this ruling of the ECJ is key in determining the response to the hypothetical posed by this case number 2 in all EU Member States. The ECJ considered that it cannot be established from the wording of the Convention whether Article 16.4 applies only to cases in which the validity question is raised by way of an action or whether it extends to cases in which the question is raised as a plea in objection. However, the ECJ held that given the objective of Article 16.4 and its position in the scheme of the Convention “the exclusive jurisdiction provided for by that provision should apply whatever the form of proceedings in which the issue of a patent’s validity is raised, be it by way of an action or a plea in objection, at the time the case is brought or at a later stage in the proceedings.”

To reach that conclusion the ECJ remembered that such a provision is justified by the fact that the issue of patents necessitates the involvement of the national administrative authorities and because the courts of the State for which the right has been granted are best placed to adjudicate the claims concerned since they will have to apply their own national law to rights issued in that state, a specialised area of the law in which, for the sound administration of justice, many States have established specialised courts. With regard to the scheme of the Convention, the ECJ also noted that given the exclusive and mandatory nature of the rules of jurisdiction provided for in Article 16.4, to allow a court seised of an action for infringement or for a declaration of non-infringement to establish
indirectly the invalidity of the patent at issue would undermine the binding nature of that rule since it would give the claimant the possibility to circumvent the mandatory nature of the rule. Further, the ECJ stressed that such a possibility would multiply the heads of jurisdiction and could undermine predictability and legal certainty and would also increase the risk of conflicting decisions. Finally, the ECJ rejected that such a risk would be avoided by limiting the effects of a judgment indirectly ruling on the validity of a patent to the parties to the proceedings as established in German law since the effects of a decision on the validity are determined by national law, and in several Contracting States a decision to annul a patent has *erga omnes* effect. The 2007 Lugano Convention codified the interpretation given in the *GAT* Judgment. Article 22.4 of the new Convention includes an additional sentence stating that exclusive jurisdiction is granted “irrespective of whether the issue is raised by way of an action or as a defence.”

The arguments of the ECJ in the *GAT* judgment and the result reached have received strong criticisms. Firstly, the arguments are criticised because the position of Article 16.4 in the scheme and structure of the Convention could have been invoked to reach a different result, especially given that such provision is an exemption to the general rule of the defendant’s domicile and that the structure of the Convention does not seem to support the claim that one of its aims is to avoid the existence of several fora as a means to prevent *forum shopping*. Secondly, the court is criticised because in its decision the ECJ seems to neglect procedural efficiency considerations and leaves open basic issues regarding the adjudication of infringement claims. Thirdly, the arguments are also criticised because the claim that the involvement of national authorities in granting IP rights justifies the position of the ECJ seems to disregard the functioning of the EPC and also because the idea that the courts in the country of registration are best placed to adjudicate the validity of patents seems not to take into account the fact that a technical decision about the state of the art may be in practice the most important issue in determining the validity of a patent, regardless of the content of national patent law. Finally, the most significant criticism has to do with the lack of reasoning in the refusal by the ECJ of a special treatment for incidental decisions.
on validity lacking *erga omnes* effects under Article 16.4 given the established practice in certain Member States that distinguishes between *erga omnes* and *inter partes* decisions on the validity of patents.

With regard to this last point, it is important to note the existence of significant divergences between the laws of the Member States. In some States, such as Germany, the subject matter jurisdiction to adjudicate invalidity claims and infringement claims are vested in different courts or authorities. Given that situation, in those systems the rule that the courts competent to adjudicate infringement claims can incidentally rule on the validity of the patent has become especially important, although a decision on validity shall only have *inter partes* effect.

Spanish patent law ensures the possibility to challenge validity as a counterclaim and as a mere defense in all infringement proceedings. Therefore, regarding the position of a defendant in an infringement suit, there are significant differences with the situation in Germany since under Spanish law the defendant is always allowed to bring a counterclaim and not just a defense. Therefore, the exclusion of validity challenges raised as mere defenses from exclusive jurisdiction could have little practical impact as a means to combat delaying tactics. Article 126 of the 1986 Spanish Patent Act establishes that the person against whom an action is brought for infringement of rights derived from a patent may, in all forms of procedure, invoke, by means of a counterclaim or by means of defense, the invalidation of the plaintiff’s patent, in accordance with the provisions of common procedural law and other rules, such as Article 113.3 of the 1986 Spanish Patent Act. Notwithstanding the fact that under Article 114.3, once it has become final, the declaration of invalidation of a patent shall become *res judicata* in respect of all persons; the dividing line between a counterclaim and a mere exception is especially vague in cases in which validity is challenged. Such an approach has been reaffirmed by Article 408 of the LEC 2000.

The effect of GAT seems to rule out the possibility of obtaining cross-border relief in Europe concerning IP rights registered in foreign countries in cases in which the alleged infringer challenges the validity of the foreign IP right, in as much as the exclusive jurisdiction provided for in Article 22.4 includes the

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competence to adjudicate invalidity as an incidental matter. It seems undeniable that given the limited reasoning and content of the GAT judgment, some issues remain open, such as the impact of the exclusive jurisdiction on the ability of the court seised with the infringement action to adjudicate that claim and the impact of challenging validity in the courts of the country for which the right is granted on the court prior seised over the infringement action.\(^67\) If the GAT judgment and Article 22.4 of the revised Lugano Convention are to be understood as compelling the courts of the Member States to always paralyze infringement proceedings by the mere fact that the invalidity of a foreign patent is invoked by the alleged infringer\(^68\), it would certainly have extremely unfortunate consequences on the availability of effective IP protection in Europe, undermining important policy goals as illustrated by the EU Enforcement Directive. In this connection, it is noteworthy that GAT opens the possibility of jurisdiction being declined at any time, and that may decisively undermine legal certainty in cases where a defence is raised at a late stage in the proceedings.

Therefore, it seems important to try to reach an understanding of Article 22.4 of the new Lugano Convention and the GAT judgment that makes it possible to consider that its ruling – stating that Article 16.4/22.4 “is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection” – can be under certain circumstances compatible with the adjudication of infringement claims of foreign patents even if the patent validity is challenged by the alleged infringer. Moreover, Advocate General L.A. Geelhoed in his Opinion in the GAT case\(^69\) stressed the idea that the potential negative impact of Article 16.4 on infringement proceedings concerning foreign patents should be limited given the mechanisms available under the Brussels Convention to achieve procedural efficiency. According to the Advocate General’s view, the Court seised with the infringement claim has at its disposal a wide range of options, including the option to stay the proceedings until there has been a ruling on the validity issue and to continue with the proceedings if the defendant is acting in bad faith.

In this connection, it seems possible to argue that under certain circumstances a Court in a Member State may adjudicate on the infringement of a patent granted by another Member State without taking any decision on its validity even if the validity has been incidentally challenged by the alleged infringer. Such an approach should be combined with the possibility of staying the

\(^{67}\) S. Álvarez González, “Procesos por violación de patente extranjera y competencia judicial para conocer de la excepción de nulidad (GAT e LUK)”, La Ley, vol. XXVIII, núm. 6683, 30 March 2007, para. 3.

\(^{68}\) According to paragraph 25 of the GAT judgment, Article 16(4)/22(4) “should apply whatever the form of proceedings in which the issue of a patent’s validity is raised, be it by way of an action or a plea in objection, at the time the case is brought or at a later stage in the proceedings.” However, this paragraph’s wording should not lead to the conclusion that the fact that the validity issue is “raised” in the proceedings is enough to determine that the (infringement) dispute as a whole falls within the scope of Article 16(4). See S. Álvarez González, op. cit. n. 65, para. 6.

\(^{69}\) See Opinion of 16 September 2004, para. 46.
proceedings (or even declining jurisdiction) if an action of invalidity is brought before the courts of the country of registration or if after a preliminary examination the court seised finds that the validity challenge has a chance to be granted. Particularly noteworthy in that respect, especially to react against abusive incidental validity challenges, may be the fact that annulment decisions are typically of a constitutive nature and that existing IP rights are to be taken as valid and effective as long as they have not been declared invalid by the competent court. Given these circumstances, if a reasonable doubt about the validity of the existing patent has not been raised by the defendant’s activity before the infringement court and the defendant has not initiated annulment proceedings in the competent court, it could be appropriate for the court seised with the infringement action to decide whether to grant protection to the claimant while considering the valid existence of the patent. In deciding how to act, the court may consider whether the validity is challenged *bona fide* by the defendant and also the relative importance of the issues of validity and infringement in the dispute. Moreover, there are situations in which it seems especially clear that a court may be entitled to rule on a dispute despite a non-validity defense concerning a foreign industrial property right. For example, it may happen that from facts and elements that appear during the proceedings, it becomes clear that the IP right is valid. Also, it may happen that relevant circumstances make clear that there is no infringement regardless of the validity of the IP right, and hence a decision on the latter becomes irrelevant.

Additionally, if the court seised with the infringement proceedings considers likely the annulment of the patent by the competent court or uncertain its existence or validity under the applicable law, it could stay its proceedings allowing the defendant to obtain a judgment on validity and if necessary to adopt provisional measures. That possibility was suggested by the Advocate General in his conclusions in the *GAT* case (paragraph 46). Once the judgment on the validity is rendered or if the time limit established by the court has elapsed without the annulment proceedings being initiated in the foreign country, the court seised with the infringement claim could adjudicate that claim taking for valid the existing foreign patent. This approach is well-known in the Community Trademark Regulation. Under Article 100.7 of the Regulation: “The Community trademark court hearing a counterclaim for revocation or for a declaration of invalidity may stay the proceedings on application by the proprietor of the Community trademark and after hearing the other parties and may request the defendant to submit an application for revocation or for a declaration of invalidity to the Office within a time limit which it shall determine. If the application is not made within the time limit, the proceedings shall continue; the counterclaim shall be deemed withdrawn.”

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70 See also Article 86(3) of Regulation 6/2002 of 12 December 2001 on Community designs.
A is a holder of identical patents in countries X, W, Y, and Z. B, C, and D are competitors of A and are located in countries X, Y, and Z respectively. A finds that B, C, and D infringe its patents in countries X, Y, and Z. A institutes patent infringement proceedings against alleged infringers before the courts of countries X, Y, and Z. A’s main place of business is in country W; due to high litigation costs, A seeks the consolidation of claims forum of country W.

1) Assuming that the court of country W is a court of your country, would it have jurisdiction to join claims against defendants B, C, and D? Would the decision of a court differ if A was a licensor and the claims were raised against licensees B, C, and D on the ground of infringement of contract?

2) Assuming that B, C, and D are members of a group of a corporation and take identical steps in the infringement of A’s patents, A seeks to consolidate the proceedings before a court of country X where the coordinator of infringing activities has its main place of business. Assuming that the court of country of X is a court of your country, would (and if so under what conditions) it consolidate the proceedings if it was to decide upon the request of A? Would the decision change if B, C, and D raised counterclaims that A’s patents are invalid?

According to Article 6.1 of the Brussels Regulation, which is complementary to Article 2, a person domiciled in a Member State (such as Spain) may also be sued where he is one of a number of defendants in the courts for the place where any one of them is domiciled, provided that certain conditions are met. In particular, Article 6.1 of the Regulation requires that the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments. Although this requirement was not mentioned in the text of Article 6.1 of the Brussels Convention, the need of a close connection between all the claims covered by Article 6.1 was already imposed by the ECJ in its Kalfelis Judgment\(^1\), in line with the idea that Article 6.1 is an exception to the general rule of Article 2 and must be interpreted restrictively. In addition, such a condition is deemed necessary to prevent abuses and to avoid discrimination against defendants who are sued in the country of domicile of another joint defendant for infringing IP rights outside the forum country.

The application of Article 6.1 and the determination of under what circumstances the “close connection” requirement is met have been very controversial in IP litigation within the EU, especially in cases concerning the infringement of European bundle patents. This issue was finally addressed by the ECJ in one of the two controversial judgments delivered on July 13, 2006. Certainly, the case that raised the preliminary question answered by the ECJ judgment in Roche\(^2\) was a typical situation of cross-border adjudication of infringement of European bundle patents in line with the hypothetical posed in the

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\(^1\) ECJ Judgment of 27 September 1988, 189/87, Kalfelis, para. 12.

\(^2\) ECJ Judgment of 13 July 2006, C-539/03, Roche.
second question of this case number 3. The actions for infringement of a bundle of patents derived from a single European patent application had been brought before the Dutch courts against Roche Nederland and eight other members of the Roche group. Notwithstanding the fact that the companies in the Roche group not established in the Netherlands contested the jurisdiction of the Dutch courts and challenged the validity of the patent(s) allegedly infringed, the Court of first instance and the Court of appeal considered that the Dutch courts had jurisdiction under the “spider in the web” criterion. The defendants appealed, and the Dutch Supreme Court (Hoge Raad) decided to stay the proceedings and refer the question to the ECJ for a preliminary ruling. The main question referred to the ECJ was if the connection required for the application of Article 6.1 exists when an action for patent infringement is brought by the holder of a European bundle patent against a group of companies established in various Member States in respect of acts committed in one or more of those States and, in particular, where the “spider in the web” criteria exist since the companies belong to the same group and have acted in an identical or similar manner in accordance with a common policy elaborated by one of them domiciled in the forum country.

The ECJ established that even if the term “irreconcilable” were to be understood in the broadest sense of contradictory decisions, there is no risk of such decisions in “European patent infringement proceedings brought in different Contracting States involving a number of defendants domiciled in those States in respect of acts committed in their territory” since those decisions and their possible divergences do not arise in the context of the same situation of law and fact. Therefore, the position of the ECJ is that in the case of multinational infringements of European bundle patents, given that the defendants are different and the alleged infringements have been committed in different States, possible divergences between decisions would not arise in the context of the same situation of fact, and hence those decisions could not be contradictory since according to Articles 2.2 and 64.1 of the EPC, the patents are governed by national law. The ECJ considered that such a result should not be altered even if the conditions of the “spider in the web” criterion were met because the differences between the factual situations exist even if the defendant companies belong to the same group and have acted in an identical manner in accordance with a common policy elaborated by the main defendant.73

Moreover, the view of the ECJ is that, contrary to the idea traditionally advocated by many scholars, consolidation before one court of infringement actions based on European bundle patents against a number of defendants would not favor procedural economy since jurisdiction based solely on the factual criteria set out by the national court would raise significant risks. The determination as to whether the necessary criteria are satisfied would require the court seised to adjudicate on the substance of the case before it could establish its jurisdiction. Further, such approach could lead to a multiplication of the potential heads of jurisdiction and hence undermine predictability and legal certainty and encourage the practice of forum shopping. Finally, the consolidation of the patent

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73 ECJ Judgment of 13 July 2006, C-539/03, Roche, paras. 25-35.
infringement actions before a single court could not prevent in many cases a partial fragmentation of the patent proceedings since in practice it is very common to challenge indirectly the validity of the patent, and in those situations the exclusive jurisdiction rule of Article 22.4 would apply. However, with regard to this last argument, it is clear that it would not apply to disputes concerning IP rights, such as copyright, which are not subject to registration and remain outside the scope of Article 22.4.

The *Roche* judgment decisively undermines the availability of cross-border relief against multiple infringements for the holders of European patents since it determines that Article 6.1 cannot be used to consolidate multinational infringement claims against a series of defendants before a single court even in the circumstances of the “spider in the web” doctrine. In this connection, disapproval has been expressed by pointing out several shortcomings of the decision, mainly because the existence of a group of companies acting in an identical manner under a common strategy organized by one head office seems to give rise to a common factual situation covering all the infringements concerned. Therefore, the basic justification of the ECJ to exclude the risk of irreconcilable judgments is the existence of legal differences based on the applicability of different national patent laws to the infringements concerned. However, although according to Article 64.1 of the EPC, the rights conferred by a European patent are those established under national patent law, to stress legal divergences in the context of common acts of infringement of European bundle patents seems to disregard the level of harmonization achieved by the EPC that, for instance, determines that the object of the alleged infringements shall be the same in all Contracting States designated since under Article 69.1 of the EPC, the extent of the protection conferred by a European patent shall be determined by the terms of the claims.

The idea that the possibility of different interpretations of formally independent national provisions of harmonized law should remain an obstacle for the consolidation of claims under Article 6.1 of Regulation 44/2001 in cases such as those covered by the “spider in the web” doctrine seems to hinder an efficient coordination of national proceedings in those areas of the law in which harmonizing legislation has been adopted. Therefore, although further uniformity should be achieved in the national practice regarding EPC infringement rules, it seems appropriate to clarify the circumstances under which Article 6.1 is to be applied in those areas of the law. That is the main goal of the proposal made by the CLIP Group to complement Article 6.1 of the Brussels I Regulation with a rule expressing that the risk of irreconcilable judgments may exist in situations in

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which different national laws are applicable to the separate claims provided that the relevant national provisions are harmonized to a considerable degree.76

In conclusion, under the current interpretation of the Brussels I Regulation by the ECJ all the questions posed under 1) and 2) of this hypothetical case number 3 are to be answered in the negative. However, it cannot be ruled out that the situation may be different in the near future. In the current review process of the Brussels I Regulation, one of the possible amendments suggested by the Commission would be to “provide for a consolidation of proceedings against several infringers of the European patent where the infringers belong to a group of companies acting in accordance with a coordinated policy.” A possible solution envisaged by the Commission would be to establish a specific rule allowing certain infringement proceedings to be brought before the courts of the Member State where the defendant coordinating the activities or having the closest connection with the infringement is domiciled.77

CASE 4 CHOICE OF COURT

A, who holds a bundle of patents in different countries, entered into a non-exclusive license agreement with B pursuant to which B received a license to make, use, or offer for sale and otherwise dispose of licensed products. B paid the initial license fee but later refused to pay other fees arguing inter alia that its products do not fall under the scope of the licensed patents. A filed a suit against B seeking patent infringement damages and refers to the choice of forum clause which the parties agreed upon in the license agreement. B objects to the enforcement of such a choice of forum clause arguing that the issue is related to foreign patents and thus the asserted choice of court clause is not enforceable.

Assuming that A and B are not nationals of your country and do not have any place of business in your country:

1) Would such a choice of court clause of the license agreement be enforceable? Would the decision differ if parties made a (new) choice of court agreement at the time when the dispute arose?
2) Would the court enforce an exclusive choice of court clause if the defendant raised a counter-claim that patents are invalid?
3) Would the court assert jurisdiction if the choice of court agreement was made in patent infringement proceedings?
4) Would parties’ arbitration agreement be enforceable under the law of your country? Could the arbitration tribunal decide upon the validity of intellectual property rights? If so, what would be legal effects of such decision?

1), 2), and 3): In opposition to the implications of territoriality on the law governing acts of infringement and the mandatory nature of the lex loci

76 CLIP, loc. cit n. 62, 195, at 201.
77 See EC Commission, loc. cit., n. 30, pp. 6-7.
protectionis rule (Article 8 Rome II Regulation), with regard to jurisdiction the parties involved in an infringement dispute are allowed to choose the competent forum under Article 23 of Regulation 44/2001. Prorogation of jurisdiction by the parties under Articles 23 and 24 of Regulation 44/2001 derogates jurisdiction based on the general principle of Article 2 (defendant’s domicile) and the special rules of jurisdiction of Articles 5 and 6. Article 23 allows parties to agree that the courts of a Member State are to have jurisdiction to settle any disputes which have arisen or which may arise in connection with a particular legal relationship – contractual or not – between the parties even if the dispute has no other connection with the chosen forum. Article 22.2 of Organic Law 6/1985 on the Judiciary establishes the same criterion in the Spanish national system. Given the scope of Article 23 of the Brussels I Regulation, the jurisdiction of the Spanish courts can be based on Article 22.2 of Organic Law 6/1985 on the Judiciary only in those situations in which none of the parties are domiciled in an EU Member State or a Contracting State to the Lugano Convention.

A choice of court clause in favor of the Spanish courts included in a license agreement as described in the hypothetical would be enforceable under Article 23.1 of the Brussels I Regulation, 23.1 of the Lugano Convention or Article 22.2 of Organic Law 6/1985 on the Judiciary. In the case where the parties made a new choice of court agreement at the time when the dispute arose, this would prevail. Under Article 24 of the Brussels I Regulation, Article 24 of the Lugano Convention, and Article 22.2 of Organic Law 6/1985 on the Judiciary, a Spanish court before which a defendant enters an appearance shall have jurisdiction provided that the appearance was not entered to contest the jurisdiction.

However, prorogation of jurisdiction under the Brussels I Regulation, Lugano Convention, and Article 22.2 of Organic Law 6/1985 are excluded where another court has exclusive jurisdiction. Concerning issues of validity and registration of IP rights subject to registration, the case law of the ECJ has stressed that the mandatory nature of Article 22.4 determines that its application is specifically binding on both litigants and courts. Therefore, parties may not derogate from Article 22 by an agreement conferring jurisdiction or by the defendant’s voluntary appearance78. Situations in which the validity of a foreign patent is challenged as a defense before the chosen court pose the same issues that arise in other cases in which the validity of a foreign patent is attacked before a court having jurisdiction to hear a dispute under other provisions of Regulation 44/2001, such as Article 5, sections 1 and 3. Therefore, in cases where the defendant raised a counter-claim that foreign patents granted by another EU Member State or Contracting State to the Lugano Convention are invalid, the exclusive jurisdiction provisions and their interpretation under the GAT ruling would prevail in the terms explained in case number 2.

4) An arbitration clause included in an IP licence agreement or an arbitration agreement concerning an infringement of IP rights between the parties

involved would be enforceable under Spanish Law, in particular under the 2003 Spanish Arbitration Act\(^79\). Spain is a party to the main multilateral conventions on arbitration, including the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards and the 1961 European Geneva Convention. The increasing role of arbitration on IP disputes has been acknowledged by recent Spanish legislation, especially in connection with the registration of trademarks. Article 28 of Law 17/2001 of December 7, 2001 on Trademarks devotes Article 28 to arbitration. This provision allows parties to submit to arbitration certain matters of dispute arising during the proceedings for the registration of a trademark in the Spanish Patent and Trademark Office. However, this specific arbitration proceedings may deal only with the relative prohibitions provided for in Articles 6(1)(b), 7(1)(b), 8 and 9 of that law. In no case may matters referring to the existence or otherwise of formal defects or absolute registration prohibitions be subject to these arbitration proceedings\(^80\).

The limits of arbitrability with respect to claims involving the validity of IP rights may have significant implications in cases arising out of contractual or infringement claims. Article 2 of the 2003 Spanish Arbitration Act concerning the subject matter of arbitration establishes that all disputes relating to matters within the free disposition of the parties according to law are capable of arbitration. As noted earlier, it is beyond doubt that infringement and contractual claims concerning IP rights fall within the free disposition of the parties and may be submitted to arbitration\(^81\). In this connection, Article 40 of the 2001 Spanish Law on Trademarks, concerning the possibility to bring infringement claims, states that the owner of a registered trademark may, before the jurisdictional authorities, take appropriate civil or criminal action against those infringing his right, without any prejudice to submission of the case to arbitration, where possible.

However, uncertainty remains as to the interpretation of the limits of arbitrability with respect to disputes involving a decision on the validity of intellectual property rights. It is widely accepted that an \textit{erga omnes} declaration of non-validity of an industrial property right subject to registration goes beyond the scope of arbitrability and in typical infringement or contract disputes may also fall outside the scope of the arbitration agreement between the parties\(^82\). Disputes concerning the \textit{erga omnes} declaration of non-validity of an industrial property right subject to registration are regarded as dealing with the existence of a right granted by the public authorities and involving important public and general interests. Furthermore, disputes concerning invalidation (\textit{erga omnes}) of such rights have special procedural implications and requirements. Under Article 114

\(^79\) Ley 60/2003 de 23 de diciembre, de Arbitraje (\textit{BOE}, 26 December 2003).


\(^82\) However, for a different approach in favor of the arbitrability of such disputes, see M.P. Perales Viscasillas, “Arbitrabilidad de los derechos de la propiedad industrial y de la competencia”, \textit{Anuario de Justicia Alternativa}, núm. 6, 2005, pp. 11-75, pp. 69-76
of the Spanish Patent Act (and Article 61 of the Trademark Act), a declaration of invalidation shall imply that the patent has never been valid and that neither the patent nor its original application have had any of the effects. Given the broad scope of the effects of a declaration on invalidation, an action for invalidation must be communicated to all the persons owning rights in the patent and duly entered in the Register so that they may appear and take part in the hearing (Article 113 Spanish Patent Act).

Notwithstanding this, the idea that the mere fact that validity of the industrial property right concerned has been incidentally challenged by the alleged infringer does not exclude the possibility by the arbitral tribunal to decide on the infringement of the rights has achieved significant acceptance in legal literature. A distinction is established between the situation in which an action for the declaration of invalidity (erga omnes) effect has been brought (that cannot be subject to arbitration) and disputes in which an incidental decision (inter partes) on validity may be needed to decide an infringement or contractual dispute (that are regarded as falling within the scope of arbitrability). In this respect, to the extent that an action for annulment has not been brought before the competent court, it seems reasonable to conclude that the arbitral tribunal does not exceed the limits of arbitrability when deciding on the alleged infringement given that existing IP rights are in principle to be taken for valid and effective as long as they have not been declared invalid by the competent court. In line with the progressive expansion of arbitration, the idea that arbitral tribunals have the possibility to decide incidentally and with effects inter partes on the validity of an IP right when the non-validity claim has been raised as a defense in a contractual or infringement claim has gained increasing support among legal scholars in Spain. In this respect, it is accepted that the scope of exclusive jurisdiction under Article 22.4 of the Brussels I Regulation and the ECJ Judgment in GAT is broader than the limits to arbitrability in those situations.

CASE 5 PARALLEL PROCEEDINGS

A owns two product patents in countries X and Y. B who is located in country Z produces the identical product to that for which A has patents and exports that infringing product to the countries X and Y. Having found out about the infringing activities, A files an infringement suit before the court of country Z. However, before A brings a suit in country Z, B launches actions in countries X and Y seeking declarations that B is not liable for the infringements of patents owned by A.

83 As to judgments accepting this distinction in the framework of court proceedings, see AP Barcelona (Sec. 15), of 17 September 2003 (JUR 2004/55860); and AP Zaragoza (Sec. 5), of 22 February 2007 (AC 2007/814).

Assuming that the court of country Z is a court of your country:

1) What procedural steps would a court of a country Z take having regard to pending proceedings in countries X and Y? Would the decision of a court of country Z be different if the dispute was related to intellectual property rights that are not subject to registration?

2) What procedural steps would the court in country Z take if B brought a suit before a court of a third country W challenging the validity of patents in countries X and Y?

If countries X or Y where also Member States of the Brussels I Regulation (or Lugano Convention) its specific provisions on lis pendens and related actions (Arts. 27-30) would apply. These provisions may enable alleged infringers that have commenced proceeding for a declaration of non-infringement in an EU jurisdiction to block an infringement action initiated later by the IP right holder in other EU jurisdictions. Under Article 27.1 of the Brussels I Regulation85, if the court first seised has international jurisdiction regarding the declaration of non-infringement, the interpretation of the requirements of same cause of action and same parties in the framework of IP litigation becomes decisive in determining the possibilities of the IP right holder to bring infringement proceedings86. The case law of the ECJ seems to support the view that the objective of an action for declaration of non-infringement is the same as that of an action for infringement87.

The ECJ has stated that the Brussels I Regulation contains no provision under which Article 27 ceases to apply because of the length of the proceedings before the courts of the Member States concerned and that Article 27 of the Brussels I Regulation must be interpreted as meaning that it cannot be derogated from where, in general, the duration of proceedings before the courts of the contracting state in which the court first seised is established is excessively long88. However, with regard to torpedo claims, considerations other than the slowness of the proceedings before the court first seised that can be decisive to appreciate abuse of proceedings by one of the parties may be relevant for the courts involved. It is clear that under Article 28 – on related claims – if a torpedo claim is considered abusive, the court seised by the IP right holder normally will not stay its proceedings based on the existence of the torpedo claim. On the contrary, under the circumstances of Article 27 the court seised later is obliged to stay its proceedings and decline its jurisdiction. Therefore, non-compliance with Article 27 based on a unilateral finding by the court seised by the patent holder about the abusive nature of the non-infringement claim pending in the other court may seem incompatible with this provision.

85 Article 27.1 on lis pendens establishes that “where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.”

86 The so-called Belgian and Italian torpedo cases were mainly based on the idea that non-infringement actions in any of those jurisdictions were very effective as an obstacle to impede an infringement claim by the IP owner in other EU countries.

87 ECJ Judgment of 8 December 1987, C-144/86, Gubisch/Palumbo, paras. 15-19.

However, under the Brussels I Regulation, there is no doubt that jurisdiction based on Article 5.3 covers actions to prevent a tort which has not yet been committed\(^89\), including actions for the declaration of non-infringement\(^90\). At any rate, the position of Article 5.3 in the Brussels system as an exception demands a restrictive interpretation as to the jurisdiction of the courts to address claims for a declaration of non-infringement of foreign IP rights, even in cases concerning European bundle patents. Jurisdiction is to be limited to claims of non-infringement concerning the territory of the forum. Hence, in practice, jurisdiction for the declaration of non-infringement over foreign IP rights is limited to situations in which the defendant’s domicile is located in the forum, which is not usually the case in torpedo actions.

Moreover, when the proceedings affect IP rights of different countries – even if they are parallel European patents – the condition that the actions pending involve the same cause of action is not met (regardless of whether the actions involved are infringement claims or actions for the declaration of non-infringement). Anyway, although in those cases Article 27 should not apply, the court second seised will have the possibility to stay its proceedings in case it considers that the actions are related in terms of Article 28 of the Brussels I Regulation, but the margin of appreciation granted to that court under Article 28 will mean in practice that usually proceedings shall not be stayed when the first suit is a torpedo claim.

Furthermore, according to the GAT decision of the ECJ the court seised shall decline its jurisdiction if the action for declaration of non-infringement is based on the alleged invalidity of the IP right registered in a foreign country (or shall dismiss the action under the presumption of validity of the existing IP right).

However, the application of the provision of the Brussels I Regulation on \textit{lis pendens} to the IP field in cases in which there is a declaration of non-infringement pending in one State and an infringement action concerning the same IP right is brought in another country (forcing under Article 27 to stay the subsequent infringement proceedings initiated by the IP right holder in the other jurisdiction) continues to raise significant doubts. Therefore, this is one of the issues currently subject to review. In this connection, the EU Commission has hinted at the possibility of amending the Brussels I Regulation in order to strengthen the communication and interaction between the courts seized in parallel proceedings and to exclude the application of the rule in the case of negative declaratory relief.\(^91\)

If countries X or Y were not Member States of the Brussels I Regulation (or Lugano Convention), the effects in Spain of proceedings in country X and Y

\(^{89}\) \textit{Compare} Article 5.3 \textit{in fine} of Regulation 44/2001 to Article 5.3 of the Brussels Convention. \textit{See also} the ECJ decision of 1 October 2002, C-167/00, \textit{Henkel}, paras. 48-49.

\(^{90}\) In Spanish case law see the decision by the AP Barcelona of 26 April 2007 (Auto 122/2007, JUR 20017/270652), holding that Spanish courts have international jurisdiction based on the place of the harmful event concerning an action for the declaration of non-infringement of a Spanish trademark brought by the Spanish company that registered the domain name “mundial.com” against the Brazilian company that owned the Spanish trademark “mundial.”

\(^{91}\) \textit{See} EC Commission, loc. cit. n. 30, p. 6.
should be established in accordance with Spanish Law. There are no specific provisions on international *lis pendens* in Spanish legislation since Articles 416 and 421 of the LEC 2000 apply only to situations in which proceedings are pending in different Spanish courts. Traditionally, Spanish courts have been reluctant to decline jurisdiction or even stay their proceedings based on international *lis pendens*. In light of traditional case law, it may happen that to the extent that the Brussels I Regulation or an international convention with specific provisions on *lis pendens* does not apply, pending proceedings in countries X and Y would be disregarded and would not affect an infringing suit brought in Spain. A more flexible approach has been advocated among authors and even hinted at by courts in recent times favoring the possibility to stay proceeding before the Spanish court to the extent that the foreign proceedings may result in a judgment that could be recognised or enforced in Spain. At any rate, given the current status of the law, it can be expected that in torpedo situations the infringing suit brought in Spain would not be stayed.

**CASE 6 PRINCIPLE OF TERRITORIALITY (CHOICE OF LAW)**

A owns a patent over an engine in country X. B produces separate parts of the patented engine and exports them separately to its customers in countries Y and Z. Customers of B can easily assemble the parts of the patented engine in a very short time. Having found out about B’s activities, A files a suit in country X requesting an injunction and recovery of damages for patent infringement. B argues that the export of separate parts of an invention does not amount to patent infringement and that the patent statute of country X does not extend to activities abroad.

1) Assuming that the court of country X is a court of your country, could it apply the patent statute for allegedly infringing acts occurring in country Z?

2) Assuming, firstly, that the claim for the infringement of the patent granted in country X is brought before the court of country Z and, secondly, that the court of country Z is a court of your country, could the court apply the patent statute of country X for allegedly infringing acts that occur in country Z?

Under Article 8.1 of the Rome II Regulation, the law applicable to IP infringements is the law of the country for which protection is claimed. This rule supersedes Article 10.4 of the Spanish Civil Code as far as infringement claims are concerned, although both provisions establish the *lex loci protectionis* criterion. Given the territorial and independent nature of national IP systems, the choice of law rule has a distributive nature. Different laws shall apply if protection is sough for the territory of several states except when a supranational unitary IP right is involved, as it is the case with Community IP rights.

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Article 8 is founded on the idea that because of their limited territorial scope, national IP rights can only be infringed in the country of protection. Even preparatory activities concerning products intended for foreign countries that take place in the country of protection shall typically infringe the exclusive IP rights of that country. By contrast, activities carried out in a foreign country that do not affect the country of protection typically cannot amount to an infringement.

CASE 7 INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

Three IT students A, B, and C have created a website which facilitates speedy exchange of digital files (music, videos, software, etc.) among users from all over the world. After several months when the website became very popular, A, B, and C introduced an additional paid service: the speedy exchange of big capacity digital files. Although A, B, and C know that some files that are stored in the server of their website are illegal, they do not take any actions to somehow prevent infringements of intellectual property rights.

Major international entertainment industry companies file an infringement suit against A, B, and C requesting to close the website and pay damages. Assuming that the court of your country has international jurisdiction in such a case:

1) What law would be applied to determine the liability of A, B, and C for direct infringement acts? Would parties be allowed to agree on the applicable law (infringement and remedies)?

2) Would the choice of law differ if the claim for damages was brought against the internet service provider (ISP) as a secondary infringer? Would parties be allowed to agree on the applicable law (infringement and remedies)?

3) Could the court decide on the ubiquitous infringement (where the infringement occurs in multiple places/countries) of intellectual property rights? If so, what would be the applicable law? Would the parties’ choice of law be allowed? How would the court of your country define ubiquitous infringement of intellectual property rights?

1) As already noted, under Article 8 of the Rome II Regulation, the law of each protecting country should be applied to the direct infringement in the respective territory. Although there is no case law interpreting Article 8 of the Rome II Regulation in this respect, the better view seems that the places where the files are downloaded are the countries for which protection is sought. Under Article 8.3 the application of the law of the country for which protection is claimed may not be derogated from by an agreement between the parties.

2) Under Article 15 of the Rome II Regulation on the scope of the law applicable, the law of the country for which protection is claimed includes the determination of persons who may be held liable for acts performed by them and the liability for the acts of another person. Therefore, the law of the country for which protection is claimed applies also to determine the liability of ISPs as secondary infringers, and parties are not allowed to agree on the applicable law (Art. 8.3).

3) As it has already been discussed, Spanish courts may be competent to adjudicate over the infringement of foreign IP rights, and hence within the limits previously noted they can decide on so-called ubiquitous infringements. There are no specific rules on ubiquitous infringements. According to the *lex loci protectionis* criterion established in Article 8 of the Rome I Regulation, different laws shall apply if protection is sought for the territory of several states leading to great fragmentation. Since Article 8.1 is mandatory parties are not allowed to choose the applicable law. Given that no special provisions apply, it cannot be expected that a definition of ubiquitous infringement of IP rights can be found in the current state of the law.

Future-oriented proposals in Europe, like those made by the CLIP group[^94], advocate certain flexibility including the adoption of specific choice of law rules for ubiquitous infringements[^95] and the introduction of a limited party autonomy concerning the law applicable to the remedies claimed for the infringement of an IP right.

**CASE 8 APPLICABLE LAW TO INITIAL OWNERSHIP**

*A is a foreign visiting researcher in B’s laboratory. Soon after being employed, A made several significant inventions using the equipment of B’s laboratory. B is now making huge profits by granting licenses to a number of companies to use the inventions of A.*

*A files a suit for compensation arguing that he is the initial owner of the inventions and B should not have granted licenses without A’s consent.*

Assuming that A files a claim before a court of your country:

1) What law would the court of your country apply to determine who is the initial owner of the invention? Would the parties’ choice of law clause concerning initial ownership be enforceable in your country? Would the parties’ choice of law clause concerning the right to obtain patents be enforceable in your country?

2) Would the decision differ if A made an invention in joint collaboration with other researchers?

[^94]: [http://www.cl-ip.eu](http://www.cl-ip.eu)

3) Would the applicable law differ in the case of initial authorship or initial title to trademark?
4) What law would the court of your country apply if A raised a claim arguing that B did not pay reasonable compensation for patents obtained by B in a number of foreign countries?

It has to be recalled that the substantive scope of application of the Rome II Regulation and in particular of Article 8 is limited because it only relates to the non-contractual obligations arising from an infringement of an IP right. Therefore, Article 10.4 of the Spanish Civil Code remains applicable to issues such as initial ownership and initial co-ownership. Article 10.4 establishes the \textit{lex loci protectionis} criterion and does not include specific provisions departing from that criterion with regard to initial ownership. Hence, initial ownership, including authorship of a copyrighted work and initial title to trademark or other industrial property rights arising out of registration, is governed by the law of the State for which protection is sought. This criterion is also applicable to rights created in the framework of employment relationships.

Due to the mandatory nature of Article 10.4 parties are not allowed to choose the law applicable to initial ownership. However, the obligations of employer and employee in relation to the transfer or license of an IP right arising from the employee’s efforts are governed by the law applicable to the employment contract, and parties are allowed to choose the law applicable to the employment contract with certain restrictions (Article 6 Rome Convention and Article 8 Rome I Regulation). Also, to the extent that between co-owners there is a contractual relationship, issues such as the licensing, waiver, consent and any other form of exploitation, the division of revenues, and the authority to enforce the intellectual property rights and to bring suits, are governed by the law applicable to the contract, and the parties are allowed to choose the law applicable to the contract. Choice of law clauses included in contracts concerning the transfer of the right to obtain patents are in principle enforceable under Spanish law, as it may be the case with transfer of know-how contracts. Under Article 10.1 of the Spanish Patent Act, the right to a patent shall belong to the inventor or to his successors in title, and it shall be transferable by any of the means recognized in the law. Party autonomy as to the law applicable is allowed under Spanish and EU law (Rome I Regulation) in contracts having as their object the transfer of the right to a patent.

However, with regard to employee inventions, Title IV of the Spanish Patent Act applies to the right to Spanish patents. According to Article 15.1 inventions made by an employee during the term of his contract, work, or service with a company and which are the result of research that is the object of his contract, shall belong to the employer. Applicability of these provisions in situations in which the employment contract is governed by a foreign law or to situations involving foreign patent applications remains uncertain.
CASE 9 APPLICABLE LAW TO THE TRANSFER OF RIGHTS AGREEMENTS

A is a rising popular music band. After one of the concerts in country X, a representative of foreign recording company B and A orally agreed to release A’s albums in the future. After the release of the debut album, B has made some arrangements of the debut single for the distribution of the album in country Y. A files a suit before a court in country X arguing that the moral right of integrity of a work has not been transferred and thus infringed.

Assuming that a court of your country is a court of country X:
1) Would the court enforce the parties’ choice of law clause regarding the transfer of economic and moral rights of authors?
2) How will the court deal with the issue of transferability?
3) What would be the applicable law in a case where there is no choice of law made by the parties?

Under both Article 3 of the Rome Convention and Article 3 of the Rome I Regulation, parties have the freedom to choose the law applicable to the transfer agreement. The choice has to be made expressly or clearly demonstrated by the terms of the contract or the circumstances of the case. However, the issue of transferability of IP rights falls within the scope of application of Article 10.4 of the Spanish Civil Code and is determined by the law of each State for which protection is sought96. The conflict of laws provision of Article 10.4 is mandatory, and hence the parties’ choice of law clause cannot be enforced with respect to that specific issue.

The law applicable to the contract in a case where there is no choice of law made by the parties shall be determined in accordance with Article 4 of the Rome I Regulation to all IP contracts after December 17, 2009. The new Article 4 only requires identification of the characteristic performance to determine the governing law in those cases where the contract cannot be categorised as being one of the specified types listed in the new paragraph 1 or where the elements of the contract fall within more than one of those types as provided for in the new paragraph 2. The new Article 4 reinforces the idea that the escape clause must be interpreted in a restrictive way97. Given the structure of Article 4 of the Rome I Regulation, the following steps should be followed in order to determine the law applicable in the absence of choice to contracts relating to intellectual or industrial property rights. First, it has to be ascertained whether the relevant contract can be categorised as falling within only one of the types of contracts set forth in Article 4.1. If the response is negative, it will be necessary to find out if it is possible to determine the habitual residence of the characteristic performer. Hence, the determination of the characteristic performance still plays a significant role in


97 As to the relationship between the presumption based on the characteristic performance and the escape clause in the Rome Convention, see ECJ Judgment of 6 October 2009, C-133/08, ICF, paras. 53-64.
these contracts. Only if the law applicable cannot be determined on the basis of the characteristic performance criterion shall it be necessary to establish which country is most closely connected with the contract. Finally, the law applicable by virtue of these rules may be disregarded in exceptional cases because of the escape clause of Article 4.3 of the Rome I Regulation.

The final text of the Regulation does not include a specific provision referring to contracts relating to intellectual or industrial property rights as one of the categories of paragraph 1. The suppression during the legislative process of this provision was mainly due to the impossibility of finding a fixed rule capable of providing an adequate response to the diverse typology of IP contracts that have developed in business practice. Indeed, the differences with regard to the subject matter, the content, the scope of the parties' obligations or the territorial reach of licenses and assignments, and the complex nature of many of the agreements that include in their object industrial or intellectual property rights make it almost impossible to establish an appropriate solution for all of those contracts in a single rule. The debate as to the law applicable to these contracts under Article 4 of the Rome I Regulation has already been very intense in academic circles even before the application of the new provisions.

Regarding the basic types of contracts relating to intellectual or industrial property rights, the prevailing view is that it is possible to determine the performance of one of the parties as characteristic. Simple transfer or assignment of rights and simple licences are considered to be the basic types of contracts in this area. The prevailing opinion is that the party who is to effect the characteristic performance in typical assignment or transfer of rights contracts is the assignor or transferor. Characteristic of this is the performance of ceding the exclusive right to which the legal protection is bound. At any rate a different view has gained significant acceptance: to the extent that the license is exclusive or the licensee assumes the obligation to exploit the subject matter of the contract (patent, trademark, know-how, copyright, etc.), the licensee is the party who effects the characteristic performance. Due to the complex nature of licence agreements, it

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98 Article 4.1.b of the Rome I Regulation includes a specific rule on contracts for the provision of services; but see ECJ Judgment of 23 April 2009, C-533/07, Falco, stating that a contract under which the owner of an intellectual property right grants its contractual partner the right to use that right in return for remuneration is not a contract for the provision of services within the meaning of the second indent of Article 5.1.b of the Brussels I Regulation.

has also been advocated that determining the characteristic performance requires a case by case analysis.

Notwithstanding the idea that the assignor or the licensor is in principle the party that effects the characteristic performance in a contract having as its main subject matter the assignment or license of an intellectual or industrial property right, it is important to note that the typology of contracts relating to intellectual or industrial property rights is very diverse. In practice, these contracts include categories of agreements in which the characteristic performance corresponds to the other party, contracts in which no characteristic performance can be determined, and contracts that are manifestly more closely connected with a country rather than that of the habitual residence of the transferor or licensor. When making the determination of the characteristic performance, it may happen that the licensing or even the transfer of rights is functionally subordinate to activities or obligations that the other party has to effect under the terms of the contract. Under those circumstances, typically it will be possible to establish that the other party is the characteristic performer. That may be the case with publishing agreements that under the relevant national provisions constitute a type of contract different from licensing contracts and have their own essential characteristic. The publishing house organizes the reproduction and distribution of the work. It is the publisher who usually is the only party acting in the course of his trade or profession, and his performances are the most relevant when considering the function that the legal relationship involved fulfils in the economic and social life of any country. In typical situations, the performance of the publisher is the economic purpose of the contract. Therefore, it seems reasonable to conclude that under those circumstances the publisher is the party that effects the characteristic performance. Finally, the question may be raised as to the possible recourse to the escape clause of Article 4.3. In this connection, it has been argued that transfer and license contracts whose subject matter is industrial or intellectual property rights of only one country may be manifestly more closely connected with the country of protection.

Given the broad description of the agreement contained in the hypothetical, it does not seem possible to give a more specific response.

CASE 10 RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS

A court of a foreign country X decides a case between the parties A and B ruling that A is the owner of a patent registered in your country. A refers to a court of your country asking to recognize and enforce the foreign judgment.

1) Could the foreign judgment concerning the ownership be recognised in your country? How would the recognising court assess the international jurisdiction of the rendering court?

2) Would the parties be required to re-litigate the dispute in order to have the ownership decision registered in the registry of a recognising country?

3) Assuming that the judgment is recognised, what procedural steps have to be taken to enforce the judgment in your country? Would the enforcement
judgment be necessary or would it suffice to present the original judgment to the enforcing authority?

The Brussels I Regulation does not apply to the recognition and enforcement in Member States of judgments given in non-contracting States. Therefore, the rules applicable vary in principle according to the country of origin of the judgment. However, the question posed raises mainly an issue related to the scope of the exclusive jurisdiction on industrial property rights and its implications in the field of recognition and enforcement. Article 22.4 of the Brussels I Regulation has a restrictive nature, and hence it does not cover other actions, such as those for infringement of registered IP rights or those relating to the determination of what party is entitled to an existing IP right on the basis of a previous legal relationship between the parties. In this connection, the ECJ held that proceedings relating to the validity, existence, or lapse of a patent or an alleged right of priority by reason of an earlier deposit are to be regarded as proceedings “concerned with the registration or validity of patents” for the purposes of Article 16.4 of the Brussels Convention; by contrast, when the dispute does not itself concern the validity or the existence of the deposit or registration, there is no special reason to confer exclusive jurisdiction.

The scope of the exclusive jurisdiction must be limited to what is essential to achieve its purposes. Therefore, not all disputes that may result in decisions that can be the basis for changes in the records of the registries of a state fall within the exclusive jurisdiction of the courts under Article 22.4 of the Brussels I Regulation. Judgments on some of those issues may not be concerned with the registration, grant, or the validity of the IP right as such. Only judgments that interfere in the functioning or operation of the public registry may be deemed to have as their object the registration of the right. As the ECJ put it, when a dispute does not itself concern the validity or the existence of the deposit or registration, there is no special reason to confer exclusive jurisdiction. Therefore, a foreign judgment on the entitlement or the ownership of an IP right subject to registration does not conflict with the exclusive jurisdiction of the courts of the country of registration under Article 22.4 of the Brussels I Regulation. To the extent that neither the validity of the IP right nor the legality of its registration are disputed by the parties, the claim does not fall within the scope of the exclusive jurisdiction.

Therefore, the first question under 1) is to be answered in the affirmative. In case the country of origin of the judgment was a Member State of the EU, the limits under which verification of the jurisdiction of the rendering court is possible are established in Article 35 of the Brussels I Regulation. In particular,
recognition is to be denied if the foreign judgment conflicts with the exclusive jurisdiction rules of Article 22 of the Brussels I Regulation. As already noted that is not the case of a foreign judgment on the entitlement or the ownership of an IP right subject to registration in the forum. A similar standard should apply in this respect under Article 954 of the LEC 1881 in those situations in which the national system is applicable.

There is no need to re-litigate the dispute\(^\text{104}\), although to the extent that the national law is applicable, it may be necessary to obtain an exequatur under the procedure of Articles 955, et seq., as a precondition for the foreign judgment to be the title for a change in the entries of the registry. That is not the case if the judgment comes from a Member State of the EU or Lugano Convention or any other country linked with Spain by means of a convention establishing that a judgment shall be recognized in Spain without any special procedure being required. Indeed, when recognition is automatic, no special procedure is required for updating the patent registry records on the basis of a foreign judgment on the entitlement or the ownership of such patent.

CASE 11 PROVISIONAL MEASURES AND INJUNCTIONS

A owns a world-wide famous accessories trademark. After finding out that B is selling fake goods which infringe A’s trademark on an internet auction, A files an infringement suit also asking the court to issue an injunction to stop infringing activities and seize infringing goods.

Assuming that both A and B are resident in your country and the main infringing activities take place there:

1) Would a court of your country have jurisdiction to issue provisional measures/injunction (regarding infringing acts and counterfeited goods located in different countries) which would also have extraterritorial effects? Would the situation change if the court of your country did not have jurisdiction over the main dispute (e.g., if B was resident in country Y and infringing acts were made in country Y)?

2) Could a court issue an injunction/protective measures if the trademark for which the protection is sought was registered abroad?

3) Would a court in your country require the person seeking issuance of provisional measures to grant a guarantee?

4) Would a court of your country be pre-empted from issuing an injunction if the parties had submitted the dispute to arbitration proceedings?

5) If the claimant asked to issue an injunction to cease infringing acts, would a court in your country conceive of an injunction to cease as a procedural or substantive

\(^{104}\) The decision (Auto) of the Spanish Supreme Court of 13 November 2001 (AEDIPr, 2003, pp. 914-919) concerning the recognition and enforcement in Spain of a US judgment on trademark infringement provides a good example of an approach favouring the extension of the effects of a foreign judgment under the Spanish national provisions on recognition and enforcement.
measure?

International jurisdiction of Spanish courts to adopt such measures is to be determined by Article 31 of the Brussels I Regulation and Articles 22.5 and 22.2 of Organic Law 6/1985 on the Judiciary. Under these provisions Spanish courts have international jurisdiction to adopt provisional measures concerning persons or goods located in Spain. This restriction does not apply to the extent that Spanish courts have international jurisdiction over the main dispute. Therefore, in cases in which Spanish courts have international jurisdiction over the main dispute concerning a foreign trademark they may adopt protective measures without territorial restrictions other than those resulting from the relevant ground of jurisdiction. In all other situations they can only adopt measures over persons or goods located in Spain.

Article 31 of the Brussels I Regulation does not contain uniform jurisdiction rules for the adoption of provisional measures. On the contrary, it refers to the national rules on jurisdiction of the Member States. Therefore, the holders of IP rights may file their petitions for provisional injunctive relief either with a court competent for the main proceedings under the Brussels I Regulation or based on the national rules on jurisdiction of the court seised. However, the case law of the ECJ contains some directions for the interpretation of the concept of provisional measures and the conditions under which such measures may be granted in accordance with Article 31. The granting of provisional measures on the basis of Article 31 is conditional on, inter alia, the existence of a real connecting link between the subject-matter of the measures sought and the territorial jurisdiction of the court before which those measures are sought. The required link is present if the measure is to be enforced within the territory of the State to which application is made and the measure relates to goods located in that State or to IP rights granted by that State.

Moreover, the ECJ has stated that the aim of Article 31 is to avoid losses to the parties as a result of the long delays inherent in any international proceedings. In accordance with that aim, the meaning of the term “provisional, including protective, measures” in Article 31 has to be understood as referring to “measures which are intended to preserve a factual or legal situation so as to safeguard rights the recognition of which is otherwise sought from the court having jurisdiction as to the substance of the case.” The ECJ has considered that such an aim is not pursued by a measure justified only in the interest of the applicant in deciding whether to bring proceedings on the substance. The ECJ excludes from the scope of Article 31 measures aimed at establishing facts on which the resolution of future proceedings could depend and in respect of which a

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105 See M. Virgós Soriano and F.J. Garcimartín Alférez, loc. cit. n. 41, pp. 337-353; and J.C. Fernández Rozas and S. Sánchez Lorenzo, op. cit., n. 41, pp. 80-82.


107 See ECJ Judgments Reichert, C-261/90, para. 34; van Uden, para. 37; and St. Paul Dairy, of 28 April 2005, C-104/03, paras. 12-13.
court in another Member State has jurisdiction for the main proceedings\(^{108}\). Such an interpretation may be too restrictive given the practical importance of provisional measures to preserve relevant evidence in cross-border IP litigation.

The enforcement within the EU territory of provisional measures concerning IP litigation adopted by courts in other EU Member States will typically fall within the scope of the Brussels I Regulation. It is important to note that, contrary to the situation in most international conventions and the Spanish national system as Article 954, et seq., of the LEC 1881 are interpreted, the Regulation does not require a foreign decision to be final or non-appealable to be enforceable in all Member States. It will be possible to enforce summary measures and injunctions in another EU country even when its national law does not establish a similar measure. According to the case law of the ECJ interpreting the Brussels Convention, the recognition and enforcement system of the Convention does not apply to provisional measures adopted without a prior hearing of the adverse party or if the decision is to be enforced without prior service of process to that party\(^{109}\).

The real connecting link required between the subject-matter of the measures and the territorial jurisdiction of the court that may be competent under Article 31 according to the ECJ case law determines that those measures typically shall have very limited effects, if any, outside the territory of the court that grants the measures. Additionally, although according to Article 34, sections 3 and 4, of the Brussels I Regulation a decision taken in a Member State has priority unless it is irreconcilable with a judgment given in the State in which recognition is sought or with an earlier judgment given in another State on the same dispute that fulfils the conditions necessary for its recognition, due to the interim nature of the measures involved, the application of the provisional measures adopted under Article 31 of the Brussels I Regulation shall be in general always subject to the decisions taken by the courts having jurisdiction as to the substance of the matter.

According to Article 737 of the LEC 2000, courts may require the person seeking issuance of provisional measures to grant a guarantee before the enforcement of the measures.

Spanish legislation acknowledges that when parties have submitted to arbitration, the arbitral tribunal being competent to decide the main claim is also the main forum for the adoption of provisional measures, and the Spanish Arbitration Act [Ley 60/2003 de 23 de diciembre, de Arbitraje]\(^{110}\) grants arbitrators jurisdiction in this respect. Indeed Article 23 of the Act regulates the power of the arbitrators to order interim measures. According to its first paragraph, unless the parties agreed otherwise, the arbitrators may, at the request of any party, order such interim measures as they may consider necessary in respect of the subject-matter of the dispute. An additional safeguard is included so that arbitrators are allowed to require appropriate security from the applicant.

\(^{108}\) See ECJ judgment in the *St. Paul Dairy* case, paras. 15-18, considering such a restriction is needed in order to avoid circumvention at the stage of preparatory inquiries of the jurisdictional rules of the Regulation.


\(^{110}\) BOE no. 309, December, 26, 2003.
Notwithstanding this, jurisdiction of arbitral tribunals to adopt provisional measures has two main limitations: arbitrators cannot enforce the measures to the extent that recourse to public coercion is needed to make them effective and arbitrators cannot adopt measures over third parties. However, under Spanish law a court would not be pre-empted from issuing an injunction if the parties have submitted the dispute to arbitration. The possibility of having recourse to Spanish courts in those situations is recognised in Article 722 of the LEC 2000 and Article 11.3 of the Arbitration Act. According to paragraph 3 of Article 11, the arbitration agreement shall not prevent any of the parties, before or during the arbitral proceedings, from applying to a court for interim measures of protection, nor shall it prevent the court from granting them.

**CASE 12  SECURITIES IN INTELLECTUAL PROPERTY**

In order to get loan from Bank B, A decides to use intellectual property rights and royalties from those intellectual property rights as collateral. A fails to repay the loan.

Assuming that A is a national of country X and B is a bank in country Y:

1) Could intellectual property rights be used as collateral pursuant to the law of your country?
2) What law would be applied to such issues as the creation, effectiveness against third parties, priority and the enforcement of these security rights?
3) Would a court of your country apply the same law registered and non-registered intellectual property rights?

Intellectual property rights granted for Spain can be used as collateral. For instance, Article 74 of the Spanish Patent Act establishes that both patent applications and patents shall be transferable and may also be used as security for personal loans. Such use shall be notified to the Register of the SPTO. Additionally, acts on the use of patents as securities shall be in writing. Similar provisions may be found in Article 46 of the Spanish Trademark Act. According to Article 46, independent of the transfer of all or part of an enterprise, a trademark and an application thereof may be used as a guarantee or be the subject of other real rights, and registered in the SPTO; in cases where a movable property mortgage is set up, the mortgage shall be entered in the Register of Movable Property, and said entry shall be notified to the SPTO for the purposes of inclusion in the Register of Trademarks. Such legal acts shall be binding on third parties acting in good faith only after entry in the SPTO Register of Trademarks. Article 53 of the Ley de propiedad intelectual allows movable property mortgages to be set up with regard to economic rights arising out of copyright.

Some conflict of laws issues concerning securities on intellectual property remain highly controversial due to the lack of specific guidance in legislation and

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111 See M. Virgós Soriano and F.J. Garcimartín Alférez, op. cit. n. 41, pp. 353-359.
case law. However, it seems widely accepted that certain issues fall within the scope of Article 10.4 of the Civil Code and are hence subject to the *lex loci protectionis* or the law applicable to the IP right concerned. These issues include transferability, registration, and effectiveness against third parties. By contrast, agreements to create a security interest in intellectual property are governed by the law applicable to the relevant contract in accordance with the choice of law rules on international contracts (Rome I Regulation).