CROSS-BORDER ADJUDICATION OF INTELLECTUAL PROPERTY RIGHTS AND COMPETITION BETWEEN JURISDICTIONS

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ABSTRACT

Cross-border protection of intellectual property rights has become more and more important. Notwithstanding international harmonization in the field of IP, the availability of proceedings concerning infringements of foreign IP rights and the limitations imposed on them vary significantly between countries. The most important factors influencing forum selection by plaintiffs are discussed. Special attention is paid to the interpretation of jurisdiction rules over infringement claims, the role of choice of forum agreements in IP litigation and the jurisdiction to adopt provisional measures. The most recent case-law of the ECJ on IP litigation, concerning consolidation against multiple defendants and the meaning of exclusive jurisdiction on validity of registered rights as a limit to cross-border adjudication, is thoroughly discussed. Finally, the focus turns to the difficulties raised by the limited possibilities of coordination of procedures at world level, the risks of forum shopping in this area and the rules and principles concerning recognition and enforcement of judgments.

Keywords: Intellectual Property, Infringement, Validity, Jurisdiction, Enforcement

RESUMEN

La posibilidad de ejercitar acciones relativas a la protección derechos de propiedad intelectual de varios países ha cobrado especial trascendencia. A pesar de los avances en la armonización internacional en materia de propiedad intelectual, se observan significativas diferencias según los países con respecto a esa posibilidad. Los principales factores que condicionan la opción por los tribunales de un Estado frente a otros son objeto de análisis, así como muy particularmente la aplicación de las normas de competencia judicial internacional a litigios sobre infracción, el significado de los acuerdos de elección de foro, y la competencia para adoptar medidas provisionales. La reciente jurisprudencia del TJCE en materia de litigios sobre IP, relativa al alcance del fuero de la pluralidad de demandados y de la competencia exclusiva en los litigios sobre validez es objeto de un detallado análisis. Por último, también se aborda las carencias de los mecanismos de coordinación de procesos a escala mundial, así como el riesgo de forum shopping y el funcionamiento de las reglas sobre reconocimiento y ejecución de decisiones en este sector.

Palabras claves: Propiedad intelectual, infracción, validez, competencia judicial internacional, reconocimiento y ejecución
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I. Given the territorial nature of intellectual property (IP) rights, the protection provided by the laws of one country only covers its own territory and hence when a specific subject matter is protected in several countries the holder owns a bundle of as many national rights as territories are covered. That is the case with respect to registered rights (such as patents or registered trademarks or designs) and non-registered rights (such as copyright and related rights and unregistered trademarks or designs). Unregistered rights are also territorial although they are typically afforded as a matter of law when some circumstances are met without any formalities being required. Indeed, Article 5(2) of the Berne Convention precludes the contracting states from subjecting the enjoyment and exercise of copyright to any formality, what means that the existence of these rights can not be conditioned to registration. The foregoing is decisive for the distinction between registered and non-registered (whose existence is not subject to registration) IP rights that has also important consequences on jurisdiction rules, especially when considered the exclusive jurisdiction rules concerning disputes on the validity and existence of registered rights. The existence of registered rights requires that the competent administrative body grants the exclusive right concerned.

Commercial exploitation of IP rights has become increasingly multiterritorial. Globalization of business activity has increased the

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interests of inventors and creators in having the subject matter of IP rights simultaneously protected or enforced in many countries. Also, the infringements of IP rights are increasingly of an international scope. The development of digital networks and the instantaneous multinational transmission of contents protected by IP rights create uncertainty and new risks concerning the enforcement of IP rights. Protection and exploitation of subjects covered by IP rights raise continuously cross-border issues given the ubiquity of Internet activities. Notwithstanding that, although multiterritorial claims have increased exponentially since the advent of the digital networks, situations in which an IP right holder with parallel rights for a number of countries is interested in suing an infringer active in several countries are also common outside the Internet. In fact, the practice of consolidating claims concerning the infringement of patents of different countries was already well-known in the first half of the 1990s mainly as a consequence of the success of the European Patent Convention (EPC).

For the last two decades the availability in the Dutch courts of cross-border prohibitory injunctions in IP litigation has been a special focus of debate and it remains an example of application of jurisdictional rules and procedural devices in terms that establish mechanisms that allow an IP right holder to act in a single procedure against the infringement of his rights granted in several countries. Such judicial practice has been frequently criticized, was significantly restricted by the

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3 Although cross-border injunctions in The Netherlands became especially common in litigation dealing with the infringement of European patents, they were also used in disputes concerning violations of other IP rights. In fact, the first decision of the Hoge Raad upholding the imposition of a cross-border prohibitory injunction (Interlas v. Lincoln, 24 November 1989) referred to a trademark.

4 See e.g., J.J. BRINKHOF, “Could the President of the District Court of The Hague Take Measures Concerning the Infringement of Foreign Patents?”, EIPR, 1994, 360, at 360.


Dutch courts\textsuperscript{7} and remains controversial especially at a time when two recent decisions of the ECJ\textsuperscript{8} consider those practices to a certain extent not compatible with Regulation 44/2001.

Traditionally territoriality and independence of IP rights were linked to the idea that those rights could only be enforced individually in each of the jurisdictions for which protection was sought\textsuperscript{9}. Such an approach tends to assimilate IP rights, especially those that are granted after registration, to more traditional regimes of public law, disregarding that copyright and industrial property law are fields of private law. Therefore, it has been questioned as based on unjustified old prejudices against foreign procedures and on an obsolete conception of IP rights as instruments of public policy and national sovereignty that does not take into account other interests involved\textsuperscript{10}. The trend to protect and exploit objects covered by IP rights at global level by obtaining parallel protection in many countries and the international and even ubiquitous nature of typical infringing activities have decisively increased the significance of cross-border enforcement of IP rights. The need to initiate infringement proceedings in each country concerned imposes high costs on the holders of IP rights. Therefore, IP right holders have developed strong interests in consolidating multinational IP disputes before one court, in order to obtain cross-border injunctions that restrain the defendant from infringing (also) IP rights of countries other than the forum, and to be able to obtain damages with respect to infringement activities by the defendant(s) in all relevant countries.

Territoriality of IP rights does not amount to a denial of choice of law and international jurisdiction in this field. Although especially in common-law countries there has been confusion between the territorial nature of IP rights and the separate criterion that they can not be adjudicated in foreign courts, territoriality refers to the spatial scope or the territory affected by the exclusive rights but not necessarily to the


\textsuperscript{8} ECJ Judgments of 13 July 2006, C-4/03, GAT and C-539/03, Roche.

\textsuperscript{9} Community IP rights (such as community trademarks and designs) are also based on the international principles of territoriality and independence, albeit the significant territory is not that of one country but the whole EU. Contrary to traditional national rights, the protection afforded by a single right covers the whole EU, since those instruments create unitary rights that have equal effects throughout the EU.

jurisdiction to deal with disputes related to those rights. Territoriality conditions the rules on conflict of laws—it is to a great extent the theoretical basis of the *lex loci protectionis* principle and issues of jurisdiction and applicable law are closely related, however territoriality does not demand that an IP right be only protected in the courts of the country for which the right is granted. Also, the significance of the territoriality principle may vary according to the kind of action involved, being a greater factor in invalidity actions.

Although multilateral agreements dealing with IP protection do not establish the possibility that one jurisdiction adjudicate industrial property rights granted by other countries, nothing in those treaties prevent the courts of a contracting state to adjudicate infringement claims regarding industrial property rights granted by other contracting states. However, even as far as this basic idea is concerned, uncertainty exists internationally, as illustrated by the conflicting views on that issue between EU legislation and US case-law. In this respect, the US Court of Appeals for the Federal Circuit recently held that: “Based on the international treaties that the US has joined and ratified as the supreme law of the land, a district court’s exercise of supplemental jurisdiction (over infringement claims based on foreign patents) could undermine the obligations of the US under such treaties”. That conclusion was reached by the majority of the Court after considering the Paris Convention for the Protection of Industrial Property, especially Article 2(3) and the principle of independence of national patent rights stated in Article 4bis, the contents of the Patent Cooperation Treaty and the provisions regarding the enforcement of patents contained in the TRIPS Agreement. On the

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12 E. ULMER, *Intellectual Property Rights and the Conflict of Laws*, Luxembourg, Kluwer, 1978, at 9. The mandatory nature of the *lex loci protectionis* as the choice of law rule governing IP rights has been established at Community level in Regulation 864/2007 of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) - OJ L 199, 31.7.2007, 40. According to article 8(1), the law applicable to the infringement of intellectual property rights shall be the law of the country for which protection is claimed. Moreover, article 8(3) rules out the possibility to exclude the application of that law by an agreement between the parties.


14 United States Court of Appeals for the Federal Circuit, 05-1238, *Jan K. Voda, M.D. v Cordis Corporation*, decided 1 February 2007, 1, at 17-20 and 22, stating that “while the US has entered into the Paris Convention, the PCT, and the Agreement on TRIPS, nothing in those treaties contemplates or allows one jurisdiction to adjudicate (infringement claims concerning) the patents of another… Indeed, we see no reason why American courts should supplant British, Canadian, French, or German courts in interpreting and enforcing British, Canadian, European, French or German Patents”.

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contrary, under the system of the Brussels Convention and Regulation 44/2001 territoriality of IP rights do not require the exclusive jurisdiction of the courts of the State where the infringement is committed to adjudicate infringement claims, since according to article 22(4) Regulation 44/2001 exclusive jurisdiction is limited to disputes concerned with the registration or validity of industrial property rights. However, even within the EU the application in the field of IP litigation of the common jurisdiction rules raises very controversial issues, as the recent ECJ Judgments in GAT and Roche and the resulting reaction illustrate.

Two doctrines have traditionally been used by US courts to limit the scope of their jurisdiction in disputes involving also the infringement of foreign patents: *forum non conveniens* and the act of the state doctrine. The act of state doctrine has been invoked to prevent US courts from exercising jurisdiction over foreign patents, especially in situations in which the validity or existence of rights granted by other countries where concerned. The doctrine of *forum non conveniens* allows a competent court to dismiss its jurisdiction if it considers more convenient or appropriate that the action should proceed in another forum. Inasmuch as the doctrine grants significant discretion to the courts it gives rise to uncertainty, especially in IP litigation since US courts tend to invoke the doctrine to claims dealing with the infringement of IP rights registered in foreign countries. The decision in *Mars Inc. v. Kabushiki-Kaisha Nippon Conlux* remains an example of severe application of the *forum non conveniens* doctrine. The Federal Circuit questioned the relationship between the Japanese patent claims and the US patents involved and noted that the complexities of foreign law, translation difficulties and concern over comity with Japan determined that it should not assume jurisdiction over the infringement of Japanese patents.

In opposition to US practice, the *forum non conveniens* doctrine cannot be used by a competent court under Regulation 44/2001 to decline jurisdiction in favour of other court, on the ground that a court of other State would be a more appropriate forum for the case, for instance in disputes concerning the infringement of foreign IP rights by a defendant domiciled in the forum. The ECJ has held that the wide discretion allowed to the court seised by the *forum non conveniens* doctrine would undermine the principle of legal certainty that is the basis of Regulation 44/2001 and

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17 825 F. Supp. 73 (D. Del. 1993) and 24 F.3d 1368 (Fed. Cir. 1994).
the legal protection of persons established in the EU. Further the application of such doctrine, recognised only in some Member States, could affect the uniform application of the Regulation and the common nature of its rules19.

The foregoing reflects a situation in which jurisdiction issues are a source of uncertainty, especially when considering that the relevant jurisdiction rules in each case depend on the place where relief is sought, the role distribution as claimant and defendant between the parties, and the basis of the claim20. To determine if cross-border relief in IP litigation can be obtained in a given country the norms that regulate the international jurisdiction of the national courts become decisive.

Given the almost general acceptance of the idea that state by state adjudication of IP infringements produces in many situations uncertainty and delay and therefore is expensive and may be inefficient21, facilitating adjudication of multiterritorial IP claims in a single court has become a basic goal in recent projects to improve international protection of IP rights. The rationale behind that position is that adjudication of foreign IP rights may produce significant benefits from the international perspective, especially reducing litigation and the risk of conflicting judgments and enabling an efficient redress of the infringement. Therefore, those projects aim at developing internationally accepted rules on jurisdiction, choice of law and enforcement of judgments in order to create a more efficient method for adjudicating international IP disputes, especially after the failure of the Hague Conference of Private International Law to adopt an international convention on jurisdiction and foreign judgments in civil and commercial matters that might have had a considerable impact on international IP litigation22. One such set of rules has been drafted by the

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19 ECJ Judgment of 1 March 2005, C 281/02, Owusu, paragraphs 41 to 46.
American Law Institute (ALI) that in 2007 approved its Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Intellectual Property Disputes (ALI Principles)\(^{23}\). Also a group of scholars was established in 2004 by the Max Planck Institutes for Intellectual Property (Munich) and Private International Law (Hamburg) to discuss issues of intellectual property and private international law and to elaborate principles and rules relating to jurisdiction, the applicable law, the recognition and enforcement and some related aspects in the field of IP rights\(^{24}\).

The trend towards limiting the liaison between territorial sovereignty and adjudication of IP rights disputes has been the result of the creation of common markets, the international harmonization of IP protection, the increased extraterritorial value of national judgments and the globalization of business activity\(^{25}\). Certainly, the advantages offered by consolidation of infringement proceedings before one court may be especially significant in the EU, where some national markets are small, trade barriers have been abolished and an effective system of mutual recognition and enforcement of judgments has been established. Since the laws applicable to multinational infringements are those of each of the States for which protection is sought, consolidation of infringement actions raises the significant procedural problem of ascertaining the national laws applicable. In this connection, the degree of harmonization of national IP systems achieved by the major international conventions can contribute to better solve some of the difficulties brought up by the determination of foreign laws in cross-border IP disputes.


II. Despite the controversial nature of many of the issues raised by the idea of competition between legal orders\textsuperscript{26}, it is widely accepted that coordination of Private International Law rules between the different systems involved decisively affects the possibility of such competition. In this connection, with respect to choice of law the availability in the systems concerned of connecting factors that enable the parties to choose the applicable law is a key factor of competition between legal orders\textsuperscript{27}. In addition, from the judicial standpoint, the idea of competition between jurisdictions is directly influenced by the possibility of the parties to choose the competent forum, the availability of fora granting competence to adjudicate simultaneously activities carried out or having impact in several countries, and especially the enforceability of judgments in foreign jurisdictions\textsuperscript{28}. Non-enforceability of a judgment in foreign countries forces the claimant to bring new claims if he wants to enforce his rights in those markets.

Aside from the content of the substantive law and the choice of law rules of the forum, factors that influence competition between jurisdictions and may be considered as competitive advantages include the existence in the forum of a highly developed case-law and experienced courts to deal with complex international disputes in the field concerned\textsuperscript{29}. As regards jurisdiction rules, the possibility of bringing suit before the courts of one State over foreign IP rights along with those granted by the forum State will make more attractive the courts of that State to right holders. Indeed, an important factor in the strategy of a patentee seeking to find a favourable jurisdiction to enforce its patents throughout Europe has been the availability of cross-border relief, since the right holder typically prefers to litigate in a single forum\textsuperscript{30}.


Also, differences in procedural law and rules of evidence can exert an influence on the outcome of a dispute. Therefore, different results can be reached before different jurisdictions despite the application of identical conflict of law rules. Certainly, the circumstances that may influence the determination of what court is the most favourable for the plaintiff include: jurisdiction rules; proximity to the claimant’s domicile; quality and cost of proceedings; duration of litigation; choice of law rules and content of the applicable law, especially concerning infringement and calculation of damages; previous case-law and judicial expertise in IP litigation within that forum; the applicable procedural rules especially concerning the availability of search and seizure orders or preliminary injunctions, the extent of discovery of evidence and access to information; and the language of the proceedings.31

Significant differences among the European jurisdictions exist as regards the court systems affecting IP litigation, although Directive 2004/48/EC has contributed to reduce those differences32. For example, in Germany there is a separation between the competent bodies to adjudicate infringement and patent revocation cases, whereas in most EU countries the same court has competence to adjudicate both categories of claims. Differences exist also between national procedural legislations concerning the availability of discovery and seizure proceedings that may be decisive for the collection of evidence and to obtain information needed to prove infringement. Also the availability of interlocutory injunctions and the conditions required to attain an injunction vary to a great extent due to differences in procedural law. Summary measures have traditionally been much more common in Dutch and British practice concerning IP infringements than in France and Germany. Differences also exist between European countries concerning the possibility of being awarded provisional damages.

The consolidation of The Netherlands as a favourite forum for holders of IP rights during the 1990’s was favoured not only by the prevailing interpretation of the rules on jurisdiction but also and very especially by the nature and configuration of the procedure available in Dutch law to request injunctions and other measures against infringers.33 From the comparative perspective, the kort geding is a summary procedure that produces results similar to those of principal proceedings but is faster,

32 See infra, at section III.
cheaper and more efficient\textsuperscript{34}. In the framework of that procedure, that is not subject to ordinary rules of evidence, the judge enjoys great discretion to impose prohibitory injunctions, penalties (especially in case the defendant infringes the injunction), the seizure of the goods suspected of infringing an IP right, the delivery of information, the publication of the judgment and even the advance payment of damages. In practice, the kort-geding proceedings results usually in a final solution because, contrary to what is common to interim procedures, there is no obligation to initiate principle proceedings within a certain period of time.

Although not at the level of the Dutch courts, other European jurisdictions have also been traditionally preferred by IP right holders given the availability of procedures considered efficient. That is the case of the English, French and German courts. Also, albeit the remaining differences, it seems clear that the Dutch IP cross-border practice had a strong influence in the developments in France and Germany\textsuperscript{35}. On the contrary, other jurisdictions were well-known as appropriate forums for delaying strategies and therefore have been frequently used by alleged infringers to initiate actions for a declaration of non-infringement (known as torpedoes). In these situations the potential infringer takes the initiative as regards the time and the forum of litigation. A key aspect of some EU jurisdictions that makes them attractive as a venue for alleged infringers interested in a pre-emptive strike against the IP right holder is that IP proceedings last longer in those countries than in other jurisdictions. That seemed to be the case in Belgium and Italy as compared to other European countries\textsuperscript{36}. The provisions of Regulation 44/2001 on lis pendens and related actions (arts. 27-30) may enable alleged infringers that have commenced proceeding for a declaration of non-infringement in a EU jurisdiction to block an infringement action initiated later by the IP right holder in other EU jurisdiction\textsuperscript{37}.

Certainly, potential defendants to an IP infringement action when they act preventively, tend o choose a slow-moving judicial system as a forum for an action for declaration of non-infringement with an aim to block the enforcement of the IP right for a long time. The extension of the international jurisdiction of the forum plays also a significant role to enable a suspected infringer to block enforcement proceedings. For example, another kind of well-known torpedo in cross-border infringement litigation is based on the recourse by the defendant to

\textsuperscript{34} H. BERTRAMS, “The Cross-Border…” \textit{cit.} at 626-628.

\textsuperscript{35} P. VÉRON, “Trente…”, \textit{cit.}, at 815.


\textsuperscript{37} See \textit{infra}, at section IX.
challenge the validity of the foreign IP right to force the court to decline its jurisdiction to address the infringement claim. The different responses given traditionally by Dutch, German and English courts to non-validity claims raised in foreign IP infringement litigation —interpreting article 16(4) Brussels Convention— had as a consequence that such blocking tactics were not efficient in countries such as Germany or The Netherlands, as opposed to the situation in England.

From a global perspective, US pretrial discovery offers much broader discovery possibilities than the procedural laws of the European countries, although it may also raise the cost of litigation. Moreover, the availability of jury trials in the US tends to be seen as a positive factor by IP right holders. Other factors that contribute to the popularity of US courts for right holders engaging in international litigation include the high comparative value of US IP rights, the fact that contingency fees are lawful in the US where there are a large number of practising attorneys and the amount of damage awards typically much higher than in European jurisdictions.

In Europe, the trends towards increasing uniform protection of IP rights, as illustrated by harmonizing legislation and the creation of community industrial property rights, contributes to reducing intra-European competition and can make Europe more attractive as a litigation forum from the international perspective. As regards the first point, in fact, competition between legal orders tend to promote legal harmonization, since other countries tend to reform their legislations to include foreign innovations that may improve their own “competitive position”, although from the international perspective it is to be expected that the spontaneous harmonization of laws will remain limited as regards its territorial scope and the issues covered. Moreover, the idea of developing a unified European court system regarding patents not only would reduce costs and improve litigation of cross-border infringements in Europe but it could also contribute to improve the position of Europe as a favourite forum from the international perspective, given the economic significance of litigation covering the adjudication of pan-European infringements. Additionally, appropriate jurisdiction rules concerning the possibility to adjudicate also infringement of IP rights outside Europe could contribute to reinforce that position.

39 Although the possibility of the US courts to award non-compensatory or punitive damages may pose an obstacle to the enforcement of the judgment in countries in which damages can not be awarded as a punishment, see J.R. THOMAS, “Litigation...” cit., at 311-312; and infra, at section X.
40 See infra, at section XI.
Concerning the adjudication of foreign IP rights, especially in situations involving alleged infringements in many jurisdictions as it is common in the Internet, the procedural rules of the lex fori on pleading and proof of foreign law -that vary to a great extent between jurisdictions- may also have a very special relevance. Firstly, because the rules on pleading and guidance by the parties, acceptance of expert advise, materials and sources that may be considered and the role assigned to the court in ascertaining the content of foreign law may influence the cost of litigation and the chances to determine foreign laws before the deciding court. Secondly, and this could be a very important question in multinational infringement claims, because the criterion that when the parties have failed to convincingly establish foreign law, a court should apply the law of the forum to fill any lacunae is common to many jurisdictions. Even in jurisdictions in which the basic principle is application ex officio of foreign law, it is accepted that when foreign law is not determinable and the rejection of the request is not appropriate, the law of the forum should be applied as the substitute law. These approaches concerning the application of foreign law and the development of internationally accepted standards of IP protection, especially under the TRIPS Agreement, can facilitate to a great extent the adjudication of foreign IP rights.

III. The main goals of the intellectual property treaties concluded during the XIX and XX centuries were to ensure the protection of IP rights beyond the borders of their countries of origin. The international system confirms the territoriality and independence of national IP rights. Basic in the system of the Paris Convention –Article 2(1)– and of the Berne Convention –Article 5(1)– is the principle of national treatment that gives nationals of each of the countries of the Union in all the other countries of the Union the advantages that their respective laws grant to their own nationals as regards the protection of intellectual property. International obligations to grant national treatment to foreigners and foreign IP prevent States from enacting legislation that discriminates against foreign applicants of IP rights or foreign creators. In this connection, it is important to note that Article 5(2) of the Berne Convention states that, apart from the provisions of the Convention, the extent of protection and the means of redress afforded to the author shall be governed exclusively by the laws of the country for which protection is claimed. Basic in the

41 For a general overview of the achievements in multilateral cooperation prior to the TRIPS Agreement, see E. ULMER, “Copyright…” , cit.
42 E. ULMER, Intellectual…, cit., at 9-11
Berne Convention is also the idea that the protection of works benefiting from the Convention is independent of the existence of protection in the country of origin of the work. In the field of patents the independence principle established in the Paris Convention means that the granting of a patent in one State does not oblige the other contracting States to grant a patent and that a patent cannot be refused, annulled or terminated in any contracting State based on the fact it has been refused or annulled or has terminated in any other country.

Since the principle of national treatment does not guarantee the existence of an appropriate level of IP protection, international treaties tend to establish minimum standards of protection that may apply in addition to national treatment. The priority right set forth in the Paris Convention is also a key element to obtain IP protection in different countries. Because of this right an applicant seeking protection in several countries is not required to present all his applications at the same date, since during the time he benefits from the priority right—six or twelve months depending on the industrial property right concerned—his further applications based on the first one will not be affected by any event that may have taken place during that period. The minimum standards of protection established in the Berne Convention include the works—every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression [Article 2(1)]—and rights to be protected as exclusive rights of authorization and it also contains provisions on moral rights and duration of protection.

The revisions of the Paris and Berne Conventions until 1967 and 1971 respectively achieved only a limited harmonization with respect to the minimal standards of protection of IP rights and the exceptions based on public policy and do not include any rule on international jurisdiction over IP disputes. The 1994 Agreement on trade-related aspects of intellectual property (TRIPS Agreement) established more detailed minimum standards and common principles for the protection of all categories of IP, ensuring strong similarities between national IP legislations. Moreover, TRIPS is integrated in the WTO system and it represents a significant departure from the model of the Paris and Berne Conventions as regards the existence of mechanisms to ensure compliance by Member States of their treaty obligations since the Agreement falls

43 The WIPO Copyright Treaty of December 1996 is a special agreement under article 20 of the Berne Convention and endeavours to fill some of its gaps as to digital technology. As regards the minimum rights protected, the 1996 Treaty establishes the right of public distribution of physical copies, includes a rental right in computer programs and defines the scope of the right of communication to the public to cover, among others, digital transmissions. The 1996 Treaty also rationalizes the system of exceptions established in the Berne Convention.
within the scope of the dispute settlement system of the WTO. Compared to previous conventions on international protection of IP, TRIPS also means an important progress inasmuch as it includes detailed rules on domestic enforcement of IP rights. However, TRIPS is a minimalist Treaty and therefore significant differences between countries may also survive, for example, in the field of patents in issues, such as the availability of protection for certain products (such as software), the inventive entity required to grant protection, and the scope of protection granted to an invention.

Aside from the agreements that establish international basic standards of IP protection, international cooperation on IP rights focused traditionally on acquisition procedures aiming at improving the chances and reducing the costs of obtaining IP protection in many countries. These predominantly procedural conventions establish a centralized deposit and reduce the cost of making individual applications or filings in all the countries in which protection is sought. In the field of trademarks, the main international instrument adopted to achieve that goal is the Madrid Agreement Concerning the International Registration of Marks of 1891 and the Protocol relating to that Agreement of 1989. An international registration has from its own date the same effects in each designated State as if the mark had been deposited directly with the office of that State. The International Bureau examines if the required formalities are complied with and in case they are fulfilled it notifies the application to each designated State. Then, each designated State determines the substantive questions and decides if the mark qualifies for protection in its territory. Furthermore, the Trademark Law Treaty of 1994 has achieved limited harmonization regarding some procedural aspects of the national mechanisms for registration of the acquisition, maintenance and transfer of trademarks. Parallel to the Madrid Agreement is the Agreement of The Hague Concerning the International Deposit of Industrial Designs of 1925.

The Patent Cooperation Treaty provides a mechanism to avoid the repetition of identical patent examinations in situations in which patent protection is sought in a number of countries. The filing of an international application automatically has the same effect in each designated State as if a national patent application had been filed with the national patent office of that State. The international search authority elaborates an international search report and eventually conducts an international preliminary examination under a procedure that allows the applicant to evaluate the chances of their invention being patented before assuming the major costs associated with international patent protection. In a second stage, if the applicant decides to continue the regional or national office of each designated state determines if a national patent is granted or not for its territory. In Europe, as regards patents, the EPC goes one step further,
since it unifies the application but also the examination and granting of patents that are centralized in the EPO. However the EPC is limited to the creation of uniform rules on those issues, but when granted by the EPO a European patent creates a bundle of national rights governed by national laws. Once the European patent is granted, it enters the national phase in which it exists as a bundle of national patents of each of the designated States and hence the patent can be transferred and revoked for every state independently. 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 and as regards infringement and nullity procedures the legal systems of the contracting States of the EPC maintain significant differences. The lack of a supranational court that could ensure the uniform interpretation of the EPC determines the existence of differences between the contracting States.

Although as regards the possibility to register IP rights in several countries international treaties accomplish significant progress that is not the case regarding international enforcement of IP rights. Whereas international mechanisms make easier the acquisition of equivalent IP rights on the same subject matter in a number of jurisdictions approximately at the same time, the rights granted will typically give rise to a portfolio of national (or community) rights enforceable only as territorial rights. The principle of national treatment enshrined in the international conventions on IP protection does not require the availability of a forum for adjudication of foreign IP rights in all cases in which an infringement remedy for a national IP right is granted. Indeed, the international IP conventions do not contain significant rules directly addressing the international jurisdiction of the courts of the Member States to adjudicate IP related claims. Moreover, there is no multilateral treaty on the recognition and enforcement of foreign judgments in the area of IP rights.

The EPC does not regulate the determination of international jurisdiction in patent infringement claims, although it encompasses some specific rules on jurisdiction in respect of issues relevant to the grant or revocation of a European patent and even has annexed a Protocol on

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45 C. WADLOW, Enforcement..., cit., at 13. See also supra at section I.
46 According to Article 99 of the EPC, the validity of a European patent may be challenged before the European Patent Office in opposition proceedings commenced within nine months of the grant of the European patent. The revocation of the European patent affects all territories to which the European patent concerned has been extended.
jurisdiction and the recognition of decisions. The coordination between Regulation 44/2001 and the EPC is based on the fact that the provisions of the EPC shall prevail, since according to Article 71(1) of Regulation 44/2001, the “Regulation shall not affect any conventions to which the Member States are parties and which in relation to particular matters, govern jurisdiction or the recognition or enforcement of judgments”. It is important to note that 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 EC47.

At world level, Part III of the TRIPS Agreement includes detailed provisions on the means of enforcing intellectual property rights. Although the TRIPS Agreement achieves some harmonization in this area it admits the variability of rules on remedies. The TRIPS Agreement obliges Members States to ensure the availability of enforcement procedures that permit effective action against any act of infringement of IP rights and remedies to prevent further infringements. In accordance with article 41(2), procedures shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays. The TRIPS Agreement does not require the establishment of specific systems for the adjudication of IP disputes. As regards the collection of evidence, article 43 states that under several conditions judicial authorities shall have the authority to order that certain evidence be produced by the opposing party. Additionally, the possibility to give courts the authority to make preliminary and final determinations on the basis of the information presented to them when a party significantly impedes a procedure relating to an enforcement action is established in article 43(2). Concerning the availability of injunctions, article 44(1) obliges Member States to ensure that courts have the authority to order a party to desist from an infringement. Nonetheless, it is important to note that such provision does not determine under what circumstances and in which cases injunctive relief shall be ordered. Article 45 states that courts shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury suffered and also expenses which may include attorney’s fees. The ordering of recovery of profits and payment of pre-established damages even in cases in which the infringer did not knowingly engage in infringing activity is foreseen as a mere possibility in article 45 (2). According to article 50, courts shall have the authority to order prompt and effective provisional measures to prevent infringements

Moreover, pursuant to Article 138 EPC, the courts of each contracting state also have jurisdiction to revoke a European patent but only with effect for its territory.

47 See ECJ Opinion of 7 February 2006, Opinion 1/03, on the external competence to conclude the revised Lugano Convention
and to preserve relevant evidence in regard to an alleged infringement. The possibility of adopting provisional measures *inaudita altera parte* is foreseen, although in those cases the parties affected shall be given notice, without delay after the execution of the measures at the latest. Additionally, provisional measures shall include the authority to require the applicant to provide any reasonably available evidence and to order the applicant to provide an assurance to prevent abuse. It is further established that in case proceedings leading to a decision on the merits of the case are not initiated within a reasonable period (not longer than 20 working days or 31 calendar days), the provisional measures shall be revoked.

Within the EU, Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights has contributed to the further harmonization in this field. Although some provisions of the Directive have significant similarities with the enforcement rules of the TRIPS Agreement, Directive 2004/48 was adopted, as paragraph 7 of its Preamble states, in a context in which despite the TRIPS Agreement major disparities existed within the EU Member States. As examples of issues with major disparities the Preamble mentions the arrangements for applying provisional measures to preserve evidence, the calculation of damages, the arrangements for applying injunctions, the right of information and the recall, at the infringer's expense, of the infringing goods placed on the market. Article 8 of the Directive –that is a much more detailed provision than article 47 TRIPS- extends to all EU countries the right of information that only some Member States granted at the time of the adoption of the Directive. Article 7, dealing with measures for preserving evidence, and Article 9 of the Directive on provisional and precautionary measures, are to a great extent based on the provisions of article 50 of the TRIPS Agreement. According to article 9 of the Directive, provisional measures may also include interlocutory injunctions to prevent any imminent infringement or to forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment where provided for by national law, the continuation of the alleged infringements, or to make such continuation subject to the lodging of guarantees. An injunction can also be requested against an intermediary whose services are being used by a third party to infringe the IP right. The conditions and procedures relating to such injunctions are left however to the national law of the Member States. Articles 10-12 determine the measures that the courts will have the authority to order when adopting the decision on the merits of the case. As regards damages, the Directive not only states that the infringer will pay the right holder damages

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appropriate to the actual prejudice suffered but also establish some criteria
to determine the amount of damages.

However, the existence of international standards harmonizing
national substantive law and enforcement procedures does not provide
the holder of IP rights on the same object protected (and infringed) in
several countries with an alternative to having recourse to the expensive,
time-consuming and inefficient option of initiating different proceedings
in each country involved if he has no cross-border enforcement
mechanisms at his disposal. In this context, Directive 2004/48/EC may be
especially important, since in Article 3(1) obliges Member States to
provide for the procedures necessary to ensure the enforcement of IP
rights, stating that those procedures “shall not be unnecessarily
complicated or costly”. In this connection, given the lack of provisions
dealing with international jurisdiction in the international treaties on the
protection of IP rights and the increasing importance of multiterritorial
claims for efficient protection of IP rights, the rationale behind Directive
2004/48/EC should be very much taken into account by courts within the
EU while interpreting the applicable rules on international jurisdiction.

IV. The principal rule on jurisdiction of Regulation 44/2001 is
found in article 2 that establishes the general competence of the court of
the defendant’s domicile. Based on the general nature of the jurisdiction
allocated in article 2, an IP infringer domiciled in a Member State may be
sued in the courts of that state even if the dispute relates to the
infringement of IP rights protected only in other countries in the EU or
anywhere in the world49. However, in practice litigation about the
infringement of foreign IP rights has been uncommon. In fact, the
traditional view in some Member States, as illustrated by English case-law,
has been that jurisdiction for the infringement of foreign IP rights has to be
refused. Such an approach was modernized in accordance with the
requirements of the Brussels Convention and in Pearce v. Ove Arup the
English High Court accepted that English courts can have jurisdiction over
infringements of IP rights of foreign countries50. However, those cases
remained rare in the English courts especially as far as registered IP rights
are concerned. English courts interpreted that under article 16(4) Brussels
Convention -Article 22(4) Regulation 44/2001- English courts lack
jurisdiction over a claim of infringement of foreign IP right in case the

49 K. GRABINSKI, “Zur Bedeutung des Europäischen Gerichtsstands- und
Vollstreckungstübereinkommens (Brüsseler Übereinkommens) und des Lugano-
Übereinkommens in Rechtsstreitigkeiten über Patentverletzungen”, GRUR Int., vol. 50,
2001, 199, at 202-203

defendant alleges as a defense the invalidity of the IP right registered in a foreign country, as illustrated by the High Court decision in Coin Controls v. Suzo International.  

Certainly, the determination of the scope of article 22(4) and how it influences the jurisdiction granted in accordance with other provisions of the Regulation -articles 2, 5(3) and 6(1)- when the defendant challenges validity as a defense decisively affect in practice the possibility to block infringement claims based on IP rights registered in foreign countries. Indeed, that is one of the most controversial issues in the application of Regulation 44/2001 to IP disputes and it has been recently addressed by the ECJ, as will be set out in more detail below. However, even after the GAT and Roche judgments of the ECJ the possibility to bring infringement claims in the courts of the defendant’s domicile remains unaffected as far as validity is not challenged.

Regulation 44/2001 has some alternative rules of jurisdiction. Among those, of special relevance concerning infringements of IP rights are article 5(3) dealing with matters relating to tort and article 6(1) on multiple defendants. In these cases the claimant has the choice to bring its action where the defendant is domiciled or in the Member State whose courts are competent under article 5(3) or 6(1). In the system of the Regulation these grounds of jurisdiction are considered exceptions to the general forum of the defendant’s domicile and hence have to be interpreted restrictively. In this connection, related contractual claims, based for example on a licence agreement, can not be tried by a court having jurisdiction only under article 5(3) Regulation 44/2001. Also, the ECJ has stated that the principle of legal certainty requires, that the jurisdictional rules which derogate from the general rule laid down in Article 2 should be interpreted in such a way as to enable a normally well-informed defendant reasonably to foresee before which courts, other than those of the State in which he is domiciled, he may be sued. Furthermore, the ECJ has held that a multiplication of the bases of jurisdiction in relation to one and the same legal relationship is contrary to the aims of Regulation 44/2001.

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51 Coin Controls Ltd v. Suzo Internacional (UK) Ltd. and others, [1997] 3 All E.R. 45.
52 See infra, at section VIII.
55 See ECJ Decisions of 28 September 1999, C 440/97, GIE Groupe Concorde and Others, paragraph 24; of 19 February 2002, C-256/00, Besix, paragraph 24; and of 1March 2005, C 281/02, Owusu, paragraphs 38 to 40.
According to article 5(3) of Regulation 44/2001, in matters relating to tort a person domiciled in a Member State may be sued “in the courts for the place where the harmful event occurred or may occur”. That rule is intended to comprise all the actions which seek to establish the liability of the defendant and which are not related to a contract in the sense of Article 5(1). IP infringements are considered tortious actions and therefore covered by article 5(3). Moreover, the wording of Article 5(3) Regulation 44/2001 –that added “or may occur”- favours the view that it also grants jurisdiction for preventive actions, although the idea that those actions were included in Article 5(3) was already widely accepted under the Brussels Convention. Notwithstanding the parallel between preventive infringement claims and actions for the declaration of non-infringement, the applicability of article 5(3) to the latter has been much more controversial. In fact, the courts of several EU Member States adopted a very restrictive approach, considering that jurisdiction concerning actions for the declaration of non-infringement can not be founded on article 5(3) of the Brussels Convention and article 5(3) of the Lugano Convention. Such an approach tends to limit the available fora forcing the plaintiff to bring such claims before the defendant’s domicile, and it is based on the idea that an action for a declaration of non-infringement is not intended to establish the liability of the defendant and that the action is not based on the existence of a (potential) harmful event. However, it is to be noted that the issue to be decided to grant the declaration of non-infringement is also critical to answer an action for infringement in case the IP right holder sues the other party. Moreover, granting jurisdiction under article 5(3) to the courts of the country of protection to deal with actions for a declaration of non infringement seems to be in tune with the principles underlying the Brussels and Lugano Conventions and Regulation 44/2001 and may contribute to better achieve their goals. There is no doubt that the courts of the country of protection have close links with the dispute and they even seem the courts in the best position (considering factors such as collection of evidence, applicable law and efficiency of the proceedings) to decide if a right granted or having effect on its own territory has or not been infringed. In the current

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61 F. BLUMER, “Jurisdiction…”, cit., at 373.
European context, the change introduced in the wording of article 5(3) by Regulation 44/2001 may favour its application to actions for the declaration of non-infringement.

Under the initial case law of the ECJ, dealing with a cross-border pollution case, the autonomous interpretation of “the place where the harmful event occurred” includes both the place where the damage happened and the place where the event which caused the damage occurred. Therefore, the claimant has the option to bring the infringement action either at the place where the damage happened or at the place of the events giving rise to it, if they are located in different Member States. As regards the place where the damage occurred, it only includes the place where the event resulting in the damage has directly produced its harmful effects upon the person who is the immediate victim of that event. Moreover, it does not comprise any place where the victim claims to have suffered adverse consequences of an event that has already caused actual damage elsewhere. In accordance with the implications of the principle of legal certainty under the case law of the ECJ, if the defendant could not reasonably have foreseen that the act could result in an injury in the forum country, article 5(3) should not grant jurisdiction based solely on the criterion that the injury arose in that country.

It may be especially controversial to determine where the damage occurs in situations in which objects protected by IP are used in a ubiquitous media, such as the Internet, since it may be difficult to locate where the IP rights are being used. In this connection, the better view is that the mere accessibility of a web site in the forum should in principle not be sufficient to grant jurisdiction over IP infringement claims under article 5(3). On the contrary, the fact that the defendant by any means directed its commercial activities to the forum country may be sufficient to consider that as regards the adjudication of IP infringements committed by those activities that country is a place where the harmful event occurred.

63 ECJ Judgment of 30 November 1976, 21/76, Bier, paragraph 19.
66 Notwithstanding that, courts within the EU have considered that mere accessibility of a web site (even in cases in which the defendant do not have any commercial activity in the forum) can be enough to allocate jurisdiction over IP infringement claims under Article 5(3). That has been the case, in particular, of French courts, as illustrated by the decision (ord. référé) of 13 October 1997 of the Tribunal de Grande Instance de Nanterre concerning the French trademark “payline” (critical to such practice, see BETTINGER, T. and THUM, D.: “Territorial Trademark Rights in the Global Village – International Jurisdiction, Choice of Law and Substantive Law for Trademark Disputes on the Internet”, IIC, vol. 31, 2000, 162, at 167) and of the decision of the Cour de Cassation (1ère ch. civile) of 9 December 2003 in Castellblanch c. Champagne Lois Roderer.
Given the fact that in IP infringement cases damage can happen wherever infringing products or activities hit a territory, the interpretation of article 5(3) becomes essential to determine if a plaintiff has the option to bring a suit covering simultaneous acts of infringement in multiple countries in a jurisdiction other than the defendant’s domicile. Such a possibility enables the claimant to concentrate litigation at the most favourable court and hence increases forum shopping. In this connection, it is clear that a broad interpretation of article 5 (3), enabling a court competent as forum delicti to try claims based on foreign IP rights, favours the interests of the claimant and may increase uncertainty about jurisdiction.

Territoriality of IP rights implies that those rights can only be infringed in the territory of the country granting the right. Therefore, the place of the harmful event in terms of article 5(3) as a basis of jurisdiction allocates in principle competence only in respect of acts performed within the country of the forum, contrary to the situation when jurisdiction is based on the defendant’s domicile. The limited scope of jurisdiction based on the place of the harmful event under article 5(3) was reinforced by the Shevill judgment67. In that decision, 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. Therefore, a court that only has jurisdiction 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. This approach leads to fragmentation of litigation imposing a heavy burden on an IP right holder fighting multiterritorial harm caused by Internet infringements68.

The restricted territorial scope of the jurisdiction allocated under Article 5(3) to the courts of the place where the infringing act has been committed was also reinforced by the rules on jurisdiction of the Community Trademark Regulation. Article 94(2) Regulation 40/94 allocates international jurisdiction to the courts of the Member State where the act of infringement is committed or threatened “only in respect of acts committed or threatened within the territory of the Member State in which that court is situated”. Such territorial limitation raises the possibility of bringing parallel claims in different Member States based on the infringement of the same Community Trademark by the same activities carried out in different Member States. Those parallel claims may qualify

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as related actions in the meaning of Article 28 Regulation 44/2001. According to article 94(1) that territorial restriction does not apply when the proceedings for infringement are brought in the courts of the Member State in which the defendant is domiciled.

However, it is relevant to note that in Shevill the ECJ also accepted that article 5(3) can allocate jurisdiction to the court of the place where the harmful event occurred without that limitation (and cover damages caused worldwide). 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.

The applicability of that distinction to the infringement of IP rights 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. The facts of the Shevill judgment differ from the traditional multinational IP infringement cases, such as activities infringing European bundle patents, because territoriality implies that infringements in multiple countries are a consequence of activities performed in each of those countries. Moreover, the extension of the rationale behind the Shevill judgment concerning the broader reach of the jurisdiction of the courts of the country in which the action causing the tort occurred to infringements of IP rights may conflict with the traditional view –in patent litigation- that due to territoriality of IP rights, contributory acts performed outside the country where the IP right is protected –and, therefore, infringed- should not be considered as relevant connecting factors to allocate jurisdiction for infringement claims. However, infringements of IP rights committed thorough ubiquitous media, such as

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70 The Community Design Regulation establishes the same rules concerning the extent of international jurisdiction, see article 83 Regulation 6/2002. Moreover, the rules on international jurisdiction contained in article 17 of the proposed Protocol on Litigation of the Community Patent Convention limit the jurisdiction of national courts based on the forum delicti to infringements that take place in the territory of the forum state.

71 J.J. BRINKHOF, “Geht das grenzüberschreitende…” cit., at 491.

the Internet, may present situations which are much closer to the facts of the Shevill case than traditional multinational patent infringements73.

V. According to article 6(1) Regulation 44/2001, that is complementary to article 2, a person domiciled in a Member State 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 Judgment74, in line with the idea that article 6(1) is an exception to the general rule of article 2 and it 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.

It is noteworthy that the ECJ held that the expression “irreconciliable judgments” has a broader meaning in Article 22(3) of the Brussels Convention -Article 28(3) Regulation 44/2001- than in Article 27(3) of the Brussels Convention -Article 34(3) Regulation 44/2001-. The expression “irreconciliable judgments” within the meaning of Article 22(3) includes all cases where there is a risk of conflicting decisions, even if the judgments can be separately enforced and do not have mutually exclusive legal consequences75. By contrast, in Article 27(3) the expression has been interpreted as covering only judgments that have consequences that are mutually exclusive, and hence a risk of conflicting decisions in a broader sense is not enough76. Since the Kalfelis judgment refers to Article 22(3) while applying Article 6(1) it may produce the impression that the “irreconciliable judgments” requirement under Article 6(1) is to be understood in the broader sense it has in Article 22(3). The application of

73 P.A. DE MIGUEL ASENSIO, Derecho… cit., at 185-196 and 306-318. A different option to make possible consolidation of multinational infringement claims without creating a multiplicity of competent jurisdictions would be to interpret article 5(3) in a way that differentiates between the countries where the damage is felt in order to admit the jurisdiction without territorial limitation only of the courts of the country where the damage has been principally felt. However, the compatibility of this approach with the criterion established in the Shevill judgment may raise doubts.
75 ECJ Judgment of 6 December 1994, C-406/92, Tatry, paragraph 53.
Article 6.1 and the determination of under what circumstances the “close connection” requirement is met has been very controversial in IP litigation, especially in cases concerning the infringement of European bundle patents.

The English courts adopted in the Coin Controls case a rather broad view of Article 6(1), by considering that the risk of irreconciliability may exist in cases dealing with infringements in different territories relating to a series of patents arising out of a European patent application, since those infringements were judged as essentially identical. However, the practical impact of this broad interpretation on the availability of cross-border relief was very limited, since the English courts supported also the idea that the rule on exclusive jurisdiction applies whenever validity is challenged, even as a defense. Under those circumstances adjudication of foreign IP rights remained an exception because it was only possible in cases in which the defendant did not raise a counterclaim for invalidity of the IP rights involved.

The prevailing view in some jurisdictions, such as Germany was that the close connection between the claims required under article 6 (1) was typically met in cases in which the object of the IP infringement is the same and the defendants colluded in the act of infringement and hence some kind of cooperation between the joint defendants existed. The prevalent position was that article 6(1) covered cases in which the several defendants act together in the form of a distribution chain, provided that interact between them and do not act independently of each other. However, the treatment of acts of infringement related to parallel European patents has remained controversial.

The Dutch cross-border practice was traditionally based on a broad interpretation of Article 6(1) of the Brussels Convention, granting jurisdiction to the Dutch courts in cases where one of the defendants was domiciled in The Netherlands and a number of foreign defendants allegedly infringed certain corresponding patents derived from the same European patent. For some time, the Dutch courts considered that the connection between the claims necessary to base jurisdiction on Article 6(1) of the Brussels Convention existed in all cases affecting the infringement of European bundle patents if the multiple defendants were simply part of the same distribution network and traded the same

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77 Coin Controls Ltd v. Suzo Internacional (UK) Ltd. and others, [1997] 3 All E.R. 45.
78 C. WADLOW, Enforcement…, cit., at 174-184.
79 W.V. MEIBOM and J. PITZ, “Cross-Border…” cit. at 471, referring to the the District Court of Düsseldorf Decision of 16 January 1996 (Case 4 O 5/95) as an example of admissible joint suit for patent infringement.
80 F. BLUMER, “Jurisdiction…”, cit., at 375.
products, even if they did not belong to one group of companies\textsuperscript{81}. Such approach was later restricted, taking into consideration that article 6(1) is an exception to the basic rule of Article 2 and the need to protect the position of the defendant reducing the uncertainty about where he can be sued, in tune with the content of the \textit{Kalfelis} judgment. In \textit{EGP v. Boston Scientific} the Court of Appeal of The Hague\textsuperscript{82} stated that the connection required under article 6(1) existed in disputes concerning the infringement of European bundle patents in cases where the defendants belong to one group of companies, jointly fulfilling one common strategy referred to the same products. Additionally the court limited the possibility to consolidate claims before the Dutch courts to cases in which the head office or the domicile of the leading company of the group was located in The Netherlands. That approach became known as “the spider in the web”, and the limitation was not applied by the Dutch Courts in cases in which the leading company of the group was domiciled in a country not belonging to the Brussels or Lugano Conventions\textsuperscript{83}.

The “spider in the web” seems to be a balanced criterion that takes due consideration of the interests of non-resident defendants and can offer a reasonable standard to establish the close connection required to allocate jurisdiction over joint defendants. In fact, this approach achieved significant acceptance in several EU Member States as a means to improving procedural efficiency and avoiding conflicting decisions\textsuperscript{84}. However, that criterion was also expressly rejected by the courts of some countries. In this connection, the Danish High Court made a restrictive interpretation of the “irreconcilable judgments” criterion and declared itself incompetent to deal under Article 6(1) with infringement claims concerning the infringement in Spain by an Spanish company and in Germany by a German company of the Spanish and German parts of a European patent, although the first defendant was a Danish company and the conditions of the “spider in the web” doctrine were in principle fulfilled. The Danish High Court considered that different results regarding different national parts of a European patent in different European countries do not imply that the decisions are conflicting and

\textsuperscript{81} See the decision of the District Court of The Hague of 10 December 1997 in \textit{Gist-Brocades v. Offra}.


\textsuperscript{83} See P.L. REESKAMP and M. VASTENHOUW, “Dutch Cross-Border…” \textit{cit.}, at 702-705, with references.

\textsuperscript{84} See also Section 206 ALI Principles, dealing with personal jurisdiction over multiple defendants.
therefore the connection required under Article 6(1) is not met, since there is no actual risk of irreconciliable judgments\textsuperscript{85}.

In light of the foregoing, uncertainty remained about the applicability of Article 6(1) to proceedings concerning patent infringement claims. This issue has been recently 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 \textit{Roche} was a typical situation of cross-border adjudication of infringement of European bundle patents. 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 other eight 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 of 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 considered that to give an answer it was not necessary to determine if the broad interpretation given to the term “irreconciliable” in the context of Article 22(3) of the Brussels Convention -Article 28(3) Regulation 44/2001- in the \textit{Tatry} judgment should be extended to article 6(1) or if the most restrictive meaning of “irreconciliable” in the context of Article 27(3) of the Brussels Convention -Article 34(3) Regulation 44/2001- should prevail. The ECJ established that even if the term “irreconciliable” 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. 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) 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 defendant86.

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 favour 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 infringement actions before a single court could not prevent in many cases a partial fragmentation of the patent proceedings, since, in practice is very common to challenge indirectly the validity of the patent and in those situations the exclusive jurisdiction rule of Article 22(4) would apply87. However, as regards 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 can decisively undermine the availability of cross-border relief against multiple infringements for the holders of European patents, since it determines that Article 6(1) can not 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” doctrine88. In this connection, disapproval has been expressed

86 ECJ Judgment of 13 July 2006, C-539/03, Roche, paragraphs 25-35.
87 ECJ Judgment of 13 July 2006, C-539/03, Roche, paragraphs 36-40.
by pointing out several shortcomings of the decision\textsuperscript{89}. 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 irreconciliable 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) 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) EPC the extent of the protection conferred by a European patent shall be determined by the terms of the claims.

Although significant divergences exist in the practice of the national courts of EPC Member States regarding the infringement of European patents, under EPC an obligation exist to achieve uniformity in the application of Article 69\textsuperscript{90}. 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) 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 harmonising legislation has been adopted. Therefore, although further uniformity should be achieved in the national practice regarding EPC infringement rules\textsuperscript{91}, 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) Regulation 44/2001 with a rule expressing that the risk of irreconciliable judgments may exist in situations in which different national laws are


\textsuperscript{90} W. TILMANN, “The Harmonisation…”, cit., at 65-66.

\textsuperscript{91} About the options for harmonisation, see W. TILMANN, "The Harmonisation…", cit., at 71-74.
applicable to the separate claims provided that the relevant national provisions are harmonized to a considerable degree\(^92\).

VI. As far as contracts are concerned, it is undeniable that the use by the parties of their faculty to reach an agreement on the competent forum may be an important source of legal certainty. In opposition to the implications of territoriality on the law governing acts of infringement and the mandatory nature of the \textit{lex loci protectionis} rule (Article 8 Regulation 864/2007), as regards jurisdiction the parties involved in an infringement dispute are also allowed to choose the competent forum under article 23 Regulation 44/2001. Prorogation of jurisdiction by the parties under Articles 23 and 24 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. In the drafting of license agreements it is important to take into account that the specific wording of the choice of forum clause shall decisively affect the scope of the choice, for example, in order to determine if the clause is exclusive (and therefore derogates the jurisdiction of all other States) or if it comprises jurisdiction for infringement claims related to the license. Indeed, the issues of forum selection clauses are especially controversial in connection with infringement disputes and the impact of validity issues as compared to merely contractual disputes\(^93\).

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 appearance\(^94\). In practice, the main problem in international patent litigation is that it is very common to challenge validity as a defense against both contractual and non-contractual claims concerning IP rights, especially patents. Therefore, the question arises of which are the implications of Article 22(4) for the jurisdiction of the court chosen by the parties in cases in which the validity of a foreign patent is challenged as a defense before that court. These situations 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(1) and (3), as will be set out in more detail below95.

The exclusive jurisdiction under Article 22(4) and the subsequent prohibition of choice of forum agreements in the disputes covered by Article 22(4) do not affect the possibility to conclude agreements choosing a specific venue within the country whose courts have exclusive jurisdiction, provided that the agreement conforms to the requirements contained in the lex fori96.

Dealing with choice of court agreements it is noteworthy that after the prolonged negotiations on the Hague Conference project for a global convention on jurisdiction and enforcement in civil and commercial matters, the Convention on choice of court agreements, concluded on 30 June 2005, covers only choice of court clauses in business to business cases and it hence does not contain rules on jurisdiction for specific subject matters such as torts or the validity of IP rights. The real value and impact of this Convention remains to be seen, since some of its contents were very controversial during negotiations, the ratification process has not been successful so far97, most IP disputes are not covered by the scope of the Convention and, finally, the Convention allows States to declare that they will not apply the Convention to specific matters covered by its scope (Article 21).

Basic in this Convention is the aim to ensure that the courts of a Contracting State designated in an exclusive choice of court agreement shall have jurisdiction to decide a dispute to which the agreement applies (Article 5). The Convention imposes on the courts of a Contracting State other than that of the chosen court the obligation to suspend or dismiss proceedings to which an exclusive choice of court agreement applies (Article 6). Moreover, under Article 8 the enforcement of a judgment given by a court of a Contracting State designated in an exclusive choice of court agreement can only be refused in other Contracting States on the grounds specified in the Convention.

Article 2 of the Convention excludes from its scope the validity and infringement of IP rights other than copyright and related rights, except where infringement proceedings are brought (or could have been brought) for breach of a contract between the parties relating to such rights. Moreover, under Article 2(3) proceedings are not excluded from the scope of the Convention where an excluded matter arises merely as a

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95 See infra, at section VIII.
97 No country has ratified the Convention as of August 2007, see http://www.hcch.net.
preliminary question, typically by way of defense, and not as an object of the proceedings. Therefore, the Convention covers disputes brought for breach of a contract before a court seised on the basis of a choice-of-court clause in which one of the parties raises invalidity of a patent as a defense. Proceedings in which invalidity is raised as a counter-claim fall outside the scope of the Convention and its application to cases in which an action for non infringement is founded on the alleged non validity of an IP right seems unclear98. In this connection, it has been underlined that the scope granted to party autonomy in the 2005 Hague Convention on Choice of Forum concerning IP litigation is broader than the situation under Regulation 44/2001, according to the GAT decision of the ECJ99, that will be discussed in more detail below.

Moreover, although recognition or enforcement of a judgment may be refused if a judgment was based on a ruling on a matter excluded of the Convention, Article 10(3) established a specific provision in the case of a ruling on the validity of an intellectual property right other than copyright or a related right. According to Article 10(3), those decisions may be refused or postponed only where that ruling is inconsistent with a judgment on that matter given in the State under the law of which the intellectual property right arose; or proceedings concerning the validity of the intellectual property right are pending in that State.

However, it is important to note that under Article 21(1) of the Convention a State has the option to declare that it will not apply the Convention to those specific matters where that State has a strong interest in not applying the Convention and the risk exists that such a provision may have a special bearing on IP litigation100.

VII. Article 31 Regulation 44/2001 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 injunctive relief either with a court competent for the main proceedings under Regulation 44/2001 or based on the national rules on jurisdiction of the court seised. 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.

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.

Concerning the definition of provisional or protective measures covered by Article 31 Regulation 44/2001, doubts had been raised about the inclusion into that concept of decisions adopted in *kort-geding* proceedings due to the fact that those proceedings result usually in a final solution because there is no obligation to initiate principle proceedings within a certain period of time. The ECJ in its *van Uden* judgment accepted the applicability of article 31 to those proceedings on the condition that the measures applied for meet the requirements to be considered provisional measures under such provision. In that respect the court must be able to make its authorisation subject to all conditions guaranteeing the provisional or protective nature of the measure ordered.

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 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 court in another Member State has jurisdiction for the main proceedings. Such

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103 See ECJ judgment of 17 November 1998, C-391/95, *van Uden*, paragraphs 38 and 47, stating that interim payment of a contractual consideration does not constitute a provisional measure unless, repayment to the defendant of the sum awarded is guaranteed in case the plaintiff is unsuccessful in the main proceedings and the measure relates only to specific assets of the defendant located within the territorial jurisdiction of the court to which application is made.
104 See ECJ judgments *Reichert*, C-261/90, paragraph 34; *van Uden*, paragraph 37; and *St. Paul Dairy*, of 28 April 2005, C-104/03, paragraphs 12-13.
105 See ECJ judgment in the *St. Paul Dairy* case, paragraphs 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.
an interpretation may be too restrictive given the practical importance of provisional measures to preserve relevant evidence in cross-border IP litigation.

The possibility of adopting provisional measures concerning the infringement of IP rights that have to be executed outside the forum has been controversial. The content of article 36(2) of the Litigation Settlement Protocol to the Community Patent Convention has been invoked to refuse the power to impose cross-border injunctions in cases in which the jurisdiction of the court is based in the *forum delicti*106. There is also a trend in European jurisdictions to reject competence to address in summary proceedings actions seeking a declaration of non-infringement of IP rights or an order preventing one party from objecting based on his IP rights to certain activities by the plaintiff. Such a position may be effective to react against torpedo litigation and is based on the idea that such actions are typically inconsistent with the nature of summary proceedings and that an order granting any of those claims may amount in practice to an anti-suit injunction, precluding the defendant to enforce its rights before the courts107.

As far as infringement of foreign IP rights is concerned, it is important that given the nature of the procedure, the risk of defectively applying foreign law is especially high in summary proceedings. However, the limited effects of a provisional measure may justify that only in summary proceeding be acceptable a superficial ascertaining of the content of the foreign laws applicable to decide about the infringement of the foreign IP rights involved in the claim. In the main proceedings on the substance of the matter a thorough and profound knowledge of the content of the foreign law is a must108. Moreover, the question whether a claim for an interim injunction ordering an infringement to cease is to be considered procedural (and hence ruled by the law of the forum) or substantive (and hence to be determined according to the *lex loci protectionis*) remain controversial in many jurisdictions109.

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107 See P. DE JONG, “The Belgian Torpedo: From Self-propelled Armament to Jaded Sandwich”, *EIPR*, 2005, 75, at 77-78, referring to the decision of the President of the Court of First Instance of Brussels of 4 June 2003 (Symthon and Eurogenerics v. SmithKlineBeecham) and 8 October 2003 (Eurogenerics and Ratiopharm v. Lundbeck). In its judgment of 27 April 2004, C-159/02, Turner, the ECJ considered non compatible with the system of Regulation 44/2001 the English practice of granting anti-suit injunctions and therefore it is precluded the grant of an injunction by a court in a Member State that prevents a party from litigating before a court of another Member State.
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 Regulation 44/2001. It is important to note that, contrary to the situation in most international conventions and national systems, Regulation 44/2001 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 in the terms of Regulation 44/2001 summary measures and injunctions in other 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 prior hearing of the adverse party or if the decision is to be enforced without prior service of process to that party.

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. In fact, as regards the territorial scope of provisional measures, Article 99 Community Trademark Regulation (and article 90 Community Design Regulation) makes a distinction between the measures granted by the courts competent for the main proceedings and those granted by other courts which are not competent for the action on the merits. According to article 99(2) Community Trademark Regulation only courts competent for the main proceedings have jurisdiction to grant provisional and protective measures that may be applicable in the territory of any other Member State, subject to the recognition and enforcement rules of Regulation 44/2001.

Additionally, in cases in which those provisions do not apply, although according to article 34 (3) and (4) Regulation 44/2001 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 Regulation 44/2001 shall be in general always subject to the decisions taken by the courts having jurisdiction as to the substance of the matter.

VIII. Traditionally the prevailing consensus has been that the validity of registered IP rights can only be challenged in the courts of the state for which the right is granted\textsuperscript{112}. In this connection, article 22(4) Regulation 44/2001 –with the same content that Article 16(4) of the Brussels Convention- grants exclusive jurisdiction in proceedings concerned with the registration or validity of IP rights subject to registration to the courts of the Member State in which the registration has been applied for, has taken place or is deemed to have taken place\textsuperscript{113}. 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 IP 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\textsuperscript{114}. Such a rule is consistent with the independence of European bundle patents once they have been granted.

In opposition to other jurisdiction provisions of Regulation 44/2001, its rules on exclusive jurisdiction apply regardless of the defendant’s domicile and hence that criteria even apply if none of the parties is domiciled in a Member State. A judgment on an IP dispute rendered in violation of the exclusive jurisdiction rule of article 22(4) shall not be recognised in any of the Member States, as stated in article 35 of Regulation 44/2001. The rationale behind this exclusive jurisdiction is

\textsuperscript{112} In some jurisdictions, such as the US, traditionally the act of State doctrine has been invoked as the basis of that rule. However, such an approach has been criticized on the grounds that the decision to grant an IP right –even a patent- can not be considered a political act of central concern to a sovereign power, and because, as far as infringements disputes are concerned, it is clear that IP litigation does not affect in typical situations basic principles of national social order J.R. THOMAS, “Litigation…” cit., at 337-338. The last criticism in principle has no impact within the EU inasmuch as Article 22(4) Regulation 44/2001 does not cover infringement claims.

\textsuperscript{113} Article 22(4) first paragraph of Regulation 44/2001 states that the following courts shall have exclusive jurisdiction: “in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place.”.

\textsuperscript{114} 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”
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.\footnote{115}
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.\footnote{116}

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) Regulation 44/2001 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.\footnote{117} 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.\footnote{118}

In addition, it is clear that 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. Also, the idea suggested in England
that copyright is to be regarded as an immovable thing and that hence

\footnote{115} 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, 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.

\footnote{116} See ECJ Judgment of 15 November 1983, 288/82, Duijnstee, paragraph 22.

\footnote{117} ECJ Judgment of 15 November 1983, 288/82, Duijnstee, paragraphs 23-25.

\footnote{118} It has been argued that the objection concerning the ability of foreign courts to
make judgments regarding the validity of IP rights granted by other countries applies
with greater force to patents than to trademarks, since in many countries in which the
granting of trademarks is subject to examination, such examination may be cursory and
there is a trend to lessen the intensity of such controls, see G.B. DINWOODIE, “Private
International Aspects of the Protection of Trademarks”, 2001, available at
http://works.bepress.com/graeme_dinwoodie/37/, at 23.
copyright infringement claims fall within the scope of the exclusive jurisdiction under 22(1) Regulation 44/2001 lacks all foundation under the system of Regulation 44/2001. Notwithstanding the fact that registration is not a condition of copyright protection, it can be noted that most countries have established optional copyright registration mechanisms that set up a public record of copyright claims and provide some advantages to copyright owners, such as to establish prima facie evidence in court of the validity of the copyright and of the facts stated in the register. In this respect, it should be borne in mind that concerning proceedings which have as their object the validity of entries in public registers, Article 22(3) of Regulation 44/2001 grants exclusive jurisdiction to the Courts of the Member State in which the register is kept. Anyway, because of the limited effects of copyright registers, it is clear that article 22(3) can not in principle encompass disputes such as those relating, among others, to the existence, infringement or exploitation of copyrights or to the entitlement to the right.

The scope of Article 16(4)/22(4) has been marked by controversy, especially its application to cases in which the validity of an IP right is challenged by means only of a counterclaim or as a defense. Certainly, significant divergences have existed between the Member States of the EU as regards 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. English courts traditionally refused to adjudicate infringements of foreign IP rights and interpreted that Article 16(4) required the court seised to decline its jurisdiction in cases in which the validity of the foreign patent allegedly infringed was incidentally challenged. In opposition to that view, the prevailing position in Germany was that the courts seised with an infringement claim concerning a foreign patent had jurisdiction to adjudicate the dispute even if the defendant challenged the validity of the patent, but the effects of a judgment indirectly ruling on the validity of a patent are limited to the parties to the proceedings. The traditional view adopted by the Dutch courts was that article 16(4) of the Brussels Convention did not apply in the framework of kort geding proceedings because owing to the interim nature of the procedure a pronouncement on the validity of an IP right was only instrumental to the interim decision about the infringement claim but no final decision was reached especially concerning the validity

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of the right. However, in situations in which nullity proceedings concerning foreign IP rights covered by the infringement action had been initiated in other (European) countries, the Dutch courts considered that under those circumstances questions of validity and infringement were indivisible and the court should in principle stay the proceedings concerning the infringement until a decision on the validity of the patent is rendered by the courts of the country where the right is registered.

The foregoing reflects a situation in which uniformity in the interpretation of the common jurisdiction rules had not been achieved and hence the case-law of the ECJ was expected to have a decisive impact in achieving uniformity as regards the meaning of Article 16(4)/22(4).

Indeed, it is very common for a defendant in an infringement claim to challenge as a defense the validity of the IP right allegedly infringed. The need to bring the action for infringement and the action for revocation before different courts arises when the court that has jurisdiction over the infringement claim has no jurisdiction over the revocation action. That kind of situation is also known in domestic litigation in countries in which there is dissociation between authorities competent to hear infringement cases and authorities competent over revocation claims. Moreover, such difficulties may also be common in case of arbitration, since many countries consider that disputes over the validity of a patent can not be subject to arbitration, contrary to contractual and infringement claims.

From the international standpoint, particularly noteworthy is that such risk arises very frequently due to the mandatory nature of the exclusive jurisdiction over validity or registration of registered IP rights.

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. However, it is important to note that 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. Moreover, in the course of a preventive strategy, the non-
validity of an IP right is incidentally challenged in cases in which a declaratory action is brought to establish that there has been no infringement, because the claimant seeks to establish that the defendant has no enforceable right in regard to the invention in question.

Compared to other European jurisdictions, the English Courts held a broad interpretation of Article 16(4) of the Brussels Conventions, as illustrated by the *Coin Controls* case, considering that it makes necessary to decline jurisdiction over the infringement of a patent granted by a foreign country if the validity of the patent is challenged even a defense, since the courts of the country for which the right is granted are uniquely entitled to rule on those issues because infringement claims and invalidity counterclaims are so closely interrelated that they should be treated for jurisdiction purposes as one issue. The compatibility of such interpretation with the exceptional nature of the exclusive jurisdiction and the need of a restrictive understanding of that provision was controversial.\(^1\)

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) Regulation 44/2001- 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. The dispute in the main proceedings concerned a declaratory action brought by a German company before the *Landgericht* Düsseldorf to determine that it was not in breach of the French patents owned by the defendant (also a German company). The plaintiff also claimed that those patents were void or invalid. In accordance with its prior practice, the *Landgericht* Düsseldorf concluded that it had jurisdiction to determine the claims and dismissed the action. On appeal, the *Oberlandesgericht* Düsseldorf decided to refer the question on the scope of the exclusive jurisdiction to the ECJ for a preliminary ruling.

To answer that question, 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

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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, an specialised area of the law in which for the sound administration of justice many States have established specialised courts. As regards 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 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 effect127. The revised Lugano Convention signed on 30 October 2007 has 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 wether the issue is raised by way of an action or as a defence”.

In the GAT judgment the ECJ, in tune with the opinion of the Advocate General, did not attribute any relevance to the fact that the wording of Article 16(4) of the Brussels Convention –Article 22(4) Regulation 44/2001- differs in the English version form other languages, since the English text refers the exclusive jurisdiction to proceedings “concerned with the registration…” while the wording in other languages (and in other paragraphs of Article 22 in the English version also) refers to proceedings “which have as their object…”

The arguments of the ECJ in the GAT judgment and the result reached have received strong criticisms128. Firstly, 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 do 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, because in its decision the ECJ seems to neglect procedural efficiency considerations and leaves open basic issues regarding the adjudication of infringement claims. Thirdly, because the claim that the involvement of national authorities in granting IP rights justify 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 distinguish between erga omnes and inter partes decisions on the validity of patents.

As regards 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 it has become especially important the rule that the courts competent to adjudicate infringement claims can incidentally rule on the validity of the patent although a decision on validity shall only have inter partes effect.

Article 25 of Regulation 44/2001 requires that a court of a Member State seised of “a claim which is principally concerned with a matter over which the courts of another Member State have exclusive jurisdiction by virtue of Article 22” declare of its own motion that it has no jurisdiction. As regards the interpretation of these provisions in IP litigation, traditionally the view was held that if the claim is not “principally concerned” with such a matter, the court seised has the possibility of ruling upon the incidental claims or, if it finds it more appropriate, stay the proceedings or even decline its jurisdiction in favour of the competent...
court under Article 22. Such flexible interpretation made possible for courts that are not allocated exclusive jurisdiction to rule incidentally upon the validity and existence of registered IP rights. Certainly, decisions over incidental issues typically have limited effects that might not extend beyond the procedure or the parties involved. However, incidental decisions on the nullity of foreign IP rights rendered in infringement proceedings may pose a significant risk of contradictory judgments, because although the *res judicata* effect of the decision on the incidental issues (annulment) might be limited, once the main claim becomes *res judicata* it will not be possible to review it even if the court that has exclusive jurisdiction establishes the validity of the IP right. Further, especially after GAT and article 22(4) of the revised Lugano Convention it seems clear that the claim that incidental issues fall outside the scope of the exclusive jurisdiction rule cannot be derived from Article 25 Regulation 44/2001, since the objective of that provision is to require the court seised to declare of its own motion that it has not jurisdiction but it does not confer jurisdiction. Therefore, under that provision the distinction between incidental and principal claims seems to have only effect on the procedural rules imposing to the relevant court the obligation to declare that it lacks jurisdiction.

Spanish patent law ensures the possibility to challenge validity as a counterclaim and as a mere defense in all infringement proceedings. Therefore, as regards 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

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133 In fact, that interpretation was also the traditionally prevailing criterion, see M. VIVANT, *Juge…*, cit., at 169-170, with further references.
patent shall become res judicata in respect of all persons\textsuperscript{134}, 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 Civil Procedure Act of 2000\textsuperscript{135}. In Italy Article 123 of the Codice della proprietà industriale sets forth the traditional principle of erga omnes effect of judgments on the non-validity of industrial property rights, although it seems controversial whether such an efficacy applies also to the disputes in which non validity has been invoked merely as an exception\textsuperscript{136}.

The effect of GAT seems to be 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 competence to adjudicate invalidity as an incidental matter. The negative consequences of the GAT judgment are to be especially felt in the Member States in which special courts have subject matter jurisdiction in invalidation proceedings, as it is the situation in Germany. An option would be to amend Regulation 44/2001, as suggested by the CLIP Group\textsuperscript{137}, by adding a provision stating that the exclusive jurisdiction of the Courts of the State of registration do not apply where validity or registration arises in a context other than by principal claim or counterclaim. To overcome the obstacle emphasized by the ECJ that effects flowing from such a decision are in fact determined by national law and that in several Member States decisions to annul a patent do not have inter partes effect, it has also been suggested to include a uniform rule stating that incidental decisions on validity do not affect the validity of those rights as against third parties.

\textsuperscript{134} An idea traditionally related to the absolute and erga omnes nature of the right and to the fact that the non-validity judgment determines the cancellation of the entry in the public registry, see F. FUENTES CARSÍ, Problemas del proceso de nulidad de registro en material de propiedad industrial, Barcelona, Bosch, 1956, at 27.


\textsuperscript{136} Considering that only erga omnes decisions on the non validity of the right are possible also in cases in which the challenge to the validity of an industrial property right is raised as a plea in objection against an infringement action, see A. GIUSSANI, “I limiti soggettivi di efficacia delle pronunce in materia di proprietà industriale”, AIDA, vol. XV, 2006, 293, at 293 and 277-279.

\textsuperscript{137} CLIP, “Exclusive…”, cit., at 200.
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.\(^{138}\) 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\(^{139}\) 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 case 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 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\(^{140}\) 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 to stay the proceedings until there has been a ruling.


\(^{139}\) 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 conclude 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, “Procesos…”, cit., at paragraph 6.

\(^{140}\) See Opinion of 16 September 2004, paragraph 46.
on the validity issue and to continue with the proceedings if the defendant is acting in bad faith\textsuperscript{141}.

In this connection, it seems possible to argue that under certain circumstances a Court in a Member States may adjudicate on the infringement of a patent granted by other 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 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.

Regardless of the incidental validity challenge, it seems possible to maintain that certain infringement proceedings do not relate to the registration or validity of a patent in the meaning of the GAT ruling, since no decision is taken on those issues, although the situation after the GAT judgment remains unclear\textsuperscript{142}. 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 for valid and effective as long as they have not been declared invalid by the competent court. This basic principle is also established in Article 95 of the Community Trade Mark Regulation\textsuperscript{143}. Certainly, also in the context of international adjudication of IP rights it is important to note that since an existing patent is to be considered valid as long as the patent has not been declared invalid by the competent court, infringement decisions based on the validity of a patent that have become \textit{res judicata} are typically not affected by a subsequent declaration of invalidation\textsuperscript{144}.

\textsuperscript{141} The Advocate General includes also the possibility of the court seised with the infringement claim to decline its jurisdiction over the infringement claim in favour of the court having exclusive jurisdiction to adjudicate the validity, although this possibility might conflict with the nature of Article 16(4) and the restrictive interpretation of that provision and it could also undermine unfairly the position of the claimant to sue before a court that according to the Convention/Regulation has jurisdiction to adjudicate the infringement claim, see M. WILDERSPIN, “La compétence…”, cit., at 788.

\textsuperscript{142} C.A. HEINZE and E. ROFFAEL, “Internationale…”, cit., at 797.

\textsuperscript{143} According to Article 95(1) CTMR, the Community trade mark courts (although they have jurisdiction for counterclaims for revocation or for a declaration of invalidity) “shall treat the Community trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity”. Under Article 95(2) “The validity of a Community trade mark may not be put in issue in an action for a declaration of non-infringement”. See R. KNAAK, “Internationale…”, cit., 393. Concerning the presumption of validity of registered Community designs, see Article 85 of Regulation 6/2002 of 12 December 2001 on Community designs.

\textsuperscript{144} For example, according to Article 114(2) of the 1986 Spanish Patent Act, without prejudice to compensation that may be due when the patent owner has acted in
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 valid and existing 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.

The idea that, given the number of cases in which non-validity is opposed to infringement claims, exercising infringement jurisdiction by a court that can not adjudicate on the validity of the patent could be fundamentally unfair\(^{145}\) will not stand up for a number of reasons. Adjudication over infringements of foreign industrial property rights does not seem to undermine the defendant’s right to a fair trial provided that the defendant was given (and did not use) the option to initiate annulment proceedings before the competent court and that the IP right concerned is considered existing and valid under the law of the country for which it was granted. 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) and has already been used by the Swiss courts in the application of Article 16(4) of the Lugano Convention after the GAT judgment\(^{146}\). Once the

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\(^{145}\) Invoking that idea as an additional ground to reject the adjudication of claims over the infringement of foreign patents, see United States Court of Appeals for the Federal Circuit, 05-1238, *Jan K. Voda, M.D. v Cordis Corporation*, decided 1 February 2007, 1, at 29.

\(^{146}\) Decision of the Zürich *Handelsgericht* of 13 October 2006, see A. HESS-BLUMER, “Crossborder Litigation - und sie lebt doch!: Anmerkungen zu einem
judgment on the validity is rendered or if the time limit established by the court has elapsed without the annulment proceedings being initiated, the court seised with the infringement claim could adjudicate that claim taking for valid the existing foreign patent. Although the possibility and functioning of these options would to a certain extent depend on the procedural laws of the Member States, it is important to note that the application of national procedural rules may not impair the effectiveness of Regulation 44/2001\textsuperscript{147}. It is also noteworthy that the approach suggested in the interpretation of Article 22(4) to make possible under certain circumstances the adjudication over infringements of foreign IP rights after the GAT judgment and the revised Lugano Convention is well-known in the Community Trademark Regulation. Under Article 96(7) of the Regulation: “The Community trade mark court hearing a counterclaim for revocation or for a declaration of invalidity may stay the proceedings on application by the proprietor of the Community trade mark 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”\textsuperscript{148}.

IX. Forum shopping refers to the well-known practice of using the opportunities offered by jurisdiction rules to affect the outcome of a lawsuit, given the reasonable interest to seek the court which is most favourable under the applicable rules on international jurisdiction. Although harmonization of IP law tends to restrict the incentives for forum shopping, significant differences between jurisdictions continue to exist in procedural and substantive rules applicable to IP disputes. From the jurisdictional perspective, narrow rules of jurisdiction limit or prevent the possibility of forum shopping. However, under Regulation 44/2001 the plaintiff frequently has the option to bring a suit in one of several countries, although the ECJ considers that Regulation 44/2001 seeks to avoid the practice of forum shopping and the ECJ has specifically sought to prevent it\textsuperscript{149}.

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\item[148] See also Article 86(3) of Regulation 6/2002 of 12 December 2001 on Community designs.
\item[149] ECJ Judgment of 27 September 1988, 189/87, Kalfelis, paragraph 9; and ECJ Judgment of 13 July 2006, C-539/03, Roche, paragraph 38.
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Nonetheless, also in situations in which a litigant cannot take advantage of the availability of multiple fora, his decision to bring the claim before the only court competent to hear it may be an obstacle to litigation commenced by the other party in a different forum. In this context it is important to remember that the availability of a forum may depend on what party is the claimant or the defendant in a given case. Further, for a party trying to react to multinational infringements even if no single forum is competent to grant relief regarding foreign infringements, a favourable judgment by one of the available jurisdictions may have special strategic value. In that connection, the likelihood of obtaining a favourable result, the extent to which foreign courts in subsequent proceedings may have regard to the decision and the economic importance of the forum country as a market for the allegedly infringed products shall be relevant factors150.

To limit the potential negative impact of *forum shopping* within Europe the interpretation of the rules on parallel proceedings play an important role. That will be especially the case in situations in which a potential infringer brings an action for declaration of non-infringement in the courts of a EU Member State with a view to delay or block a potential cross-border infringement action by the IP right holder. Under Article 27(1) Regulation 44/2001151, 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 become decisive to determine the possibilities of the IP right holder to bring infringement proceedings. The so-called Belgian and Italian torpedoes 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.

The ECJ has stated that Regulation 44/2001 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 Regulation 44/2001 must be interpreted as meaning that it can not 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 long152. However, as regards torpedo claims considerations other than the slowness of the proceedings before the court

151 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”.
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 Regulation 44/2001 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\textsuperscript{153} may seem not compatible with Regulation 44/2001.

Although torpedo tactics used to be rather successful, some changes have reduced the problem. On the one hand, Belgian and Italian courts seem to be faster in responding to these claims. Moreover, although under Regulation 44/2001 there is no doubt that jurisdiction based on article 5(3) covers actions to prevent a tort which has not yet been committed\textsuperscript{154}, Italian and Belgian courts are interpreting restrictively -in accordance with the position of article 5(3) in the system of Regulation 44/2001 as an exception- their jurisdiction to address claims for a declaration of non-infringement of foreign IP rights, even in cases concerning European bundle patents. The courts tend to establish that they do not have jurisdiction to rule upon the claims of non-infringement inasmuch as territories beyond the forum are concerned\textsuperscript{155}. In practice, given also the traditional restrictive interpretation of Article 5(3) with respect to actions for the declaration of non infringement and the trend to reject competence to address in summary proceedings such actions\textsuperscript{156}, 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, what is not usually the case in torpedo actions. 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

\textsuperscript{153} See P. VÉRON, “ECJ Restores…” cit., p. 640, referring as examples of such practice to some decisions of the Tribunal de Grande Instance of Paris (decision of 28 April 2000, The General Hospital/Bracco) and of the Paris District Court (decision of 9 March 2001, Scherrrer/Fadis).

\textsuperscript{154} Compare article 5(3) \textit{in fine} of Regulation 44/2001 to article 5(3) of the Brussels Convention and see also the ECJ decision of 1 October 2002, C-167/00, Henkel, paragraphs 48-49.

\textsuperscript{155} See P. DE JONG, “The Belgian…” cit., at 76-77, referring to the Italian Supreme Court decision of 19 December 2003 in B.L. Macchine Automatiche v. Windmöller & Holscher and to the decision of the Court of First Instance of Antwerp of 9 April 2004 in Möllers \textit{v. Beumer}.

\textsuperscript{156} See sections V and VII, \textit{supra}.
invalidity of the IP right registered in a foreign country (or dismiss the action under the presumption of validity of the existing IP right).

On the other hand, albeit 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 of an action for infringement\textsuperscript{157}, the application of such an approach 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 other jurisdiction), may raise significant doubts and has been challenged to prevent excessive \textit{forum shopping}\textsuperscript{158}. 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 Regulation 44/2001\textsuperscript{159}, 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.

X. Because of the lack of global agreements on recognition and enforcement of foreign judgments dealing with IP disputes, the applicable rules on enforcement depend on the country where the enforcement is sought. In some states, the applicable rules may be different depending on which is the rendering country, since international treaties on recognition of judgments are usually subject to reciprocity. For instance, the enforcement rules of Regulation 44/2001 only apply to the enforcement in a Member State of a judgment given by a court of other Member State. The presence within the EU of a uniform and coherent system of mutual recognition and enforcement of judgments, initially established in the 1968

\textsuperscript{157} ECJ Judgment of 8 December 1987, C-144/86, \textit{Gubisch/Palumbo}, paragraphs 15-19.

\textsuperscript{158} To prevent those torpedo actions, Section 221(5)(b) ALI Principles allows a court seised with a coercitive action seeking substantive relief to disregard the pendency of a declaratory claim in another country. The 1999 Preliminary Draft Convention on jurisdiction and foreign judgments drafted at the Hague Conference of Private International Law established the same rule in Article 21(6), see A. KUR, “International Hague”…cit., at 180.

Brussels Convention, has decisively contributed to facilitate cross-border adjudication of IP disputes within Europe. In this connection, it is noteworthy that cross-border injunctions granted by Dutch Courts were enforced under the Brussels Convention in other EU countries, such as France\textsuperscript{160}.

From the perspective of obtaining effective cross-border relief when litigating multistate infringements in the courts of a single country and also with a view to enforce a foreign ruling on damages in the country where the infringer’s assets are located, it is important to note that the existence of significant differences between the procedural law of the country where the decision was given and that of the country in which enforcement of the decision is sought is not determinative to refuse the enforcement, although the enforcement of injunctions enjoining the continuation of illegal activities raises special difficulties. Only in cases in which those differences determine that the foreign decision is manifestly contrary to public policy should recognition and enforcement be denied, as stated in Article 34(1) Regulation 44/2001. In the EU Members States and other jurisdictions, such as the US, the exceptional and restrictive understanding of public policy in this respect is widely accepted.

Therefore, only under exceptional circumstances procedural differences between jurisdictions or procedural defects in foreign litigation can be a reason to refuse enforcement of foreign decisions on IP. For instance, that would be the case in situations that have as a result the adoption in one country of decisions based on proceedings that openly violate fundamental principles of procedure of the country where enforcement is sought. In this connection, it seems appropriate to consider that enforcement of a civil judgment based on a jury verdict should not be regarded in principle a breach of fundamental process in countries that do not use civil juries. Also, differences with respect to the availability of discovery devices between the jurisdiction where the judgment is rendered and the country in which enforcement is sought should not be an obstacle to the enforcement of the judgment inasmuch as such differences do not decisively affect in the case concerned fundamental procedural fairness and do not undermine essential principles of the system in which enforcement is sought\textsuperscript{161}.

Particularly noteworthy as regards differences in substantive law is that the variability of principles concerning the function and purposes of the liability system can decisively affect the enforceability of decisions

\textsuperscript{160} P. VÉRON, “Trente…”, cit., at 814-815.
awarding punitive damages in jurisdictions where civil liability is considered as essentially compensatory, and hence limited to compensate a party for loss or harm suffered. The refusal to enforce a foreign judgment in jurisdictions where that kind of damages violates the foundations of the civil liability system may be covered by the public policy exception, inasmuch as the judgment concerned awards damages that grossly exceed the amount needed to compensate the claimant and are not intended to compensate him\textsuperscript{162}. Anyway, it should be considered that also in these situations public policy as a ground to refuse recognition should be restrictively constructed and hence only applied in situations in which the recognition or enforcement of the foreign judgment is manifestly incompatible with the public policy of the enforcing country. In this connection, it is important to note that punitive damages are remedies under private or civil law. Moreover, given that in Europe compensatory damages may cover non-monetary damage and that the costs related to litigation are commonly awarded to the successful claimant, it may happen that the amount of punitive damages awarded by a US court may not always go grossly beyond the amount a European court would grant the plaintiff in the same dispute\textsuperscript{163}.

Among the grounds that justify non-recognition of foreign judgments, the review of the international jurisdiction of the judge of origin plays an important role in most systems. By virtue of that requirement, the enforcing court reviews whether the original court exercised jurisdiction in a manner considered appropriate in the recognizing country. However, within the EU international jurisdiction of the court of origin, if it belongs to a Member State, is reviewed only exceptionally. Such a situation is related to the fact that at the time of the creation of the Brussels Convention the Members States considered appropriate to limit and unify the jurisdictional grounds available in all Member States in an action against a person domiciled in a Member State. Therefore, article 35(3) of Regulation 44/2001 states that the jurisdiction of the court of the Member State of origin may not be reviewed and that the test of public policy may not be applied to the rules relating to jurisdiction. The sole exception to that rule is established in article 35(3), that states that a judgment shall not be recognised if it violates the grounds of jurisdiction established in Chapter II of the Regulation in matters relating to insurance (arts. 8-14), consumer contracts (arts. 15-17) and exclusive jurisdiction (art. 22). Therefore, even within the EU countries the jurisdiction of the

\textsuperscript{162} As illustrated particularly by article 11 of the 2005 Hague Convention on Choice of Court Agreements, see S. LUGINBÜHL and H. WOLLGAST, “Das neue Haager…”, cit., at 216-217.

\textsuperscript{163} F. BLUMER, “Jurisdiction…”, cit., at 385-386.
Member State of origin may be reviewed to control that it has not infringed the exclusive jurisdiction established in article 22(4) for proceedings concerned with the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered. Therefore, the interpretation and scope of jurisdictional rules on IP litigation -in particular article 22(4) Regulation 44/2001- are decisive not only directly to allocate competence to the courts but also indirectly because they are significant in the framework of that defence that justify non recognition of foreign judgments. Recognition rules also influence the choice made by prospective litigants between a multiplicity of available fora.

Given the mandatory character of the exclusive jurisdiction rules of Article 22 Regulation 44/2001, a judgment which falls foul of the provisions of Article 22(4) does not benefit from the system of recognition and enforcement under the Regulation according to Article 35(1) and 45164. Concerning the interpretation of the GAT judgment proposed supra to facilitate the adjudication of infringement claims in certain cases in which validity is incidentally challenged165, it is important to note that under Regulation 44/2001 foreign infringement decisions concerning IP rights of the enforcing country that are existing and have not been cancelled should be recognised and enforced in that country regardless of the incidental validity challenge before the rendering country given that the rendering court has taken no decision on its validity166 (at least inasmuch as a non validity challenge is not pending before the court of the enforcing country).

XI. The current IP litigation system in Europe, resulting especially from Regulation 44/2001 and the Lugano Convention shows significant deficiencies, especially as regards patents due to the fragmented enforcement characteristic of European patents. In this context, further integration of a legal field having such importance in the functioning of the single market is a must167. Radical changes in the area of cross-border

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165 See supra, section at VIII.
166 In this respect, it seems a principle common to most EU Member States that a registered IP right has to be treated as valid unless it has been cancelled or at least until its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity, as stated in Article 95(1) of the Community Trademark Regulation.
litigation in Europe can be achieved by the adoption of any of two projects designed to change dramatically the traditional national enforcement of patent rights in Europe with the creation of a European court system concerning patents.

First of all, as regards the old idea of establishing a Community patent within the EU, the Commission presented a new proposal for a Council Regulation on the Community Patent in 2000. Inasmuch as it would create patents governed by a uniform Community law directly applicable in all Member States and having effect in the whole EU, it would require decisions regarding the validity and infringement of Community patents having effect and covering the entire area of the Community, as this would be the only way of ensuring the unitary character of Community patents, in tune with the current situation under the Community Trademark Regulation and the Community Design Regulation. Indeed, Community patents, that would coexist with national and European patents, would be granted (by the EPO), transferred, declared invalid or allowed to lapse only for the Community as a whole. In 2003 the Commission adopted a new proposal regarding the establishment of a Community Patent Court to deal with disputes concerning community patents in order to ensure that community patents would be enforceable before a Community jurisdiction whose decisions enjoy effect throughout the Community. However, the lack of progress on the Community patent, the time passed since the idea was initially proposed and the obstacles that the 2000 Proposal faces especially as regards claim translation have raised again doubts about its viability.

In order to address the difficulties posed to international adjudication of European patents by the disparities between the national systems, a draft agreement on the establishment of a patent litigation system, known as the European Patent Litigation Agreement (EPLA) was drawn up within the framework of EPO in 2003 and amended in 2005. To a great extent, this agreement has been developed both as a complement and as an alternative to the so far failed adoption of a Community Patent within the EU. EPLA is designed to establish a

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common procedure for litigation covering the bundle of national patents which result from the uniform granting mechanism of the European Patent Office with a view to ensure the enforceability of European patents in the member states within a reasonable time and at a reasonable cost.

Given that the EPLA intends to establish a central European Patent Court having jurisdiction over infringement and validity claims in relation to European patents across the EPC (and EPLA) Contracting States, it is undisputed that such court would be entitled to grant cross border relief. The substantive law provisions of EPLA—such as those dealing with acts of infringement—are to a great extent based on the proposals for a Community patent and it also includes some specific provisions concerning the application of Regulation 44/2001 and the Lugano Convention. EPLA has been devised as an optional instrument that would be open to accession by any Contracting State to the EPC and probably also the European Community, because although the distribution of competences between the Community and its Member States to conclude an agreement like EPLA has traditionally been uncertain, the implications in subjects already harmonized by EC legislation would require now the involvement of the Community in EPLA. Therefore EPLA only would apply between those EPC countries that ratify the Agreement. Moreover, the prospects for EPLA remain also uncertain, since the EC Commission considers that a unified patent judiciary could be strongly inspired by the EPLA model but should allow for harmonious integration in the Community jurisdiction in order to make possible the establishment of a unified EU-wide patent jurisdiction.

Although it seems clear that the establishment of a unified patent judiciary in Europe for the adjudication of infringements (and validity) claims should contribute to improve international enforcement of IP rights in Europe and could help to make European courts the preferred forum

advantages and disadvantages of these two models, see J. WILLENS, “The EPLA Project and the Forthcoming Community Patent System – A Model for IP in General?”, J. DREXL and A. KUR (eds.), Intellectual…, cit., 87, at 95-97.

173 Under Article 38 EPLA, those States which are also party to the Brussels Convention (Regulation 44/2001) or the Lugano Convention by concluding the Agreement designate the European Patent Court as their national court within the meaning of those conventions. It also establishes that the provisions of the Brussels and Lugano Conventions shall prevail over those of EPLA.


175 In this connection, see ECJ Opinion of 7 February 2006, Opinion 1/03, on the external competence to conclude the revised Lugano Convention.

from a global perspective, the adoption of such a reform still remains uncertain.

Under those circumstances, it appears appropriate to stress that some features of Regulation 44/2001 usually not discussed in connection with IP contribute to legal uncertainty as regards IP litigation. In this connection, the restricted territorial scope of the rules on jurisdiction of Regulation 44/2001 determines that usually those rules are not applicable to disputes in which the domicile of the defendant is located outside the EU. The national laws on jurisdiction of the member states are still applicable to those situations not covered by the Convention or Regulation 44/2001. If the defendant is not domiciled in the EU (or in a contracting State to the Lugano Convention), the jurisdiction of the courts of each Member State shall be determined by the law of that Member State, except if the courts of a member state have exclusive jurisdiction (Articles 22) or the parties have reached a choice of court agreement (Article 23), since Articles 22 and 23 apply to situations in which the defendant’s domicile is not located in a Member State. Certainly, Article 4(1) Regulation 44/2001, establishes that “if the defendant is not domiciled in a Member State, the jurisdiction of the courts of each Member State shall, subject to Articles 22 and 23, be determined by the law of that Member State”.

National laws on jurisdiction to be applied to those situations have not been harmonized within the EU and their application to IP disputes pose additional risks of uncertainty when compared to claims regulated directly by Regulation 44/2001, as illustrated by the fact that courts can base their jurisdiction even in the national exorbitant fora mentioned in Annex I to Regulation 44/2001. Moreover, the wording of Article 22(4) Regulation 44/2001 refers only to IP rights registered in a Member State and hence in cases in which the validity of IP rights registered in third states is challenged before the courts of a Member State the jurisdiction issue is in principle to be decided according to the national rules of the forum country. In practice, national courts shall usually deny jurisdiction for such invalidity actions extending the criteria of the Regulation to those cases, although the lack of uniform regulation may be an additional source of uncertainty.

In this connection, it is noteworthy that according to the case law of the ECJ Regulation 44/2001 establishes a uniform and coherent system of rules on conflict of jurisdiction that also applies to the situations in which the defendants are domiciled outside of the EU. Certainly, the ECJ has held that the applicability of national laws on jurisdiction referred to in Article 4(1) must be interpreted as meaning that the situations envisaged

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177 S. BARIATTI, “La giurisdizione…”, cit., at 503.
are resolved under the system implemented by the Regulation by reference to the legislation of the Member State before whose court the matter is brought\textsuperscript{179}. Moreover, the ECJ has held that the uniform rules on jurisdiction and recognition and enforcement contained in Regulation 44/2001 are intended to eliminate obstacles to the functioning of the internal market which may derive from disparities between national legislations on the subject. Notwithstanding that, those provisions are not intended to apply only to situations involving several Member States or in which there is a sufficient link with the working of the internal market\textsuperscript{180}.

Therefore, the prevailing consensus is that the measures in the field of judicial cooperation in civil matters that the EU Council may adopt under Article 61 EC Treaty include unification of rules on conflict of jurisdiction (regarding IP litigation) that covers all situations without territorial limitations. In the field of IP litigation the development of common jurisdiction rules applicable to the situations that currently under Articles 4, 22 and 23 Regulation 44/2001 are regulated at national level would also amount to a significant progress in order to improve legal certainty in cross-border IP litigation before European courts\textsuperscript{181}.

As far as recognition and enforcement rules are concerned, applicability of Regulation 44/2001 is not limited to cases in which the defendant has his domicile in a Member State. On the contrary, the Regulation applies only when a judgment rendered in a Member State is to be recognised or enforced in other Member State. Unification at EU level of the rules applied to the enforcement in EU Member States of judgments rendered in third countries should also improve legal certainty, albeit it is undisputed that the rules applicable should be to a significant extent different of those applied to judgments rendered in another EU Member State\textsuperscript{182}.

\textsuperscript{179} See ECJ Opinion of 7 February 2006, Opinion 1/03, paragraph 148.


\textsuperscript{182} P.A. DE MIGUEL ASENSIO, \textit{“Espacio Europeo de Justicia: Evolución y perspectivas en el sector del reconocimiento y ejecución de decisiones”}, \textit{AEDIPr}, vol. 6, 2006, 441, at 463.