

Cross Border Patent Litigation in The Netherlands

The State of Affairs

By Dick van Engelen

The nineties have been trying times for patent litigants in Europe. Patent owners were rushing to Dutch courts to benefit from the 'rocket docket' and the cross border injunctive relief that is available there. At the same time possible defendants were racing to courts in one or more other jurisdictions to commence litigation that should wreck such a strategy. The stakes for the litigants tend to be high with the game being about possibly wiping out an alleged infringer for most of Europe with one strike or having to 'step up to the plate' in up to 20 different jurisdictions. This hectic forum shopping game came to somewhat of a standstill with the judgement of the Court of Appeals at The Hague of 1998 in *EGP v Boston Scientific*. There the Court of Appeals scaled back the possibilities for cross border jurisdiction of Dutch courts. This judgement was confirmed in two later decisions¹ from the same court so that the new approach seems established. Although the situations in which a Dutch court has cross border jurisdiction are less than before, they still do exist and are certainly worth considering when available. Patent litigants should therefore stay on the alert and scout the 'jurisdictional terrain' in case a patent dispute may have international implications.

Introduction

While Europe has one patent application procedure at the European Patent Office, it still lacks a harmonised and efficient system to enforce patents. It even lacks European patents. Once granted, a patent issued by the European Patent Office transforms into a 'bundle of national patents'. As a consequence, the starting position in case of a European infringement is that one

may have to litigate in up to 20 different countries to enforce one's patent rights. Needless to say that the financial and economic costs of such an exercise are horrendous and that the outcome usually resembles a 'patchwork quilt' with different results for different countries (and at different points in time).

It is against this background that in the early nineties the District Court at The Hague – the court with exclusive jurisdiction in patent cases – took the initiative by granting *cross border* injunctive relief. Initially, this approach was severely criticised, not only internationally in legal circles but also by Netherlands multinationals that were among the primary 'victims' of this doctrine. However, in spite of all the 'bashing' of the Dutch courts,² this 'revolutionary approach' has gained some acceptance abroad. The most impressive achievement in this regard seems to be that the UK courts now also allow for cross border relief.³ Against this background it may seem surprising for the Dutch courts to change course after finally gaining acceptance. It looks less strange, however, if one realises that they basically joined the approach taken in the recent English cases and thus create a more level playing field in Europe. The wisdom of this approach seems underscored by recent Belgian decisions in which these UK and Dutch precedents are followed.⁴ As a consequence, the possibilities for plaintiffs to undermine a plaintiff's strategies by launching Belgian or Italian torpedoes (see below) may also shrink in the future.

Cross Border Relief

Cross border patent litigation took off in The Netherlands after the 1989 judgement of The Netherlands Supreme Court in *Focus Veilig v Lincoln Electric*⁵.

Confirming established lower court precedents, the Netherlands Supreme Court did find that there is no reason why an order by a Netherlands court should have to be limited to acts that take place in The Netherlands. The Court argued that it would be disadvantageous to general business interests if, when a tort is committed in a number of jurisdictions, one would be forced to commence separate proceedings in all jurisdictions concerned. In this context the Court specifically mentioned international infringements of intellectual property rights, next to international acts of unfair competition and international environmental torts. After *Lincoln*, Dutch courts have granted a great number of cross border injunctions, in particular in intellectual property cases dealing with trademarks, copyrights and – for the most part – patents.

Lex Loci Delicti

Harmonized European Patent Law on Scope of Protection

The reason that most cross border litigation has been in the patent area is that national law on the scope of protection to be granted to a 'European patent' is harmonised pursuant to Article 69 of the European Patent Convention and the Protocol on the Interpretation thereof.⁶ Under Netherlands rules on conflict of laws the foreign law of the territory concerned has to be applied with regard to activities in that foreign jurisdiction. Therefore, if a Netherlands court is to rule on a patent infringement in, for instance, Germany, France and England, it has to apply the laws of these countries. Although the European Patent Convention ('EPC') primarily deals with the European application for what ultimately becomes a 'bundle of

national patents', the Convention does touch upon the scope of protection to be given to such national patents. Article 69 of the EPC indicates that the scope of protection is to be determined by the terms of the claims of the patent. The Protocol on the Interpretation of Article 69 EPC makes it clear that the interpretation of the claims should, on the one hand, not be limited to the language of the claims only while, on the other hand, the claims should not function as mere guidelines.⁷

With the issue of a court being able to grant cross border relief being settled by The Netherlands Supreme Court in 1989 and with the application of national law becoming a relatively moot issue because of the uniform rules under Article 69 EPC, the focus of attention in cross border patent litigation has been on jurisdictional issues. These issues are critical since often times multinationals will have different subsidiaries, distributors or agents in the various national territories. Therefore, if a patent owner wants to be effective in blocking a European patent infringement with a cross border judgement, he has to be able to bring suit against all these different parties before one court. Most of the haggling has therefore been on jurisdictional issues that are governed by the Brussels Jurisdiction and Enforcement Convention ('Brussels Convention') to the extent the defendants are domiciled in the European Union (or the Lugano Convention with regard to EFTA countries).⁸

General Rule

Defendant entitled To 'Home Game' – Article 2 Brussels Convention

Article 2 of the Brussels Convention provides that persons domiciled in a Contracting State have to be sued in the courts of that State, irrespective of their nationality.⁹ This is the general rule under the Convention, as the European Court has repeatedly emphasised. As Judge Laddie of the English High Court of Justice did put it: *the plaintiff must 'play away'*.¹⁰

Therefore, a Netherlands court will have jurisdiction over a defendant that is domiciled in The Netherlands. It was already established case law that with regard to such defendants Dutch courts have cross border jurisdiction.

This earlier case law has been confirmed in the three 'jurisdiction decisions' by the Court of Appeals at The Hague in *EGP v Boston Scientific* (1998), *Boston Scientific BV et al. v Cordis Corporation* (1998) and *Eka Chemicals AB v Nalco Europe BV et al.* (2000). Consequently, the home court of a Dutch defendant has cross border jurisdiction.

Special Jurisdiction

Court of Co-Defendant's Domicile – Article 6(1) Brussels Convention

In addition to the general rule of Article 2, the Brussels Convention has some special jurisdictional rules. One of those special rules is found in Article 6(1) dealing with multiple defendants in 'one case'¹¹. In case of a number of defendants, a defendant can be sued in the State where one of them is domiciled. This broad ranging language has been narrowed down by the European Court in its judgement of 1987 in *Kalfelis v Schroder*¹². There the European Court ruled that there must be a 'connection' between the claims against the various defendants. That connection must be of

such a kind that it is expedient to determine those actions together in order to avoid the risk of irreconcilable judgements resulting from separate proceedings.

As the European Court of Justice indicated in *Kalfelis* the same concern underlies Article 22 of the Brussels Convention, which provision requires that a court that receives an action that is related to proceedings that are already pending elsewhere will stay the proceedings before it. In the context of Article 22 the ECJ ruled in its *Tatry* judgement of 1992, that it is sufficient to establish the necessary relationship between the actions that a separate trial would involve the risk of conflicting decisions, even if such decisions do not necessarily give rise to mutually exclusive legal consequences.¹³

In the past this provision had been used in Netherlands cross border patent litigation as the main springboard for establishing cross border jurisdiction over a great number of defendants, who were allegedly infringing the same 'European patent'. The District Court at The Hague argued that the bundle of national patents

Article 69 of the EPC indicates that the scope of protection is to be determined by the terms of the claims of the patent.

originating from one European patent application constituted enough of a 'connection' for purposes of Article 6(1) of the Brussels Convention.¹⁴

These precedents were reversed by the decision from the Court of Appeals. Joining the position taken by the English courts, the Court of Appeals at The Hague underscored that those national patents do lead separate lives. A German patent may be found to be invalid while the Dutch patent survives. The Court of Appeals ruled that the mere circumstance that a number of defendants infringe national patents that originate from the same European patent application does not allow for cross border jurisdiction of a Dutch court over foreign defendants.

In this regard the position taken by the Court at The Hague is in line with the more recent UK decisions. However, The Hague court went beyond that 'common ground' with the UK courts by allowing one exception to that rule. If the defendants belong to the same group of companies and that group markets identical products in different national markets, this may constitute a single, joint act based on a joint plan. In such a case a proper administration of justice requires a simultaneous adjudication of the matter and such should be possible on the basis of Article 6(1) of the Brussels Convention. However, for the sake of predictability in jurisdictional matters, the court of the place where the relevant head office of that group of companies is domiciled should be the court that has cross border jurisdiction with regard to the other defendants. Therefore, the Dutch courts have cross border jurisdiction if there is Dutch company that is 'the spider in the web'. This was established in

EGP v Boston Scientific. The approach here is somewhat formal. The official corporate domicile of the registered office is sufficient even if the 'real office' of that Dutch company is located abroad. In *Eka Chemicals AB v Nalco Europe BV et al.*, the Court of Appeals clarified that the Dutch company does not have to be the 'head spider'. There a Dutch company being the European headquarters working under the direction of a US based worldwide headquarters was seen as a 'big enough spider' to justify cross border jurisdiction of the Dutch courts over the various national subsidiaries.

The consequence of these judgements is that if a (European) headquarters-company of a multinational is domiciled in The Netherlands, the Dutch courts have cross border jurisdiction with regard to all companies belonging to that group. In doing so, the Court of Appeals at The Hague was of the opinion that it paid sufficient tribute to the general rule that a defendant's 'home court' has general jurisdiction.

This cross border jurisdiction is only there with regard to national patents that come from the same European patent application. No such jurisdiction exists in case of corresponding, mere national patents, as the Court of Appeals ruled in the *Eka*-judgement.¹⁵

Special Jurisdiction

Court of the Place of the Infringement – Article 5(3) Brussels Convention

In case of a tort a defendant can also be sued before the court of the place where the harmful event took place. This special jurisdictional rule can be found in Article 5(3) of the Brussels Convention.¹⁶ Consequently, in case of a patent infringement the court of the jurisdiction where the infringement takes place also has jurisdiction over a (foreign) defendant. In this regard the Brussels Convention is clear.

The question arises, however, whether a court that has special jurisdiction on the basis of Article 5(3) with regard to the infringement that occurred within its territory can use that jurisdiction as a springboard for cross border jurisdiction.

The leading case here is the judgement of the European Court of Justice in *Shevill v Press Alliance* of 1995.¹⁷

That case, about a defamatory French publication that was also distributed in the UK, does not seem to decide these issues in case of a patent infringement in multiple jurisdictions. In *Shevill*, the ECJ confirmed its earlier rulings that learn that the 'place where the harmful event occurred' within the meaning of Article 5(3) of the Brussels Convention covers both (a) the place where the damage occurred as well as (b) the place of the event that gives rise to the damages.¹⁸ The Court then ruled that in accordance with the requirement of a sound administration of justice, the courts of the place(s) where the damages occurred – in that case the place where the plaintiff claimed to have suffered injury to her reputation – are territorially best positioned to assess the libel committed in those jurisdictions and to determine the corresponding damage. However, the jurisdiction of these courts is limited to their national territory only. At the same time, the European Court ruled that a plaintiff will have the option to bring the entire claim before the court of the place of the event giving rise to the damages, which the Court considered to be the place where the publisher is established in case of a newspaper publication.

In *EGP v Boston Scientific*, the Court of Appeals at The Hague did not rule on Article 5(3). In light of the great significance attributed to the general rule of Article 2, it seems likely that the Court of Appeals is inclined to favour a limited reading of the special jurisdictional rule of Article 5(3). Prior to the *EGP*-judgement, the District Court at The Hague has found both that it had cross border jurisdiction as well as denied cross border jurisdiction on the basis of Article 5(3).¹⁹ After *EGP*, the District Court ruled in *DSM v Orffa Nederland Feed BV & Novo Nordisk Farma BV et al.* that it lacks cross border jurisdiction if its jurisdiction is based only on Article 5(3).²⁰

Special Jurisdiction

Provisional Measures – Article 24 Brussels Convention

Article 24 of the Brussels Convention provides that a court may grant provisional relief if its national laws so allow, even if the courts of another State do have jurisdiction with regard to the proceedings on the merits.²¹ Confirming earlier precedents of the District Court at The Hague, the Court of Appeals ruled

in *EGP* that any jurisdiction that is based on that provision only shall be limited to that court's national territory.²²

Exclusive Jurisdiction

Nullity or Revocation as a Defence – Article 16(4) Brussels Convention

Article 16(4) provides that in proceedings concerning the validity of a patent the national courts of the State where that patent is registered shall have exclusive jurisdiction.²³ In the English *Coin Control*-case, Judge Laddie took the approach that if nullity is invoked the national courts should also have exclusive jurisdiction with regard to the infringement of that national patent. This approach was also followed by the English Court of Appeal in its *Fort Dodge* judgement of 1997.²⁴

In *EGP*, the Court of Appeals at The Hague also found that infringement and validity are indeed inseparable, since infringement of an invalidated patent is not feasible. Therefore, in case of proceedings on the merits, a court will have to apply restraint if confronted with a nullity defence that cannot be brushed aside as 'frivolous'. As a general rule, a court will then have to stay the infringement proceedings and await the outcome of the foreign nullity proceedings. The Court of Appeals at The Hague made it clear that it did not applaud this result, but that it was of the opinion that an amendment of the Convention would be required to be able to achieve another result. The Court also indicated that in the context of provisional measures less restraint was required. In that particular case The Hague Court came to the conclusion that it could not beforehand rule out the nullity arguments as being insufficient, so that it had to deny the cross border relief requested.

Torpedoes – Article 21 Brussels Convention

The 'rocket docket' cross border relief that has been available in The Netherlands did trigger a response in terms of a defensive strategy. The basis for that strategy lies in Article 21 of the Brussels Convention, which article provides that if a case involving the same 'cause of action' between the same parties is already before a court any court

that will be involved at a later stage has to stay the proceedings before it, until the jurisdiction of the first court is established.²⁵

The consequence of this regime is that if one commences litigation to obtain a cross border judgment, like a declaratory judgment of non-infringement, before one court any other court that is involved at a later date must stay its proceedings while the jurisdiction of the first court is still to be established. If one then chooses to file in a jurisdiction where the 'wheels of justice' grind at a slow pace one can effectively wreck an offensive strategy that would take advantage of the possibilities to obtain cross border relief in a jurisdiction like The Netherlands. Italy and Belgium have gained some notoriety in this respect, as jurisdictions were the fact that the courts are faced with an overload of cases could be taken advantage from. The cynical observation is that the fact that the court before which the so-called torpedo is launched will in all likelihood decline cross border jurisdiction under its national law is irrelevant, provided that it will take a number of years before that this is finally decided in the case concerned.

The new development in this context is that the Belgian District Courts at Brussels recently came down with judgments in which the lack of cross border jurisdiction, along the lines as established in the English and Dutch cases, was ruled upon in no uncertain terms.²⁶ The question that now becomes more and more critical is whether, for instance, a Dutch court has to await final judgment in each individual foreign case in which a torpedo is launched or whether it can take the position that the case law of that foreign jurisdiction is sufficiently clear in that no cross border jurisdiction will be found to exist and move forward in the Dutch case. The first impression is that such an approach is not necessarily in line with the system as envisioned by the Brussels Convention, but another observation may be that there should be a limit to the abuse that any system can take. It seems only a matter of time until a court will be asked to address this issue.

Conclusion

In case of a Dutch defendant or a group of defendants with a Dutch 'spider in the web' cross border jurisdiction is still

available in The Netherlands. However, if the validity of the patent is disputed and that claim does not seem 'frivolous' Dutch proceedings may have to be stayed to the extent their cross border reach is concerned.

The mere circumstance that a group of defendants infringes various national patents that stem from the same European patent application is no longer sufficient to establish cross border jurisdiction of a Dutch court. The same is likely to be the case if a Dutch court happens to have jurisdiction over a foreign defendant because it infringes a Dutch patent. Although the Court of Appeals at The Hague did not yet decide that issue, such jurisdiction is likely to be limited to The Netherlands only. If a Dutch court only has jurisdiction on the basis of Article 24 (provisional measures) such jurisdiction is also limited to The Netherlands. However, this does not mean that cross border provisional measures cannot be issued. If a Dutch Court has jurisdiction on the basis of Article 2 and/or Article 6(1), such jurisdiction may also entail preliminary cross border injunctive relief.

It will be interesting to see how courts will eventually deal with the 'torpedo-strategy'. Will Dutch courts dismantle them themselves or do they have to wait for the foreign court concerned to do that?

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- 1 The Hague Court of Appeals, 23 April 1998, IER 1998, 30 (*EGP v. Boston Scientific*); The Hague Court of Appeals, 26 November 1998 (*Boston Scientific BV et al. v. Cordis Corporation*) and The Hague Court of Appeals, 25 May 2000 (*Eka Chemicals AB v. Nalco Europe BV et al.*).
- 2 See (former) Dutch Judge Jan Willems in "The EPC: The Emperor's Phantom Clothes?", [1998] *Intellectual Property Quarterly* 2: "[...] that not everyone abroad thinks of us as 'Rambo-lawyers' or, even worse, as 'terrorist-judges'."
- 3 High Court of Justice (Lloyd J.), 7 March 1997, [1997] FSR 641 (*Pearce v. Ove Arup Partnership Ltd.*); High Court of Justice, Chancery Division, Patents Court, (Laddie J.), 26 March 1997 [1997] FSR 660 (*Coin Controls Ltd. v. Suzo Int. (UK) Ltd.*); High Court of Justice, Chancery Division, Patents Court, (Laddie J.), 16 October 1997, [1997] FSR 660 (*Fort Dodge Animal Health Ltd. et al. v. Akzo Nobel N.V. et al.*).
- 4 District Court Brussels, 12 May 2000, [2000] BIE 211, (*Röhm Enzyme et al. v. DSM NV & BASF AG et al.*); District Court Brussels, 8 June 2000, [2000] BIE 335, [2000], IER 232 (*NV Roche et al. v. Wellcome Foundation et al.*); District Court Brussels 23 June 2000, [2000] BIE 335 (*Medtronic v. Therox*); President District Court Brussels, 22 September 2000, [2000] BIE 379 (*Nellcor Puritan Bennet*).
- 5 Netherlands Supreme Court, 24 November 1989, [1992] NJ 404, [1991] BIE 86 (*Focus Veilig v. Lincoln Electric*).
- 6 Article 69 EPC: "Extent of protection: (1) The extent of the protection conferred by a European patent or a European Patent application shall be determined by the terms of the claims. Nevertheless, the description and drawings shall be used to interpret the claims." The Protocol on the Interpretation of Article 69 EPC provides: "Article 69 should not be interpreted in the sense that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims, the description and drawings being employed only for the purpose of resolving an ambiguity found in the claims. Neither should it be interpreted in the sense that the claims serve only as a guideline and that the actual protection conferred may extend to what, from a consideration of the description and drawing by a person skilled in the art, the patentee has contemplated. On the contrary, it is to be interpreted as defining a position between these extremes, which combines a fair protection for the patentee with a reasonable degree of certainty for third parties."
- 7 See: Dick C.J.A. van Engelen, *The US Supreme Court on The Doctrine of Equivalents in Warner Jenkinson v. Hilton Davis: An Inspiration for Europe?*, [1998] *Intellectual Property Quarterly* at page 149 et seq.
- 8 The Brussels Convention applies to the Member States of the European Union. EFTA countries are subject to the EC EFTA Convention on Jurisdiction and the Enforcement of Judgements in Civil and Commercial Matters, of Lugano, 16 September 1988 ('Lugano Convention') that basically mirrors the Brussels Convention.
- 9 Article 2, Brussels Convention: "Subject to the provisions of this Convention, persons domiciled in a Contracting State shall, whatever their nationality, be sued in the courts of that State. Persons who are not nationals of the State in which they are domiciled shall be governed by the rules of jurisdiction applicable to nationals of that State."

- 10 High Court of Justice, Chancery Division, Patents Court, 16 October 1997 (Mr. Justice Laddie). "
- 11 Article 6, Brussels Conventions: "A person domiciled in a Contracting State may also be sued: (1) where he is one of a number of defendants, in the courts for the place where any one of them is domiciled;"
- 12 ECJ, April 27, 1987, Case 189/87, [1988] ECR 5565 (*Kalfelis v. Schroder*).
- 13 [1994] ECR I-5439.
- 14 See, for instance: President of the District Court at The Hague, 13 April 1995, [1996] BIE 294 (*Cordis v. Cadsand Medica*); President of the District Court at The Hague, 3 May 1995, [1996] BIE 300 (*Bard v. TD Medical*).
- 15 The Hague Court of Appeals, 25 May 2000 (*Eka Chemicals AB v. Nalco Europe BV et al.*).
- 16 Article 5(3), Brussels Convention: "A person domiciled in a Contracting State may, in another Contracting State, be sued [...] (3) in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred."
- 17 ECJ, 7 March 1995, Case C-68/93, [1995] ECR [...], [1996] NJ 269.
- 18 ECJ, 27 February 1976, Case 21/76, [1976] ECR 1735 (*Bier v. Mines de Potasse d'Alsace*).
- 19 A limited reading of Article 5(3) can be found in President District Court at The Hague, 7 November 1996, [1997] IER 20 (*Schellens v. Velouta*). A broader view can be found in: District Court at The Hague, 15 October 1997, [1998] IER 29 (*Biddle v. Kampermann*); District Court at The Hague, 14 May 1997, [1997] IER 143 (*Chiron v. Evans Medical*).
- 20 District Court The Hague, 29 September 1999, [2000] IER 39 (*DSM v. Orffa Nederland Feed BV & Novo Nordisk Farma BV et al.*) In another post EGP-judgement of an earlier date the District Court had ruled that an Article 5(3) jurisdiction would allow cross border jurisdiction, but in that jurisdiction was also based on Article 6(1) of the Brussels Convention. See: District Court, 31 March 1999, [1999] BIE 111, (*Scimed Life Systems, Inc. v. Guidant BV et al.*).
- 21 Article 24 of the Brussels Convention: "Application may be made to the courts of a Contracting State for such provisional, including protective, measures as may be available under the law of that State, even if, under this Convention, the courts of another Contracting State have jurisdiction as to the substance of the matter."
- 22 See also: President of the District Court at The Hague, 17 April 1997, [1997] IER 116 (*Chiron v Smithkline Beecham Farma BV et al.*) and President of District Court at The Hague, 26 November 1997, [1998] IER 79 (*Goldschmidt v Elzbieta*).
- 23 Article 16 of the Brussels Convention: "The following courts shall have exclusive jurisdiction, regardless of domicile: [...] (4) 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 Contracting State in which the deposit or registration has been applied for, has taken place or is under the terms of an international convention deemed to have taken place;"
- 24 See note 3.
- 25 Article 21 Brussels Convention: "Where proceedings involving the same cause of action and between the same parties are brought in the courts of different Contracting 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. Where the jurisdiction of the court first seised is established, any court other than the court first seised shall decline jurisdiction in favour of that court."
- 26 See note 4.
-