

Patent Law and International Private Law On Both Sides of the Atlantic

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1 INTRODUCTION

1.1 Overview of the Study

In this study the main emphasis lays on jurisdiction issues, primarily under European law and under US law. After some introductory remarks on the patent system in both Europe and the US and on the efforts to reach international standards for jurisdiction and recognition, chapter 2 is dedicated to the applicable law. The jurisdiction and recognition issues for invalidity proceedings (chapter 3) are less controversial than jurisdiction and recognition for infringement proceedings. The jurisdiction questions for infringement proceedings are dealt with for Europe and for the United States in two separate chapters (4, 5). These chapters and the short chapter (6) on the recognition of foreign infringement judgments should help to understand the present and future developments in the field of international standards for jurisdiction on recognition such as the project for a Hague Convention on Jurisdiction and Foreign Judgments. This draft Hague Convention is an attempt to establish a uniform system of jurisdiction and recognition which on the one hand is similar to the existing system in Europe and on the other hand takes into account specific issues raised under U.S. constitutional law (chapter 7).

1.2 Grant, Invalidation and Enforcement of Patents

1.2.1 System under the European Patent Convention (EPC)

In Europe, the whole patent legislation has been an entirely national issue until after the Second World War. Since the nineteen-fifties different attempts have been made to get to a centralized European patent system step by step that would allow applicants to get one patent for the whole of Europe. The centralization arrived halfway when the European Patent Convention¹ (EPC) entered into force in 1978, providing for centralized application, research, examination and opposition proceedings before the European Patent Office. In the meantime, the EPC is in force for 20 Contracting States, among them all 15 members of the European Union. Under the EPC, the applicant for a European Patent may designate at his or her discretion Contracting States in which the European Patent shall be valid. After publication and examination of the application, the patent is either granted or the application is rejected with effect for all designated Contracting States. Within nine months after patent issue, any third person can initiate opposition proceedings against the patent. The Opposition Division of the European Patent Office then either revokes or maintains (in part or as granted) the European Patent². After grant, the European Patent enters the „national phase“ and exists as a bundle of national patents. In the

¹ Convention on the Grant of European Patents, Oct. 5, 1973, Official Journal of the European Patent Organization 1979, 3 (hereinafter „EPC“).

² EPC, *supra* note 1, art. 79, 90-97, 99-102.

national phase, the patent can only be revoked or transferred for every designated State independently. Each of these „bundle patents“ can also be thought of as an independent fraction of the same European patent.

Under the „bundle patent“ concept installed by the European Patent Convention, the European patent in each of the Contracting States for which it is granted has the effect of a national patent granted by that State³. The next step towards a unified European Patent System has been discussed for decades now. The Community Patent Convention⁴ should provide for the issue of patents that cover the territory of the entire European Union and confer the same rights throughout the territory. The Community Patent would be as undividable as a U.S. patent covering the territory of the United States. Neither the 1975 Community Patent Convention nor the amended Convention of 1989 ever came into force, mainly due to unsolved translation issues. A new attempt has recently been made by the European Commission who published a proposal for a Council Regulation on the Community Patent on August 1, 2000⁵ (hereinafter „Proposed Community Patent Regulation“).

1.2.2 United States System

In the United States the grant of patents has been a federal issue from the very beginning⁶. The Federal Patent Act governs the grant of patents, their invalidation and the protection conferred by a patent⁷. Its provisions on the protection conferred cover issues such as patent term, scope of protection and rights conferred by the patent uniformly for the patent territory.

Whereas the grant of U.S. patents is accomplished by the Patent and Trademark Office, infringement and invalidity suits have to be brought before the federal district courts⁸. Appeals against decisions of federal district courts generally can be filed with the federal court of appeals of the circuit embracing the district in which the decision was rendered⁹. The Supreme Court has a large discretion in selecting the cases in which decisions of the courts of appeals are reviewed and therefore only hears a small number of patent cases¹⁰.

Under this system, large disparities among the regional circuits have evolved with respect to the treatment of patents. Some circuits were known as patent-friendly, others were notorious for holding invalid most patents. The different treatment of patents, which could not be sufficiently corrected by the Supreme Court, not only led to forum shopping but also weakened the patent system¹¹. As a response, the United States Court of Appeals for the Federal Circuit (hereinafter „Federal Circuit“) was

³ EPC, *supra* note 1, art. 2.

⁴ Community Patent Convention of Dec. 15, 1975, amended Dec. 15, 1989, 1989 O.J. (L 401) 10; see *generally* GERALD PATERSON, THE EUROPEAN PATENT SYSTEM § 1-44 - 1-46 & § 12 (Sweet & Maxwell, London 1992).

⁵ COM (2000) 412 final.

⁶ U.S. CONST. art. I, § 8, cl. 7; see *generally* DONALD S. CHISUM ET AL., PRINCIPLES OF PATENT LAW 16-23 (Foundation Press, New York 1998).

⁷ 35 U.S.C., enacted July 19, 1952 (1952 Patent Act, hereinafter „Patent Act“).

⁸ Invalidity challenges can also be brought before the PTO in the form of a request for inter partes reexamination under the Optional Inter Partes Reexamination Procedure Act of 1999.

⁹ 28 U.S.C. §§ 1291, 1294.

¹⁰ See 28 U.S.C. §§ 1254.

¹¹ See CHISUM ET AL., *supra* note 6, at 23.

created in 1982 as a unified forum for patent appeals. The Federal Circuit has exclusive jurisdiction over appeals from a final decision of a district court, if the jurisdiction of this court was based on claims arising under the U.S. Patent Act¹². The Federal Circuit improved the situation significantly. Not only it brought an end to the geographically inhomogeneous legal situation, it also altered corporate America's view of patents¹³. Since the Federal Circuit is operative, not only the grant of patents is under the control of one single authority but also the invalidation and enforcement proceedings are governed by uniformly applied law.

1.3 International Treaties on Jurisdiction and Recognition

1.3.1 The „European Conventions“

Under the Brussels Convention¹⁴, a comprehensive system of jurisdiction and recognition has been established for litigation in civil and commercial matters, including intellectual property matters. Persons domiciled in a Contracting State may be sued in the courts of another Contracting State only under the rules set forth in the Convention, and no national jurisdiction rules providing for additional bases of jurisdiction (exorbitant bases of jurisdiction) can be applied against them¹⁵. One of the main purposes of the Brussels Convention was to shield defendants in the Contracting States from being sued unexpectedly abroad before any such „exorbitant“ forum. As the Brussels Convention is applicable only if the defendant is domiciled in a Contracting State, persons not domiciled in a Contracting State can still be sued at the exorbitant fora under national law which is often considered as discriminatory against persons not domiciled in a Contracting State¹⁶.

A court competent under the provisions of the Brussels Convention may not deny competence under the doctrine of „*forum non conveniens*“¹⁷. The comprehensive and exclusively applicable set of rules of the Brussels Convention should be applied by the national courts in a uniform way; to ensure uniformity of the judgments the Contracting States to the Brussels Convention agreed in the so-called „Interpretation Protocol“ or „Luxembourg Protocol“ of June 3, 1971, that the supreme courts of the Contracting States can submit questions of interpretation to the European Court of Justice (E.C.J.) for preliminary rulings¹⁸.

As the Brussels Convention is only accessible to Member States of the European Union, the Member States of the European Free Trade Association (EFTA) were excluded from the uniform system of jurisdiction and recognition even though the EFTA membership allowed them almost unrestricted access to the EU market. In

¹² 28 U.S.C. §§ 1295, 1338; see also *infra* Part 5.2.

¹³ See CHISUM ET AL., *supra* note 6, at 24.

¹⁴ Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, Sept. 27, 1968, 1998 O.J. (C 27) 1 (hereinafter „Brussels Convention“).

¹⁵ Brussels Convention, *supra* note 14, art. 3.

¹⁶ See JOHN FITZPATRICK, *The Lugano Convention and Western European Integration: A Comparative Analysis of Jurisdiction and Judgments in Europe and in the United States*, Connecticut Journal of International Law, Spring 1993, 695, 703 n. 36.

¹⁷ For critical English views on the non-applicability of „*forum non conveniens*“ see JAN KROPHOLLER, *EUROPÄISCHES ZIVILPROZESSRECHT* para. 20 before Art. 2 (Verlag Recht und Wirtschaft, eds., Heidelberg, 6th ed. 1998), ABLA MAYSS & ALAN REED, *EUROPEAN BUSINESS LITIGATION* 230-237 (Dartmouth Publishing Comp. Ltd. & Ashgate Publishing Comp., 1998).

¹⁸ See MAYSS & REED, *supra* note 17, at 22-24.

order to allow the EFTA Member States to be a part of the system set up by the rules of the Brussels Convention, the Lugano Convention¹⁹ was negotiated between the Member States of the EU on the one hand and those of the EFTA on the other hand. The Lugano Convention contains the same rules on jurisdiction and recognition as the Brussels Convention²⁰. It is applicable if a defendant is domiciled not in the EU but in a Member State of the EFTA²¹. For the sake of simplicity, the combined „parallel conventions“ (Brussels and Lugano Convention) shall be referred to in this inquiry as the „European Conventions“ or the „Conventions“.

1.3.2 The Draft Hague Convention on Jurisdiction and Foreign Judgments

Whereas Europe introduced a comprehensive system of jurisdiction and recognition under the European Conventions since 1968, the United States had little experience with recognition and enforcement treaties²². Following a U.S. initiative after a State Department's decision in 1992, the Hague Conference on Private International Law, the intergovernmental organization that also proffered the Hague Service Convention, started discussing in a Special Commission some basic questions about a future convention²³. The main reasons why the United States took the initiative in 1992 had to do with the European system of jurisdiction and recognition under the Conventions. The „free flow of judgments“ guaranteed by the Conventions did not extend to the United States and U.S. residents could still be sued at so-called exorbitant fora under national law of the Contracting States to the Conventions²⁴. The Hague Conference was chosen by the United States as the proper instrument not only because of its abilities and interest in the matter but also because the United States did not want to face alone the group of Contracting States to the European Conventions²⁵. No final draft for a convention text has been issued yet. The project came to a temporary halt after the Special Commission adopted a „Preliminary Draft“ in October 1999 (hereinafter „Draft Hague Convention“)²⁶.

¹⁹ Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, Lugano Sept. 16, 1988 (hereinafter „Lugano Convention“), 1988 O.J. (L 319) 9.

²⁰ The Court of Justice of the European Communities (E.C.J.) has the power to provide interpretative rulings for the Brussels Convention, but not for the Lugano Convention. To minimize the risk of different interpretations of both Conventions, the Protocol 2, annexed to the Lugano Convention, requires the courts of the Contracting States to take account of the principles laid down in any relevant decision delivered by courts of other Lugano Contracting States (including the E.C.J., even though no explicit reference is made to the E.C.J. in the Lugano Convention). See MAYSS & REED, *supra* note 17, at 17-19, 27-29.

²¹ See KROPHOLLER, *supra* note 17, para. 55-57 Einl.

²² See GARY B. BORN, INTERNATIONAL CIVIL LITIGATION IN UNITED STATES COURTS, at 89, 938 (Kluwer Law International, ed., The Hague, 3rd ed. 1996); ARTHUR VON MEHREN, Recognition and Enforcement of Foreign Judgments: A New Approach for the Hague Conference?, 57 Law and Contemporary Problems 271, 274.

²³ See VON MEHREN, *supra* note 22, at 271-273.

²⁴ See MONIQUE JAMETTI GREINER & ANDREAS BUCHER, La Dix-septième session de la Conférence de La Haye de droit international privé, Schweizerische Zeitschrift für internationale und europäisches Recht 1994, 55, 58; *supra* Part 1.3.1.

²⁵ See VON MEHREN, *supra* note 22, at 273.

²⁶ Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, adopted by the Special Commission on October 30, 1999, <<http://www.hcch.net/e/conventions/draft36e.html>> (visited January 5, 2001).

Similar to the European Conventions, the draft Hague Convention contains a list of bases of jurisdictions that the state of origin is required to assume. Judgments resulting from such assumptions of jurisdiction have to be enforced in the state of recognition. Contrary to the European Conventions, the draft Hague Convention leaves a „grey“ group of bases of jurisdiction (so-called „mixed convention“²⁷). With respect to these bases of jurisdiction, the state of origin is free to assume jurisdiction or not and the state of recognition determines under national law whether judgments resulting from such assumption of jurisdiction in the grey zone are recognized and enforced²⁸. As for bases of jurisdiction in the grey zone the situation remains the same as in the absence of any treaty regulation, the practical significance of a convention like the draft Hague Convention largely depends on what bases of jurisdiction remain in the grey zone.

2 APPLICABLE LAW

2.1 Principle of Territoriality

In the whole field of intellectual property law, the so-called principle of territoriality determines the applicable law. The law of the state in which the patent is valid (law of the patent territory) not only governs the grant of the patent but also the rights derived from the patent. It determines the term of the patent, the scope of protection, the remedies available in infringement actions and all other relevant issues of substantive law. On the other hand, the principle of territoriality does not necessarily imply that all proceedings related to a patent have to be governed by the law of the patent territory and that only courts in the patent territory can have jurisdiction for such proceedings. At least in continental Europe, it is generally assumed that the principle of territoriality does not restrain a court from handling claims based on a foreign patent²⁹. Whereas the principle of territoriality is still unchallenged for all aspects of substantive patent law, the effects of the principle have been substantially mitigated by a reduction of the discrepancies between the different national laws³⁰.

2.2 Harmonization and Unification of Patent Laws

2.2.1 World Wide and European Treaties

The first steps to a internationalization of patent laws were made in the late nineteenth century under the Paris Convention for the Protection of Industrial Property (Paris Convention)³¹. Art. 4 of the Paris Convention sets up rules for claiming the priority of earlier applications in other Contracting States. The Patent Cooperation Treaty (PCT)³² established centralized international application proceedings, compulsory research and optional preliminary examination of the applications. The PCT, which became effective in 1978 and is valid now for almost 100 Contracting States, contains

²⁷ See VON MEHREN, *supra* note 22, at 283.

²⁸ See VON MEHREN, *supra* note 22, at 283; JAMETTI GREINER & BUCHER, *supra* note 24, at 59.

²⁹ See *infra* Part 4.2.

³⁰ See *infra* Part 2.2.

³¹ For text and status of the Convention see <<http://www.wipo.org/treaties/ip/paris>> (visited January 5, 2001).

³² For text and status of the Treaty <<http://www.wipo.org/treaties/registration/pct>> (visited January 5, 2001).

requirements for patentability (art. 33). The last step in the worldwide harmonization of patent laws was achieved under the TRIPS Agreement³³ which sets up not only standards for patentability (art. 27) but also minimal standards for the rights conferred by a patent (art. 28) and for provisional measures in intellectual property litigation (art. 50).

In Europe, where the European patent system (established under the EPC) still coexist with national patent systems, uniform not only applies to European Patents. Under the Strasbourg Convention³⁴, about half of the Contracting States to the EPC committed themselves to the harmonization of the national patent laws. However, unification and harmonization under the EPC and the Strasbourg Convention mainly extends to the patentability requirements and the scope of protection, not to the rights conferred by the patent. Only the Community Patent would be governed by a truly uniform patent law for the whole European Union³⁵.

2.2.2 Practical Effects of Harmonization and Unification

The replacement of historically developed national patent laws by internationally applicable uniform law or by harmonized national laws has significant effects on the practical possibilities to enforce claims based on foreign patents. If critical issues such as the scope of protection of a patent are governed by identical substantive law in the forum state and in the state where the patent is valid, the enforcement of the foreign patent is easier for the court and the parties and the courts are less reluctant to apply foreign law.

The unification of European patent law under the EPC is one of the main reasons why leading cases in the field of jurisdiction for torts or for joint defendants under the European Conventions are patent cases very often. Whether multiple defendants can be sued before the same court depends on whether the respective claims are related in a way „*that it is expedient to determine the actions together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings*“³⁶. In cases where multiple defendants are sued in different proceedings for the infringement of parallel patents (or different fractions of the same European patent) for selling the same product, contradictory decisions are considered „irreconcilable“ (and therefore should be avoided) because the uniform law should lead to identical decisions on the infringement issue. If the different forums had to decide the parallel cases under different substantive law, the issue of „irreconcilable“ decisions would not arise.

2.3 Issues not yet Harmonized

2.3.1 Ownership Issues

A patent can be owned by the inventor or by his successor in title (art. 60 EPC). Such succession has to be agreed upon in contracts, which are governed by national law. If the inventor is an employee of the patent owner, the assignment of the patent rights to

³³ Agreement on Trade-Related Aspects of Intellectual Property rights, for text see <http://www.wto.org/english/docs_e/legal_e/27-trips.pdf> (visited January 5, 2001).

³⁴ Convention on the Unification of Certain Points of Substantive Law on Patents for Invention, signed in Strasbourg on November 27, 1963

³⁵ See *supra* Part. 1.2.1.

³⁶ Art. 22 (3) Brussels Convention, *supra* note 14; see *infra* Part 4.4.

the employer is governed by labor law or by special legislation on employee's inventions and no choice of law is usually permitted for the assignment.

Under art. 60 EPC, the right to an employee's invention *shall be determined in accordance with the law of the State in which the employee is mainly employed; if the State in which the employee is mainly employed cannot be determined, the law to be applied shall be that of the State in which the employer has his place of business to which the employee is attached*. Instead of establishing uniform substantive law, the EPC establishes a uniform rule with regard to the conflict of laws. The substantive laws on employee's inventions are very different even among the Contracting States to the EPC. These laws are influenced by historical factors and by personality rights attributed to the inventor under national intellectual property law. Interestingly, under US patent law the inventor has a particularly strong position even though the employee's rights under labor law and the so-called „droits morales“ or personality rights in intellectual property law are less developed in the United States (as compared to continental Europe).

The law related to the ownership in patents is unlikely to become uniform or harmonized in the near future. Even in the Proposed Community Patent Regulation which would otherwise establish uniform rules for most aspects related to patents, the provision on the right to the patent has been copied from art. 60 EPC³⁷.

2.3.2 Damages Awarded for Infringements

In the United States, exemplary, punitive or vindictive damages have been established in the 19th Century as a means not to compensate for damage but to punish and prevent future wrongdoings³⁸. The provisions on remedies in the U.S. Patent Act clearly distinguish between compensatory damages („damages adequate to compensate for the infringement“³⁹) and additional damages. The court may increase the damages up to three times the amount found or assessed as being adequate to compensate for the infringement⁴⁰. Such treble damages are likely to run against public policy in the view of many European courts⁴¹.

In Europe, no similar concept of non-compensatory damages has been installed. Instead, compensatory damages are awarded in many cases for compensation of non-monetary damage, such as pain and suffering. Moreover, the defendant's behavior can often be taken into account to determine the damage award, and the costs related to litigation (including attorney's fees) are usually awarded to the successful plaintiff. In effect, the amount of punitive damage awards issued by a U.S. court does not always grossly exceed the overall amount a European court would award in the same case⁴².

Even though the damages awarded in Europe may not differ significantly between European states, the preconditions for the award of damages may differ, in particular with respect to the fault (negligence or willfulness) on the infringer's side and the statutes of limitation. The Proposed Community Patent Regulation contains a

³⁷ Art. 4 Proposed Community Patent Regulation.

³⁸ See KURT SIEHR, Zur Anerkennung und Vollstreckung ausländischer Verurteilungen zu „punitive damages“, *Recht der Internationalen Wirtschaft* 1991, 705, 706.

³⁹ 35 U.S.C. § 284 (1).

⁴⁰ 35 U.S.C. § 284 (3).

⁴¹ For the enforceability of such awards in Europe see *infra* Part 6.1.

⁴² See SIEHR, *supra* note 38, at 707-708.

provision on the calculation of damages that explicitly states that the damages shall not be punitive⁴³.

3 JURISDICTION AND RECOGNITION FOR INVALIDITY ACTIONS

Both in the United States and in Europe, there is an unchallenged understanding that the validity of registered intellectual property rights can only be challenged in the state for which the right is registered. The act-of-state doctrine⁴⁴ would most likely prevent U.S. courts from exercising jurisdiction over the validity of foreign patents⁴⁵. For the Contracting States to the Conventions, the same result is achieved under the Conventions. For invalidity cases, art. 16 (4) of the Conventions provides for exclusive jurisdiction of the court in the Contracting State for which the patent is registered⁴⁶. The applicability of art. 16 (4) does not depend upon the domicile of the defendant, it even applies if none of the parties is domiciled in a Contracting State⁴⁷. Technically, art. 16 (4) is not applicable if intellectual property rights registered in non-Contracting States such as U.S. patents are challenged⁴⁸. However, European courts would deny jurisdiction for invalidity proceedings against foreign patents based on analogous application of art. 16 (4)⁴⁹ or based on national principles of international private law.

The problematic issues about the review of the validity of foreign patents are about the invalidity defense in infringement cases. At least in continental Europe, it is well established that the courts can hear infringement claims based on foreign patents but the issue has been brought before the European Court of Justice whether such jurisdiction contradicts art. 16 (4) of the Conventions in cases in which the defendant raises the validity issue⁵⁰.

On neither side of the Atlantic, patent authorities would revoke a patent based on a foreign judgment that holds the patent invalid. The recognition of foreign judgments that hold a patent invalid usually depends on whether such judgment has been issued in the state for which the patent was granted. For the Contracting States to the European Conventions, art. 28 (1) Brussels Convention explicitly prohibits the recognition of a judgment that has been rendered in violation of art. 16 (4). If the Conventions are not applicable (for example, if US patents are challenged), national

⁴³ Art. 44 (2) Proposed Community Patent Regulation.

⁴⁴ The common-law principle that prevents U.S. courts from questioning the validity of a foreign country's sovereign acts within its own territory (BLACK'S LAW DICTIONARY 35 [7th ed. 1999]).

⁴⁵ See JOHN R. THOMAS, *Litigation Beyond the Technological Frontier: Comparative Approaches to Multinational Patent Enforcement, Law and Policy in International Business*, 27 *Law and Policy in International Business* 277, 315-16 (1996).

⁴⁶ Under the subtitle „Exclusive Jurisdiction“, art. 16 (4) provides:
The following courts shall have exclusive jurisdiction, regardless of domicile: ...
(4) in proceedings concerned with the registration or validity of patents (...) 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.

⁴⁷ Brussels Convention, *supra* note 14, art. 4; KROPHOLLER, *supra* note 17, art. 16 para. 6; MAYSS & REED, *supra* note 17, at 42.

⁴⁸ See KROPHOLLER, *supra* note 17, art. 16 para. 8.

⁴⁹ See *id.*

⁵⁰ See *infra* Part 4.2.

provisions prohibit recognition of invalidity judgments that have been issued in states other than the state for which the patent was granted⁵¹.

4 JURISDICTION FOR INFRINGEMENT ACTIONS UNDER THE EUROPEAN CONVENTIONS

4.1 General and Special Jurisdiction

The general rule in art. 2 of the Conventions provides for jurisdiction of the courts of the Contracting State in which the defendant is domiciled. This provision expresses the principle of „*actor sequitur forum rei*“, an old principle common in the procedural law of many states. Unlike other provisions in the Conventions, art. 2 only establishes jurisdiction of the courts of a particular Contracting State. It is no provision on venue, which is governed by the national law of the Contracting State.

In articles 5 and 6 of the Conventions, following the subtitle „Special Jurisdiction“, a number of situations is listed in which a defendant domiciled in a Contracting State may be sued in another Contracting State. In connection with patent litigation, art. 5 (3) and art. 6 (1) are important. Art. 5 (3) provides:

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.

Art. 6 (1) provides:

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.

Both provisions not only establish jurisdiction of the courts in a Contracting State; referring to „the courts for the place...“ they are provisions on venue at the same time⁵². Even though the fora under art. 5 and 6 are referred to as „alternative fora“⁵³, the courts competent as *forum delicti* or forum of joint defendants cannot be deliberately chosen instead of the *forum rei* under art. 2. The introduction to art. 5 states that the fora listed in art. 5 can be chosen if the defendant is sued „in another Contracting State“, not in the State in which he or she is domiciled. Even though the wording of art. 6 contains no such limitation, the fora in art. 6 are not at the plaintiff's disposition if the defendant is sued in the Contracting State in which he is domiciled. If the defendant is sued in the Contracting State in which he is domiciled, the jurisdiction of this State is always based on art. 2, not on art. 5 or 6⁵⁴. Thus the special fora under art. 5 and 6 could be called „subsidiary“ instead of „alternative“. They are considered exceptions to the principle of „*actor sequitur forum rei*“ set forth in art. 2. The European Court of Justice has pointed out that the provisions in art. 5 and 6 have to be interpreted in a narrow way because of their exceptional nature⁵⁵.

⁵¹ See, for example, art. 111 (2) of the Swiss Act on International Private Law that limits recognition of invalidity judgments to judgments rendered in state for which the patent was granted and to judgments rendered elsewhere that are recognized in the state for which the patent was granted.

⁵² See KROPHOLLER, *supra* note 17, para. 4 before art. 5.

⁵³ See MAYSS & REED, *supra* note 17, at 63.

⁵⁴ See KROPHOLLER, *supra* note 17, para. 3 before art. 5, art. 6 para. 2.

⁵⁵ Case 189/87, Kalfelis v. Schröder, 1988 E.C.R. 5565, 5585, see KROPHOLLER, *supra* note 17, para. 2 before art. 5.

4.2 Jurisdiction of the Defendant's Forum (Art. 2 of the Conventions)

It has always been clear that the courts at the defendant's domicile have jurisdiction for patent infringement cases if the patent is valid in the forum state. Such jurisdiction is governed by national law if the plaintiff is also domiciled in the forum state and by art. 2 of the Conventions if the plaintiff is domiciled elsewhere. Problems arise only in cases where the defendant is sued for the infringement of a foreign patent (i.e., a patent not valid in the forum state).

Even before the Conventions entered into force, European courts have occasionally accepted jurisdiction for infringement suits based on foreign patents or trademarks⁵⁶. In continental Europe it is generally assumed that the principle of territoriality does not restrain a court from handling claims based on a foreign patent. As a German court put it, territoriality only relates to the limits of the rights derived from the patent, not to the jurisdiction⁵⁷. However, cases have been rare in which actions were brought before European courts for the infringement of foreign patents and it remained unclear whether the courts in all Contracting States would accept jurisdiction for the infringement of foreign patents under art. 2 of the Conventions⁵⁸.

English courts have long taken a completely different view on the issue, refusing jurisdiction for the infringement of foreign intellectual property rights for two reasons. First, the English courts extended the rule that there is no jurisdiction to try disputes concerning title to foreign land to foreign intellectual property rights (*Moçambique rule*)⁵⁹. Second, under the *double actionability rule* the courts tried tort disputes only if the alleged tort was not justifiable both under the *lex fori* and the *lex loci delicti*⁶⁰. As the infringement of a foreign patent is no tort under the *lex fori*, the double actionability rule has been considered as prohibiting jurisdiction for the infringement of foreign intellectual property rights⁶¹.

Only recently the English courts have made significant steps to bring English law in line with the law in continental Europe. The double actionability rule was superseded by statutory law in 1996⁶². In 1997 the English High Court decided in *Pearce v. Ove Arup* that English courts can have jurisdiction for infringement claims based on foreign copyrights, holding that the Conventions supersede the *Moçambique rule*⁶³. However,

⁵⁶ See the German case reported in WILFRIED NEUHAUS, Das Übereinkommen über die gerichtliche Zuständigkeit und die Vollstreckung gerichtlicher Entscheidungen in Zivil- und Handelssachen vom 27. 9. 1968 (EuGVÜ) und das Luganer Übereinkommen vom 16. 9. 1988 (LugÜ), soweit hiervon Streitigkeiten des gewerblichen Rechtsschutzes betroffen werden, Mitteilungen der deutschen Patentanwälte 1996, 257, 261 and the Swiss case reported in Zeitschrift des Bernischen Juristenvereins 95 (1959), 75.

⁵⁷ Landgericht Düsseldorf, Case 4 O 165/97, Aug. 25, 1998, GRUR Int. 1999, 455, 456; NEUHAUS, *supra* note 56, at 261.

⁵⁸ NEUHAUS, *supra* note 56, at 261.

⁵⁹ British South Africa Co. v. Moçambique, 1893 App. Cas. 602; see ADRIAN BRIGGS & PETER REES, CIVIL JURISDICTION AND JUDGMENTS, Marginal 4.05 (2nd ed., LLP Ltd. 1997).

⁶⁰ Phillips v. Eyre, [1870] 6 L.R.-Q.B. 1; see MAYSS & REED, *supra* note 17, at 324-326.

⁶¹ See EVA-MARIA KIENINGER, Internationale Zuständigkeit bei der Verletzung ausländischer Immaterialgüterrechte: Common Law auf dem Prüfstand des EuGVÜ, GRUR Int. 1998, 281, 286-86.

⁶² Art. 10 Private International Law (Miscellaneous Provisions) Act 1995 (UK), effective May 1, 1996, see KIENINGER, *supra* note 61, at 285-86.

⁶³ Pearce v. Ove Arup Partnership Ltd., [1997] 2 W.L.R. 779, see KIENINGER, *supra* note 61, at 286.

there was a drawback in the same year when the first case after *Pearce v. Ove Arup* was decided that involved foreign patents. In *Coin Controls v. Suzo International*⁶⁴ the High Court decided that action for infringement of foreign patents can be brought before English Courts but it invoked art. 16 (4) of the Conventions. The court concluded from this provision that once the invalidity of the patent is raised as a defense in an infringement action, the English courts lose jurisdiction over the infringement suit based on foreign patents because the infringement lawsuit then becomes a proceeding „concerned with the registration or validity of patents“ which under art. 16 (4) is subject to the exclusive jurisdiction of the state where the patent is registered⁶⁵. It has been sharply criticized that under *Coin Controls v. Suzo* the defendant can easily block any infringement lawsuit based on foreign patent by raising the invalidity defense⁶⁶. The broad interpretation of art. 16 (4) in this decision can be seen as colliding with the earlier holding of the European Court of Justice in *Duijnste v. Goderbauer* that all actions related to patents other than invalidity actions, including infringement actions, are not governed by art. 16 (4)⁶⁷. However, the interpretation of art. 16 (4) has been brought before the European Court of Justice by the English Court of Appeal⁶⁸. In *Fort Dodge v. Akzo* the English defendant challenged an English patent before the competent English court and he claimed that this court also had exclusive jurisdiction for the infringement suit based on the English patent, barring the Dutch court from issuing a so-called cross-border injunction based on the same English patent. If the European Court of Justice accepted this broad interpretation of art. 16 (4), such ruling could mean the end of the pan-european injunctions⁶⁹. However, the *Fort Dodge* case was not decided on the merits by the E.C.J.

Another common law doctrine that could be used as an argument against jurisdiction over foreign patents is the doctrine of *forum non conveniens*⁷⁰. As the Conventions are supposed to establish a comprehensive system of jurisdiction and as their provisions are considered mandatory, there is no room for the doctrine of *forum non conveniens*. This view has been accepted by the English courts at least in cases in which the competing jurisdiction is a Contracting State to the Conventions. It remains unclear whether the Conventions completely bar the application of the doctrine of *forum non conveniens*, particularly if the competing jurisdiction is a non-Contracting State⁷¹.

4.3 Jurisdiction of the *Forum Delicti* (Art. 5 par. 3 of the Conventions)

The first of the two exceptions to the general rule of the *forum rei* under art. 2, which are relevant in the field of patent infringement cases, is the *forum delicti* under art. 5

⁶⁴ Coin Control Ltd. v. Suzo International (UK) Ltd. and others, [1997] 3 All E.R. 45.

⁶⁵ *Id.* at 60-61.

⁶⁶ See KIENINGER, *supra* note 61, at 288.

⁶⁷ Case 288/84, Duijnste v. Goderbauer, 1984 E.C.R., 3663, 3677 (Marginal 23).

⁶⁸ Fort Dodge Animal Health Ltd v Akzo Nobel NV, questions referred to European Court of Justice reported at [1998] Fleet Street Reports of Industrial Property Cases 222, 246-47.

⁶⁹ See WOLFGANG V. MEIBOM & JOHANN PITZ, Die europäische Transborderrechtssprechung stösst an ihre Grenzen, GRUR Int. 1998, 765, 769.

⁷⁰ See *infra* Part 5.4.

⁷¹ See KROPHOLLER, *supra* note 17, para. 20 before Art. 2; BRIGGS & REES, *supra* note 59, at marginal 2.222-2.232; MAYSS & REED, *supra* note 17, at 57-59.

(3) of the Conventions. Art. 5 (3) provides jurisdiction „in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred“⁷². In *Kalfelis v. Schröder* the European Court of Justice held that the expression „matters relating to tort, delict or quasi-delict“ has an autonomous meaning, covering all actions to seek liability of a defendant which are not related to a „contract“ within the meaning of art. 5 (1). The E.C.J. held that, as an exception of the general rule of art. 2, art. 5 (3) has to be interpreted in a narrow way and that the court having jurisdiction over an action in so far as it is based on tort does not have jurisdiction on the action in so far as it not based on tort⁷³. Patent infringements clearly may establish jurisdiction under art. 5 (3), but any related claims based on contracts (*i.e.*, license agreements) may not be heard by the court having jurisdiction under art. 5 (3)⁷⁴.

The „place where the harmful event occurred“ also has an autonomous meaning; it means both the place where the damage occurred and the place where the event, which caused the damage, took place. This principle has been established in the *Bier* case, a cross-border pollution case in which a Dutch plaintiff whose horticultural enterprise suffered damage caused by polluted water pumped from the river Rhine sued the French enterprise that polluted the Rhine by dumping large quantities of salt⁷⁵.

The *Bier* doctrine that provides jurisdiction wherever the damage occurs gives rise to *forum shopping* in many cases. Which courts can hear a case as a *forum delicti* is entirely governed by the Conventions as art. 5 (3) not only governs jurisdiction but also venue⁷⁶. In patent infringement cases, damage occurs wherever infringing products hit the market. Such scattered damage often allows the plaintiff to choose the venue within the Contracting State in which the patent is infringed. By basing the infringement action on a sale to a buyer located in a particular place, the plaintiffs can make sure that the case is heard by a court familiar with patent cases such as the German courts in Munich and Düsseldorf⁷⁷. The national court hearing the case as *forum delicti* is competent to render a judgment covering all infringement activities in the state concerned⁷⁸.

It is unclear whether a court having jurisdiction under art. 5 (3) can also hear claims based on foreign patents⁷⁹. Dutch courts have accepted jurisdiction under art. 5 (3) not only for the infringement of Dutch patents but also for the infringement of foreign patents⁸⁰. It has been argued that the principle of territoriality prohibits a court

⁷² *Supra* Part.4.1.

⁷³ Case 189/87, *Kalfelis v. Schröder*, 1988 E.C.R. 5565, 5586; see BRIGGS & REES, *supra* note 59, at marginal 2.144-2.145.

⁷⁴ See KROPHOLLER, *supra* note 17, para. 20 before Art. 2. License agreements very frequently contain jurisdiction clauses. Such clauses can override art. 5 (3), see art. 17 (4) of the Conventions.

⁷⁵ Case 21/76, *Bier v. Mines de Potasse d'Alsace*, 1976 E.C.R. 1735, 1746-48; see BRIGGS & REES, *supra* note 59, at marginal 2.154.

⁷⁶ See *supra* Part. 4.1.

⁷⁷ See CORINNA VOSSIUS & JOHN HEPWORTH, in BRIAN C. REID (ed.), *European Patent Litigation Handbook*, Marginal 5-27 (Sweet & Maxwell, London 1999).

⁷⁸ See DIETER STAUDER, *Anwendung des EWG-Gerichtsstands- und Vollstreckungsübereinkommens auf Klagen im gewerblichen Rechtsschutz und Urheberrecht*, GRUR Int. 1976, 465, 473.

⁷⁹ See VOSSIUS & HEPWORTH, *supra* note 77, at marginal 5-28.

⁸⁰ See JAN J. BRINKHOF, *Internationalisation of Patent Law, Transborder Injunctions and Summary Proceedings in the Netherlands*, p. 11 (Université Robert Schumann, Strasbourg, 1995); CONSTANT VAN NISPEN, in BRIAN C. REID (ed.), *European Patent Litigation Handbook*, Marginal 7-18 (Sweet & Maxwell, London 1999).

competent as *forum delicti* from hearing claims based on foreign patents. If a manufacturer in Italy produces goods that are patented both in Italy and Germany and exports these goods to Germany, there is jurisdiction in Germany under art. 5 (3) for the infringement of the German patent, but there is no German jurisdiction for the infringement of the Italian patent because neither the place where the damage occurs nor the place where the damage is caused are in Germany with respect to the infringement of the Italian patent: The delivery to Germany may infringe the German patent but does not trigger any liability under Italian patent law and the production in Italy as the event causing the harm cannot establish German jurisdiction either⁸¹.

In a 1995 decision (*Fiona Shevill v. Presse Alliance*) the European Court of Justice decided that in a defamation case, where a publication with allegedly defaming statements was distributed in several states, the defendant could bring suit either in the Contracting State where the editor of the publication was domiciled or in any of the Contracting States in which the publication was distributed. The E.C.J. held that in any of the latter states, where jurisdiction could be based only on art. 5 (3), the courts are only competent for the restitution of damage occurred in that state⁸². This case has been seen as relevant also for the question whether a court competent under art. 5 (3) has jurisdiction for the infringement of foreign patents and it has been referred to in recent German decisions denying such jurisdiction⁸³. Not only the German but also the Dutch courts are expected to restrict jurisdiction under art. 5 (3) to the infringement of domestic patents (i.e., patents granted for the forum state) after the *Fiona Shevill* decision of the E.C.J.⁸⁴.

Even though it may be assumed that with respect to the infringement of foreign patents, art. 5 (3) will be construed in a narrow way in the future, the provision is construed broadly in so far as it is not only applicable if an infringement has occurred. The E.C.J. has not yet decided the question but it is widely assumed that jurisdiction under art. 5 (3) can be established for preventive action in case of impending infringements⁸⁵.

It is not clear whether jurisdiction for the declaration of non-infringement could be derived from art. 5 (3). In a 1998 decision, the Court of Appeal in The Hague distinguished between infringement claims and claims for a declaration of non-infringement and held that a declaration of non-infringement could not be issued by a court having jurisdiction under art. 5 (3) - neither for the Dutch nor for foreign patents. The court also pointed out that in declarations of non-infringement no tort has been committed and therefore there is no court „where the harmful event occurred“ under art. 5 (3)⁸⁶. This interpretation of art. 5 (3) implies that claims for declaration of non-

⁸¹ Landgericht Düsseldorf, Case 4 O 165/97, Aug. 25, 1998, GRUR Int. 1999, 455, 457-58. See NEUHAUS, *supra* note 56, at 264; STAUDER, *supra* note 78, at 473-74, 477.

⁸² Case 68/93, Fiona Shevill et al. v. Presse Alliance SA, 1995 E.C.R. 415, 462.

⁸³ See DIETER STAUDER, Grenzüberschreitender Rechtsschutz für europäische Patente, GRUR Int. 1997, 859, 861; Landgericht Düsseldorf, Case 4 O 165/97, Aug. 25, 1998, GRUR Int. 1999, 455, 457; Landgericht Düsseldorf, Case 4 O 198-97, March 25, 1999, GRUR Int. 1999, 775, 777.

⁸⁴ See VAN NISPEN, *supra* note 80, at marginal 7-89; VAN MEIBOM & PITZ, *supra* note 69, at 768.

⁸⁵ See Landgericht Düsseldorf, Case 4 O 198-97, March 25, 1999, GRUR Int. 1999, 775, 778; KROPHOLLER, *supra* note 17, art. 2 para. 59.

⁸⁶ Evans Medical Ltd. v. Chiron Corporations and Chiron BV, Court of Appeal The Hague, January 21, 1998, 1998 E.I.P.R. N-61, N-62.

infringement against a patentee who is domiciled in a Contracting State have to be brought before a court in the Contracting State in which the patentee is domiciled⁸⁷.

4.4 Jurisdiction Over Joint Defendants (Art. 6 par. 1 of the Conventions)

As a second exception to the *forum rei*, art. 6 (1) provides for jurisdiction of a Contracting State over a defendant in another Contracting State „where he is one of a number of defendants in the courts for the place where any of them is domiciled“. Unlike art. 2, this wording refers not only to the jurisdiction of the Contracting State in which at least one of the defendants is domiciled but also to his place of domicile. As the wording of art. 6 (1) suggests, the joint defendants can only be sued at a place where one of them is domiciled. A particular court cannot accept jurisdiction in a case against a foreign co-defendant because one of the co-defendant lives in the Contracting State where the court is located; one of the co-defendants has to be domiciled in the court's district⁸⁸. Under this rule, the defendant who is sued outside the Contracting State in which he is domiciled therefore is not exposed to national law governing venue, except for the determination of the co-defendant's domicile under art. 2⁸⁹. Only a *forum rei* under art. 2 can be the forum of joint defendants under art. 6 (1), not the *forum delicti* under art. 5 (3)⁹⁰ and not the court having jurisdiction over a co-defendant who is not domiciled in a Contracting State⁹¹. The forum of joint defendants consequently is often referred to as the forum „under art. 6 (1) in connection with art. 2“.

The text of art. 6 (1) does not say anything about the conditions under which a plurality of defendants can be sued in the same court. In *Kalfelis v. Schröder* the E.C.J. ruled that for art. 6 (1) to apply there must exist between the various actions brought by the same plaintiff against different defendants a connection of such a kind that it is expedient to determine the actions together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings.⁹²

To limit the applicability of art. 6 (1) to sufficiently related claims against different defendants the E.C.J. chose the criterion set forth in art. 22 (3) of the Conventions to define actions which are related in a way that gives raise to a stay of proceeding under the *lis pendens* doctrine if both actions are pending before different courts⁹³. By using the criterion of art. 22 (3) to limit the applicability of the forum of joint defendants the E.C.J. acknowledges that the joint defendant who is sued outside the Contracting State where he is domiciled faces the same problems whether the jurisdiction of the foreign court is based on art. 6 (1) or whether he is deprived of his *forum rei* under art. 22 (3). The restrictions to the applicability of art. 6 (1) are governed by the

⁸⁷ *Id.* at N-62 (editor's comment).

⁸⁸ See Landgericht Düsseldorf, Case 4 O 198-97, March 25, 1999, GRUR Int. 1999, 775, 777.

⁸⁹ See *supra* Part 4.1.

⁹⁰ See KROPHOLLER, *supra* note 17, art. 6 para. 8.

⁹¹ Case 51/97, Réunion Européenne v. Spliethoff's Bevrachtungskantoor, 1998 E.C.R. 6511, 6548.

⁹² Case 189/87, Kalfelis v. Schröder, 1988 E.C.R. 5565, 5584.

⁹³ Art. 22 (3): „For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.“

Conventions. For the interpretation of art. 6 (1), no national law regarding jurisdiction over joint defendants is applicable⁹⁴.

In the field of patent infringement litigation, art. 6 (1) has been applied to joint defendants who sold identical products (stemming from a single manufacturer) in different Contracting States, thereby infringing parallel European patents. In such cases it can be argued that the patent infringement actions against the defendants are essentially the same in fact and law: The sale of identical products by different defendants can be considered the same facts and the infringement of equally worded fractions of the same European patent under the unified law on the scope of protection of such patent⁹⁵ raises the same questions of law. The possibility of suing the European distributors of a particular product before the same court could indeed eliminate the risk of undesirable inhomogeneities in the outcome of parallel infringement cases. However, the E.C.J. rejected to use the criterion whether the claims against several defendants are „substantially similar in fact and law“, in favor of the criterion set forth in art. 22 (3) of the Conventions, which the court considered to be stricter⁹⁶.

Dutch courts have applied art. 6 (1) to sue not only a Dutch company, but also the foreign parent company and affiliated companies in the same proceedings, for their infringement of the Dutch and foreign fractions of the same European bundle patent⁹⁷. If art. 6 (1) is applied in cases in which the joint defendants merely infringe the same European patent by selling the same product, the plaintiff has substantial opportunities for „forum shopping“ and among the potential defendants (who in many cases do not even know of each other's activities) there is a large uncertainty about where they could be sued. It has long been proposed that the application of art. 6 (1) in such cases of parallel patent infringements should be limited to cases in which there is some connection or affiliation between the joint defendants⁹⁸. German courts have required some kind of cooperation between the joint defendants in the course of the infringing activities⁹⁹. The differences between the German and the Dutch practice have been noted and criteria have been proposed for a test whether joint infringers could be sued together under art. 6 (1)¹⁰⁰. Among commentators, there is a widely shared understanding that art. 6 (1) should be applied to cases in which the different defendants act together in the form of a chain from the producer to the distributor to the commercial buyer. If the defendants just are distributors who receive the products from the same source without any interactions between them, it is considered inappropriate on the other hand to sue them as joint defendants. The argument is

⁹⁴ See KROPHOLLER, *supra* note 17, art. 6 para. 7.

⁹⁵ See *supra* Part 2.2.1.

⁹⁶ Case 189/87, *Kalfelis v. Schröder*, 1988 E.C.R. 5565, 5583-84, see MAYSS & REED, *supra* note 17, at 73.

⁹⁷ See BRINKHOF, *supra* note 80, at 11.

⁹⁸ See STAUDER, *supra* note 78, at 476-77.

⁹⁹ See WOLFGANG V. MEIBOM & JOHANN PITZ, *Grenzüberschreitende Verfügungen im internationalen Patentverletzungsverfahren*, *Mitteilungen der deutschen Patentanwälte* 1996, 181, 183.

¹⁰⁰ See WOLFGANG V. MEIBOM & JOHANN PITZ, *Cross-border Injunctions in International Patent Infringement Proceedings*, 1997 E.I.P.R. 469, 471; STAUDER, *supra* note 83, at 862-63.

made that in the first case the defendants „sit in the same boat“, whereas in the second case the defendants act independently of each other¹⁰¹.

Recently, Dutch courts have taken a step back. The Court of Appeal ruled in 1998 that art. 6 (1) does not allow to sue as joint defendants the Dutch infringer (for infringement of the Dutch patent) and the foreign infringers (for the infringement of the foreign patents belonging to the European bundle). One exception, however, was accepted: The court may derive jurisdiction from art. 6 (1) with regard to foreign defendants who infringe the foreign patents arising out of the European bundle, if these foreign defendants belong to the same group of companies and the European headquarters of that group of companies is located on the territory of the court¹⁰². This approach to the limitation of the applicability has been named the „spider in the web“ theory; the defendants can be sued as joint defendants if they form a web among themselves and the action has to be brought before a court located in the center of the web (the spider’s domicile). It is not clear yet whether the „spider in the web“ theory will be adopted by the European Court of Justice eventually. After the E.C.J. restricted jurisdiction under art. 5 (3) for tort committed abroad in the *Fiona Shevill* case, a rather narrow interpretation of art. 6 (1) can be expected if the E.C.J. continues to emphasize the territorial jurisdiction restrictions under the Conventions and the exceptional nature of art. 5 and 6¹⁰³.

For the application of art. 6 (1) to the infringement of parallel patents there is no requirement that either the defendant sued under art. 2 or one of his co-defendants are accused of infringing a patent valid in the Contracting state where the court is located. If art. 6 (1) is applicable, the court having jurisdiction over the joint defendants may be confronted with foreign patents only¹⁰⁴.

There is a debate whether art. 6 (1) of the Conventions is applicable against joint defendants in non-Contracting states even though the wording of the provision strongly suggests that it is not¹⁰⁵. However, the Conventions do not preclude national provisions on fora of joint defendants and art. 6 (1) can be applied analogously¹⁰⁶. Whether the actions against co-defendants are sufficiently related to each other to establish jurisdiction under art. 6 (1) of the Conventions or under analog national provisions does depend less on the domicile of the defendants than on the patents involved. If only parallel European patents are involved, the court at one of the defendants’ domicile might well accept jurisdiction as a forum for joint defendants (regardless of their domicile). It is not uncommon to include U.S. domiciliaries in the row of joint defendants¹⁰⁷. If the action against one or more of the defendants is based

¹⁰¹ See NEUHAUS, *supra* note 56, at 265-267; STAUDER, *supra* note 83, at 852-63; VON MEIBOM & PITZ, *supra* note 99, at 183-84; JAN BRINKHOF, Geht das grenzüberschreitende Verletzungsverbot im niederländischen einstweiligen Verfügungsverfahren zu weit?, GRUR Int. 1998, 489, 496.

¹⁰² Expandable Grafts Partnership v. Boston Scientific et al., Court of Appeal The Hague, April 23, 1998, 1998 E.I.P.R. N-132 (also reported in VAN NISPEN, *supra* note 80, at marginal 7-20). See the comments on the *Expandable Grafts* decision in REMCO DE RANITZ, Jan Brinkhof in Conversation with Remco de Ranitz, 1999 E.I.P.R. 142.

¹⁰³ See STAUDER, *supra* note 83, at 863; *supra* note 82 and accompanying text.

¹⁰⁴ See Landgericht Düsseldorf, Case 4 O 5-95, January 16, 1996 (summarized in STAUDER, *supra* note 83, at 862).

¹⁰⁵ See KROPHOLLER, *supra* note 17, art. 6 para. 5.

¹⁰⁶ See VAN NISPEN, *supra* note 80, at marginal 7-25; DUTCH CODE OF CIVIL PROCEDURE, art. 126 (7); KROPHOLLER, *supra* note 17, art. 6 para. 5.

¹⁰⁷ For example, U.S. manufacturers are sued as joint defendants together with their European distributors for infringement of European patents.

on U.S. patents, it is much harder to establish the relationship between the actions necessary to establish a forum of joint defendants under art. 6 (1) as it is hard to argue that contrasting judgments under European patent law on the one hand and under U.S. patent law on the other hand should be avoided.

4.5 Pending Proceedings as Obstacles to Infringement Proceedings

Under art. 21 (1) of the European Conventions, a court shall stay its proceedings if proceedings involving the same cause of action and between the same parties have been brought earlier before another court in another Contracting State until the jurisdiction of the court first seised is established. Art. 21 (2) provides: „Where the jurisdiction of the court first seised is established, any court other than the court first seised shall decline jurisdiction in favor of that court.“ This provision, which should avoid parallel proceedings in the same cause and avoid contradicting judgments, is accompanied by a similar provision for „related actions“¹⁰⁸. The court that has to decline jurisdiction cannot review the jurisdiction of the court first seised¹⁰⁹.

Under art. 21 of the Conventions, an action for the declaration of unenforceability of a claim is considered identical do an action enforcing the same claim¹¹⁰. Most national laws on civil proceeding allow actions for the declaration of non-infringement of intellectual property rights¹¹¹. If the alleged patent infringer seeks for a declaration of non-infringement before the patent owner sues for infringement, the court seised later has to decline jurisdiction under art. 21¹¹². Under the jurisdiction provisions of the Conventions, not only the patent owner but also the alleged infringer may have opportunities for „forum shopping“. As there are significant differences between the courts in the different Contracting States with regard to speed and efficiency of the proceedings, the parties might use the forum shopping opportunities to choose either a „slow“ or a „fast“ jurisdiction. As the Italian courts have long been known for slow proceedings, alleged infringers preferred to file actions for declaration of non-infringement to cause a stay of infringement proceedings that might be started later in „fast“ jurisdictions such as Germany or the Netherlands. This scheme has become known as „Italian Torpedo“ or „Belgian Torpedo“¹¹³.

The Italian Torpedo can jeopardize effective enforcement of a patent even if the court first seised has no jurisdiction for declaration of non-infringement. The infringement proceedings in the other Contracting State are stayed under art. 21 (1) of the Conventions until the court first seised renders a final judgment on its jurisdiction. As it may take time for the jurisdiction first seised to get to such final judgment, the plaintiff suffers from the delay even if the infringement proceedings can continue after the court first seised denies its jurisdiction. Whether the court first seised for an action for declaration of non-infringement has jurisdiction or not, for the plaintiff it might be a good idea to run to the courthouse faster than the alleged infringer¹¹⁴. Another

¹⁰⁸ Brussels Convention, *supra* note 14, art. 22, see *supra* Part 4.4.

¹⁰⁹ Brussels Convention, *supra* note 14, art. 28 (3).

¹¹⁰ Case 144/86, Gubisch v. Palumbo, 1987 E.C.R. 4861; KROPHOLLER, *supra* note 17, art. 21 para. 15.

¹¹¹ See MARIO FRANZOSI, Worldwide Patent Litigation and the Italian Torpedo, 1997 E.I.P.R. 382, 384.

¹¹² See Landgericht Düsseldorf, 4 O 127/97, February 27, 1998, GRUR Int. 1998, 804, 805.

¹¹³ See FRANZOSI, *supra* note 111, at 384.

¹¹⁴ See PETER E. HERZOG, Brussels and Lugano, Should You Race to the Courthouse or Race for a Judgment, American Journal of Comparative Law, Summer 1995, 379, 398.

countermeasure to the Italian Torpedo is a preliminary injunction. Even if the infringement proceedings have been stayed due to an action for declaration of non-infringement filed earlier, the infringement court can still issue a preliminary injunction against the infringer because the claim for a preliminary injunction is not considered identical to the claim in the main proceedings¹¹⁵.

4.6 New Developments in European Patent Litigation

Even though there are several ways to concentrate proceedings against the infringer of several fractions of a European patent under the European Conventions, patent owners still face a situation very often in which they have to file lawsuits in more than one Contracting States to obtain remedies for the infringement of the same European patent. Two ways are discussed at present to allow more cost effective enforcement of European patents in centralized European (instead of national) proceedings.

The 25-year-old project of the Community Patent has been revitalized in summer 2000¹¹⁶. Under the draft, a Community court for intellectual property would be established that has exclusive jurisdiction for infringement and invalidity proceedings related to European patents¹¹⁷. The said court would consist of a Chamber of First Instance and a Chamber of Appeal, having appellate jurisdiction for first instance judgments¹¹⁸.

Independently of the Community Patent project, an optional European Patent Litigation Protocol (EPLP) has been proposed as a supplement to the EPC. A working group has been installed in June 1999 for the drafting of a protocol related to proceedings based on European patents that would establish an integrated judicial system, uniform rules of procedure and a common court of appeal. As a variant, a system is discussed in which the courts of first instance would remain national and only the appellate court would be a European court¹¹⁹.

Besides from allowing more cost effective enforcement of European patents, the establishment of a uniform European jurisdiction for patent litigation would reduce the incentives for „forum shopping“, mitigate the „Italian Torpedo“ problems and lead to a more uniform interpretation of the European patent law.

5 JURISDICTION FOR INFRINGEMENT ACTIONS IN THE UNITED STATES

5.1 Subject matter jurisdiction, Personal Jurisdiction, Venue and Service of Summons

The question whether U.S. courts have jurisdiction over a specific dispute mainly turns on two issues: subject matter jurisdiction and personal jurisdiction. Unless both are established, any U.S. court can render no valid judgment. Subject matter jurisdiction refers to the class of cases to which a particular case belongs - irrespective of the parties involved. The issue of subject matter is of particular relevance with respect to

¹¹⁵ See KROPHOLLER, *supra* note 17, art. 21 para. 11.

¹¹⁶ See *supra* Part 1.2.1.

¹¹⁷ Art. 30 Proposed Community Patent Regulation.

¹¹⁸ Art. 39 Proposed Community Patent Regulation.

¹¹⁹ Structure Paper of an Optional Protocol on the Settlement of Litigation concerning European Patents <http://www.european-patent-office.org/news/pressrel/pdf/eplp_e.pdf> (visited January 5, 2001).

the distinction between state and federal jurisdiction; federal statutes enumerate classes of cases that are subject to federal jurisdiction - all other cases are subject to state jurisdiction. Personal Jurisdiction refers to the question whether a court has jurisdiction over a certain person (individual or corporation)¹²⁰. For the establishment of personal jurisdiction over a certain person, two requirements have to be met: A basis requirement (jurisdictional basis) that depends on a minimum amount of connections of the person with the court's district and a process requirement such as amenability to the service of summons¹²¹.

The questions of jurisdiction are interconnected with the constitutional guarantee of Due Process¹²². Judgments of courts lacking jurisdiction violate the Due Process Clause and are void¹²³. The Due Process Clause sets limitations on the interpretation of any statutes on jurisdiction and shields a defendant from unfair or unreasonable exercise of jurisdiction. Lack of jurisdiction is a valid ground for a state court or federal court to refuse the enforcement of another state court's judgment¹²⁴.

Venue, as a designation of the particular county or city in which a court „with jurisdiction“ may hear a case, does not refer to jurisdiction¹²⁵. Determination of venue as a choice among the courts having jurisdiction has become less important since the appellate jurisdiction of the Court of Appeals for the Federal Circuit largely eliminated the lack of geographical uniformity in patent law which induced forum-shopping in many cases¹²⁶.

Before a court may exercise jurisdiction over a defendant, there must be not only notice and a constitutionally sufficient relationship between the defendant and the forum, there also must be a basis for the defendant's amenability to service of summons¹²⁷. The summons as a formal notification of the defendant has to be sealed by the court's clerk but it is regularly delivered to the defendant by the plaintiff (together with a copy of the complaint)¹²⁸. The service is the physical mechanism for giving notice to the defendant that an action has been commenced¹²⁹. In patent cases, state law governs the service of summons even if the proceedings are held before federal courts. Statutes that provide for the service of summons to defendants outside the forum state (i.e., to out-of-state and foreign defendants) are called long-arm statutes¹³⁰. As a large number of long-arm statutes tend to extend the jurisdiction to

¹²⁰ See RICHARD T. HOLZMANN, INFRINGEMENT OF THE UNITED STATES PATENT RIGHT 210-211 (Quorum Books 1995)

¹²¹ See *infra*, end of this Part 5.1.

¹²² U.S. CONST. amend. V, XIV, § 1 („No person shall be ... deprived of life, liberty, or property, without due process of law ...“).

¹²³ *Pennoyer v. Neff*, 95 U.S. 714, 732-33 (1877).

¹²⁴ See LINDA MULLENIX ET AL., UNDERSTANDING FEDERAL COURTS AND JURISDICTION § 7.01[3][a] (Matthew Bender 1998).

¹²⁵ See HOLZMANN, *supra* note 120, at 210-211.

¹²⁶ See EMMETTE F. HALE, III, The 'Arising Under' Jurisdiction of the Federal Circuit: An Opportunity for Uniformity in Patent Law, *Florida State University Law Review*, Summer 1986, 229, 265.

¹²⁷ *Akro Corp. v. Luker*, 45 F.3d 1541, 1543 (Fed. Cir. 1995).

¹²⁸ Federal Rules of Civil Procedure 4 (a), (b), (c).

¹²⁹ See BORN, *supra* note 22, at 172.

¹³⁰ See BORN, *supra* note 22, at 68-69, 183.

the constitutional limits, the long-arm statutes become less significant for practical purposes¹³¹.

The law on jurisdiction in the United States does not generally provide for separate rules in cases with international contexts. For purposes of civil proceedings, the position of a non-resident of the United States is basically the same as the position of a person domiciled in a state other than the forum state within the United States. However, there are special statutory rules on venue if one of the parties is a „nonresident“ or an „alien“. If foreign patents are involved in a lawsuit, subject matter jurisdiction of the federal courts can become a critical issue¹³². The doctrine of *forum non conveniens*¹³³ plays a different role if the competing forum is foreign. For the determination of personal jurisdiction, the place where a defendant is domiciled as well as his contacts with the forum can be critical for the analysis under the applicable constitutional and statutory provisions¹³⁴.

5.2 Subject Matter Jurisdiction Based on U.S. and Foreign Patents

Under 28 U.S.C. § 1338 (a), the federal district courts have „*original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trade-marks.*“ The wording of the provision clearly does not refer to foreign patents („Acts of Congress relating to patents“). The fact that an action „arises under“ the Patent Act does not only invoke federal jurisdiction, it also means that appellate jurisdiction is with the Court of Appeals of the Federal Circuit (Federal Circuit). Under 28 U.S.C. § 1295 (a) (1) the Federal Circuit has appellate jurisdiction for final decisions of a district court „*if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title (..)*“. The Federal Circuit is applying its own law (rather than the law of the regional circuit in which the case arose) with respect to personal jurisdiction over out-of-state infringers and out-of-state patentees, as it does with respect to substantive patent law¹³⁵.

For claims based on foreign patents, several provisions have been invoked to establish jurisdiction of federal courts. Under the title „Supplemental Jurisdiction“, 28 U.S.C. § 1367 provides that „*in any civil action of which the district courts have original jurisdiction, the district courts shall have supplemental jurisdiction over all other claims that are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution.*“ The necessary relationship between the claims is established if the federal claim derives from „a common nucleus of operative facts“ with the state claim to be heard under supplemental jurisdiction¹³⁶. In cases in which claims are based both on the infringement of U.S. patents and foreign patents, supplemental jurisdiction can be invoked¹³⁷. In *Ortman v. Stanray*, the Court of Appeals confirmed that a complaint

¹³¹ See, for example, Cal. Code Civ. Proc. § 410.10 (1973): *A court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States.*

¹³² See *infra* Part 5.2.

¹³³ See *infra* Part 5.4.

¹³⁴ See *infra* Part 5.3.

¹³⁵ *Akro Corp. v. Luker*, 45 F.3d 1541, 1543 (Fed.Cir. 1995).

¹³⁶ *United Mine Workers of Am. v. Gibbs*, 383 U.S. 715, 725 (1966).

¹³⁷ See THOMAS, *supra* note 45, at 319-320 (reporting cases of pendent jurisdiction).

containing four separate causes of action for alleged infringement of U.S., Canadian, Brazilian and Mexican patents could be brought before the federal court¹³⁸. The district court came to the conclusion that the charges arising from the sale and manufacture of the same instrumentality in various countries arose from the same „nucleus of operative fact“¹³⁹.

Under 28 U.S.C. § 1338 (b), federal courts „have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trade-mark laws.“ This provision on „pendent jurisdiction“ was enacted to authorize a federal court to assume jurisdiction over a nonfederal unfair competition claim joined in the same case with a federal cause of action based on intellectual property rights, in an effort to avoid „piecemeal litigation“¹⁴⁰. In *Mars v. Kabushiki-Kaisha Nippon Conlux*, the plaintiff invoked unfair competition jurisdiction under 28 U.S.C. § 1338 (b), claiming that the infringement of a foreign patent constituted unfair competition under U.S. law. However, the Federal Circuit rejected this attempt to establish federal jurisdiction over a claim based on foreign patents¹⁴¹.

Under the „diversity jurisdiction“ provision of 28 U.S.C. § 1332 (a), federal district courts „have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$ 75,000 ... and is between

- (1) citizens of different States;
- (2) citizens of a State and citizens or subjects of a foreign state;
- (3) citizens of different States and in which citizens or subjects of a foreign state are additional parties...“¹⁴²

Diversity jurisdiction can be construed in many cases involving interstate or international trade and it is very often invoked as a „last resort“ to obtain federal jurisdiction. If the amount in controversy exceeds \$ 75,000 and if personal jurisdiction can be established, diversity jurisdiction for claims based on foreign patents can be established in many constellations involving parties from both the United States and abroad. In cases of diversity jurisdiction, the Federal Circuit has no appellate jurisdiction¹⁴³ and the plaintiff who can only invoke diversity jurisdiction to establish federal jurisdiction may run a higher risk that the case is dismissed under the doctrine of forum non conveniens¹⁴⁴.

5.3 Personal Jurisdiction of U.S. Courts

5.3.1 Constitutional Boundaries for Personal Jurisdiction

By the so-called Due Process Clause, the U.S. Constitution provides safeguards guaranteeing a minimal standard of procedural fairness in civil and criminal proceedings. Under the Fifth Amendment, which was introduced with the Bill of Rights

¹³⁸ Ortman v. Stanray Corp., 371 F.2d 154, 158 (7th Cir. 1967). The case was decided before 28 U.S.C. § 1967 was enacted in 1990.

¹³⁹ Ortman v. Stanray Corp., 163 USPQ 331, 334 (N.D. Ill 1969).

¹⁴⁰ See ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT 356-57 (4th ed., BNA Books 1998).

¹⁴¹ Mars Inc. v. Kabushiki-Kaisha Nippon Conlux, 24 F.3d 1368, 1372-73 (Fed. Cir. 1994).

¹⁴² The provision is based on U.S. CONST. art. III, § 2, cl. 1.

¹⁴³ See *supra* top of this Part 5.2.

¹⁴⁴ Mars Inc. v. Kabushiki-Kaisha Nippon Conlux, 24 F.3d 1368, 1375-76 (Fed. Cir. 1994); see *infra* Part 5.4.

as an instrument binding the federal authorities, „no person shall be ... deprived of life, liberty, or property, without due process of law“¹⁴⁵. The Fourteenth Amendment, introduced after the Civil War, conferred the same limits upon the sovereignty of the individual states¹⁴⁶. For jurisdiction questions in federal courts, technically both Due Process Clauses (of the Fifth and the Fourteenth Amendment) can be applicable, depending on the basis for federal jurisdiction. If federal jurisdiction is based on diversity of citizenship, the Fourteenth Amendment is applicable whereas the Fifth Amendment is applicable in cases involving the „arising under“ jurisdiction of 28 U.S.C. § 1338. However, the Federal Circuit applies the standards developed under the Fourteenth Amendment also to questions of personal jurisdiction in federal question cases, such as cases arising under patent law¹⁴⁷. The adjudatory jurisdiction, as well as the recognition and enforcement of judgments in the United States federal system have been defined by the Supreme Court's interpretation of the U.S. Constitution¹⁴⁸.

With respect to personal jurisdiction, the Due Process Clause requires that there must be a sufficient relationship between the defendant and the forum¹⁴⁹ and that there has to be a basis for the defendant's amenability to the service of summons¹⁵⁰. As a third requirement for the exercise of personal jurisdiction over a defendant, there has to be proper notice, informing the defendants of the pendency of an action and enabling them to present their objections¹⁵¹.

Unless there are specific federal statutes, the criteria for establishing jurisdiction and for the amenability to the service of summons are governed by state law - as is the recognition and enforcement of foreign judgments. Since the *Erie* decision, there is no federal common law in the field of civil proceedings¹⁵². The Due Process Clause sets boundaries for the state law on civil proceedings. However, if the applicable state law allows anything that is not unconstitutional, the focus is shifted to the constitutional analysis¹⁵³.

It is generally accepted that the Due Process Clause is also applicable to assertions of jurisdiction over foreigners¹⁵⁴. In cases with foreign defendants, however, the due process criterion of „minimum contacts“¹⁵⁵ to the forum is often replaced by the criterion of „aggregate contacts“ or „national contacts“ to the United States as a whole¹⁵⁶.

¹⁴⁵ U.S. CONST. amend. V.

¹⁴⁶ „... nor shall any State deprive any person of life, liberty or property, without due process of law“ (U.S. CONST. amend. XIV, § 1).

¹⁴⁷ *Akro Corp. v. Luker*, 45 F.3d 1541, 1544-45 (Fed. Cir. 1995).

¹⁴⁸ See FITZPATRICK, *supra* note 16, at 714.

¹⁴⁹ See *infra* Part 5.3.3.

¹⁵⁰ See *supra* Part 5.1.

¹⁵¹ *Akro Corp. v. Luker*, 45 F.3d 1541, 1543-44 (Fed. Cir. 1995); BLACK'S LAW DICTIONARY 517 (7th ed. 1999).

¹⁵² See *infra* Part 6.2.

¹⁵³ See *supra* Part 5.1 for the so-called long-arm statutes.

¹⁵⁴ *Asahi Metal Industry Co. V. Superior Court*, 480 U.S. 102, 113-115 (1987); BORN, *supra* note 22, at 92.

¹⁵⁵ See *infra* Part 5.3.3.

¹⁵⁶ See *infra* Part 5.3.5; GARY BORN, Reflections on Judicial Jurisdiction in International Cases, 17 GA. J. INT'L & COMP. L. 1, 10-11 (1987).

5.3.2 General and Specific Jurisdiction

The U.S. Supreme Court distinguishes two types of personal jurisdiction: „General“ jurisdiction on the one hand and „specific“ or „limited“ jurisdiction on the other hand. General jurisdiction permits a court to adjudicate *any* claim against a defendant, including claims that are not related in any way with the forum state¹⁵⁷. Specific jurisdiction stems from the defendant having certain minimum contacts with the forum state. A court having specific jurisdiction may only hear cases whose issues arise from those minimum contacts. The level of contacts required to establish specific jurisdiction is substantially less than that required for general jurisdiction¹⁵⁸.

General jurisdiction can be based on a permanent relationship between defendant and the state in which the court is located, such as presence in the territory, domicile, nationality, the organization of a company pursuant to the law of the state or the regular carrying on of business in the state¹⁵⁹.

For large, publicly held corporations it is usual to control their activities in each country through fully owned, separately incorporated corporate affiliates. The type of arrangements that are made within such multinational organizations determines to a significant extent whether a U.S. court can establish jurisdiction over the foreign parent company of a U.S. subsidiary¹⁶⁰. One of the main instruments on which the personal jurisdiction over foreign parent companies can be based is the *alter ego* theory. In *Hargrave v. Fibreboard Corp.* the Court of Appeals for the Fifth Circuit described the *alter ego* test as follows: „The degree of control exercised by the parent must be greater than that normally associated with common ownership and directorship. All the relevant facts and circumstances that surround the operations of the parent and subsidiary must be examined to determine whether two separate and distinct corporate entities exist.“¹⁶¹

5.3.3 „Minimum Contacts“ Between Defendant and Forum

The Supreme Court summarized the requirement of „minimum contacts“ and its rationale in a 1985 decision as follows:

*The Due Process Clause protects an individual's liberty interest in not being subject to the binding judgments of a forum with which he has established no meaningful contacts, ties or relations. By requiring that individuals have fair warning that a particular activity may subject them to the jurisdiction of a foreign sovereign, the Due Process Clause gives a degree of predictability to the legal system that allows potential defendants to structure their primary conduct with some minimum assurance as to where that conduct will and will not render them liable to suit.*¹⁶²

The „minimum contacts“ doctrine stems from the *International Shoe Co. v. Washington* decision that lifted territorial limits on juridical jurisdiction substantially. In *International Shoe*, the Supreme Court held that due process requires only that, in order to establish personal jurisdiction over a defendant not present within the territory of the forum, he has certain minimum contacts with this territory „such that the

¹⁵⁷ See BORN, *supra* note 22, at 77-78.

¹⁵⁸ See BORN, *supra* note 22, at 78.

¹⁵⁹ Restatement (Third) of the Foreign Relations Law of the United States § 421 (2) (1987).

¹⁶⁰ See BORN, *supra* note 22, at 151.

¹⁶¹ *Hargrave v. Fibreboard Corp.*, 710 F.2d 1154, 1160 (5th Cir. 1983).

¹⁶² *Burger King v. Rudzewicz*, 471 U.S. 462, 471-72 (1985).

maintenance of the suit does not offend “*traditional notions of fair play and substantial justice*”¹⁶³. In the *World-Wide Volkswagen Corp. v. Woodson* case, the Oklahoma courts accepted jurisdiction over product liability claims stemming from an accident in Oklahoma against a car dealership. The injured plaintiff in the product liability claim was moving from New York to Arizona, passing Oklahoma with no intent to stay there; the defendant was incorporated in New York and did no business in Oklahoma. The mere fact that it was foreseeable that the purchasers of the automobiles brought them to Oklahoma established no sufficient contact. The Supreme Court in *World-Wide Volkswagen* asked for „reasonableness“ on the one hand and questioned whether the defendant „purposefully avails itself of the privilege of conducting activities within the forum State“ on the other hand held¹⁶⁴.

5.3.4 Minimal Contacts Doctrine Applied to Patent Infringements

In *Akro Corp. v. Ken Luker* the Federal Circuit used a three-prong test for the due process inquiry for personal jurisdiction that later has been referred to as „Akro test“. In *Akro* the court required the following conditions for the establishment of personal jurisdiction:

1. Purposefully directed activities (directed at the forum state);
2. Relationship of these activities to the cause of action;
3. Constitutional reasonableness of jurisdiction¹⁶⁵.

One year before *Akro*, in the first case in which the Federal Circuit addressed personal jurisdiction in patent infringement suits, the court held that specific personal jurisdiction existed when a defendant „purposefully shipped the accused [product] into [the state] through an established distribution channel“¹⁶⁶. The first prong of the *Akro* test can be viewed as a generalization of this requirement. In *Akro*, a case in which the alleged infringer sought a declaratory judgment for non-infringement, the first prong of the *Akro* test was satisfied partly because the defendant sent warning letters to the alleged infringer¹⁶⁷.

Marketing activities can also constitute „purposefully directed activities“ towards the forum state. A defendant who sent promotional letters, solicited orders for models, sent videos and sample parts, issued price quotations to California residents, responded to e-mail requests for information and started some kind of cooperation with California residents, purposefully directed his activities to California¹⁶⁸. A „passive“ web page, on the other hand, is no sufficient basis for personal jurisdiction just because it can be accessed from the forum state. This is true even if the content of the web page constitutes an „offer for sale“ under 35 U.S.C. § 271 (a); the offer for sale is not purposefully directed at the forum state in these cases¹⁶⁹.

¹⁶³ International Shoe v. Washington, 326 U.S. 310, 316 (1945) (emphasis added).

¹⁶⁴ World-Wide Volkswagen v. Woodson, 444 U.S. 286, 297 (1980).

¹⁶⁵ Akro Corp. v. Luker, 45 F.3d 1541, 1545 (Fed.Cir. 1995).

¹⁶⁶ Beverley Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1588, 1565 (Fed. Cir. 1994); See DONALD S. CHISUM, CHISUM ON PATENTS, § 21.02[3] (June 1999 Cumulative Supplement).

¹⁶⁷ Akro Corp. v. Luker, 45 F.3d 1541, 1546 (Fed.Cir. 1995).

¹⁶⁸ 3D Systems, Inc. v. Aarotech Laboratories, Inc., 160 F.3d 1373, 1378 (Fed. Cir. 1998).

¹⁶⁹ Agar Corp. Inc. v. Multi-Fluid Inc., 45 USPQ 2d 1444, 1447 (S.D. Tex. 1997).

5.3.5 Aggregate Contacts Doctrine in Cases Against Foreign Infringers

Under the standard due process analysis of „minimum contacts“, the contacts between the defendant and the state forum within the United States are relevant. The Due Process Clause serves „as an instrument of interstate federalism“¹⁷⁰. This function is not required in cases in which the question is not which of several U.S. courts should have jurisdiction but whether a U.S. court should have jurisdiction at all. It has been argued that due process or traditional notions of fair play should not immunize an alien defendant from suit in the United States simply because each state makes up only a fraction of the substantial market for the offending product¹⁷¹.

There has been a split of authority over whether the court can consider the aggregate of contacts with the various states in the United States or whether it must consider only the contacts with the particular state¹⁷². After the „aggregate contacts,“ issue was addressed in a 1993 amendment of Federal Rule of Civil Procedure 4(k), it has been concluded that the new Rule 4(k)(2) also means that the court may exert jurisdiction over foreign defendants for claims arising under federal law when the defendant has sufficient contacts with the nation as a whole but is without sufficient contacts with a state to satisfy the due process concerns of the long-arm statute of any one state¹⁷³.

5.3.6 Stream of Commerce Doctrine

In the *World-wide Volkswagen* case, the Supreme Court held that the forum state does not exceed its power if it asserts personal jurisdiction over a corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum state¹⁷⁴. In *Asahi Metal Industry Co. v. Superior Court of California*, the Supreme Court refined the „stream of commerce“ doctrine and came to the conclusion that „[t]he placement of a product into the stream of commerce, without more, is not an act of the defendant purposefully directed toward the forum State. Additional conduct of the defendant may indicate an intent or purpose to serve the market in the forum State, for example, designing the product for the market in the forum State, advertising in the forum State, establishing channels for providing regular advice to customers in the forum State, or marketing the product through a distributor who has agreed to serve as the sales agent in the forum State.“¹⁷⁵ As this part of the opinion was only supported by a narrow majority of the court, the *Asahi* decision did not clarify really the stream of commerce doctrine¹⁷⁶. The disagreement within the Supreme Court led to sharply divided subsequent decisions of lower courts¹⁷⁷.

¹⁷⁰ World-Wide Volkswagen v. Woodson, 444 U.S. 286, 294 (1980).

¹⁷¹ See BORN, Reflections, *supra* note 156, at 10.

¹⁷² See CHISUM, *supra* note 166, § 21.02[3]b (Rel. 48-11/93).

¹⁷³ Agar Corp. Inc. v. Multi-Fluid Inc., 45 USPQ 2d 1444, 1451 (S.D. Tex. 1997).

¹⁷⁴ World-Wide Volkswagen v. Woodson, 444 U.S. 286, 297-98 (1980).

¹⁷⁵ Asahi Metal Industry Co. v. Superior Court of California, 480 U.S. 102, 112 (1986).

¹⁷⁶ Vermeulen v. Renault U.S.A., Inc., 985 F.2d 1534, 1548 (11th Cir. 1993) („... the current state of the law regarding personal jurisdiction is unsettled“).

¹⁷⁷ See BORN, *supra* note 22, at 139-140.

5.4 The Doctrine of Forum non Conveniens

The Latin expression for „an unsuitable court“ stands for the doctrine that an appropriate court - even though competent under the law - may divest itself from jurisdiction if, for the convenience of the litigants and the witnesses, it appears that the action should proceed in another forum in which the action might originally have been brought¹⁷⁸. In *Gulf Oil Co. v. Gilbert*, the Supreme Court explicitly recognized the doctrine of forum non conveniens in 1947, reasoning that „a court may resist imposition upon its jurisdiction even when jurisdiction is authorized by the letter of a general venue statute.“¹⁷⁹

The party moving for forum non conveniens dismissal must demonstrate (1) the existence of an adequate alternative forum and (2) that the balance of relevant private and public interest factors favor dismissal¹⁸⁰. A competing forum can be „inadequate“ for various reasons such as lack of the plaintiff’s effective access to the foreign forum, effects of foreign forum’s bias, the foreign forum’s lack of jurisdiction over defendants and the effect of differences between U.S. and foreign procedures¹⁸¹. However, U.S. courts are generally reluctant to consider foreign forums inadequate merely because foreign procedures differ from those in the United States¹⁸².

In some federal circuits it is assumed that a federal district court may not dismiss an action on forum non conveniens grounds if U.S. law governs the action¹⁸³. An action based on a U.S. patent therefore should not be dismissed on forum non conveniens grounds. If an action is based on the infringement of foreign patents, on the other hand, a U.S. court is likely to invoke the doctrine of forum non conveniens. In a dictum in *Mars Inc. v. Kabushiki-Kaisha Nippon Conlux*, the Federal Circuit noted that the district court’s findings that claims based on a Japanese patent could be dismissed under the doctrine of forum non conveniens were not clearly erroneous. The public interest factors invoked by the district court included the interest in having the trial in a forum that is at home with the law that must govern the action, the avoidance of unnecessary problems in the application of foreign laws and the local interest in having localized controversies decided at home¹⁸⁴. It has been criticized that such rigorous application of the forum non conveniens doctrine indicates that a U.S. court would rarely assume jurisdiction over a foreign patent dispute¹⁸⁵.

¹⁷⁸ BLACK’S LAW DICTIONARY 665 (7th ed. 1999).

¹⁷⁹ *Gulf Oil Co. v. Gilbert*, 330 U.S. 501, 507 (1947); see MICHAEL L. ULTSCH, Die Forum-non-conveniens-Lehre im Recht der USA (insbesondere Floridas), *Recht der internationalen Wirtschaft* 1997, 26, 27.

¹⁸⁰ *Creative Technology, Ltd. v. Aztech Sys. PTE, Ltd.*, 61 F.3d 696, 699 (9th. Cir. 1995); see MULLENIX ET AL., *supra* note 124, § 9.21[2].

¹⁸¹ See BORN, *supra* note 22, at 352.

¹⁸² See BORN, *supra* note 22, at 353.

¹⁸³ See MULLENIX ET AL., *supra* note 124, § 9.23.

¹⁸⁴ *Mars Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368, 1376 (Fed. Cir. 1994).

¹⁸⁵ See THOMAS, *supra* note 45, at 324.

6 RECOGNITION OF FOREIGN INFRINGEMENT JUDGMENTS

6.1 Recognition in Europe

The „free flow of judgments“ is one of the main objectives of the Brussels and Lugano Conventions. Under art. 26 of the Conventions, „[a] judgment given in a Contracting State shall be recognized in the other Contracting States without any special procedure being required.“ If such judgments are enforceable in the originating state, they are enforced in another Contracting State after they have been declared enforceable there¹⁸⁶. The domicile or nationality of the parties is no criterion for the applicability of the recognition and enforcement provisions¹⁸⁷. However, the addressed court can refuse recognition „if such recognition is contrary to public policy in the State in which recognition is sought.“¹⁸⁸ Under the Conventions, foreign judgments must not be reviewed as to their substance¹⁸⁹. As a general rule, not even the jurisdiction of the court issuing the judgment may be reviewed¹⁹⁰.

As only judgments rendered in other Contracting States are recognized under the provisions of the Conventions¹⁹¹, the recognition and enforcement of judgments rendered in non-Contracting States is therefore subject to national law. The respective provisions are either considered part of the international private law or of the civil proceedings legislation. In Germany for example, the recognition of foreign judgments is governed by § 328 of the Code of Civil Procedure (Zivilprozessordnung, ZPO). This provision is worded as a negative list of grounds for refusal of recognition (assuming recognition of foreign judgments as a general rule), excluding recognition, inter alia, if the foreign state had no jurisdiction¹⁹², if there has been some fault in the service of the proceedings, in cases of obvious incompatibilities with German legal principles and in the absence of any guarantee of reciprocity¹⁹³.

As far as the recognition and enforcement of U.S. judgments is concerned, the recognition of awards of non-compensatory damages often gives rise to material public policy defenses¹⁹⁴. The German Federal Court of Justice (BGH) gave an extensive opinion on the recognition and enforcement of non-compensatory damages awards in a 1992 decision¹⁹⁵. The BGH held that substantial punitive or exemplary damages exceeding the amount needed for the compensation of actual damage are not enforceable in Germany usually because such enforcement would be contrary to

¹⁸⁶ Brussels Convention, *supra* note 14, art. 31 (1).

¹⁸⁷ See MAYSS & REED, *supra* note 17, at 310.

¹⁸⁸ Brussels Convention, *supra* note 14, art. 27 (1).

¹⁸⁹ Brussels Convention, *supra* note 14, art. 29.

¹⁹⁰ Brussels Convention, *supra* note 14, art. 28 (3). This provision also prohibits the application of the public policy test to the rules related to jurisdiction.

¹⁹¹ Brussels Convention, *supra* note 14, art. 26, 31.

¹⁹² § 328 (1) ZPO. It has to be examined whether the court issuing the judgment would have jurisdiction to decide the matter if the German ZPO had applied there (see VOSSIUS & HEPWORTH, *supra* note 77, at marginal 5-145). For a summary of § 328 of the German ZPO in English see BORN, *supra* note 22, at 942.

¹⁹³ § 328 (2), (4), (5) ZPO (Germany).

¹⁹⁴ See *supra* Part 2.3.2.

¹⁹⁵ BGH decision of June 4, 1992, Case IX ZR 149/91, ZIP 1992, 1256.

the „ordre public“ (public policy). This German view is shared in other European jurisdictions and in non-European civil law jurisdictions¹⁹⁶.

Public policy arguments are also made with respect to procedural issues of law. However, the BGH did not consider the carrying out of extensive pre-trial discovery procedures in U.S. litigation as ground for a public policy defense against the recognition of U.S. judgments in Germany¹⁹⁷ and it confirmed that a contingency fee agreement between the plaintiff's attorney and the plaintiff (which would be void under German law) cannot give rise to the public policy defense¹⁹⁸.

6.2 Recognition in the United States

Foreign judgments are recognized in the United States under the principle of comity. Comity can be defined as „*the respect a court of one state or jurisdiction shows to another state or jurisdiction in giving effect to the other's laws and judicial decisions*“¹⁹⁹. It is neither a matter of absolute obligation nor a matter of mere courtesy and good will²⁰⁰. The United States are not party to any international agreement regarding the mutual recognition of judgments, there is no federal statute governing the issue and the impact of federal common law is very little²⁰¹. Even though it is not clear whether federal or state law governs the recognition of foreign judgments, it is generally assumed that such recognition is governed by state law unless the judgment resulted from a federal question case (such as a case based on a US patent)²⁰². Fortunately, the relevant state laws and the respective federal law do not much differ, most of the relevant state laws have their roots in the *Hilton v. Guyot* decision in which the Supreme Court set general principles of comity and reciprocity in connection with the recognition and enforcement of foreign judgments²⁰³. The conditions set forth in *Hilton* for the recognition of a foreign judgment included the opportunity for a fair trial abroad, a trial before a court of competent jurisdiction and a trial conducted upon regular proceedings²⁰⁴. In *Hilton v. Guyot*, no explicit reference to a public policy exception was made but the court's opinion was interpreted as giving a sound basis for the rule that a U.S. court need not recognize a foreign judgment that is contrary to the forum's public policy²⁰⁵.

With respect to foreign judgments related to a U.S. intellectual property rights, it is likely that a U.S. court would refuse recognition, either because the foreign court is deemed not to have subject matter jurisdiction or because the public policy defense would be successful. However, there is sparse authority to this issue²⁰⁶.

As far as foreign judgments related to foreign intellectual property rights are concerned, the recognition can be refused if the proceedings before the foreign court

¹⁹⁶ See the decision issued by the Japanese Supreme Court on July 11, 1997, reported in 30 IIC 480, 482 (1999).

¹⁹⁷ BGH, *supra* note 195, at 1261-62.

¹⁹⁸ BGH, *supra* note 195, at 1264.

¹⁹⁹ BLACK'S LAW DICTIONARY 262 (7th ed. 1999).

²⁰⁰ See BORN, *supra* note 22, at 940.

²⁰¹ See BORN, *supra* note 22, at 938-39, 961.

²⁰² *Glaverbel SA v. Northlake Marketing & Supply Inc.*, 48 USPQ2d 1344, 1347 (N.D. Ind. 1998).

²⁰³ *Hilton v. Guyot*, 159 U.S. 113 (1895).

²⁰⁴ *Hilton v. Guyot*, 159 U.S. 113, 202-203 (1895).

²⁰⁵ See BORN, *supra* note 22, at 974.

²⁰⁶ See THOMAS, *supra* note 45, at 305-06.

did not meet certain minimal standards. Such arguments are heard with more or less skepticism, depending on the jurisdiction from where foreign judgment originates. It has been noted that „U.S. courts appear far more willing to enforce Western European judgments (and particularly English judgments) than those of other nations“²⁰⁷. Federal courts have held that for the foreign proceedings, in order to meet the minimal standards for recognition of the resulting judgment, the degree of similarity between the foreign proceedings and the U.S. proceedings does not matter. What matters is the „basic fairness of the foreign procedures“²⁰⁸. For these reasons, the lack of American-style discovery in Belgian patent infringement proceedings does not lead to the unenforceability of the respective judgment in the United States²⁰⁹.

7 THE „HAGUE COMPROMISE“

7.1 An Attempt to Marry Different Systems

Even though the project for a Hague Convention on Jurisdiction and Foreign Judgments was never intended to be binding only for Europe and the United States, most of the provisions of have their roots in the European tradition or in U.S. law – or in both. As it shall be shown for two important jurisdiction provisions, the rules are often based on provisions known from the European Conventions and adapted according to specific concerns raised under U.S. constitutional law²¹⁰.

Not only in the jurisdiction provisions but also in the recognition provisions, attempts are made to mitigate incompatibilities between European and American law. For damage awards, art. 33 (1) Draft Hague Convention substantially limits the obligation to recognize and enforce:

*In so far as a judgment awards non-compensatory, including exemplary or punitive, damages, it shall be recognized at least to the extent that similar or comparable damages could have been awarded in the State addressed.*²¹¹

This limitation takes into account the fact that European courts tend to refuse recognition and enforcement of damage awards if such damages exceed the compensation of effective losses²¹².

7.2 Jurisdiction Provisions Relevant to Patent Litigation

7.2.1 Special Jurisdiction at the Situs of the Tort

Under art. 10 para. 1 of the Draft Hague Convention, a plaintiff could „bring an action in tort or delict in the courts of the State -

a) *in which the act or omission that caused injury occurred -*

b) *in which the injury arose, unless the defendant establishes that the person claimed to be responsible could not reasonably have foreseen that the act or omission could result in an injury of the same nature in that State.“*

²⁰⁷ BORN, *supra* note 22, at 985.

²⁰⁸ Ingersoll Milling Mach. Co. v. Granger, 833 F.2d 680, 688 (7th Cir. 1987).

²⁰⁹ Glaverbel SA v. Northlake Marketing & Supply Inc., 48 USPQ2d 1344, 1348 (N.D. Ind. 1998).

²¹⁰ See *infra* Part 7.2.

²¹¹ In Art. 33 (2) a) Draft Hague Convention (*supra* note 26), recognition and enforcement is further limited in case of „grossly excessive damages,“.

²¹² See *supra* Part 6.1.

This wording is more precise than the corresponding art. 5 (3) of the European Conventions that merely refers to the „place where the harmful event occurred“. In the *Bier* case the European Court of Justice ruled that this expression referred to the place where the damage occurred as well as to the place where the event that caused the damage took place²¹³. The wording of the Draft Hague Convention refers to both of these places.

The exception in art. 10 (1) (b) with respect to the situs of the damage that could not reasonably have been foreseen was introduced because a jurisdiction merely based on the place of injury would raise constitutional issues under the Due Process Clause of the U.S. Constitution²¹⁴. Under the „minimum contacts“ doctrine for the establishment of personal jurisdiction, the question whether the defendant could foresee being subject to the jurisdiction of the forum state is an important factor for the determination of the constitutionality of the assumption of jurisdiction²¹⁵.

7.2.2 Jurisdiction for Multiple Defendants

Under art. 14 (1) Draft Hague Convention,

A plaintiff bringing an action against a defendant in a court of the State in which that defendant is habitually resident may also proceed in that court against other defendants not habitually resident in that State if -

a) the claims against the defendant habitually resident in that State and the other defendants are so closely connected that they should be adjudicated together to avoid a serious risk of inconsistent judgments, and

b) as to each defendant not habitually resident in that State, there is a substantial connection between that State and the dispute involving that defendant.

Like the provision on the jurisdiction based on the situs of the tort, the provision on jurisdiction for multiple defendants is based on a corresponding provision in the European Conventions, clarified based on the case law of the European Court of Justice and amended by including a limitation that should solve due process issues under the U.S. Constitution.

Whereas the corresponding provision in art. 6 (1) of the Convention does not specify any conditions under which a group of defendants could be sued in one forum, the E.C.J. ruled in *Kalfelis v. Schröder* that the actions brought against the different defendants had to be of such a kind that it is expedient to determine them together in order to avoid the risk of irreconcilable judgments²¹⁶. This requirement is reflected in subsection a) of art. 14 (1) Draft Hague Convention. The additional condition in subsection b), calling for a „substantial connection“ between the forum State and the Dispute involving the defendant, addresses situations in which there are insufficient „minimal contacts“ to establish personal jurisdiction under the Due Process Clause.

²¹³ Case 21/76, *Bier v. Mines de Potasse d'Alsace*, 1976 E.C.R. 1735, 1746-48; see *supra* Part 4.3.

²¹⁴ Attorney-General's Department of the Commonwealth of Australia: Issue Paper 2 of July 1999 on the Draft Hague Convention, para. 3.21 (<<http://www.law.gov.au/publications/hagueissue2/issuespaper2.html>> (visited January 5, 2001).

²¹⁵ See *supra* Part 5.3.3.

²¹⁶ Case 189/87, *Kalfelis v. Schröder*, 1988 E.C.R. 5565; see *supra* Part 4.4.

8 CONCLUSIONS

It has been criticized that a „chaotic array of judicial decisions“ defines the limits of adjudicatory jurisdiction within the U.S. federal system²¹⁷. It has also been criticized that the legal situation under the European Conventions is blatantly discriminating against defendants not domiciled in Contracting States²¹⁸. The latter criticism is not contested in Europe but European commentators would rather state that the problems related to non-Contracting States „were not taken into account properly“ when the European Conventions were drafted²¹⁹.

For a variety of reasons, it would be a big advantage to have a set of easily applicable common rules of jurisdiction not only for Europe and the United States but for as many states as possible. Depending on the simplicity of the rules it would make it a lot easier to foresee for potential defendants when a foreign court might assume jurisdiction over their actions. Moreover, rules with a *numerus clausus* of acceptable bases of jurisdiction would eliminate discrimination at least with respect to Contracting States. If the rules on acceptable bases of jurisdiction are clear and narrow enough, there is less need for exceptions from these rules, which have to be based on public policy concerns or the doctrine of *forum non conveniens*²²⁰.

Particularly in Europe, some national markets are small and the trade barriers between these markets are getting lower. Marketing activities, production and distribution systems are increasingly arranged in a way that does not consider national borders (in particular, if online sales channels are used). The need for litigation in every state in which an infringing product is sold is not only very inefficient but also an anachronism in a time of more and more transnational economic activities. In smaller states, it is often just not worth the money to enforce patent rights unless there is a way to get a judgment that clarifies the situation for more than one national market.

The concentration of proceedings only makes sense if the judgment rendered in one state is recognized in the other states concerned. The concentration of proceedings also implies the application of foreign law. The best way to overcome the still widespread reluctance of most courts to apply foreign law is to diminish the differences between the different laws by either replacing national laws by supranational law or harmonizing national laws. In patent law, this process of harmonizing and unifying law is more advanced than in other fields of intellectual property law. The fact that the harmonization made it much easier to understand foreign patent law is interconnected with the fact that in patent litigation more extensive use is made of the jurisdiction provisions of the European Conventions than in other fields of litigation. As the harmonization of patent laws continues on a worldwide level, „transnational“ patent litigation will become a viable alternative to expensive multiple litigation in many cases – if there is a reliable framework of jurisdiction and recognition provisions valid in all jurisdictions that have a connection to a particular case. Whether the Hague Convention project will be successful or not in the near future, for the patent litigator it is well worth the effort to discuss a system of jurisdiction and recognition that extends beyond Europe.

²¹⁷ See FITZPATRICK, *supra* note 16, at 744.

²¹⁸ See FITZPATRICK, *supra* note 16, at 705, n. 36.

²¹⁹ See KROPHOLLER, *supra* note 17, art. 6 para. 5.

²²⁰ See ULTSCH, *supra* note 179, at 29-30.

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