

Scope of the exclusive jurisdiction in intellectual property matters under Brussels Convention/Regulation

*PERTEGAS-SENDER, M., Cross border enforcement of patent rights, Oxford University Press 2002 ; STAUDER Dieter, RO SPATT von, Peter and Maximilian "Protection transfrontalière des brevets européens"; GRZEGORCZYK, P., Jurysdykcaj krajowa w sprawach dotyczących patentów europejskich, Kwartalnik prawa Prywatnego 2005.1059-1133 ; KRUGER, T Civil jurisdiction rules of the European Union and their impact on third States, (doctoral dissertation) KULeuven ed. 2005; DUTSON, S., The infringement of foreign intellectual property rights – a restatement of the terms of engagement, Int'l & Comp L.Q., 1998.659-679; FENTIMAN, R., Intellectual Property and the Brussels Convention, C.L.J., 1997.503 DOGAUCHI, M. & HARTLEY, T., Preliminary Draft Convention on exclusive choice of court agreements, Draft Report, available at www.hcch.net
JOHNSON, Alan, "London moves closer to Dusseldorf" February 2006 available at <http://www.managingip.com/includes/magazine/PRINT.asp?SID=610598&ISS=21306&PUBID=34>*

Comments to the ECJ decision of November 15, 1983 in case 288/82 Duijnste v Goderbauer, [1983] 3663: Bonet, Georges: Revue trimestrielle de droit européen 1984 p.316; Hartley, Trevor: European Law Review 1984 p.64-66 Stauder, Dieter: Praxis des internationalen Privat- und Verfahrensrechts 1985 p.76-79; Bonet, Georges: Revue critique de droit international privé 1984 p.366-372; Stauder, Dieter: International Review of Industrial Property and Copyright Law 1985 p.593-598

1. Litigation of intellectual property rights implies different categories of proceedings. The most important in practice for the moment in Europe are the proceedings relating to the infringement of intellectual property rights. Other category includes proceedings concerned with registration, revocation and validity of rights. Finally, there are proceedings which have their source in a breach of contract or proceedings concerning the ownership.
2. In 1968 the Brussels Convention introduced in its article 16.4 the exclusive jurisdiction for the proceedings concerned with the validity or registration of certain intellectual property rights. Accordingly, other disputes were submitted to general international jurisdiction rules. Said provision reads as follows:
"16. The following courts shall have exclusive jurisdiction, regardless of domicile

(4) in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or is under the terms of an international convention deemed to have taken place".¹

Such a regulation confirmed the erosion of the ancient doctrines based on the strict territoriality of proceedings relating to intellectual property, according to which all categories of proceedings mentioned above should be submitted to the jurisdiction of the country where the right had been created.² This erosion was the more so visible that the exclusive jurisdiction rule has been established as an exception from general rule based on the domicile of the defendant, inserted in article 2. Therefore, even though the

¹ Following the adoption of the Convention on the Grant of European Patents (European Patent Convention), the wording of article 16 has been adjusted at the occasion the transformation of the Convention into a Council Regulation. Article at hand changed also the number. Therefore, in article 22.4 of the so called Brussels I Regulation following phrased has been added : "Without prejudice to the jurisdiction of the European Patent Office under the Convention on the Grant of European Patents, signed at Munich on 5 October 1973, the courts of each Member State shall have exclusive jurisdiction, regardless the domicile, in proceedings concerned with the registration and validity on any European patent granted for that State".

² See. For instance: French Supreme Court of January 21, 1936 in *Usines de Melle v Evence Coppé* Rev. Crit. DIP 1936.511-517, with a comment of NIBOYET, J.-P.; Paris Court of First Instance of May 4, 1971 in case *Yema v Jenny* e.a. Rev. Crit. DIP, 1974.110-118, with a comment of BONET, G. ; DICEY&MORRIS "The conflict of law" 10th ed. 1980, London, rule 172 ; High Court of Justice (Ch Div.) of May 24, 1991 in case *L.A. Gear Inc. c Gerald Whelan & Sons*, F.S.R. 670; see also observations of Justice H. Laddie in the decision of October 14, 1997 in case *Fort Dodge Animal Health* e.a. v *AKZO Nobel*, [1998] F.S.R. 222.

exclusive jurisdiction rules are on the top of the hierarchy of norms of the Brussels regime, they must be interpreted restrictively.

3. The restrictive interpretation of article 16.4 of the Brussels Convention (which became article 22.4 of the Brussels I Regulation) was suggested in the Jenard report³ and further confirmed by the Court of Justice in the *Duijnstee* case.⁴ The Court held that the notion of proceedings concerned with registration and validity should cover the proceedings relating to the validity, existence or lapse of a patent or an alleged right of priority by reason of an earlier deposit⁵ and added that if the dispute does not itself concern the validity of the patent or the existence of the deposit or registration, there is no special reason to confer exclusive jurisdiction on the courts of the contracting state in which the patent was applied for or granted and, consequently, such a dispute is not covered by article 16.4 of the Brussels Convention.

The counter-claim and incidental question

4. International patent litigation gave rise to a thorny dispute relating to the scope of article 16.4 of the Brussels Convention (22.4 of the Brussels I Regulation). The dispute was triggered in the context of a common practice of invoking the argument of invalidity of a patent as a defence in the infringement proceedings. In consequence, the court which was initially seised with an infringement issue has to decide, in the course of proceedings, over the validity or nullity of the right. Accordingly, when it is the infringement of a foreign patent which is in question, the court has to decide over the validity of a patent registered abroad. To put the problem in other words, in the proceedings concerned from the outset only with an issue submitted to general rules of jurisdiction, emerges a question which is submitted to the exclusive jurisdiction rule.
5. The courts in several Member States faced with this issue applied diverging solutions. The differences in approach held by English, French or German courts were due, in particular, to an awkward formulation of another provision of Brussels Convention/Regulation which sets out obligation for a court to decline jurisdiction whenever there is another court having exclusive jurisdiction for a specific matter of which the former is seised. This provision is article 19 of the Brussels Convention/25 of the Brussels I Regulation, which in its English version reads as follows:

“Where a court of a Contracting State is seised of a claim which is principally concerned with a matter over which the courts of another Contracting State have exclusive jurisdiction by virtue of Article 16, it shall declare of its own motion that it has no jurisdiction.”

Following this wording, the English courts took view that whenever the nullity/invalidity of right is raised by the alleged infringer in its defence, the proceedings in infringement are principally concerned with the question for which the exclusive jurisdiction is reserved by article 16.4/22.4. This view is founded on a

³ OJ 1979 C 59 p. 1, point 36 : “other action, including those for infringement of patents, are governed by the general rules of the Convention”.

⁴ Judgment of November 15, 1983 in case 288/82 Ferdinand M.J.J. Duijnstee v Lodewijk Goderbauer [1983] 3663, points 23-25. See also judgment of December 14, 1977 in case 73/77 Sanders [1977] 2383, where the Courts observes that “the provisions of article 16 must not be given a wider interpretation than is required by their objective” (point 18).

⁵ Duijnstee, point 24.

conviction that invalidity is such a major feature of the litigation that it cannot be regarded as incidental. Indeed, it is impossible to violate a right which is invalid or null.⁶

However, other courts relied on the French version of article 19, which reads as follows:

“Le juge d’un État contractant, saisi à titre principal d’un litige pour lequel une juridiction d’un autre État contractant est exclusivement compétente en vertu de l’article 16, se déclare d’office incompétent.”

Such wording inspires a restrictive interpretation, according to which there is an obligation to decline jurisdiction only when the principal claim brought by the plaintiff is concerned with the validity of the right. Therefore, according to the French text, the question of declining jurisdiction under article 19 of the Brussels Convention (25 of the Brussels I Regulation) is not a question of the substance or the actual object of the proceedings, but rather a question of the incidents of procedure.⁷

6. Such an interpretation of article 19 is not only inspired by the French version of that provision but also by the remarks set out in the Jenard report, which says:

“The words ‘principally concerned’ have effect that the court is not obliged to declare of its own motion that it has no jurisdiction if an issue which comes within the exclusive jurisdiction of another court is raised only as a preliminary or incidental matter.”⁸

It is worth to be added in this respect that in the opinion of certain authors:

“From a private international law point of view, and that is after all the area in which article 19 of the Brussels Convention, which forms the subject of this interpretation exercise is found, this validity issue is the perfect example of a preliminary matter. In conclusion, this means that the court is under no obligation to decline jurisdiction in a case concerned with the infringement of a foreign patent, even if the validity of that foreign patent is called into question”⁹

7. Such a point of view is shared by other authors, although opinions of some of them are more nuanced. M. Pertegas-Sender¹⁰ distinguishes, for instance, between the invalidity defence (invalidity brought as an objection) (*verweer/moyen de défense*) and the invalidity counterclaim. This author found her opinion on the distinction made by the Court of Justice in the *Danvaern* judgment¹¹ where the Court ruled that:

“13. Procedurally, a defence is an integral part of the action initiated by the plaintiff and therefore does not involve the plaintiff being ‘sued’ in the court in which his action is pending (...). 15. By contrast, a claim by the defendant for a separate judgment or decree against the plaintiff presupposes that the court in which the plaintiff has brought proceedings also has jurisdiction to hear such an application.”

Accordingly, where the validity of a foreign registered IP rights, such as patent, is raised as a defence, the dispute is not principally concerned with validity for the purpose of article 19 and must therefore be heard

⁶ High Court of Justice of March 26, 1997 in case *Coin Controls v Suzo*; F.S.R. 1997.660, EIPR, 1997, D-187 (summary).

⁷ To complete this confusing picture, other linguistic version like German, Italian, Dutch or Polish one do not refer at all to a particular moment in the proceedings where the issue of invalidity must appear.

⁸ O.J. 1979 C 59, p.39.

⁹ TORREMANS, P., „Copyright in English Private International Law in the Light of Recent Cases and developments” IPRax, 1998,502 (quoted by PERTEGAS-SENDER, M., op.cit. p. 4-22).

¹⁰ PERTEGAS-SENDER, M, op.cit. point 4-25 to 4-36; similarly GRZEGORCZYK, P., *Jurysdykcaj krajowa w sprawach dotyczących patentów europejskich*, Kwartalnik prawa Prywatnego 2005.1059-1133, esp.1084, see also : KRUGER, T. *Civil jurisdiction rules of the European Union and their impact on third States*, (doctoral dissertation) KULeuven ed. 2005, p.181-184

¹¹ Judgment of July 13, 1995 in case C-341/93 *Danvaern v Schufabriken Otterbeck*, [1995] I-2053, point 13-15.

by the court in which the action for infringement is brought. On the other hand, the infringement court should decline jurisdiction to deal with the invalidity counterclaim pursuant to article 19, because the invalidity claim as such falls within the scope of article 16.4 of the Brussels Convention (22.4 of the Brussels I Regulation).

8. The lack of uniformity in the interpretation of article 16.4 (22.4) in the light of article 19 (25) ended up with two references for a preliminary ruling addressed to the Court of Justice. In the first case the Court could not deliver its answer, as the case was removed from the role.¹² Finally, on July 13, 2006 the Court decided over this issue in an long and eagerly awaited *GAT*¹³ ruling.
9. *GAT* is a story of a national litigation between two German based companies Gesellschaft für Antriebstechnik mbH & Co (GAT) and Lamellen und Kupplungsbau Beteiligungs KG (LuK) competing in the fields of the motor vehicle technology. GAT made an offer to a motor vehicle manufacturer, Ford-Werke-AG, also established in Germany, with a view to winning a contract to supply mechanical damper springs. LuK alleged that the spring which was the subject of GAT's proposal infringed two French patents of which LuK was the proprietor. Faced with such an allegation GAT brought a declaratory action before the Landgericht (Regional Court), Düsseldorf to establish that it was not in breach of the patents, maintaining that its products did not infringe the rights under the French patents owned by LuK and, further, that those patents were either void or invalid. The Landesgericht asserted its jurisdiction both with respect to the issue of the non-infringement of the French patent as well as over its nullity/invalidity issue and decided that the French patent was valid.¹⁴ GAT appealed this decision to the Oberlandesgericht which made a reference for a preliminary ruling, asking whether article 16.4 needs to be interpreted restrictively so as the courts seized with an infringement action could maintain its jurisdiction even though the alleged infringer raises to his defence the argument of invalidity or nullity of the patent or, to the contrary, it is to be interpreted extensively, so as any time that the validity problem arises it should be submitted to the exclusive jurisdiction rule.
10. The Advocate General Geelhoed suggested in his opinion delivered in September 2004 that there are three possible interpretations of article 16.4 of the Brussels Convention. According to the first one article 16.4 applies only where the validity of the patent constitute the object of the principal claim. The second interpretation follows the English courts' approach, according to which the issue of validity and the issue of infringement cannot be dissociated, therefore, in practice, article 16.4 covers also the infringement disputes. Advocate General rejected those two interpretations and is proposed to the Court to follow the third interpretation, according to which only the court defined in article 16.4 has the jurisdiction to

¹² Court of Appeal (Civ. Div.) of November 18, 1997 in case *Boston Scientific v Cordis* (unreported) transcript no. 1838 of 1997, referred to the ECJ (O.J. C 233 of 12.8.2000, p. 15, removed from the register on 9.11.2000).

¹³ ECJ of July 13, 2006 in case C-4/03 *GAT v LuK*, (unreported).

¹⁴ It is interesting to note that as far as patent registered in Germany are concerned the judiciary instances may only decide over the infringement of the right, while the nullity/validity issues lies within the competence of the Federal Patent Office. Unfortunately the circumstances of the proceeding before the national court have been presented in the AG's opinion very briefly and several elements remain unclear. Moreover, it should be noted that the question referred to the ECJ in the *GAT* case arose in the "reversed" the circumstances i.e. in a rather unusual situation where the plaintiff brings an action for a declaration of non-infringement, and not in a more typical situation where a the validity issue is brought by the defendant as a defence to the infringement allegation.

ascertain the validity or the nullity of the patent, while other questions fall outside of the scope of this provision.

11. On the whole the Court of Justice followed its Advocate General, however it preferred to give more detailed interpretation as to the procedural aspects of bringing the validity issues into a infringement proceedings. The Court construed article 16.4 of the Brussels Convention extensively and considered that this provision “is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection.” Therefore, the Court made it clear that the courts in the country where the intellectual property right is registered have always exclusive jurisdiction for the validity issues, also in cases where the validity of a patent is questioned in the infringement proceedings. The Court focused its reasoning on the place of article 16 in the system instituted by the Convention. Still, the argumentation of the Court is very brief and leaves open questions as to its consequences. There are at least two questions which remain unresolved. First, the Court of Justice did not explain what should do the court seised with an infringement and validity claim. The Advocate General Geelhoed suggested in his opinion three possible ways to proceed.¹⁵ He observed that the court seised with a validity issue may a) transfer the totality of the case,¹⁶ suspend the proceedings until the court of another Member States competent on grounds of article 16.4 of the Brussels Convention decides over the validity issue or c) continue the proceedings if it considers that the defendant acts in the bad faith. The Court did not refer to this problem and limited its answer to the statement that the issue of validity is always submitted to the exclusive jurisdiction of the court indicated in article 16.4. Secondly, the Court remained silent also on the question of application of article 16.4 in the preliminary proceedings, where the orders enjoining from infringement are granted on grounds of article 24 of the Brussels Convention/31 of the Brussels Regulation. In this respect it is interesting to note that several authors who expressed the views on the interaction of article 16 of the Brussels Convention and the interlocutory proceedings have held that the court seised with interlocutory proceedings is not obliged to stay nor to declare that it has no jurisdiction where the proceedings falling within the scope of article 16 are pending in another Member State.¹⁷ Moreover, in some European countries it is possible to assess the infringement of a patent in summary proceedings, as in such cases the validity of a right is not discussed but accepted *prima facie*.¹⁸

Concluding remarks

12. The further study and research should be concentrated on the appraisal of the impact of the *GAT* decision on the litigation of registered intellectual property rights under the Brussels Convention/Regulation scheme

¹⁵ Opinion delivered on September 16, 2004, point 46. Available at www.curia.europa.eu

¹⁶ Advocate General did not indicate to whom the case is to be transferred.

¹⁷ PERTEGAS-SENDER, M., *op.cit.*, point 4.37 and legal writings quoted there.

¹⁸ See, for example : Antwerp Court of Appeal of June 25, 1990, Brussels Court of First Instance of March 5, 1991 (“Le droit de contester un brevet européen n'enlève pas à celui-ci sa validité *prima facie*.”; see also VANDERMEULEN, B., The next generation of cross-border litigation in ManagingIP, Benelux Focus, Supplement 2005, available at www.managingip.com

