

CROSS-BORDER INJUNCTIONS

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The European Court of Justice terminated Dutch cross-border decisions with two judgments of July 13, 2006: *Roche v Primus* and *GAT v LuK*. In short, *GAT v LuK* rules that the national court has no jurisdiction for cross-border claims if the validity of the invoked patent, consisting of national patents stemming from a European patent, is contested. This means that as long as no validity arguments are raised, a cross-border procedure can continue. It follows from *Roche v Primus* that cross-border jurisdiction based on Article 6 of Brussels-I, which grants foreign jurisdiction over connected cases, is not easily accepted. The EJC stated that the separate cases concerned different defendants that related to different infringing activities and therefore would not concern one and the same case. Also the legal findings would be different since the national patents would be governed by national laws. The argument that this would lead to separate actions in separate jurisdictions and therefore to ‘irreconcilable judgments’ was rejected.

Both decisions were thought to have signalled the end of cross-border injunctions, until the Dutch court did grant a cross-border injunction in summary proceedings shortly after these EJC decisions. The Netherlands was, and is, unique in its judgments in interlocutory proceedings and repeatedly gave similar decisions; for example, in *Bettacare v H3* and *Fort Vale Engineering ltd v Pelican Worldwide B.V.* The idea behind these judgments is that in such proceedings, no definitive decisions are made about the validity of a patent. Nevertheless, these judgments led to discussions about their correctness within the light of the previous ECJ judgments. The debate is still raging but might become clarified within the foreseeable future.

Recently the court of The Hague decided to refer questions to the ECJ to gain a further explanation of provisions regarding cross-border litigation. The case, in which a cross-border problem occurred, regards the parties Solvay and Honeywell. Solvay is the owner of a European patent for a patented process for the preparation of HFC, a propellant for polyurethane foam. The patent is registered in several European countries. Honeywell also distributes the product HFC in Europe. According to Solvay, the HFC marketed by Honeywell is produced in conformity with its patented process. During proceedings on the merits, Solvay provisionally ordered that Honeywell cease and desist infringing its patents in several European countries. Honeywell invoked the patents’ invalidity.

Honeywell points to the *Gat v LuK* and *Roche v Primus* decisions and states that the court cannot hand down a provisional cross-border injunction. This statement is contested by Solvay, which states that *Gat/LuK* does not prevent a court from rendering a provisional cross-border judgment, even if the validity of the patent is contested. Honeywell is of the opinion that, pursuant to the *Roche-Primus* decision of the Dutch Supreme Court of

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December 30, 2007, the court cannot decide on the infringement claim until after the respective national courts have decided about validity of the respective national parts of the European patent. According to Solvay, the current case differs from *Roche v Primus* in that Solvay states that each separate Honeywell defendant individually infringes the different national parts of EP 440 in every country where the patent is registered. In *Roche v Primus*, the Dutch defendant was accused of infringing the Dutch patent, while each foreign defendant was accused in relation to the separate foreign patents.

The court of The Hague shares this view with Solvay and states that a situation in which two or more companies from different member states are accused in a national procedure would lead to irreconcilable decisions if it were not possible to summon them in front of a single competent court. How the term ‘irreconcilable decisions’ needs to be explained has not been answered by the EJC in *Roche v Primus*. According to the Dutch court, this term must be explained broadly in such a fashion that it means ‘conflicting decisions’, which would make the court of the Hague competent in the proceedings on the merits and the provisional claim. If the term was explained in a narrow sense of ‘incompatible decisions’, the court would probably not be competent.

To gain clarity on this subject, the Court of The Hague has therefore posed questions to the ECJ with regard to Articles 6.1 and 22.4 Brussels-I. Until the ECJ gives an answer, patent owners cannot be given security or clarity in cross-border infringement cases. Hopefully, the famous Dutch preliminary cross-border injunction is there to stay.

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COURT THWARTS COMMUNITY PATENT COURT



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The heavily discussed arrival of the Community patent has faced a setback. After years of discussion, the Council of the European Union asked the European Court of Justice (ECJ) in Luxembourg on July 6, 2009 to give an opinion on its draft agreement regarding a court for the European and Community patent. The ECJ had to decide whether this common system for settling patent disputes is compatible with the provisions of the EC Treaty.

On March 3, 2011, the European court gave its negative opinion. According to the draft of the agreement between the European Union, EU member states and third countries, a central court would be introduced in Europe, which would have exclusive jurisdiction for disputes regarding European patents as well as the proposed Community patents.

The court set out that European law is characterised by a judicial system in which the national and European courts closely collaborate in the interpretation of the European legislation. According to the draft agreement, the European Patent Court is not only charged with the interpretation of this new treaty but also with EU legislation on intellectual property rights. The draft agreement provides for the European Patent Court alone to be able to request preliminary rulings on all aspects of EU and Community patent law from the European Court of Justice. According to the European Court's opinion, this provision is too far-reaching a limitation of the national courts' ability to pose questions to the Court of Justice. Therefore, the Luxembourg judges consider the introduction of such a court incompatible with European law.

The court's view is defensible, but it is regrettable that it did not consider the characteristics of patent law sufficiently. Both the Netherlands and other EU member states have introduced separate patent chambers, centralising patent case law, precisely because patent law is so specialised. This concentration of knowledge gives added value to the idea of a European Patent Court. The fact that the draft agreement would prevent the national courts requesting a preliminary ruling from the Court of Justice does not automatically mean that the proposed European Patent Court system is incompatible with European law. This concentration of specialised knowledge in the field of patent law could prevent the Court of Justice being flooded with questions for preliminary rulings. In the scenario as proposed in the international agreement, the EJC would only receive the most difficult questions regarding the essence of the harmonisation in the field of patent disputes of the European Union. In view of the duration of procedures before the Court of Justice, this would not be a wrong choice, and would hopefully lead to a more efficient legal system as regards patent disputes.

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At this moment, it is unclear what the consequences of this opinion are for the Community patent and the proposed patent court. Hopefully, the prospect of a Community patent will not disappear in Brussels bureaucracy. ■

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COST SPECIFICATIONS HINDER FINAL APPEAL DECISION



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The Dutch cattle-breeding market is one of the largest in the world. To increase the production of meat, these animals receive food containing the additive L-lysine, an amino acid that is an essential building block of proteins and helps optimise the growth of animals.

The production of L-lysine is therefore a profitable business. The Japanese company Ajinomoto is the world's largest L-lysine producer and owner of three relevant European patents. The patents are registered for numerous countries, including The Netherlands, for the process of producing the amino acid L-Lysine using genetically modified bacteria.

According to Ajinomoto, the Chinese company Global Bio-Chem Technology Group (GBT) and its European distributors infringe the patents. Ajinomoto started legal proceedings against GBT. The Court of Appeal at The Hague recently rendered an interlocutory decision in the litigation. Ajinomoto stated that GBT directly or indirectly infringed its patents and asked GBT to cease and desist.

On December 22, 2007, the district court that originally took the case declared that it lacked jurisdiction outside The Netherlands. Furthermore, the court declared that GBT directly infringed two of the European patents in question, despite the absence of the full continuous DNA sequence in GBT's L-lysine end product. With regard to the third patent, the court postponed ruling until the European Patent Office decides on the opposition procedure against it.

GBT appealed against this decision at the Dutch Court of Appeal in The Hague and claimed that the two patents it allegedly infringed are invalid because of a lack of inventiveness. The decision of the district court was followed for the most part by the court of appeal. Both parties produced various scientific articles to state their claims. But the court could not find any evidence in the article to demonstrate that the patents lacked inventive step. It upheld the findings of infringement, and agreed with the district court to defer ruling on the third patent until the EPO opposition decision.

The final decision of the appeal court has also been deferred to give the parties the opportunity to specify their costs in the proceedings. This decision changes the course set out by the Supreme Court in its famous *Endstra* case. In this case, it was decided that a cost award can only be allowed when the costs are specified promptly so that the opposing party can defend itself properly. This is based on the Dutch Code of Civil Proceedings, the equivalent of Article 14 of the EU Directive on the enforcement of intellectual property rights. Based on the *Endstra* case, cost estimates require a specification not only of the hourly rate

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and the hours spent on the case, but also a concrete specification of the activities. The courts are in general very strict when applying this legal standard because of the fundamental principle of hearing both sides. It is common for courts to reject the complete costs of the proceedings due to a lack of specification. In this case, Ajinomoto's specification did not meet the requirements, and although the appeal court is aware of this strict interpretation, it gave Ajinomoto the opportunity to fulfil the obligations.

Patent litigation is expensive. Since Ajinomoto largely won the case, it is fortunate to get a second chance to specify its costs. Usually, the lower courts follow the strict interpretation formulated in the *Endstra* case. It therefore remains to be seen whether this decision will be followed by other courts. ■

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UNFAIR COMMERCIAL PRACTICES IN A NON-APPEARANCE CASE

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Since June 2008, the Unfair Commercial Practices Directive (UCP Directive) has been implemented in the Dutch Civil Code. The UCP Directive covers all transactions by companies using an unfair commercial practice. The directive determines when a commercial practice is regarded as unfair, and distinguishes misleading commercial practices from aggressive commercial practices. A Black List enumerates a list of commercial practices that are unfair in any case. A commercial practice is regarded to be unfair if it can influence the decision of a consumer to buy (or not) a product or service, if it limits the consumer's freedom of choice or contractual rights. The scope of the directive is limited to transactions between a company and consumers (B2C), and not between companies (B2B). The directive aims to protect consumers across the European Union.

Since the directive is aimed at consumers, the new and implemented articles in the Dutch Civil Code can only be invoked by a consumer. Next to consumers, it is possible for foundations and other organisations that aim to protect consumers, such as the Dutch Consumers Association, to invoke these articles, since a consumer is not likely to act on its own against a company that has committed an unfair commercial practice. A consequence of this narrow scope is that businesses that notice that their competitors act unfairly against consumers, though not necessarily against the company itself, cannot invoke these specified articles. Those parties have to rely on the articles in the Dutch Civil Code regarding misleading and comparative advertisements.

However, actions of consumers or the Dutch Consumers Association based on the UCP articles are rare. Therefore, in practice, most companies hardly notice the influence of the new articles. In that respect, the UCP Directive barely seems to influence most attorneys' normal practices.

Nevertheless, some companies have tried to base their claims on the UCP articles. Van Wijk & Broersma Pompen trades industrial pumps and is the exclusive distributor and importer of several pump marks in the Netherlands. Van Wijk discovered that the defendant had launched the website www.pompengids.net (pumpguide). On this website, companies that run a pump business can register what type of brand they trade and/or the brand under which they offer services such as maintenance and reparations. Van Wijk noticed that when it searched for the brands it exclusively distributes, not only its company name appeared, but also 11 other distributors.

Van Wijk started interlocutory proceedings claiming that the website www.pompengids.net gave the misleading impression that these 11 distributors are official sales or service channels of Van Wijk. Further, it alleged that the defendant gave the companies the opportunity to provide

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misleading information. Van Wijk claimed that the misleading names needed to be removed from the website and his company be mentioned as the exclusive distributor. Van Wijk based its claims on the UCP articles and misleading advertisement articles.

The defendant did not appear in the first instance. In non-appearance cases, the court has to reject a claim when it finds that the claim appears to be unjustified or unfounded. On the whole, claims in cases when the defendant does not appear are sustained. In this case, the judge rejected the claims. Nevertheless, Van Wijk appealed. On appeal, the defendant did not appear either. In its ruling of May 3, 2011, the court of appeal at The Hague also dismissed the claims.

Firstly, the court held that the grounds cannot be based on the UCP articles since it concerns consumer affairs. The misleading advertisement articles were also not applicable since Van Wijk didn't argue convincingly that the information on the website was misleading. The only ground left was the act of tort. This ground was also dismissed; the website did not contain misleading information, but only announcements from third parties.

It follows from this decision that companies must be careful to select the ground of their claims correctly. Mistakenly choosing grounds that are available for consumers alone leads to a rejection straightaway, even if the defendant is not there to notify the court. ■

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THE IMPORTANCE OF SECRECY



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A patentable invention needs to meet the requirements of novelty, inventive step and industrial applicability. If it fails to meet one of these requirements, then a patent will not be granted or it will be open to a cancellation claim. Not only can the discovery of prior art cause an invention to lose its novelty, public use of the invention can endanger an invention's novelty too, even if the use is only on a small scale. The question in such cases is not whether the invention becomes known to 'experts', the question is whether the invention becomes freely accessible. However, public disclosure of an invention cannot harm its novelty if the parties with access to the invention are sworn to secrecy and do not breach that obligation.

The Dutch Court of Appeal in The Hague recently made an interesting ruling on this subject. The Dutch company Scafom sold a patented scaffolding beam and connection head. The European patent, owned by the German company WL, was granted in the Netherlands on September 27, 1990. In the main action, Scafom sought the cancellation of the Dutch part of the patent, among others, on the ground of lack of novelty through prior public use. In a counterclaim, WL requested a declaration that Scafom had infringed the patent and a ban on the use of the patent by Scafom. The district court turned down Scafom's claims and granted those of WL.

On appeal, Scafom contested the consideration of the district court that although the connection heads were manufactured before the priority date of October 19, 1989, the invention had not become publicly accessible because WL assumed that the employees of the manufacturing company were obliged to treat all they knew of the invention with confidence.

A fact in this case is that the manufacturing company Woeste had manufactured more than 500,000 connection heads between March 1989 and October 1989. WL did not contest that these connection heads were identical to the patented connection heads. The production of the manufacturing mould and the polishing of the connection heads were outsourced by Woeste to other companies. The produced connection heads were kept in open boxes, making them visible even during their transport to Woeste. The employees of Woeste and the other companies could freely access the connection heads and study them in detail. Additionally, Woeste was freely accessible to third parties, such as its clients. The same counts for the clients of the other companies. WL stated that a secrecy obligation existed in the relationship between WL and Woeste, and between Woeste and the other companies. Scafom contested this statement.

As Woeste and the other companies are German companies, the existence of a confidentiality obligation is ruled by German law. According to German law, such an obligation can be agreed explicitly, implicitly or can follow from the circumstances of the case, such as another party's own interest

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in the confidentiality obligation. A fact of importance in the latter case is whether the other party knew that the confidentiality obligation covered a new product.

In this case, there was no explicit agreement. It is a fact that the connection heads were openly transported and kept visible. The appeal court said that those facts cannot lead to an implicit confidentiality obligation. Neither Woeste nor the other companies knew or had to know that it was a new type of connection head.

Based on the aforementioned, the court of appeal considered that there was no obligation of secrecy and that the employees and clients of Woeste and the other companies could be regarded as 'members of the public' as defined in the EPO Guidelines D-V 3.1.3.1. Therefore, the invention had become publicly accessible before the priority date. The court cancelled the patent for lack of novelty and rejected the counterclaims.

This decision emphasises the importance of clear communication with clients about what they can and cannot do with their invention before a patent is granted. In any case, it is wise to provide solid confidentiality agreements for parties to sign before entering into business that is related to new inventions or pending patents. ■

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APPLE-SAMSUNG DECISION CAUSES INTERESTING DISCUSSIONS

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A remarkable preliminary court decision of the Dutch Court at The Hague of August 24 2011 in the court case regarding the Apple and Samsung smart phones and tablets has started an interesting discussion among Dutch IP lawyers.

Apple started interim injunction proceedings based on three patents, five design rights, its copyright and slavish imitation (act of tort). The judge prohibited Samsung marketing the Galaxy S, SII and Ace, but based this ban only on the infringement of one Apple patent. All other orders are declined, which makes the decision not so unfortunate for Samsung and a loss for Apple, since Samsung has announced that it can easily alter the software on its smart phones so that it no longer infringes the Apple patent. The remarkable point of this decision is that the judge made the ban a cross-border ban, which means that Samsung is not only prohibited from marketing its smart phones in the Netherlands but also in all other European countries where the patent is valid.

The possibility that a judge can give a cross-border ban in an interim injunction proceeding is controversial since a European patent is in fact not one patent but a pooling of several national patents. In case the nullity of a patent is invoked in proceedings on the merits, or the validity of the patent is disputed, for example by an invalidity defence of Samsung, the national judges can decide only on the invalidity of a national part of a European patent.

The discussion surrounds the question of whether it is possible to provide for a preliminary cross-border injunction. One opinion in the discussion is that the judge can give a preliminary cross-border injunction since a decision on the validity in interim proceedings would not interfere with the exclusive competence of Article 22 (4) of the Brussels I Regulation (regarding jurisdiction, recognition and enforcement of judgments in civil and commercial matters). Supporters of this point of view refer to the European Court of Justice (ECJ) decision on the *GAT/LuK* case, in which it is made out that the invalidity of a patent can be considered only by a court of the member state where the patent is registered. This decision, however, does not state anything about preliminary proceedings, which would mean that a preliminary cross-border injunction is still possible.

Another strand in the discussion refers to the ECJ decision in the *Mietz* case, in which it is made out that for preliminary decisions there must be a real connection between the territorial jurisdiction and the subject of the matter, which would mean that a measure can have effect only in the territorial jurisdiction of the judge. This would mean a preliminary cross-border decision is not possible.

“BASED ON THE APPLE-SAMSUNG DECISION IT SEEMS THAT THE NETHERLANDS STILL OFFERS THE POSSIBILITY TO REQUEST A CROSS-BORDER INJUNCTION IN IP CASES.”

The question whether it is possible to provide a cross-border injunction on interim injunction proceedings remains unanswered. It was the court at The Hague itself that has posed question on this subject to the ECJ on December 22, 2010.

Based on the recent Apple-Samsung decision it seems that the Netherlands still offers the possibility to request a cross-border injunction in IP cases. This makes the Netherlands a valuable and interesting country to select when making an European-wide IP litigation strategy and choosing the best starting point. It will follow from the ECJ decision whether a possibility for a cross-border injunction remains or not. We are looking forward to the ECJ decision. ■

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