



Forum shopping and cross border proceedings

THE CASE:

Solvay SA v Honeywell Fluorine Products Europe BV, Ors
The Court of Justice of the European Union
12 July 2012

Vossius & Partner's **Johann Pitz** highlights the real possibility of cross-border injunction proceedings resulting from *Solvay v Honeywell*

The Unitary Patent System (UPS) leaves room for flexible enforcement strategies. This is especially true within a transitional period where it is foreseen to have the free choice between national and Pan-European prosecution and enforcement. Insofar the new CJEU-case law *Solvay v Honeywell* of July 2012 is of practical importance for patent practitioners.

Prosecution and enforcement in Europe

According to official announcements the implementation of the UPS comes closer. Based on the agreed "package solution" between 25 EU Member States (except Spain and Italy), entry into force of the regulations is linked to the implementation of the court system foreseen for 1 January, 2014.

Within the UPS the applicant will remain free to obtain either a national patent, a traditional European Patent (EP) or a Unitary Patent (UP). It is foreseen to have one single application and examination procedure for UPs and traditional EPs. Within a time limit of one month after grant the applicant has the possibility to request a post-grant transformation of the EP into a UP. If transformation is not requested, the granted patent remains a traditional EP which has to be nationalised in the respective designated countries. As a third alternative, the applicant can decide to file for mere national protection before the respective national patent offices. Double protection by UPs and EPs taking effect in the territories of the participating EU Member States is not available.

As a consequence the national court system in each country can still be used for the enforcement and revocation of national patents. For UPs the Unified Patent Court (UPC) will have exclusive jurisdiction in respect of infringement suits, licensing

matters, requests for preliminary injunctions, declarations of non-infringement and actions or counter-claims for revocation.

Within a transitional period of at least seven years proceedings for infringement and revocation concerning traditional EPs may still be initiated before the national courts. Upon notification of the patent holder the Agreement on a UPC shall not apply to those EPs which are granted or applied for prior to the entry into force of the UPS. Applicants have the possibility to "opt out" from the exclusive competence of the UPC. As a consequence, national patent enforcement will play an important role even after implementation of the UPS.

Forum shopping

A suit based on the new UP can be filed in every Local Division where the allegedly infringing product is used or where the defendant is located. In case of EU-wide offer and distribution of alleged infringing products the holder of the UP can choose between the available local chambers in the EU Member States.

The enforcement of national patents and traditional EPs without unitary effect for which an "opt out" motion is filed is based on the principle of territoriality within the existing system of national courts. These patents are only valid in the territory of the state for which they have been granted. They are independent from each other, come into existence in the designated Contracting States and are governed by the respective national laws. The plaintiff may confine himself to a single national assertion of such patent rights and file one action in one country or may file in parallel more separate patent infringement actions before the respective competent national courts of the designated Contracting States of the European Patent.

The option of choosing national proceedings offers the plaintiff also the possibility of selecting the most opportune forum of the competent courts. The patent owner may sue the patent infringer, for example, in the forum of the latter's domicile or in the forum of the place of infringement and therefore select the most opportune court for him.

Cross-border enforcement

The provisions on jurisdiction in the Council Regulation (EC) Art. 6 (1) allow cross-border enforcement of traditional EPs. Patent infringers who have their domicile in the territory of a member state can principally be sued before the courts of this state also for an infringement of foreign patents (Art. 2 (1) Council Regulation). Where there is a plurality of defendants, Art. 6 (1) Council Regulation allows the selection of a court for the place where any one of them is domiciled. In such cross-border cases, the procedural law of the court seized is applicable. The merits of the infringement action are determined on the basis of the respective applicable national patent law in addition to the applicable provisions of the EPC, especially Art. 69 EPC. Accordingly, the substantive patent law of the state for which the patent has been granted is applicable.

With its decisions in the *GAT v Luk* and *Roche v Primus* cases, the CJEU limited the possibility of cross-border enforcement so that patent infringement actions had to be filed before the courts of the respective designated Contracting State. With its recent decision, *Solvay v Honeywell* rendered on 12 July, 2012 the CJEU reopened the possibility of cross-border patent enforcement in Europe. The reference for a preliminary ruling of the CJEU concerns the interpretation of Art. 6 (1), 22 (4) and 31 Council Regulation (EC) No. 44 /2001 of December 22, 2000 on jurisdiction and

recognition and enforcement of judgement in civil and commercial matters (the "Council Regulation"). The reference was submitted in the course of proceedings between Solvay SA which sued one Dutch and two Belgian Honeywell companies regarding infringement of several national parts of an EP before the European District Court of The Hague. Solvay claimed that all three companies infringed with the same product in all designated countries and requested an interlocutory cross-border injunction. The decision will have an impact to the prosecution and enforcement strategy of applicants not only before but also after the implementation of the UPS. Within the transitional period, proceedings for infringement including cross-border proceedings for traditional EPs may still be initiated before national courts. The same is true for EPs for which an "opt out motion" is filed.

Plea of invalidity

According to Art. 22(4) Council Regulation, the courts of the member state in which the registration has taken place have exclusive jurisdiction for actions relating to the registration or validity of patents. According to the decision of the CJEU in the *GAT v Luk* case, the exclusive jurisdiction of the courts of the member state provided for in Art. 22(4) Council Regulation extends to all kinds of actions on the registration or validity of registered patents independently of the question of whether the invalidity of the patent is asserted by way of a court action or merely put in as a plea. As soon as the defendant in his defence against the charge of infringement disputes the validity of the patent-in-suit the exclusive jurisdiction of Art. 22(4) Council Regulation comes into operation. In this case, the court seized would be hindered from issuing a cross-border decision for lack of international jurisdiction.

Despite the CJEU decision in *GAT*, the Dutch courts in "Kort Geding" cases have continued to issue interim injunctions in cases where the defendant raised the issue of invalidity. With *Solvay v Honeywell* the CJEU gave blessing to his procedural practice. Since the judge in injunction proceedings does not decide on the validity of the patent-in-suit as such but, when weighing the interests of the parties, merely takes into consideration the plea of invalidity, and possibly refuses to grant an injunction when there are considerable doubts regarding the validity of the patent, Art. 22(4) Council Regulation is not relevant to injunction proceedings. This evaluation is supported by Art. 31 Council Regulation, according to which

the provisional measures provided in the law of a member state may also be sought from the courts of that state where the court of another member state has jurisdiction to rule on the merits of the case. As a consequence of the decision, cross-border injunctions will remain an available remedy in the UPS. Such cross-border strategies are also compatible with the German concept of law and therefore available in German court proceedings.

"In its decision *Solvay v Honeywell* the CJEU reopened the possibility to sue the defendants located in different countries together before one national court."

Joint defendants

Where there is a close connection between the claims, Art. 6 (1) Brussels Regulation provides the plaintiff with the option to sue several persons domiciled in different countries in the court of the place of domicile of any one of them. According to the decision of the CJEU in the *Roche v Primus* case, an infringement of a European "bundle" patent by several companies domiciled in different member states can no longer be sued at the forum court of the place where the majority of the defendants are domiciled as provided for in Art. 6(1) Brussels Regulation. The CJEU held the view that the factual connection required by Art. 6(1) Brussels Regulation is not given because the European patent after grant splits up into a bundle of national patents, to which the law of the respective contracting states is applicable (Art. 64 EPC). This applied also where the same infringing embodiment and a joint action by affiliated companies was concerned. Thus, inconsistent decisions in parallel proceedings in different jurisdictions resulting from different legal situations were excluded *per se*. With this judgement, the CJEU ruled out a practice-oriented alternative of effectively asserting legal rights in international patent infringement cases with the consequence that the infringement of parallel national patents would in any case

have to be prosecuted in separate proceedings before the respective national courts.

In its decision *Solvay v Honeywell* the CJEU reopened the possibility to sue the defendants located in different countries together before one national court, provided that it is necessary to avoid irreconcilable judgements resulting from separate proceedings in cases where the same situations of law and fact are given. The CJEU underlined the strict requirements for the application of the jurisdiction rule of Art. 6 (1) Council Regulation since it is an exemption to the basic rule that a defendant is to be sued before the court of domicile (Art. 2 (1) Council Regulation). The court pointed out that the same situation of fact and law was not met in the case *Roche v Primus* where different companies infringed different national parts of an EP each in their own country. According to the CJEU the situation is different in *Solvay v Honeywell* where three companies from two different member states are each separately accused of committing an infringement of the same national part of an EP by virtue of infringing activities with regard to the same product. In its decision the CJEU underlined that in such a situation "irreconcilable judgements" resulting from separate proceedings may appear. The CJEU referred the matter back to the instance court with the order to assess whether a risk of irreconcilable judgements exists in the specific case. As a consequence there will be still room for cross-border proceedings on the merits based on Art. 6 (1) Council Regulation.

Conclusion

Cross border proceedings and forum shopping will remain important parts of EP enforcement strategies. Insofar the case law of the CJEU providing guidelines for cross border proceedings will have to be respected even under the new UPS.

Author



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