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French judges without borders?


Recent case law on international patent infringement litigation

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Current trends of French case law

- (1.) French courts expand their jurisdictional boundaries
- (2.) French courts are not under influence of foreign proceedings



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1. French courts expand their jurisdictional boundaries

Brussels Convention
now replaced by
EC Regulation No. 44/2001, December 22, 2000

- Article 5 (3) place of harmful event
- Article 6 (1) plurality of defendants

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Article 5 (3) Brussels Convention and Regulation 44/2000

- Cyber forum shopping:
a new option?
- Cyber forum shopping:
the rules of the game

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Cyber forum shopping: a new option?

The screenshot shows the Pfizer website's news section. The Pfizer logo is at the top left with the tagline: "We dedicate ourselves to humanity's quest for longer, healthier, happier lives through innovation in pharmaceutical, consumer and animal health products." Below the logo is a search bar for Pfizer.com. The main content area is titled "News" and "News Release 2004". The headline reads: "Pfizer Files Suit Against Five Internet Sites for Selling Illegal Copy of Lipitor". The text of the news release states: "NEW YORK, May 4 -- Pfizer has filed lawsuits against the operators of five internet sites for selling an unapproved copy of Pfizer's top selling cholesterol medicine, Lipitor, the company said today. The suits were filed in U.S. district courts in Delaware and Connecticut against Generic Lipitors (www.genericlipitors.com), Online Rx DrugStore (www.onlinerxdrugstore.com), WorldMedsRX (www.worldmedsrx.com), B. M. International (www.b-m-international.com), and Offshore Pharma (www.offshorepharma.com). Pfizer said the sites market a product called 'Storvas,' which is advertised as being manufactured by Ranbaxy Pharmaceuticals Inc. of India. The lawsuits seek injunctions against further sales of 'Storvas' and claim damages for infringement of Pfizer's patent and trademark rights for Lipitor. The complaints also seek to remove references to Lipitor in advertising materials and to eliminate computer links that misdirect patients to an illegal, unapproved product. Pfizer filed a similar suit on April 12 against Look4Generics.com in U.S. District Court in Delaware. The company noted that the internet provides easy access to websites that sell unapproved or counterfeit pharmaceutical products that could put patient health at risk." The page ends with a copyright notice: "Copyright © 2002-2004 Pfizer Inc. All rights reserved | Terms of Use" and a disclaimer: "The product information provided in this site is intended only for residents of the United States. The products discussed herein may have different product labeling in different countries."

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Cyber forum shopping: the rules of the game in the French courts

- as applied to patent infringement
- the lessons from trademark infringement

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Offer for sale on a website after the termination of the license agreement is an infringement

"... this advertisement posted on the website www.icebore.com until December 4, 2001, after the license agreement had been terminated for several months, may lead the public to mistakenly believe that the defendant is still a licensee and constitutes a commercial operation aiming to put a product on the market which is, therefore, an act of infringement ."

*Tribunal de Grande Instance de Paris, June 20, 2003
Gea Erge Spirale / Thai NV*

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"Offer for sale" on its global website: the US mother company held liable

*"Waters Corporation (US) alleges that it does not take part in the importing into the French territory of the allegedly infringing devices, which are stored in the Netherlands where the Waters European companies purchase them; However, the report drafted by Mr. CABOUR, bailiff in Paris on March 21, 2001, states that **Waters (US) has a website on which the allegedly infringing device is offered for sale**; in addition, the advertising brochures describing the Waters devices 2690 and 2695, printed under the name of Waters Corporation (US), establish that Waters SA is the reseller in the French territory of the materials manufactured by Waters Corporation (US)."*

*Cour d'Appel de Paris, April 7, 2004
Agilent / Waters Corporation and Waters France*

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Cyber forum shopping and Article 5 (3): lessons to learn from French case law on trademark infringement

Active website
vs
Global jurisdiction

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Article 5 (3) and Internet infringement : active website

The concept of "active website":

- Many courts hold that they have jurisdiction only when the website activity is directed to their country
- This is the prevailing case law in the United States and in Germany

Court of Appeals of Minnesota, *Minnesota / Granite Gate Resorts, Inc.*
[568 N.W. 2d 715, MN 1997]
Oberlandesgericht Bremen (Comm. Com. Électr. Déc. 2000, act. 199, p.6)

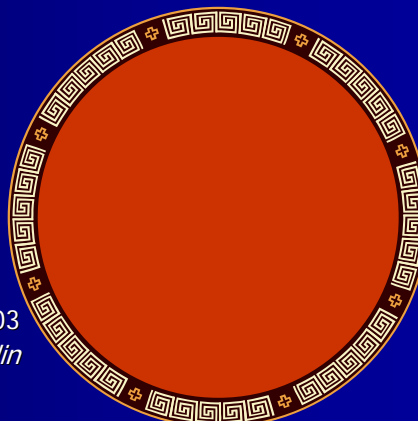
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Article 5 (3) and Internet infringement : active website

It is not sufficient to demonstrate that an Internet user may gain access to the website from the French territory

*Cour d'Appel d'Orléans, May 6, 2003
Les Jolies céramiques sans kaolin*



Article 5 (3) and Internet infringement : active website

"Claimants cannot justify the French court's jurisdiction over Trademark Tiles by the mere fact that an Internet user may gain access to the details and phone number of this company from the French territory by means of an on-line English directory; this fact is not sufficient to demonstrate that the place where the damage was caused or the place where the harmful event occurred was located in France."

*Cour d'Appel d'Orléans, May 6, 2003
Les Jolies céramiques sans kaolin*

Article 5 (3) and Internet infringement : active website

The use of the French language is an indication
that the website is directed to French customers

*Tribunal de Grande Instance de Paris, February 11, 2003
Intermind / Infratest Burke, NFO Infratest GmbH & Co, M.H.*

Article 5 (3) and Internet infringement : active website

*" The report drafted by the bailiff demonstrates that the
defendant's website is accessible from Paris at the address
'infoeurope.com' and that the web pages reproducing the
trademark 'Market Mind' ('Market Find') are in French ... the use
of the French language shows that this website is directed to
customers domiciled in the French territory, ... therefore the
court has jurisdiction to rule on this act of infringement. "*

*Tribunal de Grande Instance de Paris, February 11, 2003
Intermind / Infratest Burke, NFO Infratest GmbH & Co, M.H.*

Article 5 (3) and Internet infringement : global jurisdiction

"Global jurisdiction"

Other decisions hold that French courts have jurisdiction from the moment that the website is accessible from France

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Article 5 (3) and Internet infringement : global jurisdiction

French courts have jurisdiction over a case of trademark infringement committed by a website based outside of France even though the language of the allegedly infringing website is Spanish

*Tribunal de Grande Instance de Paris, April 30, 2003
Chantelle / Manufacturas Feminas and Elimer*

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Article 5 (3) and Internet infringement : global jurisdiction

"Although the content [of the website] is in Spanish, it is however accessible from the French territory and it may be read by all Spanish speaking persons ... The defendants may not reasonably argue that the website is not directed to French customers ... From the moment that the alleged acts of infringement have been committed on the French territory, being the place of reception of the website, French courts have jurisdiction to hear and judge the case."

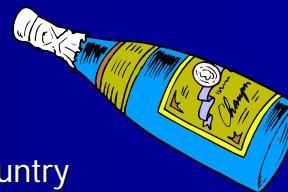
*Tribunal de Grande Instance de Paris, April 30, 2003
Chantelle / Manufacturas Feminas and Elimer*

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Article 5 (3) and Internet infringement : global jurisdiction

French courts have jurisdiction
over a case of trademark infringement
on a website operated from a foreign country
even though the infringing website is
"passive"



*Cour de Cassation, December 9, 2003
"Cristal" case
Castellblanch / Champagne Louis Roederer*

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Article 5 (3) and Internet infringement : global jurisdiction

*" By accepting the French court's jurisdiction to rule on the remedies and damages suffered in France as a result of **the operation of a website in Spain, the Court of Appeal, which mentions that this website, even though 'passive', was accessible in the French territory, and that, therefore, the alleged damage due to web casting was neither virtual nor undetermined, legally justified its decision ."***

*Cour de Cassation, December 9, 2003
" Cristal " case
Castellblanch / Champagne Louis Roederer*

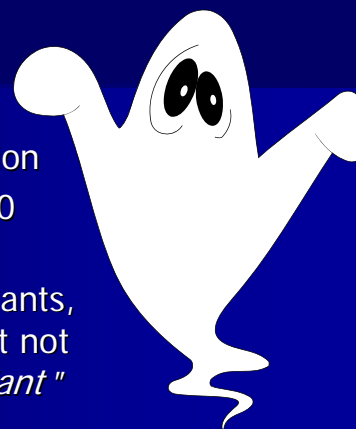
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Article 6 (1) and the plurality of defendants: " no fictitious defendant "

Article 6 (1) of EC Council Regulation
No. 44/2001 of December 22, 2000

In the case of a plurality of defendants,
the French court's jurisdiction must not
be based upon a " *fictitious defendant* "



*Cour de Cassation, January 8, 2002
Kalenborn / Vicot*

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Article 6 (1) and the plurality of defendants: "no fictitious defendant"

"Article 6 (1) of EC Council Regulation No. 44/2001, which gives jurisdiction, in the case of a plurality of defendants, to the court where anyone of them is domiciled, **implies that this defendant must not be fictitious** and that the claims at issue are so closely connected that it is a proper administration of justice to hear and judge them together to avoid the risk of irreconcilable judgments."

*Cour de Cassation, January 8, 2002
Kalenborn / Vicot*

Article 6 (1) and plurality of defendants: a claim for infringement may be joined with a claim for unfair competition



Article 6 (1) of EC Council Regulation
No. 44/2001 of December 22, 2000

Jurisdiction in the case of a plurality of
defendants: no intention to remove the case
from the jurisdiction of the rightful judge

*Cour de Cassation, May 6, 2003
Hodder Dargaud / Dargaud*

**Article 6 (1) and plurality of defendants:
a claim for infringement
may be joined with
a claim for unfair competition**

" The Court of Appeal decision states that the claims brought against the French and the English companies were based on the same facts and had the same object, ... that these two claims had the same cause of action and lastly that the Hodder companies did not show any intention by Egmont to remove the case from the jurisdiction of their rightful judge. "

*Cour de Cassation, May 6, 2003
Hodder Dargaud / Dargaud*

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**Article 6 (1) and plurality of defendants:
actions under contract law and tort actions
are not "related actions" under article 6 (1)**

Article 6 (1) of EC Council Regulation No. 44/2001
of December 22, 2000

*Cour de Cassation, November 19, 2002
KBC Bank / Crédit Lyonnais*



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Article 6 (1) and plurality of defendants: actions under contract law and tort actions are not "related actions" under Article 6 (1)

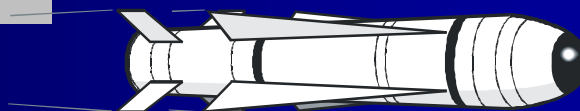
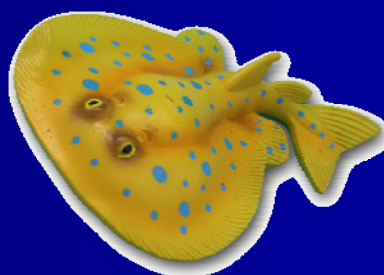
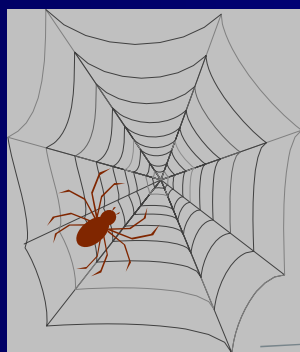
"It appears from the Court of Appeal decision that the claims brought by Mr. X... against KBC Bank were based on tort whereas those against Crédit Lyonnais were based on contract, so as to exclude any relation between such claims; the Court of Appeal therefore violated Article 6 (1) of the Brussels Convention."

*Cour de Cassation, Commercial Chamber
November 19, 2002, KBC Bank / Crédit Lyonnais*

2. French judges are not under influence of foreign proceedings

- Torpedoes
- Stay of the infringement action
when opposition pending before the EPO

Of spiders and torpedoes



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Torpedoes

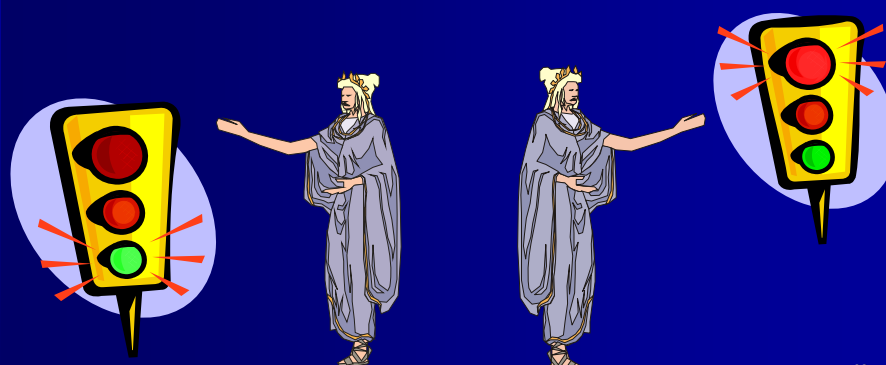
- "Torpedo"
is the name given to a declaratory action of non-infringement brought by a company which fears to be sued for infringement
- These proceedings may be legitimate: means to consolidate the proceedings between the same parties before one single court, to clarify the situation
- But it is also known for its side effects...

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What is a declaratory action of non-infringement?

A negative declaratory action



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Why are there so few French torpedoes?

Because declaratory action of non-infringement is subject to very strict requirements under French law :

- Need for proof of an industrial "exploitation" in Europe
- Prior notification to the patentee of a description of the planned "exploitation"
- Pre-trial waiting period of three months

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Torpedoes

- Jurisdiction to hear a declaratory action of non-infringement
- Stay of the infringement action when a declaratory action of non-infringement has been first brought before a foreign court

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Torpedoes: territorial jurisdiction

The two possible grounds for jurisdiction:

- Art. 2 of EC Council Regulation No. 44/2001
- Art. 5 (3) of EC Council Regulation No. 44/2001

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Torpedoes: territorial jurisdiction

- Impact of Article 16 (4) of Council Regulation No. 44/2001?
- Would this article reserve jurisdiction to hear a declaratory action of non-infringement to the courts where the patent was granted?

Tribunal of First Instance of Brussels
May 12, 2000
Röhm Enzyme GmbH / DSM

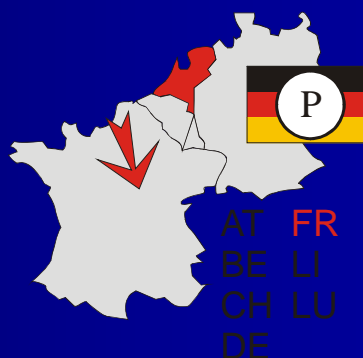
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Torpedoes : jurisdiction Article 5 (3)

Under Article 5 (3), when the French court is not the Court where the defendant is domiciled, its jurisdiction is limited to hearing the declaratory action of non-infringement of only the French designation of the European patent

Tribunal de Grande Instance de Paris,
November 5, 2003
Dijkstra Plastics / Saier
Verpackungstechnik



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Torpedoes : jurisdiction Article 5 (3)

"With regard to [Article 5 (3) of the Brussels Convention], as the plaintiff markets the buckets Gar and Foodline in France which is the subject of a declaratory action of non-infringement, this court has jurisdiction to hear the claim regarding the French designation of the European patent; However this court has no jurisdiction to hear the claim regarding the other designations of the European patent, the court where the defendants are domiciled being the only competent court to decide on all damages arising from the infringement."

*Tribunal de Grande Instance de Paris,
November 5, 2003
Dijkstra Plastics / Saier Verpackungstechnik*

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Torpedoes: *lis pendens* and "related actions"

Article 27 of EC Council Regulation No. 44/2001:

" where legal proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seized shall on its own motion stay its proceedings until such time as the jurisdiction of the court first seized is established.

Where the jurisdiction of the court first seized is established, any court other than the court first seized shall decline jurisdiction in favor of that court".

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HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW
DRAFT CONVENTION ON JURISDICTION
AND FOREIGN JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS

Article 21 Lis pendens

6. If in the action before the court first seised the plaintiff seeks a determination that it has no obligation to the defendant, and if an action seeking substantive relief is brought in the court second seised -

a) the provisions of paragraphs 1 to 5 above shall not apply to the court second seised, and

b) the court first seised shall suspend the proceedings at the request of a party if the court second seised is expected to render a decision capable of being recognised under the Convention.

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French Judges dislike torpedoes?

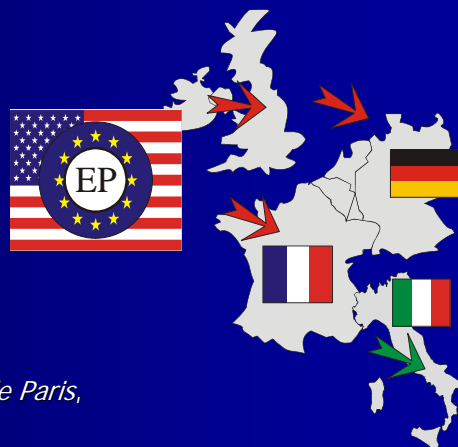
No admission of torpedoes in case of fraudulent use of *lis pendens* and "related actions" rules set by the Brussels Convention and EC Council Regulation No. 44/2001

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A first Italian torpedo

*General Hospital and
Epix / Bracco and
Byk Gulden*



*Tribunal de Grande Instance de Paris,
April 28, 2000*

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A fraudulent use of the Brussels Convention?

A torpedo action is a "fraudulent use of European civil procedure whose main purpose is the avoidance of conflicting decisions between courts of two Member States before which similar or related actions are filed and not to allow, on the contrary, a litigant to intentionally freeze an action for years".

*Tribunal de Grande Instance de Paris, April 28, 2000
General Hospital et Epix / Bracco et Byk Gulden*

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A second Italian torpedo

No stay of the proceedings
in case of abusive use of the rules
of *lis pendens* set by the Brussels Convention

Tribunal de Grande Instance de Paris, March 9, 2001
Schaerer Schweiter Mettler AG / Fadis

An obviously abusive use?

*"Application of [Article 21 of the Brussels Convention]
appears obviously abusive in view of the general
purpose of simplification and speed of the proceedings
and of the enforcement of judicial decisions
mentioned in the preamble of the Convention."*

Tribunal de Grande Instance de Paris, March 9, 2001
Schaerer Schweiter Mettler AG / Fadis

A third Italian torpedo

No stay of the proceedings when the subject of the declaratory action of non-infringement introduced in Italy is different from the subject of the infringement action introduced in France

The documents submitted do not allow the court to "*determine with certainty if the cylinder head gaskets, the subject of the proceedings initiated in Italy, were identical to those seized in France in the course of the infringement action*".

*Tribunal de Grande Instance de Paris, November 18, 2003
Nihon Metal Gasket KK and Elring Klinger / Meillor*

The "*Gasser*" and the "*Turner*" cases: a renewal of the torpedoes?

Two recent decisions of the European Court of Justice are likely to create a renewed interest in torpedoes:

- The *Gasser* case (December 9, 2003) on the interdiction to derogate from the international *lis pendens* rules instituted by the Brussels Convention
- The *Turner* case (April 27, 2004) on the incompatibility of antisuit injunctions with the Brussels Convention

The *Gasser* case

The *Gasser* case on the interdiction to derogate from international *lis pendens* rules instituted by the Brussels Convention:

" Article 21 of the Brussels Convention must be interpreted as meaning that it cannot be derogated from where, in general, the duration of proceedings before the courts of the Contracting State in which the court first seized is established is excessively long ."

European Court of Justice, December 9, 2003
Gasser GmbH / Misat

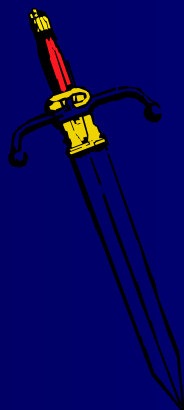
The *Turner* case

The *Turner* case (April 27, 2004) on the incompatibility of antisuit injunctions with the Brussels Convention :

" The [Brussels] Convention is to be interpreted as precluding the grant of an injunction whereby a court of a Contracting State prohibits a party to proceedings pending before it from commencing or continuing legal proceedings before a court of another Contracting State, even where that party is acting in bad faith with a view to frustrating the existing proceedings."

European Court of Justice, April 27, 2004
Turner / Felix Fareed Ismail Grovit, Harada, Changepoint

Application of the *anti suit injunction* in French law at the same time as it is prohibited by the European Court of Justice



A French court which has jurisdiction may enjoin the defendant from acting or not acting regardless of where the goods at stake are located

Cour de Cassation, November 19, 2002
Banque Worms / Époux Brachot

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Significant change in the French case law beyond the scope of the Brussels Convention

- During the past few years, the tendency of French courts was to stay European patent infringement actions where an opposition was pending before the EPO
- Nowadays, this tendency has changed

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No stay of the infringement action where opposition pending before the EPO

"Where it is not demonstrated that the opposition pending before the Opposition Division of the European Patent Office has reasonable prospects of resulting in the revocation of the claims upon which is based the infringement action filed in France, a stay of the proceedings in the infringement action appears inappropriate."

*Cour d'Appel de Paris, January 14, 2000
Searle et Monsanto / Merck*

Thank you for your attention