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The Assertion of Extraterritorial Patent Jurisdiction in Europe

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U.S. patents have some extraterritorial effect. A party can be liable for patent infringement if it supplies components of a patented invention to a foreign country to be assembled there.¹ In *WesternGeco LLC v. ION Geophysical Corp.*, the U.S. Supreme Court recently ruled, by a 7-2 majority, that damages can be recovered for lost profits in respect of foreign sales resulting from such supply.²

Justice Gorsuch (joined by Justice Breyer) dissented, expressing unease that, “Permitting damages of this sort would effectively allow U.S. patent owners to use American courts to extend their monopolies to foreign markets.” He was also concerned that it, “in turn, would invite other countries to use their

own patent laws and courts to assert control over our economy.”

But how much do other major patent jurisdictions already assert extraterritorial patent jurisdiction? We look, in particular, at the major European venues that have been asserting extraterritorial jurisdiction to varying degrees over the years. We conclude that extraterritorial extension is already a feature of international patent litigation. As for the future, the Unified Patent Court, as and when it opens, will be a major shift, because asserting extraterritorial jurisdiction will be its reason for being.

The General Position in the EU

The extent to which extraterritorial relief is available in Europe has long been at issue. The debate for many years focused on whether one EU Member State has jurisdiction to determine the infringement of a patent in other EU Member States, and so order relief affecting other Member States (including an injunction and damages). The desire to enable this arose from the fragmented nature of the European patent system. A European patent, granted under the European Patent Convention by the European Patent Office, is, in fact, a bundle of national patents, registered in each country of designation, with each

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designation taking a life of its own after grant.³ That means that European patents must, generally, be enforced (or invalidated) nationally. This can be inefficient (although it can be used to advantage), and has motivated courts to make extraterritorial relief available, thereby reducing the number of proceedings that need to be brought in Europe.

The 1990s were a heyday of extraterritorial relief in Europe.

The 1990s were a heyday of extraterritorial relief in Europe. The Netherlands courts (among others) regularly granted pan-European injunctions.⁴ This involved the Netherlands courts, for example, determining infringement of European patents in other EU Member States, and ordering an injunction having effect in multiple European jurisdictions. The rationale for such pan-European injunctions was that all European patents, while being separate, were essentially the same (or almost the same), and in particular would usually have the same claims. Accordingly, it was reasoned that if, for example, the Netherlands designation of a European patent was infringed, so too was the German or French or UK designation. Jurisdiction was founded on the basis of Article 2 of the Brussels Convention, as it then was (now Article 4 of the recast Brussels Regulation⁵), which provides that persons domiciled in an EU Member State shall be sued in the courts of that Member State, subject to various exceptions. Accordingly, the Netherlands courts had jurisdiction over companies registered in the Netherlands, and considered that they could grant pan-European injunctions against such parties. This reasoning was then extended to justify the granting of a pan-European injunction against any EU-domiciled party *not* domiciled in the Netherlands, if there was a co-defendant domiciled in the Netherlands (under Article 6 of the Brussels Convention as it then was, now Article 8 of the recast Brussels Regulation).

In a pair of decisions handed down on the same day in 2006, the Court of Justice of the European Union (CJEU) reined this in heavily. In the first decision,⁶ the CJEU referred to Article 16(4) of the Brussels Convention (now Article 24(4) of the recast Brussels Regulation). This provides that, in proceedings concerned with the registration or validity

of patents, the courts of the Member State in which the patent is registered shall have exclusive jurisdiction. The CJEU held that this exclusivity applied to all proceedings relating to the validity of a patent, irrespective of whether the issue is raised by way of an action or a “plea in objection.” Accordingly, if validity is raised at any stage by way of a defense to infringement, the court of the Member State in which the patent is registered will have exclusive jurisdiction over the infringement claim. In order for a court other than the court of the Member State in which the patent is registered to have jurisdiction over the dispute, it is necessary for the validity of the patent not to be called into question. Those circumstances are rare, and usually only arise when a potential defendant is seeking a pan-European declaration of non-infringement, and chooses not to allege invalidity (even in the event of a counterclaim for infringement). Accordingly, the assertion of jurisdiction over the infringement of patents registered in other EU Member States is now rare in all European jurisdictions, including in Germany, the UK, the Netherlands, and France.

In its second decision of the same day, the CJEU addressed⁷ Article 6 of the Brussels Convention (that permitted proceedings against EU-domiciled co-defendants in a Member State where any one of them was domiciled). The court noted that, according to its existing case law, Article 6 could only be relied upon if the claims against the co-defendants are connected such that it is expedient to determine them together, to avoid the risk of irreconcilable judgments resulting from separate proceedings.⁸ It held that there was no risk of irreconcilable judgments where the alleged infringements differ (and so the factual situations are different), or where the infringements are alleged to occur in different Member States (and so the legal situations differ). In a subsequent case, it was confirmed that there was a risk of irreconcilable judgments (and so jurisdiction could be asserted over a co-defendant not domiciled in the Member State of the court), if co-defendants are alleged to commit the same infringing act as each other, in the same Member State.⁹ This case law significantly limited the circumstances in which a court will order extraterritorial relief against EU defendants that are not domiciled in the jurisdiction.

The pan-European injunction has not, however, been completely killed off. As well as the

situation where a patent holder may counterclaim for infringement in pan-European declaration of non-infringement proceedings brought by a party that does not challenge validity, it still remains possible to obtain pan-European preliminary injunctions. This follows a ruling in the CJEU¹⁰ concerning Article 31 of the Brussels Regulation (now Article 35 of the recast Regulation), which allows for the ordering of provisional, including protective, measures. It was held that Article 31 is not affected by the provision on exclusive patent validity jurisdiction. When deciding whether to order a preliminary injunction, even if the court takes into account the possibility that the patent may be invalid, it does not in any way prejudice the substantive decision as to the validity of the patent to be taken by the court with exclusive jurisdiction. Accordingly, it remains possible to obtain pan-European preliminary injunctions throughout the EU, even if validity is contested.¹¹ These have been known to have been granted, particularly by the Netherlands courts, which retain their liberal perspective on extraterritorial jurisdiction.

Nonetheless, generally, the extension of jurisdiction over foreign patents has been rare since the two CJEU decisions discussed above, because of the constraints. One exception is the increasing willingness of the English courts to accept jurisdiction over claims for pan-European declarations of non-infringement, discussed further below.

Germany

Claiming Damages for Overseas Sales Resulting from Infringement in Germany

In Germany, it is thought to be possible to claim damages for overseas sales that result from an infringement of a German patent. In a 1975 case,¹² the German Bundesgerichtshof (Federal Supreme Court) held that, in the case of copyright infringement, damages for sales made overseas were recoverable. There seems to be no reason why this would not also apply to patent infringement.

Litigating Foreign Patents in Germany

The German courts have long accepted jurisdiction in relation to the infringement of foreign patents, prior even to the Brussels Convention.¹³ They will accept jurisdiction to determine infringement

of European patents in other Member States, in accordance with the CJEU case law discussed above. Indeed, *GAT v LuK* was a reference to the CJEU from the Düsseldorf Oberlandesgericht (Higher Regional Court). Nonetheless, such actions are rare.

Overseas Acts as Infringements of a German Patent

Germany has developed another, distinct form of extraterritorial jurisdiction. In a line of cases, the German courts have held that it is an infringement of a German patent if an infringing product, or a component of a product that is suitable for putting an invention into effect, is supplied *outside* of Germany, if it is obvious in light of the facts that it will ultimately be imported into Germany.

The Bundesgerichtshof (German Federal Supreme Court)¹⁴ decided that there is an infringement of a German patent if an infringing product is supplied from one foreign country to another foreign country, knowing that the product is protected by a patent and will ultimately be imported into Germany.

This extraterritorial jurisdiction was recently extended¹⁵ to apply even when the supplier does not know that the products will ultimately be imported into Germany, but where the facts are such that it would seem likely. If the amount of product supplied overseas is such that it cannot only be exported to jurisdictions without any patent coverage, the supplier is taken to be on notice that it may be exported to Germany, and therefore under an obligation to ask the customer where it will be supplied to. Failure to do so may lead to a finding of infringement.

The line of authority extending the scope of infringement of German patents to extraterritorial acts has also been applied to the supply of components of a product (“means relating to an essential element of the invention”) for putting the invention into effect. In one case, the German Federal Supreme Court decided¹⁶ that, if the components are supplied from Germany to a foreign country in order to put the invention into effect in that foreign country, and then the complete infringing product is imported into Germany, the supplier of the components is liable for contributory infringement in Germany, if it has knowledge of the importing into Germany. Presumably, constructive knowledge would be sufficient. In a subsequent case, the

German Federal Supreme Court decided that there would be contributory infringement even if the components are supplied outside of Germany.¹⁷

This approach is a significant expansion of jurisdiction and enables the German courts to determine disputes, and award an injunction and damages, in relation to the supply of products and components taking place completely outside of Germany and even where the final destination is not known to the supplier.

UK

Claiming Damages and Seeking an Injunction in Relation to Overseas Sales Resulting From Infringement in the UK

The English courts have not yet determined whether damages (reasonable royalty or lost profits) are recoverable in respect of overseas sales resulting from a patent infringement in the UK. The English Court of Appeal has held¹⁸ that damages for lost profits attributable to unpatented products commonly sold together with a patented product, as well as to spare parts and servicing, can be recovered under normal tortious principles (i.e. subject to causation and remoteness). It has, therefore, been argued that damages for lost overseas sales should likewise be recoverable, and also that future such sales should be prevented by an injunction (to prevent loss arising). In the only authority considering the point, the English first instance High Court left open the possibility that “there might be a valid claim for damages in respect of activities abroad if they result from infringement in the jurisdiction.”¹⁹

The same court rejected the possibility of ordering an injunction preventing overseas sales, on a number of grounds. First, the court considered it a non-sequitur that, just because damages may be available, an injunction should be ordered. Second, the sales abroad may not be able to benefit from any UK defense to patent infringement (e.g. experimental use). Also, there may be a defense available under the law of the overseas jurisdiction applicable to the sales that could not be taken into account by the UK court. Third, the court said that it would not normally be satisfactory for a judge sitting in London to grant an order preventing the use of materials that may be very beneficial to individuals in other jurisdictions. Fourth, it should be possible

for the patent holder to seek injunctive relief from a foreign court in relation to overseas sales.²⁰

The same court rejected the possibility of ordering an injunction preventing overseas sales, on a number of grounds.

It remains to be seen whether a future UK court will grant an injunction preventing overseas sales. An answer to the first point may be that injunctions can be granted by the English court to prevent otherwise lawful acts, so as to deprive an infringer of an unwarranted advantage gained from its infringement. An example is the grant by the English courts of post-expiry injunctions. In a subsequent case, relating to post-expiry injunctions, the first instance High Court held: “If damages are in principle recoverable then I do not see why an injunction should not be able to be granted to prevent the harm occurring in the first place.”²¹ Much of the other reasoning given for the reticence of the Court outlined above may now be called into question, following a decision of the UK Supreme Court relating to the justiciability of overseas copyright laws.²² In the course of that decision, the Supreme Court stated:

It was also said by the Court of Appeal that enforcement of foreign intellectual property law might involve a clash of policies such that a defendant may be restrained by injunction from doing acts in this country which are lawful in this country. But such an injunction will be granted only if the acts are anticipated to achieve fruition in another country, and there is no objection in principle to such an injunction. Nor is there any objection in principle, as the Court of Appeal thought, to a restraint on acts in another country. Extra-territorial injunctions are commonly granted here against defendants subject to the *in personam* jurisdiction.

Litigating Foreign Patents in the UK

In the UK Supreme Court decision referred to above,²³ it was held that infringement of overseas copyright is justiciable in the UK, provided that the court has personal jurisdiction over the defendant.

The case related to Imperial Stormtrooper helmets made for the first Star Wars film. The defendant had been involved in the production of the original helmets and was selling copies to the public. He was held not to infringe UK copyright, but to have infringed U.S. copyright. The Court stated, obiter, that where issues of validity of a patent registered overseas are involved, infringement of the patent would not be justiciable in the UK for a number of reasons relating to statute²⁴ and policy. It suggested, however, that infringement of an overseas patent would be justiciable in the UK if validity is not in issue. That is consistent with the position under the Brussels Regulation and the CJEU case law, discussed above, regarding the justiciability of patents registered in other EU Member States.

This was followed by a case in which a potential infringer sought a declaration of non-infringement of the UK, France, Italy, and Spain designations of a European patent.²⁵ The intention was to obtain clearance in the main European jurisdictions in one set of proceedings. The potential infringer gave an undertaking to the court not to challenge the validity of the patents in the proceedings and, accordingly, it was accepted by the patent holder that the claims were justiciable in principle.²⁶ Because the patent holder was U.S.-based, rather than EU-based, the court needed to decide whether it had personal jurisdiction over it under national law (it decided on the facts that it did),²⁷ and whether the proceedings should be stayed on grounds of *forum non conveniens*. It held that, for the same reasons given by the Supreme Court for deciding that infringement of copyright is justiciable in the UK,²⁸ including those cited above, the proceedings should not be stayed, and that decision would seem to be generally applicable.²⁹

The first instance court in that case went on to decide that the UK designation of the European patent was not infringed, and also that none of the French, Spanish, and Italian counterparts was infringed either, applying the respective national laws. Ultimately, the UK designation of the European patent was found to be infringed by the UK Supreme Court.³⁰ Interestingly, the Supreme Court also found the French, Spanish, and Italian patents to be infringed on the same basis, with relatively little analysis of the various foreign laws. This is controversial, because an Italian court subsequently reached the opposite conclusion in relation

to a similar infringement of the same patent (by a different party)³¹, and the Spanish Supreme Court had previously issued a decision that followed a different line of reasoning from that adopted by the UK Supreme Court.³²

This raises doubts as to the extent to which courts are able to apply foreign patent law properly, and so assess the infringement of overseas patents. Nonetheless, as it stands, actions for extraterritorial declarations of non-infringement may be brought in the UK, at least in relation to non-UK designations of European patents, where the party challenging infringement is willing not to challenge validity. The UK Supreme Court certainly seems to have embraced this course.

A main objective for a defendant seeking extraterritorial declaratory relief would be to obtain Europe-wide clearance in one set of proceedings. Under the *lis pendens* rules in the Brussels Regulation, if the UK court has been first seized of the infringement issues, this should also have the effect of blocking other European courts from considering them. It can be expected, however, that some courts will take a narrow view of the extent of blocking, so that if the infringing acts or parties can be distinguished in any way, the block will prove ineffective.³³

It is conceivable, also, that a potential defendant may seek in the UK a declaration of non-infringement of a German patent, in relation to the supply in the UK of a product or component, where that supply is said to infringe a German patent (as discussed above). Again, it would be necessary to forego a challenge to validity. If the UK court has personal jurisdiction over the patent holder (for example, through domicile or other presence, or agreement, or in the case of a non-EU domiciled patent holder of the German designation of a European patent, if the action also relates to the UK designation), then the same considerations as those discussed above would apply. If the UK court did *not* have such jurisdiction over the patent holder, an interesting question arises as to whether it would nonetheless have subject matter jurisdiction in relation to the issue of infringement, as a tort.³⁴ Such jurisdiction ordinarily would not extend to a tort committed overseas, where the damage was suffered exclusively overseas. Arguably, however, as the act that potentially constitutes the infringement takes place in the UK, the UK court would have jurisdiction.

Overseas Acts as Infringements of a UK Patent

Generally, doing an act overseas will not amount to an infringement of a UK patent. However, where some elements of a product or process are located within the UK, and others are located outside the UK, a court may determine that the invention has nonetheless been used in the UK (or in the case of supply of components, “put into effect” in the UK).

That was held to be so in a case involving a system for playing an interactive casino game. The claim required, among other things, a host computer and at least one terminal computer, characterized in that the terminal computer was situated at a location remote from the host computer.³⁵ The host computer was located outside of the UK. Software was supplied by the defendant in the UK that turned a computer located in the UK into a “terminal computer.” The court decided that, in effect, via the terminal computer, the host computer was used in the UK, and so the invention was put into effect in the UK. Accordingly, the supply of the software in the UK was held to be a contributory infringement. Nonetheless, this reasoning has not led to a significant expansion of extraterritorial jurisdiction, and in such cases the courts have looked closely to determine where the invention is actually used or put into effect.³⁶

The Unified Patent Court

The Unified Patent Court, if and when it starts,³⁷ will be a single court (with local, regional, and central divisions) that will have jurisdiction over European patents (and the new EU unitary patent) in ultimately 25 Contracting States (i.e. all EU Member States, other than Poland, Croatia, and Spain). In a single set of proceedings, it will be able to grant a pan-European injunction, award damages for infringements in all Contracting States, or make a pan-European declaration of non-infringement, or revoke European patents in all Contracting States. It was created after many years of discussions, motivated by the fragmented nature of the current European patent system. It is, by its very nature, a court that will exercise extraterritorial jurisdiction.

Claiming Damages (and an Injunction?) in Relation to Sales Outside the EU Resulting from Infringement in the EU

Even the UPC may assert jurisdiction beyond what may be considered its ordinary territory. In particular, Article 71b(3) of the recast Brussels Regulation³⁸ states that, where the UPC has jurisdiction over a defendant not domiciled in the EU:

...in a dispute relating to an infringement of a European patent giving rise to damage within the Union, that court may also exercise jurisdiction in relation to damage arising outside the Union from such an infringement.

Such jurisdiction may only be established if property belonging to the defendant is located in any Member State party to the instrument establishing the common court and the dispute has a sufficient connection with any such Member State.

This suggests, at the very least, that in some situations, when the defendant has assets in a UPC Contracting State connected with the dispute, the UPC will be able to award damages for lost sales outside of the EU that result from the infringement, and possibly order an injunction. The same is likely to apply where the defendant is domiciled in the EU. It remains to be seen what the extent of this jurisdiction will be.³⁹

Restraints on Assertion of Extraterritorial Jurisdiction

If acts committed wholly overseas become increasingly the subject of patent infringement proceedings, it is possible to imagine pressure mounting for judicial, or even legislative, intervention.

One possible way in which courts could limit the assertion of extraterritorial jurisdiction by foreign courts is by non-recognition of the foreign judgment, on the basis that it is contrary to public policy. That might apply where the patentee seeks to restrain the supply of life-saving pharmaceuticals, or where the patent falls outside the scope of patentable subject matter in the jurisdiction (for instance, in relation to business method patents). But this may be of limited scope as, in most cases, the infringing party will have

assets in the jurisdiction where the infringement case is heard, and enforceability at the place of the foreign infringing act may be comparatively unimportant.

Another possibility is by means of anti-suit injunctions, preventing a party from seeking to enforce patent rights in a foreign court. These are granted in a wide range of areas, and potentially could be ordered to prevent foreign patent infringement proceedings in some cases. However, the jurisdiction to order such anti-suit injunctions is limited. For example, personal jurisdiction may be required over the party bringing the foreign proceedings. Also, within the EU, anti-suit injunctions cannot be ordered in relation to proceedings in other Member States.⁴⁰ Ultimately, however, the CJEU has control over the circumstances in which extraterritorial actions may be brought in the EU.

It is also conceivable that national legislation may be introduced, or international free trade agreements or treaties entered into, that restrict the assertion of extraterritorial patent jurisdiction. At this stage, however, there seems to be no need for such measures, as extraterritorial cases remain a rarity.

Conclusion

The reservations expressed by Justice Gorsuch in *WesternGeco v. ION Geophysical* have undoubtedly been shared by judges in Europe, and the extent of extraterritorial jurisdiction has consequently ebbed and flowed in Europe over the years. It remains an uneven picture, with the circumstances in which European courts will exercise jurisdiction beyond their borders varying considerably. Clearly, exercising extraterritorial jurisdiction in relation to rights that are intended to be territorial in scope raises issues of comity. Moreover, some may not see it as optimal for a court to apply foreign law, although courts are well used to doing so in other contexts.

Justice Gorsuch was also concerned that the exercise of extraterritorial jurisdiction by U.S. courts may invite other countries to use their own patent laws and courts to assert control over the U.S. economy. But the fact is that this is already possible in Europe. Extraterritorial extension forms an important part of global patent litigation strategy, both offensive and defensive, even though to date it remains relatively rare.

The position will no doubt develop. And, if and when the Unified Patent Court commences, it will develop dramatically, as extraterritorial actions will become the norm in Europe.

Notes

1. 35 U.S. Code §§271(f)(1) and (2).
2. 585 U.S. ____ (2018).
3. Subject to EPO opposition proceedings, that can be brought within nine months of grant, in which all designations can be centrally invalidated.
4. Developments relating to extraterritorial relief in Europe have generally focused on the grant of pan-European injunctions, rather than damages. However, they do not exclude the awarding of damages for sales across Europe, and the rationale justifying the grant of extraterritorial injunctions is equally applicable to extraterritorial damages awards. Usually, the strategic focus of patent litigation in Europe is on the injunction (that will generally follow a finding of infringement of a valid patent), rather than damages, which are not awarded at the same levels as in the United States. An injunction blocking sales in a major European market (such as Germany or the UK), or importation into a major port (such as Rotterdam in the Netherlands), or manufacture at a major manufacturing site, can have a significant impact. It is also relevant that damages are further limited if an injunction is awarded early, and may be nil if a preliminary injunction has prevented any infringement occurring.
5. Regulation No. 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (recast).
6. Gesellschaft für Antriebstechnik mbH & Co. KG v. Lamellen und Kupplungsbau Beteiligungs KG C-4/03 (*GAT v LuK*).
7. Roche Nederland BV and Others v. Frederick Primus and Milton Goldenberg, C-539/03.
8. Following *Kalfelis v. Schröder* C-189/87. This qualification was subsequently expressly introduced into Article 8 of the recast Brussels Regulation.
9. *Solvay S.A. v. Honeywell Fluorine Products Europe BV and Others* C-616/10.
10. *Ibid.*
11. Article 35 does not remove the need for a Member State ordering an extraterritorial preliminary injunction to have personal jurisdiction over the defendant. Recital 33 of the recast Brussels Regulation states that if the court ordering provisional measures does not have jurisdiction over the substance of the matter, the measures should be confined to the territory of

-
- the Member State of that court. Accordingly, personal jurisdiction will be required (such as that based on the defendant's domicile, under Article 4 of the Regulation or, where the defendant is one of a number of co-defendants, based on the domicile of any one of them, under Article 8).
12. Schmid Bros. v. Genossenschaft der Franziskanerinnen von Siessen e.V. I ZR 110/74.
 13. See *Frauen Thermometer* 4 O 127/63 in which the Düsseldorf Landgericht (Regional Court) held that foreign sovereignty was not affected by a judgment on infringement because it only had effect in Germany.
 14. Funkuhr I X ZR 36/01.
 15. Abdichtsystem X ZR 120/15.
 16. Funkuhr II X ZR 53/04.
 17. MP2-devices X ZR 69/13.
 18. Gerber Garment Technology Inc. v. Lectra Systems Ltd [1997] RPC 443.
 19. Kirin-Amgen Inc. v. Transkaryotic Therapies Inc. (No. 2) [2002] RPC 3.
 20. Despite the refusal to order the extraterritorial injunction and its reasoning, a month later in the same case the Court ordered that, as a term of the UK injunction being stayed pending appeal, the defendant should not be permitted to use, anywhere in the world, any regulatory data generated in the UK during the period of the stay, thereby potentially impacting on the obtaining of regulatory approvals worldwide; see *Kirin-Amgen Inc. v. Transkaryotic Therapies Inc.* (No. 3) [2005] FSR 41.
 21. Smith & Nephew plc v. Convatec Technologies Inc. [2013] EWHC 3955 (Pat).
 22. Lucasfilm Ltd & Ors v. Ainsworth & Anor [2011] UKSC 39.
 23. *Ibid.*
 24. Section 30(1) of the Civil Jurisdiction and Judgments Act 1982, which abolished the rule set out in *British South Africa Co v. Companhia de Moçambique* [1893] AC 602 preventing justiciability of foreign property, unless the proceedings are principally concerned with a question of the title to, or the right to possession of, that property.
 25. *Actavis Group v. Eli Lilly & Co* [2012] EWHC 3316 (Pat). The German designation was also included initially, however this part of the claim was discontinued after infringement proceedings were brought and decided in Germany.
 26. That is consistent with *Lucas v. Ainsworth* and *GAT v. LuK*. Although the undertaking was limited to not challenging validity in the UK proceedings, in a subsequent case in which a patent holder sued in the UK for infringement of the German designation of a European patent, it was made clear that the English court would also decline jurisdiction if validity is being challenged in the courts of the state in which the patent is registered; see *Anan Kasei Co. Ltd v. Molycorp Chemicals & Oxide (Europe) Ltd* [2016] EWHC 1722 (Pat). In *Eli Lilly & Co. v. Genentech Inc.* [2017] EWHC 3104 (Pat) the court agreed with the decision in *Anan Kasei v. Molycorp* that it must decline jurisdiction if validity is being challenged in the court of the Member State in which the patent is registered, because Article 24(4) of the Regulation would be engaged. The case related to a claim for a declaration of non-infringement of the UK and non-UK designations of a European Patent. However, the claimant declined to undertake not to challenge validity in some circumstances (where the patent holder counterclaimed for infringement). The court held that it would nonetheless accept jurisdiction (pending any validity challenge) because (i) validity had not actually been challenged yet; and (ii) it was uncertain that there would be a validity challenge.

Challenging validity in EPO opposition proceedings, however, does not affect the position as to jurisdiction, because Article 24(4) of the recast Brussels Regulation is expressed to be without prejudice to the jurisdiction of the EPO; but practice varies across Europe as to whether to permit proceedings to start and/or continue pending an EPO opposition.
 27. On the grounds that the patent holder carried out its activities, or had a place of business, in the UK; and also, that it had in any event consented to the jurisdiction. Other grounds for personal jurisdiction over a non-EU domiciled party in relation to non-UK designations of a European patent include where the action also relates to the UK designation, on the basis that the claims arise out of the same or closely connected facts. This significant extension of patent jurisdiction was upheld in *Eli Lilly & Co. v. Genentech Inc.* [2017] EWHC 3104 (Pat).
 28. *Lucasfilm Ltd & Ors v. Ainsworth & Anor* [2011] UKSC 39.
 29. Similarly, a stay on grounds of forum non conveniens was refused in *Eli Lilly & Co. v. Genentech* [2017] EWHC 3104 (Pat).
 30. *Actavis UK Limited & Ors v. Eli Lilly & Co* [2017] UKSC 48.
 31. *Fresenius Kabi Oncology v. Eli Lilly & Company*, 54470/2016.
 32. *Lundbeck v. Cinfa*, 223/2015. The UK Supreme Court held that this decision was raised too late to be taken into account. It also held that Spanish courts would adjust Spanish law to follow the UK Supreme Court, particularly if the German, Dutch, French and Italian

courts all held that the patent was infringed (which they did not all do).

33. In the *Actavis v. Eli Lilly* dispute, the German courts did not consider that they were prevented from hearing the infringement issues.
34. The UK court will have subject matter jurisdiction over a non-EU domiciled defendant in relation to a tort if the damage was sustained in the UK or resulted from an act committed in the UK; and over an EU-domiciled defendant if the harmful event occurred in the UK, under Article 7(2) of the recast Brussels Regulation. The CJEU has held in *Folien Fischer AG v Ritrama SpA* C-133/11 that the special subject matter jurisdiction relating to torts under Article 7(2) (formerly Article 5(3)) of the Brussels Regulation applies to declarations of non-infringement.
35. *Menashe Business Mercantile Ltd. v. William Hill Organisation Ltd.* [2002] EWCA Civ 1702.
36. See, for example, *Research In Motion UK Limited v. Motorola Inc.* [2010] EWHC 118 (Pat), where RIM's messaging gateway system was held to be operated outside of the UK.
37. At the time of writing, it is being delayed by a complaint before the German Federal Constitutional Court, and is also subject to uncertainty caused by the UK leaving the EU.
38. As amended by Regulation 542/2014, to apply it to the UPC.
39. The exact purpose and meaning of Article 71b(3) is unclear. Recital 7 of Regulation 542/2014, and the *travaux préparatoires*, indicate that it is to provide a "subsidiary rule of jurisdiction." One possibility is that it seeks to address the position when there is no personal

jurisdiction over the defendant, because it is not domiciled in the EU. Article 71b(2) applies the Brussels Regulation to defendants outside the EU (it otherwise mostly applies to defendants domiciled in the EU). However, this will often only confer subject matter jurisdiction on the UPC under Article 7, by virtue of a patent infringement taking place in its territory, rather than personal jurisdiction over the defendant. Insofar as there is any question as to whether the UPC would be able to exercise jurisdiction in relation to damage arising outside of the EU under its Article 7 subject matter jurisdiction, the "subsidiary rule of jurisdiction" under Article 71b(3) ensures that it can (provided that the defendant has property located in a Member State with which the dispute has a sufficient connection). The implication is that UPC would, in any event, be able to exercise such extraterritorial jurisdiction over a defendant domiciled in the EU.

It has been suggested that the Article 71b(3) jurisdiction goes further, and will give the UPC jurisdiction over infringement of some non-EU designations of a European patent. This seems unlikely, based on its wording. The suggestion is based on an earlier, rejected, version of Article 71b(3) that was not so limited, and an ambiguous statement in the *travaux préparatoires*: "... the asset-based jurisdiction would ensure that the Court would have jurisdiction vis-à-vis a Turkish defendant infringing a European patent covering several Member States and Turkey" (see, European Commission Proposal 2013/0268). This statement may have intended to refer to the jurisdiction covering Turkey, rather than a European patent covering Turkey.

40. *Turner v Grovit* C-159/02.

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