

Court Limits Extraterritoriality of Federal Patent Law

In a case previously blogged on this site, the Supreme Court today decided to limit the extraterritorial application of the federal patent laws. The 7-1 decision authored by Justice Ginsburg started off by noting the:

“general rule under United States patent law that no infringement occurs when a patented product is made and sold in another country. [But,] [t]here is an exception. Section 271(f) of the Patent Act, adopted in 1984, provides that infringement does occur when one “supplies . . . from the United States,” for “combination” abroad, a patented invention’s “components.” 35 U.S.C. 271(f)(1). This case concerns the applicability of section 271(f) to computer software first sent from the United States to a foreign manufacturer on a master disk, or by electronic transmission, then copied by the foreign recipient for installation on computers made and sold abroad.”

While this question seems to be one of interest only to patent law gurus and those extrapolating the narrow text of section 271(f), the Court’s decision rests on more far-reaching grounds. Justice Ginsburg noted quite frankly that:

“Plausible arguments can be made for and against extending section 271(f) to the conduct charged in this case as infringing AT&T’s patent, [but] recognizing that section 271(f) is an exception to the general rule that our patent law does not apply extraterritorially, we resist giving the language which congress cast as section 271(f) an expansive interpretation.”

The decision cited to the Court’s 2004 opinion limiting the extraterritorial application of the Sherman Act to foreign claims (see *F. Hoffmann-LaRoche v. Empagran S.A.*, 542 U.S. 155 (2004)), and reaffirmed its base premise that “foreign conduct is generally the domain of foreign law.” Thus, if the domestic patent-holder wishes to prevent copying in foreign countries, its remedy today (at least until Congress decides otherwise), “lies in obtaining and enforcing foreign patents.”

Today's decision can be found [here](#), and the oral argument transcript can be found [here](#). Lots of links to other discussions of the case can be found [here](#).

U.S. Federal Courts and Foreign Patents: Recent Decisions Affecting the Global Harmonization of Patent Law

The U.S. Court of Appeals for the Federal Circuit recently held that a U.S. district court did not possess subject matter jurisdiction over the alleged infringement of a foreign patent. The case of *Voda v. Coris Corp.*, concerned several patents owned by Dr. Jan Voda, a cardiologist who invented and patented a catheter for coronary angioplasty. Believing that Cordis Corp. infringed his U.S. patents, Voda brought suit in the Federal District court for the Western District of Oklahoma. Voda ultimately obtained a large damages award from the trial court based upon Cordis' willful infringement of his U.S. patent. Voda also sought, however, to assert patents on the same invention that he had procured in Britain, Canada, France, and Germany.

There was no question that the court had jurisdiction to hear his claim of infringement of his U.S. patents. The interlocutory appeal to the Federal Circuit, however, concerned whether his claims of foreign infringement could be adjudicated on a consolidated basis under the discretionary power of Federal courts to hear "supplemental" claims within the same "case of controversy" as those under the courts' original jurisdiction. *See* 28 U.S.C. 1367 (the "supplemental jurisdiction statute"). Voda asserted that supplemental jurisdiction over the foreign patents was proper, and that exercising such jurisdiction would be fair and efficient for both litigants.

Writing for the majority, Judge Gajarsa concluded that the district court abused its discretion. The court turned first to the Paris Convention for the Protection of

Industrial Property, and observed that although the Convention contained no express provision allocating jurisdiction to hear patent infringement claims, there nonetheless existed an inferred principle that one jurisdiction should not adjudicate the patents of another. In response to Voda's claims that "the trend of harmonization of patent law" supports a consolidated adjudication in one court, the Judge Gajarsa noted:

Regardless of the strength of the harmonization trend, however, we as the U.S. judiciary should not unilaterally decide either for our government or for other foreign sovereigns that our courts will become the adjudicating body for any foreign patent with a U.S. equivalent 'so related' to form 'the same case or controversy.' Cf. F. Hoffman-La Roche Ltd. v. Empagran S.A., 542 U.S. 155, 166-67 (2004) (finding "no convincing justification" for providing such subject matter jurisdiction in antitrust context). Permitting our district courts to exercise jurisdiction over infringement claims based on foreign patents in this case would require us to define the legal boundaries of a property right granted by another sovereign and then determine whether there has been a trespass to that right.. . .Based on the international treaties that the United States has joined and ratified as the 'supreme law of the land,' a district court's exercise of supplemental jurisdiction could undermine the obligations of the United States under such treaties, which therefore constitutes an exception circumstances to decline jurisdiction."

Judge Newman responded with a thoughtful dissent, noting generally that courts routinely apply foreign law, and specifically that courts from other nations have adjudicated claims of foreign patent infringement. Judge Newman also found that no treaty prohibited one national court from resolving private disputes that involve foreign patent rights.

Commentators have reacted to this decision. Professor Jay Thomas thoughtfully writes at Opinion Juris that:

"Voda v. Cordis represents a lost opportunity for the Federal Circuit to ameliorate the burdens of costly, piecemeal patent litigation faced by innovators and the world's judicial systems alike. The majority's holding is more narrow than may be initially apparent, however. The majority stressed that jurisdiction under § 1367(c) is an area of discretion, and that different results

might obtain 'if circumstances change, such as if the United States were to enter into a new international patent treaty or if events during litigation alter a district court's conclusions regarding comity, judicial economy, convenience, or fairness.' . . . For now, innovative industries should recognize that although technology knows no borders, the extent of federal jurisdiction over multinational patent disputes may indeed be constrained by courts uncomfortable with the prospect of adjudicating such cases."

This decision presages additional developments, and increased interest, in the extraterritoriality of national patent laws. For example, the United States Supreme Court will hear argument next month in *Microsoft v. AT&T*, a case concerning the scope of a federal law that prohibits the export of unassembled component parts for overseas assembly of a product that would, if made or used in the U.S., infringe a U.S. patent. Veteran Supreme court heavyweights Theodore Olson and Seth Waxman will spar over whether that provision applies to software copied abroad from a master disk supplied from the United States. AT&T has submitted that Microsoft "supplied" an AT&T code to foreign computer manufacturers "with the intent that those companies would pay Microsoft a royalty each time they combined that code with other components that would infringe an AT&T patent if made or used in the United States." Microsoft contends that this result would create a campaign to stretch U.S. patent laws to reach international dealings in software. Interestingly, the United States as *amici curiae* argues for a territorial limitation of U.S. patent law and asserts that AT&T's remedy "lies in obtaining and enforcing foreign patents, and not in attempting to extend U.S. patent law to overseas activities." Comments on this case, as well as some of the parties' briefs and a related podcast, can be found on the SCOTUSblog, and also on Law.com.

CLIP papers on Intellectual

Property in Brussels I and Rome I Regulations

The ***European Max-Planck Group for Conflict of Laws in Intellectual Property (CLIP)*** is a group of scholars in the fields of intellectual property and private international law that was established in 2004 with the aim of drafting a set of principles for conflict of laws in intellectual property and to provide independent advice to European and national law makers. It is funded by the *Max-Planck Society*.

Two very interesting papers recently released by CLIP have been published on the website of *Max Planck Institute for Comparative and International Private Law (Hamburg)*.

The purpose of the first document ("**Exclusive Jurisdiction and Cross Border IP (Patent) Infringement - Suggestions for Amendment of the Brussels I Regulation**") is to provide input for the report to be prepared by the Commission on the functioning in practice of the Brussels I Regulation, and to submit proposals for its amendment (see Art. 73 of the Regulation).

It deals with adjudication of foreign IP rights at a European level, as resulting from the well-known judgments of ECJ of 13 July 2006 (*GAT*, case C-4/03, and *Roche*, case C-539/03): the Group analyses the jurisdictional issues related to adjudication of foreign IP rights involving validity as an incidental matter (the *GAT* problem) and to claims against multiple defendants (the *Roche* problem). It strongly criticises the outcome of the two decisions, as it "weaken[s] the position of the rightholders and clash[es] with the aim of establishing a genuine European justice area":

In consequence of ECJ judgments [...] it appears no longer feasible for a national court to allow for consolidation of claims against a person infringing parallel intellectual property rights registered in different Member States, and/or to accept a joinder of claims against multiple defendants engaged in concerted actions. It is feared that this will entail considerable impediments for an efficient enforcement of intellectual property rights, in particular of patents.

In order to avoid such a result, the Group proposes a number of **amendments to Art. 6 (1)** of Brussels I Regulation (introduction of a paragraph clarifying the concept of "risk of irreconcilable judgments" and, in case, adoption of the "spider in the web" rule for actions against groups of companies engaged in coordinated activities) **and to Art. 22 (4)** (insertion of a specific provision related to incidental claims on validity or registration of IP rights, with *inter partes* effects).

The second paper contains the Group's comments on the specific provision on **contracts relating to intellectual and industrial property rights** (Art. 4 (1) (f)) introduced by the European Commission in its Rome I Proposal. In the framework of general criticism towards the adoption of a list of fixed connection points in Art. 4 (see extensively the detailed article-by-article "Comments on the Commission's Proposal" of Max Planck Institute for Comparative and International Private Law), the Group denounces risks of inconsistencies of the proposed regime for intellectual property in the field of franchise and distribution agreements, and possible overlappings with provisions set out in Art. 4 (1) (g) and (h).

The paper further analyses the amendments to Art. 4 (1) (f) proposed in the Draft Report currently under examination in the European Parliament Committee on Legal Affairs. The Group welcomes the more flexible approach taken by the Draft Report in Art. 4, but still advocates the deletion of any special rule on contracts relating to IP rights:

The Group recommends the following approach:

- *The European legislator should not introduce a rule on the law applicable to contracts relating to intellectual property rights in Art. 4 of the future Rome I-Regulation.*
- *Should the European legislator prefer to insert such a rule in Art. 4, this rule should be drafted as a presumption and not as a fixed rule. Therefore, the future Art. 4 (1) (f) should rather be based on the European Parliament's Rome I-Draft Report and not on the Commission's Rome I-Proposal [...].*

Both documents can be downloaded here. Highly recommended.

Last Issue of *Revue Critique de Droit International Privé*

The last issue of one of the two French leading journals of international private law, the *Revue Critique de Droit International Privé* (2006), was released last week. In addition to several case commentaries, it contains three articles. Unfortunately and contrary to previous practices, the *Revue* does not provide any abstract for any of them, even in French.

The first article is from Dr. Hunter-Henin from UCL. Its title is "*Droit des personnes et droits de l'homme : Combinaison ou confrontation*" (Family Law and Human Rights: Can They Go Along or Do They Exclude Each Other?). I am grateful to her for providing me with the following abstract:

Developments in European Family Law via EC Regulations or frequent recourse to the right to respect for private and family life under article 8 of the European Convention on Human Rights have increased individual freedom. However, the concepts of personhood, family and personal status have as a result lost some of their meaning and permanence.

This article first examines the process by which personhood and the traditional personal connecting factor in French Private International Law – nationality – have both lost most of their substance.

It then purports to suggest ways in which the Human Rights' discourse and the benefits of EU Regulations may blend with rather than trump traditional values of Private International law, thus ensuring better predictability of individual judicial outcomes and narrowing the current widening gap between European and non European countries.

The author of the second article is Michael Wilderspin from the European Commission. Its title in French is "*La compétence juridictionnelle en matière de litiges concernant la violation des droits de propriété intellectuelle. Les arrêts de*

la Cour de Justice dans les affaires C-4/30, GAT c. LUK et C-539/03, Roche Nederland c. Primus et Goldberg" (Jurisdiction in Disputes Involving the Infringement of Intellectual Property Rights. The Decisions of ECJ in Cases C-4/30, GAT c. LUK and C-539/03, Roche Nederland c. Primus et Goldberg).

The authors of the third article are Dr. Jault-Seseke and Dr. Robine from Rouen University Law Faculty. Its title in French is "*L'interprétation du Règlement n°1346/2000 relatif aux procédures d'insolvabilité, la fin des incertitudes ?*" (The construction of Regulation n°1346/2000 on Insolvency Proceedings: the End of Uncertainties?). An English abstract should be made available by authors and posted soon.

Symposium: "International Litigation In Intellectual Property And Information Technology"

The symposium is organized by the *Unité de droit international privé* of the ULB (*Université Libre de Bruxelles*) in the framework of the project on "**Judicial Cooperation in Matters of Intellectual Property and Information Technology**", co-financed by the European Commission, and will take place in **Brussels on Friday, March 2nd 2007**.

It is a follow-up to an earlier roundtable, held in Heidelberg in late 2006 (a background paper prepared for the Heidelberg meeting can be found [here](#); other interesting preliminary documents dealing with specific topics are available [here](#)). As stated on the symposium programme, a number of key issues related to cross-border IP litigation will be addressed, in the light of recent case-law of the European Court of Justice (GAT and Roche judgments, on which a number of recent posts can be found on our website) and legislative proposals (Rome II Regulation):

How should the applicable procedural framework be organized to guarantee at the same time an effective protection of intellectual property rights and legal certainty? Which court has jurisdiction to entertain actions relating to foreign rights and/or relating to infringements perpetrated through the internet? Is it still possible to consolidate proceedings relating to parallel IP rights after the decisions of the European Court of Justice in the GAT and Roche cases? What are the means to collect evidence located abroad in cross-border IP cases? What is the role and scope of preliminary and protective measures in IP international litigation?

For the full programme, the complete list of speakers and further information (including registration, free for students), see the project website and the downloadable leaflet.

Seminar: Jurisdiction in IP Disputes

✖ This seminar is part of the British Institute's seminar series on private international law which will run throughout the Autumn of 2006 and well into 2007 entitled *Private International Law in the UK: Current Topics and Changing Landscapes*.

Date: Monday 22nd January 2007, 15.00 – 17.00

Location: British Institute of International and Comparative Law, Charles Clore House, 17 Russell Square, London WC1B 5JP

Speakers:

- (Chair) The Rt Hon. Lord Justice Jacob
- Professor Gerrit Betlem, University of Southampton
- Professor Jan Brinkhof, Brinkhof Advocaten
- Michael Silverleaf QC, 11 South Square


Subject matter:

Two ECJ judgments of 13 July 2006 – GAT v. LuK and Roche Nederland BV – have stirred much concern in the patent community. It was ruled that contrary to practice presently established in some Member States the courts in the country of registration are exclusively competent to adjudicate validity, even when the issue of validity only arises as an incidental matter. Further it has been held that it is also not possible to join claims against affiliated companies for coordinated infringement of European bundle patents before the courts in the country where the principal office steering the activities has its seat.

The seminar will feature an in-depth discussion of the implications for the English practice of the recent ECJ cases referred to. It will further explore current issues in England and Wales and other European jurisdictions relative to the subject of jurisdiction in cross-border IP cases.

Sponsored by *Herbert Smith*. More information, including pricing, can be found on the **BIICL website**.

Is Cross-Border Relief in European Patent Litigation at an End?

Marc Doring and Francis van Velsen have written an article in the Journal of  Intellectual Property Law & Practice entitled, “**Is cross-border relief in European patent litigation at an end?**” (J.I.P.L.P. 2006, 1(13), 858-860). Here’s the first paragraph of the article:

The ECJ decisions in GAT v LuK and Roche v Primus appear to have prohibited cross-border relief, bringing the Dutch and the German patents courts (which were willing to grant such relief in certain circumstances) in line with the English Patents Court (which has always refused to grant such relief). However, the decisions still enable the Dutch and German patents courts to continue to

grant cross-border relief in certain circumstances. Whether they will do so remains to be seen.

Those with a subscription to the Journal can download the article from the J.I.P.L.P. website. You can browse some of our other posts on these two ECJ decisions [here](#).

Jurisdiction over Defences and Connected Claims

There is a case note in the latest issue of the *Lloyd's Maritime & Commercial Law Quarterly* (L.M.C.L.Q. 2006, 4(Nov), 447-452) by Adrian Briggs (Oxford University) on "**Jurisdiction over Defences and Connected Claims**", which:

Criticises the interpretation by the European Court of Justice of the provisions of Council Regulation 44/2001 allowing similar cases to be heard together to avoid irreconcilable differences in precedent, where they refused to hear claims together in the cases of Gesellschaft fur Antriebstechnik mbH & Co KG (GAT) v Lamellen und Kupplungsbau Beteiligungs KG (LuK) (C-4/03) and Roche Nederland BV v Primus (C-539/03).

A Farewell to Cross-Border Injunctions?

Annette Kur (Max Planck Institute for Intellectual Property, Competition and Tax Law) has written an article in the latest issue of the *International Review of*

Intellectual Property and Competition Law (IIC 2006, 37(7), 844-855) entitled, "**A Farewell to Cross-Border Injunctions? The ECJ Decisions GAT v. LuK and Roche Nederland v. Primus and Goldenberg**". The abstract states [links to the judgments have been inserted]:

The two ECJ judgments of 13 July 2006 – GAT v. LuK and Roche Nederland – have stirred much concern in the patent community. On the basis of its reasoning, which is amazingly brief both in view of the complexity of the issues decided and the length of the time it has taken the court to ponder about its decisions, it was ruled that contrary to practice presently established in some Member Countries, the courts in the country of registration are exclusively competent to adjudicate validity, even when it only arises as an incidental matter. It is also not possible to join claims against affiliated companies for coordinated infringement of European bundle patents before the courts in the country where the principal office steering the activities has its seat.

You can see our summary of GAT v Luk here. You may also be interested in reading the contemporary ECJ case of Reisch Montage AG v Kiesel Baumaschinen Handels GmbH (13 July 2006), which is summarised here.

Jurisdiction over European Patent Disputes, and the European Payment Procedure Order

Richard Taylor (DLA Piper) has written a short summary in the latest issue of the Law Society Gazette, discussing the response by the European Court of Justice, in *Roche Nederland BV v Primus* (C-539/03) and in *Gesellschaft für Antriebstechnik mbH & Co KG (GAT) v Lamellen und Kupplungsbau Beteiligungs KG (LuK)* (C-4/03), **to attempts by European courts to extend their jurisdiction over European patent disputes**, referring to the provisions of the Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and

Commercial Matters 1968.

Ref: *Law Society's Gazette L.S.G. (2006) Vol.103 No.39 Page 31*

In other news, the **European Parliament's second reading of the proposal for the adoption of a Regulation of the European Parliament and of the Council creating a European order for payment procedure** is scheduled for the 23rd October 2006.

The discussions in the various European organs have gone smoothly for this particular proposed Regulation. The only point of difference between the amended Commission proposal and the common position of the Council concerns the definition of the term "cross-border case". The Commission "regrets" the limitation to cases where both parties are domiciled in a Member State and has made a declaration accordingly.

No surprises are expected on the 23rd October either; the common position of the Council has been negotiated together *with* the European Parliament in view of reaching a first-reading agreement. Therefore the European Parliament should not request any amendments of the common position – at least in theory.