

Territoriality and Jurisdiction in EU IP Law

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Almost every type of intellectual property right is territorial in nature, and although in the EU some EU-wide unitary intellectual property rights exist, corresponding national rights also persist in most areas of intellectual property in the EU, and will continue so to do. The increasingly international nature of trade and the increasingly dematerialised nature of much content provision has meant that national courts in the EU and sometimes the Court of Justice of the EU are ever more often called on to review how national courts should address questions of how the EU principles of jurisdiction apply to such national intellectual property rights.

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The Law Applicable to Intellectual Property Disputes

Almost every type of intellectual property right is territorial in nature, and although within the EU there are some EU-wide intellectual property rights of a unitary nature, such as the Community trademark and the Community design, national such rights also persist in most areas of intellectual property in the EU, and seem likely to continue to do so for the foreseeable future. The principle of EU exhaustion of rights, by which a physical article placed on the market in one EU country by or with the consent of the rights holder, can circulate freely within the EU, complemented, to a considerable degree in most areas of intellectual property, by the harmonisation of national laws within the EU, has addressed, in favour of free movement of goods, many of the issues that arise with trade across national borders within the EU in physical goods. However, the increasingly international nature of trade, and the increasingly dematerialised nature of content provision, has meant that national courts in the EU and sometimes the Court of Justice of the EU (CJEU) are even more often called on to review how national courts should address questions of how EU law as to jurisdiction, which has been largely formulated and interpreted under a more general legal framework, should be applied to the special case of national intellectual property rights. Such case law has mainly concerned copyright and patents.

Before discussing questions of jurisdiction, namely in which court should an action for infringement of an intellectual property right be heard, it is appropriate to discuss what laws or laws such court should apply, as it is inevitable within the EU legal framework that a court may be called on to apply a law that is not its own. Within the EU the issue of applicable law is for most types of intellectual property relatively straightforward, being for non-contractual disputes such as intellectual property infringements governed by Article 8(1) of the Rome II Regulation, by which the applicable law 'shall be the law of the country for which protection is claimed'.¹

However in some areas of intellectual property, such as trade secrets, the issue of applicable law is more problematic. Assuming that the basis of such an action does not lie solely in contract (as to which the Rome I Regulation² applies) but rather as an aspect of the law of unfair competition, trade secrets are governed by a separate article of the Rome II Regulation, Article 6, which, by virtue of Article 6(2) (on the basis that the 'act of unfair competition affects exclusively the interests of a single competitor'), then applies the general rules under Article 4. These however are not especially suited to an action which, at least from the point of English law, would appear to be capable of being, and certainly in practice often is, founded on an unauthorised disclosure or misuse occurring anywhere in the world.³ Despite this there has been remarkably little analysis of the issue of applicable law in the context of trade secrets, which is

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especially surprising given such uncertainties.⁴ Neither would the proposed new Directive on trade secrets⁵ address the issue, although insofar as it would provide that the import of ‘infringing goods’ would found an action it presupposes that unauthorised disclosure or misuse has taken place abroad.

Jurisdiction Generally as to Intellectual Property and Related Disputes

Within the EU, matters of jurisdiction in civil disputes including those as to national intellectual property rights, are the subject of the Brussels I Regulation,⁶ whereas unitary EU-wide intellectual property rights have their own jurisdiction regimes, which depart from that of the Brussels I Regulation in certain respects, but are not discussed further in this paper. Under the Brussels I Regulation (the numbering of certain of the Articles which has been changed over the course of its successive revisions, and a new revision of which will come into force in 2015) the primary rule, by Article 4 (formerly 2), is that a defendant, where domiciled in a Member State, but whatever its nationality, is to be sued in its country of domicile, although Article 8 (formerly 6) also allows co-defendants in other countries to be joined to the action provided that ‘the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings’.⁷ However, one effect of the Article 4 jurisdiction, where this is relied on, is that the court that is seized of an intellectual property dispute on this basis will often find itself having to apply a law other than its own to the dispute that is before it.

A further factor comes into play in the case of registered intellectual property rights, which is that by Article 24(4) (formerly 22(4)), the courts of the Member State in which the deposit or registration of such intellectual property right has been applied for have exclusive jurisdiction in proceedings concerned with the ‘registration or validity’ of such rights. The interaction between Article 24(4) and the other bases of jurisdiction does not arise in the case of unregistered rights such as copyright, but has been explored in a number of patent cases in the context of attempts to secure relief on a pan-European basis, as discussed further below.

Article 7(2) (formerly 5(3)) provides another exception to that established by Article 4 as a basis for establishing jurisdiction for ‘matters relating to tort, delict or quasi-delict’ (which is accepted to cover

actions for the infringement of intellectual property rights and has also been held to apply to applications for negative declarations seeking to establish the absence of such liability⁸) namely ‘the place where the harmful event occurred’. This can mean not only the place or places where the damage occurred but also the place of the causal event giving rise to the damage, although the latter will often coincide with that under Article 4. But in the context of a website, the former confers potential scope on an intellectual property rights owner to bring proceedings in the courts for any of place where the website is available. Although, as an exception to Article 4, Article 7(2) is narrowly construed and so requires that there be a ‘particularly close connecting factor between the dispute and the courts of the place where the harmful event occurred’,⁹ this does not in practice restrict its application much in the case of intellectual property infringements on the Internet, but the degree to which anything short of ‘targeting,’ for example by language or by transaction currency, will suffice is unclear.¹⁰ One example of the Article 7(2) jurisdiction which was considered by the CJEU occurred in Case C-523/10 *Wintersteiger AG*, in which it was held that an action could be brought in one country (here Austria) under a local (here Austrian) trademark in respect of use of a keyword identical to that trademark on a search engine website with a country specific (here German) top-level domain name, accessible in the first country (here Austria).¹¹ There have also been copyright cases in which the CJEU has also considered the application of Article 7(2), albeit in relation to some rather special factual situations.¹²

The major difference in practice between jurisdiction that is founded on Article 4 and that founded on Article 7(2) lies in the nature of the relief that is available. Whereas a judgment in an intellectual property infringement action founded on Article 4 jurisdiction will always provide the rights owner with the possibility of a remedy in respect of infringing acts wherever they occur in the EU, an action that is based on Article 7(2) can in most cases only provide a remedy in respect of the Member State in which such jurisdiction is founded.¹³ One exception to this is the special case of personality rights, as to which, in joined cases C-509/09 and C-161/10 *eDate Advertising and Others* and *Martinez v MGN*, the CJEU held that ‘the person who considers that his rights have been infringed [by content placed online on an Internet website] has the option of bringing an action for liability, in respect of all the damage

caused, either before the courts of the Member State in which the publisher of that content is established or before the courts of the Member State in which the centre of his interests is based [and that that] person may also, instead of an action for liability in respect of all the damage caused, bring his action before the courts of each Member State in the territory of which content placed online is or has been accessible.⁹ Thus in this specific type of case concerning personality rights, wider relief than usual in an action based on Article 7(2) is available, namely that in respect of damage throughout the EU, but only where the action is brought where the centre of the plaintiff's interests is based.

Jurisdiction as to Patent Disputes

National patents in the EU, whether or not granted by the European Patent Office (EPO), are also subject to the regime established by the Brussels I Regulation, and even after the Unified Patent Court, with its own jurisdictional rules, comes into being (and which will not now be before the end of 2015), such new rules will only apply to national patents granted by the EPO where the option to opt out of the new system has not been exercised.¹⁴ In addition to the principles discussed above, because patents are registered intellectual property rights, account must also be taken of Article 24(4) by which the courts of the Member State in which the deposit or registration of such intellectual property right has been applied for have exclusive jurisdiction in proceedings concerned with the 'registration or validity' of such rights. Article 24(4) differs from its former text (as Article 22(4) of Regulation (EC) No 44/2001) in making it clear that it applies 'whether the issue [of registration or validity] is raised by way of an action or as a defence,' thereby expressly reflecting the decision of the CJEU in Case C-4/03 *GAT v LUK*.¹⁵ This precludes seeking pan-European relief for patent infringement, in an action on the merits, in respect of different national designations of a patent granted by the EPO, even though the patent claims will be identically worded, where validity of such national designations is put in issue. However in C-616/10 *Solvay v Honeywell*¹⁶, the CJEU held that this did not preclude seeking provisional measures, such as an interim injunction pending full trial on the merits, on a pan-European basis, as to which Article 35 (formerly 31) allows an application to be made, 'even if the courts of another Member State have jurisdiction as to the substance of the matter.'

It also made it clear that other defendants could properly be joined on the basis of Article 8(1) jurisdiction in a patent action brought on a pan-European basis and that such joinder was only precluded in the specific circumstances of Case C-539/03 *Roche Nederland v Primus and Goldenberg*.¹⁷

Although it is rare that a party accused of patent infringement will not seek to challenge validity, thereby, by virtue of Article 22(4) precluding an action being brought against it and other co-defendants on a pan-European basis on the merits, such situations can sometimes arise, although this is not an issue over which the patentee has any control. However, a party fearing that it may be accused of patent infringement and wishing 'to clear the path' on a pan-European basis before introducing a product to the European market may, if it considers its position on infringement to be sufficiently strong, be prepared to forego attacking validity if, by means of an application for a negative declaration, it can thereby secure certainty as to non-infringement of several national designations of a patent granted by the EPO in the one proceeding. The scope to do so is currently being explored in litigation before the English courts in *Actavis UK Ltd and others v Eli Lilly & Company* and in which the English court, at first instance, has made a declaration of non-infringement in respect of the French, Italian and Spanish designations, in addition to the English one, of a patent granted by the EPO, having in so doing heard expert evidence as to the respective applicable laws and the various approaches to patent infringement that were adopted by each such country.¹⁸

Many more jurisdictional controversies, not only as to patents but also as to other national intellectual property rights in the EU, can be expected in the future. Moreover the jurisdictional framework within which these take place in the EU will require that national courts will have to become ever more familiar with each other's applicable laws, recognising that the harmonisation of intellectual property laws that has taken place in the EU has still left considerable scope for national differences as to the finer details of such laws.

References

- 1 Regulation (EC) No 864/2007 of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) O.J. L 199 31.07.2007 p 40. Recital 26 explains that this reflects "the universally acknowledged principle of the *lex loci*

- protectionis.*” Article 8(2) makes separate provision for unitary Community intellectual property rights.
- 2 Regulation (EC) No 593/2008 of 17 June 2008 on the law applicable to contractual obligations (Rome I) O.J. L177 4.7.2008 p.6.
 - 3 For example in *Vestergaard Frandsen A/S an ors v Bestnet Europe Ltd* [2013] UKSC 31, [2011] EWCA Civ 424 [2009] EWHC 1456, much of the activity complained of had taken place outside the UK, and indeed there had been previous proceedings outside the UK, but no issue was raised as to applicable law, the entire case proceeding under English law. However in *Innovia Films Ltd v Frito-lay North America Inc* [2012] EWHC 790 (Pat), a dispute concerning patent entitlement, but based on trade secrets allegations, the only controversy as to the approach to applicable law that should be adopted concerned activities that had taken place before the Rome II Regulation came into effect. As to those which took place afterwards the parties were content to proceed on the basis that Article 6(2) and thus Article 4 of the Rome II Regulation applied. Of the later it was further accepted by the parties that Article 4(3) of the Rome II Regulation applied, providing that “Where it is clear from all the circumstances of the case that the tort/delict is manifestly more closely connected with a country other than that indicated in paragraphs 1 or 2, the law of that other country shall apply. A manifestly closer connection with another country might be based in particular on a preexisting relationship between the parties, such as a contract, that is closely connected with the tort/delict in question.” There was however a dispute as to the application of Article 4(3), which resulted in a finding on the facts that English, rather than Delaware, law applied.
 - 4 For an extensive discussion of such uncertainties see Wadlow Christopher, Trade Secrets and the Rome II Regulation on the Law Applicable to Non-Contractual Obligations, *European Intellectual Property Review*, 30(8) (2008) 309-319.
 - 5 Cook Trevor, Proposal for a Directive on the Protection of Trade Secrets in EU Legislation, *Journal of Intellectual Property Rights*, 19(1) (2014) 54-58.
 - 6 Regulation (EU) No 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) O.J. L351 20.12.2012 p 1, replacing, with effect from 10 January 2015, Regulation (EC) No 44/2001 of 22 December 2000. Note that this has been amended by Regulation (EU) No 542/2014 of 15 May 2014 amending Regulation (EU) 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice O.J. L163 29.5.2014 p 1.
 - 7 In Case C-145/10 *Painer v Standard Verlags* (CJEU 1 December 2011) (ECLI:EU:C:2011:798), it was held that this could potentially found jurisdiction in respect of actions against several defendants for substantially identical copyright infringements brought on national legal grounds which vary according to the Member States concerned, it being for the referring court to assess, in the light of all the elements of the case, whether there is a risk of irreconcilable judgments if those actions were determined separately.
 - 8 Case C-133/11 *Folien Fischer AG and another v Ritrima SpA* (CJEU 25 October 2012) (ECLI:EU:C:2012:3852).
 - 9 Joined Cases C-509/09 and C-161/10 *eDate Advertising and Others* (CJEU 25 October 2011) (ECLI:EU:C:2011:685), at paragraph 40.
 - 10 Case C-173/11 *Football Dataco* (CJEU 18 October 2012) (ECLI:EU:C:2012:3823) holding, in the context of database protection, that the restricted act of ‘re-utilisation’ “takes place, at least, in Member State B, where there is evidence from which it may be concluded that the act discloses an intention on the part of the person performing the act to target members of the public in Member State B, which is for the national court to assess” and Case C-5/11 *In the criminal proceedings against Titus Alexander Jochen Donner* (CJEU 21 June 2012) (ECLI:EU:C:2012:370) holding that a “trader who directs his advertising at members of the public residing in a given Member State and creates or makes available to them a specific delivery system and payment method, or allows a third party to do so, thereby enabling those members of the public to receive delivery of copies of works protected by copyright in that same Member State”, undertakes, in the Member State where the delivery takes place, the restricted act of distribution to the public.
 - 11 Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*, (CJEU 19 April 2012) (ECLI:EU:C:2012:220).
 - 12 Case C-170/12 *Peter Pinckney v KDG Mediatech AG* (CJEU 31 October 2013) (ECLI:EU:C:2013:635) holding that in the event of alleged infringement of copyright protected by the Member State of the court seised, Article 7(2) conferred on such court the jurisdiction to hear an action to establish liability brought by the author of a work against a company established in another Member State and in which State it has reproduced that work on a material support which is subsequently sold by companies established in a third Member State through an internet site also accessible with the jurisdiction of the court seised, and Case C-387/12 *Hi Hotel HCF SARL v Uwe Spoering* (CJEU 3 April 2014) (ECLI:EU:C:2014:215) holding that Article 7(2) meant that, where there are several supposed perpetrators of damage allegedly caused to rights of copyright protected in the Member State of the court seised, that provision does not allow jurisdiction to be established, on the basis of the causal event of the damage, of a court within whose jurisdiction the supposed perpetrator who is being sued did not act, but does allow the jurisdiction of that court to be established on the basis of the place where the alleged damage occurs, provided that the damage may occur within the jurisdiction of the court seised.
 - 13 A principle that was first established, in the context of an action for defamation, in Case C-68/93 *Shevill and Others* (ECLI:EU:C:1995:61), and was expressly repeated in Case C-170/12 *Peter Pinckney v KDG Mediatech AG* (CJEU 31 October 2013) (ECLI:EU:C:2013:635) and Case C-387/12 *Hi Hotel HCF SARL v Uwe Spoering* (CJEU 3 April 2014) (ECLI:EU:C:2014:215).
 - 14 Cook Trevor, Has an Agreement been Reached on a Unitary Patent and a Unified Patent Court for Europe, and if so, what is it? *Journal of Intellectual Property Rights*, 17(6) (2012) 568-572 and Cook Trevor, The Progress to Date with the Unitary European Patent and the Unified Patent Court for Europe, *Journal of Intellectual Property Rights*, 18(6) (2013) 584-588.
 - 15 Case C-4/03 *GAT v LUK* (CJEU 13 July 2006) (ECLI:EU:C:2006:457).

- 16 Case C-616/10 *Solvay v Honeywell* (CJEU 12 July 2012) (ECLI:EU:C:2012:445).
- 17 Case C-539/03 *Roche Nederland & ors v Frederick Primus and Milton Goldenberg* (CJEU 13 July 2006) (ECLI:EU:C:2006:458), in which different companies, albeit within the same group of companies, were each accused of infringing different national designations of a patent granted by the EPO, as opposed to the situation in Case C-616/10 *Solvay v Honeywell* (CJEU 12 July 2012) (ECLI:EU:C:2012:445) in which some of the same companies were accused of infringing different national designations of a patent granted by the EPO, thereby giving rise to the risk of irreconcilable judgments resulting from separate proceedings.
- 18 *Actavis UK Ltd and others v Eli Lilly & Company* (Patents Court 15 May 2014) ([2014] EWHC 1511 (Pat)). For earlier judgments on jurisdictional issues, [2012] EWHC 3316 (Pat) (affirmed [2013] EWCA Civ 517) and ([2013] EWHC 3749 (Pat)). In parallel German infringement proceedings the Düsseldorf Regional Court had found the German designation of the patent to be infringed. These various decisions are the subject of appeal.