

**MULTI-NATIONAL PATENT PROTECTION: LEX LOCI PROTECTIONIS, A
CASE FOR HARMONIZING INTERNATIONAL PATENT LAW**

A thesis submitted in fulfillment of the requirements for the degree of

MASTER OF LAWS

of

UNIVERSITY OF NAIROBI

by

WILLIS WERIMO ECHESSA

G62/67646/2013

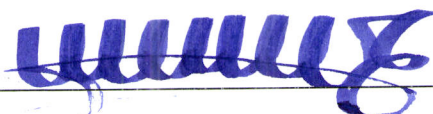
*Finalize
PKM
24/11/14*

November, 2014

DECLARATION OF ORIGINALITY

This thesis is my original work and has not been submitted elsewhere for examination, award of a degree or publication. Where other people's work or my own work has been used, this has properly been acknowledged and referenced in accordance with the University of Nairobi's requirements.

Date 24.11.2014

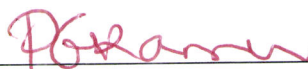


WILLIS WERIMO ECHESSA

G62/67646/2013

This thesis is being submitted to the University of Nairobi for examination with my approval as the Student Supervisor:

Date 24/11/14



PROF. PATRICIA KAMERI-MBOTE, SC

DEDICATION

This thesis is dedicated to my beloved parents

MARGARET M.O. ECHESSA

&

JOHN W.E. ECHESSA

'Education is a shared commitment between dedicated teachers, motivated students and enthusiastic parents with high expectations'

&

To the memory of

FRANCIS GODFREY ANYONA

1965-2014

So long brother, till we meet at Jesus feet

ACKNOWLEDGEMENT

The research reported in this thesis would not have been possible without the support of so many people. Many thanks are due to the following people for their various sublime contributions towards the successful completion of my study:

- Emily W. Wakesho, for your prayers, time, faith and encouragement. Quintessential ;-)
- My supervisor, Prof. Patricia Kameri-Mbote, generously employed her intellectual expertise and. Prof. I owe you depths of gratitude I am pleased to have had the privilege of been supervised by a renown academic and Senior Counsel;
- My parents Mr. John Echessa & Mrs. Margaret Echessa I can never fully and concisely describe in words the gratitude that I have. From the moment I decided to pursue law as my chosen profession you unflinchingly gave your all, made material sacrifices and encouraged me. I thank God for you; you are the greatest gift that He ever gave me. I love you;
- My brother Bernard, sisters Lynnette, Priscah, Joyce and Emily for their moral support, encouragement and unflinching understanding;
- My best friend Miller W. Bwire for the encouragement and sparring arguments on all things law;
- My partners and all staff of TripleOKlaw Advocates for supporting my pursuit of further studies and bearing my absence from the office;
- All my friends and classmates in the 2013/2014 Masters class;
- All the staff of the School of Law, University of Nairobi for their warmth and professional support.

Table of Contents

Table of Cases

Table of Legislation

Table of Conventions and Treaties

List of Abbreviations

Chapter 1 INTRODUCTION.

1.1 Abstract.....1

1.2 Background of the problem.....2

1.3 Statement of the problem.....3

1.4 Research hypothesis.....4

1.5 Objectives of the Study.....4

1.6 Research questions.....5

1.7 Justification of the study.....5

1.8 Theoretical framework.....6

1.9 Methodology.....7

1.10 Limitations of the study.....8

1.11 Literature review.....8

1.12 Chapter breakdown.....16

Chapter 2 TERRITORIAL LIMITS OF PATENT PROTECTION.

2.1 Introduction.....18

2.2 The concept of territoriality of patent protection.....18

2.3 Patent protection in the conflict of laws system.....20

2.4 The scope of *lex loci protectionis*.....22

2.5 *Locus protectionis* vis a vis *locus delicti*.....25

2.6 Extraterritorial application of patent law.....25

Chapter 3 MULTINATIONAL PATENT RIGHT ENFORCEMENT.

3.1 Introduction.....29

3.2 Cross-border enforcement of patent rights.....29

3.3 Enforcement of parallel rights in multiple countries.....33
3.4 Extraterritorial enforcement of an individual national right.....35
3.5 Cross-border enforcement of patent rights injunctions.....37
3.6.1 Case study of injunctions.....37

Chapter 4 CROSS-BORDER ENFORCEMENT OF PATENT RIGHTS.

4.1 Introduction.....43
4.2 Initiatives of harmonization of patent law in the European Union.....43
4.3 The European patent system.....50
4.3.1 The European patent litigation agreement.....50

Chapter 5 CONCLUSION & RECCOMENDATIONS.....56

References

Table of Cases

eBay Inc.-vs-Merc Exchange, *L.L.C.* 547 U.S. 388 (2006).

Potter-vs-The Broken Hill Proprietary Company Limited [1906] CLR 476, 494.

Roche Nederland BV -vs- Primus, 2006 E.C.R. I-6535..28

Table of Statutes, Conventions, Treaties

Agreement on the Establishment of the Nordic Patent Institute, July 5, 2006.

Amendment of the TRIPs Agreement, Decision of 6th December 2005, WTO, WT/L/641 (December 8th 2005).

Berne Intellectual Property Convention, 1971

Brussels Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial matters, 1968

Convention Establishing the World Intellectual Property Organization, July 14 1967, 21 U.S.T 1749, 828 U.N.T.S 3.

Convention on the European Patent for the Common Market, Dec. 15, 1975, 19 O.J. (L 17) 1 (1976)

Convention on the Grant of European Patents, Munich 1973

European Patent Litigation Agreement

General Agreement on Tariffs and Trade, Oct. 30, 1947.

Lugano Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, 1988.

Paris Convention for the Protection of Industrial Property, 1883

Patent Co-operation Treaty, June 19th, 1970.

Patent Law Treaty, June 1, 2000.

Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS), Annex 1C to the WTO Agreement.

Treaty Establishing the European Community, Consolidated Version, 2002 O.J. (C. 325) 33.

List of Abbreviations

ALI	American Law Institute
CLIP	Conflict of laws in Intellectual Property
CTMR	EC Regulation 40/94 on Community Trade Mark
EC	European Community
ECJ	European Court of Justice of European Communities
EPC	European Patent Convention
EPO	European Patent Office
EU	European Union
ITC	International Trade Commission
PCT	Patent Co-operation Treaty
PIL	Private International Law
USA	United States of America
WIPO	World Intellectual Property Organization

1.1 Abstract

The problems, perceived and actual in enforcement of patents are reported regularly by patentees and potential patentees as a handicap to the effectiveness of their rights or a disincentive to apply for them.¹ With the advancement of technology and streamlined access to international markets, inventors have a vital interest in protecting the propriety of their inventions in foreign countries.² The enforcement of patent rights beyond territorial limits has drawn considerable international attention. This is largely due to the territorial limitation of national laws in providing protection to patent right holders. Patent protection has existed for a long time. In 1883, the Paris International Convention for the Protection of Industrial Property ("Paris Convention").³ By this convention a foundation was established for international patent cooperation. However the convention in regard to the present day realities falls short in meeting critical expectations.⁴ According to Professor Donald S. Chisum, "The increasing interdependence of the global economy and the growing concern over the cost of multinational intellectual property rights procurement and enforcement that makes territoriality an unacceptable obstacle to international trade".⁵

The United Nations in 1967 established the World Intellectual Property Organization ("WIPO") as the administrator of the Paris Convention⁶. Primarily the function of WIPO was to harmonize the national laws with regard to intellectual property protection. Presently there is no uniform international patent system. Several countries have enacted regional treaties seeking to formulate standard patent laws. The existing patent system compel a patent right holder to lodge an application in every country where protection is sought making the process tedious, expensive

¹. Intellectual Property Advisory Committee (IPAC), *The Enforcement of Patent Rights* (2003) at 5.

². Faryan Andrew Afifi, *Unifying International Patent Protection: The World Intellectual Property Organization Must Coordinate Regional Patent Systems* 15 Loy.L.A Int'l & Comp. L. Rev 453 (1993) Available at <http://digitalcommons.lmu.edu/ilr/vol.15/iss2/5>.

³. Paris International Convention for the Protection of Industrial Property, March 20, 1883, 25 Stat. 1372, T.S. No. 379 (effective June 11, 1887) as revised at Brussels, December 14, 1900.

⁴. Hans Collin, *International Patent Systems and Practice* 11 (1977).

⁵ Donald S.Chisum, *Normative and Empirical Territoriality in Intellectual Property: Lessons from Patent Law* 37 VA J. INT'L. 603,604 (1997).

⁶. Convention Establishing the World Intellectual Property Organization, July 14 1967, 21 U.S.T 1749, 828 U.N.T.S 3.

and duplicative. The *raison d'être* of a uniform international patent system and jurisprudence is to enhance protect, promote and encourage innovation.

Patent law is considered to be the most territorially based form of intellectual property because the grant of patent rights at first instance is the prerogative of a national government.⁷ Commerce has since the 19th Century progressed from being national based to an international level with more trans-border activity considerably weakening the territoriality principle application of patent law.⁸ This has created a need to reexamine and evaluate the present international patent system specifically with respect to the choice-of-law rule, *lex loci protectionis*.

1.2 Background of the Problem

Patent law is resolutely territorial. The international law premise of territoriality reflects an underlying political commitment to preserve national autonomy in favour of innovation policy and thus extend protection beyond sovereign political borders consistent with the flexible limits established by international property treaties. Presently little regard has been directed toward the need for the harmonization of international intellectual property law.⁹ The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)¹⁰ embodies only a minimum consensus. There is however no international mechanism that ensures that the legislation of member states respects the minimum rights set out in the international instruments.

Patent law is subject to the territoriality principle that requires adjudication of claims for infringement by the law of the national state where protection is granted. The territoriality principle and the *lex loci protectionis* rule have presented numerous problems with regard to

⁷ Id at 5.

⁸ Graene B.Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 Wm.&Mary L. Rev. 711 (2009), [http://schorlaship.law.wm.edu/wmlr/vol 51/iss/12](http://schorlaship.law.wm.edu/wmlr/vol%2051/iss/12).

⁹ See P.B. Carter, Preface to James J. Fawcett & Paul Torremans, *Intellectual Property and Private International Law* (1998) (commenting that “whatever the explanation of the past failure of private international law to meet the need to accommodate problems in the area of intellectual property, that need is compelling” and noting that the need “has become even more pressing” as a result of advances in technology).

¹⁰ The TRIPS Agreement is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed on 15th April, 1994.

patent protection.¹¹ The territorial approach and *lex loci protectionis*, as presently applied has led to multiplication of interests on parties in pursuit of patent right protection. There is therefore a need to establish a necessary balance of interest to secure uniformity in international patent protection.

1.3 Statement of the Problem

The enforcement of patent rights raises complex, and from private international law perspective unique difficulties. The advance of technology and globalization has both presented a unique scenario with respect to cross-border infringement of patent rights. For instance, the various patent systems now in existence require an inventor to file patent applications in every country where he seeks patent protection.¹² This has left in force a structured an inefficient and ineffective system for patent enforcement.

The major gap in the Paris Convention is its failure to substantively define the scope of protection afforded by patents internationally. This has resulted in conflicting patent laws among signatories to the convention that diminishes the effective enforcement of patent rights in cases of cross-border infringement.

The patent system is unfit for a global economy because it functions territorially, on a one country, one patent principal. For an invention to be protected in a country a patent must be obtained in that specific country, and for an invention to be protected in multiple countries patents, patents must be obtained in each of the countries individually.¹³

¹¹ C.Waldow, *Enforcement of Intellectual Property in European and International Law* (London Sweet & Maxwell 1998) 22.

¹² Peter D. Rosenberg, *Patent Law Fundamentals* 19.01 (1982).

¹³ .Marketa Trimble, *Global Patents: Limits of Transnational Enforcement* OUP (2012) 12.

Territoriality presents a major challenge with regard to the unification of a patent system applicable in all countries of the world. The resolution of this challenge requires that all countries adopt a uniform standard of patentability; however, the countries of the world disagree on what should be patentable.

Beyond the resolution of the problem of territoriality by the unification of patent laws is the fact that these laws cannot exist without being uniformly interpreted, therefore an institutional structure is required as a necessity to secure consistency in the enforcement of the rights.

1.4 Research Hypothesis

It is hypothesized that, cross-border enforceability of patent rights would greatly be aided by construction of a harmonized patent protection system that mitigates the choice of law rule *lex loci protectionis*.

It is further hypothesized that private international rules applicable to the enforcement of patent rights may lead to the concentration of litigation in a single forum. Recognizing and accepting this approach is only the first-although very significant step towards the creation of appropriate patent enforcement mechanisms.

Lastly it is hypothesized that the formation of a global patent or harmonized international patent system would solve the problem of territoriality limited protect for inventions because it would give patentees rights everywhere and with these rights the possibility of litigating where enforcement is required.

1.5 Objectives of the Study

The primary objectives of this research paper shall be:-

- a. To identify the territorial limitations of patent protection, the problems in patent law and international patent system;
- b. To explore and explicate whether the application of the territoriality principle and *lex loci protectionis* rule in patent infringement cases has led to the imbalance of interests between right holders and users;
- c. To make recommendations for reform of the principle of territoriality by unification of international patent law;

1.6 Research Questions

In pursuance of the research goals, the thesis shall seek to answer and will be structured around three major research questions:-

- a. Whether the present patent system fails to fulfill the ultimate purpose by the application of the *lex loci protectionis* choice-of-law rule?
- b. Whether there is a need for reform in international patent law by the harmonization of the diverse national laws to establish uniformity in substantive patent law?
- c. Whether an institutional structure is required over individual countries' judicial systems to secure consistency in enforcement of patent rights;
- d. How can the World Intellectual Property Organization (WIPO) contribute to the harmonization of International Patent Law?

1.7 Justification of the Study

The justification of this study stems from the progressive development brought about by globalization. This irresistible phenomenon has significantly rendered and insurances on a

territorial approach in enforcement of patent rights diminish the effective protection of the innovators interest. There is therefore a need for the present patent law system to be reviewed so as to formulate practical solutions presented by the realities of globalization. Specifically it is time for a reconfiguration of the territoriality principle for a proper development of private international law.

I believe that this research shall contribute to the knowledge base within the field of patent law enforcement.

1.8 Theoretical Framework

Patent law concerns new, industrially applicable inventions. A patent is a form of personal property that may be assigned, licensed or charged. Disclosure is a central prerequisite for the grant of a patent and it must be total, with nothing of substance withheld.¹⁴ The fact that the details of an invention are made public means that these can be immediately accessed and used by others in acts that might constitute infringement. Without the protection of an adequate and functional patent system, inventors would have no reason to rely on the law of confidence for protection. The conventional justification of a patent system is that inventors and investors are rewarded for their time, work and risk of capital by the grant of a limited, though strong monopoly. This benefits society by stimulating investment and employment because details of the invention are added to the store of available knowledge.¹⁵

This research is premised upon the incentive theory with respect to the need for an effective international patent system. Under this theory encouragement, inducement and reward are the main factors underlying the patent system. By constructing a framework whereby invention is rewarded, this acts as an incentive to make new inventions and to invest the necessary time and capital. Therefore the presence of a strong and effective international patent system may bring numerous benefits in the development of new products.

¹⁴ David I. Bainbridge, *Intellectual Property*, 9th Ed Pearson (2012) page 389.

¹⁵ Id. Page 394.

An empirical observation of the practices of the various national patent law jurisdictions discloses an ordering exhibited by common practice. This order may predominantly be independent of the fixed rules of law. With this consideration the norms developed out of practice, custom and usage provide a useful basis for the development of the international patent law. The identified need for the harmonization of international patent law benefits greatly from the identification of the origin of the norms and their place in the development of a uniform international patent law.

The existence of jurisprudence in case law that demonstrates the appreciation of the extraterritoriality of patent law enforcement is demonstrative of the gradual development from the strict application of the choice-of-law principle codified in the Paris Convention. The Nordic and European patent models provide an insightful starting point in the process of seeking a uniform patent law and rules internationally.

The research shall be directed by the point of view set out in this theory as it uniquely fits the purpose of the study as it analyses the research questions and provides a premise from which a proposal for the reevaluation of the international patent system from which the recommendations and the conclusion shall be drawn.

1.9 Methodology

The research shall be primarily library based. The principal sources shall include text books, articles, journals and internet sources. The thesis shall also incorporate a case study. The methodology of this research shall entail desktop research by utilizing published facts and information relating to international patent law. The application of the secondary source of data and the research method chosen shall be sufficient to answer the research questions hence meet the goals of the research.

1.10 Limitation of the Study

It is acknowledged that many of the findings of this study are limited and in tentative terms of their generalized and wider application, given the relatively limited cross-border patent enforcement experience in the African continent. Nevertheless I have gained considerable information with regard to the experience in European and American jurisdictions. In this way by interrelating the diverse findings of the study, I have managed to create a sense of cohesion

1.11 Literature Review

Cross-Border Enforcement of Patent Rights-Marta Pertegas Sender¹⁶

The enforcement of patent rights raises complex, and from private international law perspective, unique difficulties. Marta Pertegas Sender provides a pragmatic contribution to the debate on the use and for some abuse of private international rules in patent disputes. In her book the emphasis is on jurisdictional and choice of law problems arising in the context of patent infringement disputes. Dr. Sender proposes a distributive application of the *lex loci protectionis* as the most consistent solution in view of the resolute territorial nature of patents.

She further argues that the application of the current jurisdictional framework to infringement cases leads to cross-border enforceability. This book analyses in detail both the European rules on jurisdiction (the Brussels Convention and its successors) and the choice of law rules as they apply to cross-border patent disputes providing essential reading. At the jurisdictional stage, the basic question is whether the current jurisdictional framework provides a basis for the concentration of related litigation.

For jurisdictional purposes, patent enforcement is a tort. Accordingly she argues that cross-border patent enforcement attempts may generally be undertaken at the forum of the defendants domicile, the place of the tort and, as far as provisional measures are concerned, another forum with a sufficient connection to the dispute. On the other hand, the application of the current jurisdictional framework to international patent infringement disputes leads to significant

¹⁶ Marta Pertegas Sender, *Cross-Border Enforcement of Patent Rights* (Oxford University Press, 2002).

difficulties such as the pre-emptive effect of proceedings pending abroad or the jurisdictional consequences of a patent validity challenge.

At the choice-of-law stage, this book provides a comparative overview of the rather unexplored issues arising in multinational patent enforcement. *De lege feranda*, it seems that, in view of the territorial nature of patents, a distributive application of the law of the protecting state, *lex loci protectionis* appears to be the most consistent choice of law.

This text aids this research by providing a detailed guide to the European private international law rules as applied to patent disputes, an up-to-date coverage of the legislative initiatives, a discussion on cross-border patent litigation in the context of the new Brussels Regulations and a broad and deep coverage of the comparative position in different national jurisdictions.

The analysis by Sender examines by case study on the choice-of-law in Belgian courts with regard to patent right enforcement. The author concisely examines the various scenarios of multiple patent infringements arguing that the determination of the conflict of law rule may be justified in consideration of the parties' expectation. This lends credence to part of the identification of the research problem presented by this research in relation to the actual European experience identified by the author.

Global Patents-Limits of Transnational Enforcement-Marketa Trimble¹⁷

This book is authored by an associate professor at the William S. Boyd School of law at the University of Nevada, Las Vegas. Professor Trimble has conducted comparative and empirical work in respect of intellectual property and private international law/ conflict of laws.

In her book *Global Patents* she sets out to explain the absence of a 'global patent', identifies the associated problems of global patent enforcement, review of historical development, and makes apt suggestions where the future of global patenting and patent enforcement might be headed.. Her main focus is on the United States and Germany which are the two countries with the most

¹⁷ Marketa Trimble, *Global Patents: Limits of Transnational Enforcement* (Oxford University Press, USA), 2012.

significant patent litigation venues and provides a side-by-side comparative analysis of the extraterritorial features of the two countries' patent law.

Merketa Trimble provides an insightful perspective on the limitations of enforcement of patents in multiple countries and proposes solutions towards mitigation of problems that arise from the lack of global patent protection. The author makes an argument that despite the undeniable progress made the internalization of patent law falls short of providing viable worldwide protection that rewards investors for the global disclosure of their inventions. This research agrees with that conclusion but disagrees with the author's conclusion that the regional initiatives that seek to harmonize international patent law is not sound policy with respect to the gradual development towards the goal of harmonization.

This research concurs with the authors argument that recent developments introduced by international instruments do not comprehensively address any cross-border difficulties that may arise in civil litigation.¹⁸

Conflict of Laws in International Intellectual Property: The CLIP Principles and Commentary-Max Planck Group on Conflict of Laws in Intellectual Property¹⁹

This text addresses issues of private law for disputes involving intellectual property rights. The principles were produced by a Max Planck Institute research project, in which the authors were heavily involved. The principles are intended to provide a model European framework to respond to the increasing need for guidance on the applicable law. The text sets out principles that help inform developing practice on applicable law and conflict throughout the field.

The material in this book incorporates article-by-article commentary and notes which analyze thoroughly the context of the rule within the Principles, as well as within the existing legal solutions as the national, European and international level. It also explores the policy considerations underlying the rule, enabling a better understanding of why principles adopt the

¹⁸ Id footnote 17, page 187.

¹⁹European Max Planck Group, *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary*,(Oxford University Press, 2013).

solutions laid out in the rules. Useful references are provided to the relevant legal provisions and cases dealing with the respective issues of intellectual property and private international law. This specifically introduces a comparative overview of choice of law rules that are applicable to patent infringement disputes. However the focus of the author is only in relation to a proposed rule solution rather than substantive harmonization of patent law.

This work provides a penetrative analytical and refined account of international intellectual property law that will instruct the objectives of this study and will positively offer insight on the aspect of the disparities of national laws on patent protection.

Developing a Private International Intellectual Property Law: The Demise of Territoriality?-Graeme B. Dinwoodie²⁰

Graeme B. Dinwoodie, a professor of Intellectual Property and Information Technology Law, University of Oxford in this paper explores the present day relevance of the principle of territoriality (Choice-of-law: scope of *lex loci protectionis*) against the backdrop of a globalized environment. The paper firstly makes audit of the basic principles of private international law that apply in trans-border intellectual property disputes and examines treaty provisions and developments at national and regional levels.

The paper shifts focus to the concept of territoriality and assesses the erosion of national borders and the need to reconfigure the principle of territoriality. The article examines in-depth the different ways in which the principle of territoriality might conceptually inform a private international law of intellectual property. Professor Dinwoodie proposes a restrained concept of territoriality making a comparative analysis from the treatment of extraterritoriality in trade mark law.

The author proposes reform of the specific principle of private international intellectual property law. The perspectives shared in this article are useful in analyzing whether the concept of a strict application of the *lex loci protectionis* rule is effecting in modern day patent protections. The

²⁰ Id at 7.

analysis provided is useful and supporting to this research as it gives recent illustrations of the problems presented by the strict application of the choice-of-law rule. Professor Dinwoodie's work makes a bold proposal with respect to the enactment of a common judicial infrastructure for dispute resolution that shall gradually lead to the development of jurisprudence that would spur harmonization. Which proposal this research argues is plausible if the process of harmonization is initiated on a region to region basis prior to worldwide application.

Enforcing a unitary Patent in Europe: What the US Federal Courts and Community Design Courts teach us²¹

The article traces the evolution of European patent rights from the Paris Convention to the Patent Cooperation Treaty and the recent European patent Convention. It proceeds to review past efforts to integrate these patent rights and the ultimate failure of these efforts to provide multinational patent enforcement in Europe. It finally examines both legal and practical issues confronting a unitary patent system emphasizing the challenges in harmonizing the European patent Convention with the governing European Union Treaty for countries bound by both agreements. This lends credence to the proposition carried in this research with regard to the possibility of gradual harmonization of international patent law on the basis of regions.

Extraterritoriality in U.S. Patent Law-Timothy R. Holbrook²²

This article proposes a new approach to the issue of extraterritorial reach of U.S. Patent law, for the consideration of foreign law in assessing whether to enforce patents extraterritorially. This suggestion is hoped to address and resolve potential conflict of laws and comity concerns. It is also suggested that this approach would develop international patent law norms that may help harmonize national patent laws through an informal mechanism.

²¹ Philip P. Soo, *Enforcing a Unitary Patent in Europe: What the U.S. Federal Courts and Community Design Courts Teach Us*, 35 Loy. L.A. Int'l & Comp. L. Rev. 55 (2012). <http://digitalcommons.lmu.edu/ilr/vol35/iss1/3>

²² Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 Wm. & Mary L. Rev. 2119 (2008), <http://scholarship.law.wm.edu/wmlr/vol49/iss6/5>.

Timothy R. Holbrook makes an in-depth analysis on the question of territoriality and examines the merits and demerits of setting strict territorial lines for patent enforcement. He proceeds to discuss the developing jurisprudence of the Federal Circuit case law in extraterritorial protection.

This article is relevant to this research as it offers a practical insight of the development jurisprudence by the courts in extraterritorial patent protection, the limits of extraterritorial remedies, problems created by 'rogue countries', use of a comparative method to minimize conflicts of law and the possibility of the development of international norms of patent law.

Fight or Flight: Traversing the Extraterritorial Battlefield of Modern United States Patent Law-Andrew S. Kerns²³

This article examines the challenges in multinational patent litigation with respect to the territoriality of patent law that makes enforcement of patent law difficult outside the United States. Specifically, the article addresses the challenges in establishing jurisdiction in patent suits where infringement is done outside the United States, enforcement of correlative patents in foreign countries and the prohibitive costs of obtaining and litigating foreign patents.

This article provides an incisive case study of the jurisprudence developed by the United States courts in adjudication of foreign patent claims. The article provides this research with input in relation to the application of injunctive relief in a protecting country seeking to stop alleged infringing conduct abroad and the exception to the territoriality of United States patent law. The point of divergence taken by Mr. Kerns is that there is no proposition on how the enforcement of patent rights across national borders in the absence of establishment of common and agreed substantive law between the protecting countries and the countries where enforcement is sought.

²³ Andrew S. Kerns, Fight or Flight: Traversing the Extraterritorial Battellefield of Modern United States Patent Law in Baylor Law Review, 2011.

Unifying International Patent Protection: The World Intellectual Property Organization Must Coordinate Regional Patent Systems-Faryan Andrew Afifi²⁴

Fayan A. Afifi in his article published in the Loyola of Los Angeles International and Comparative Law Review discusses the need for WIPO to address the existing problems in patent law and international patent system. The article briefly traces the historical background of patent law with a view of helping in the understanding of the present patent problems. He makes an analysis of the existing multinational treaties as an initiative for harmonization of patent law.

The article in keeping with the expectation of this research in regard to reform makes a case for international standardization of international patent law to maximize and incentivize innovation. The article addresses the controversial issues in international patent law and offers viable solutions as well as the ultimate benefits that would accrue with the establishment of a uniform international patent system.

Towards a solution to the Problem of Illegitimate Patent Enforcement Practices in the United States: An Equitable Affirmative Defense of "Fair Use" in Patent-²⁵

This article identifies harmonization of international patent law as an important goal with the ultimate benefit of encouraging innovation. The article examines the developing jurisprudence of the United States courts in using foreign law in determining domestic cases. However the focus is primarily with regard to the protection of patents granted in the US in other countries and the resolution of cases within the US in relation to patent granted abroad. This research benefits from the identification of the problem domestically but improves by making a broader analysis of the problem on a much broader senses without limitation.

²⁴ Id at 2.

²⁵ Victoria E. Luxardo, *Towards a Solution to the Problem of Illegitimate Patent Enforcement Practices in the United States* in Emory International Law Review, 2006.

Extraterritorial Intellectual Property Enforcement in the European Union-Marketa Trimble²⁶

This article by Professor Trimble examines the problems associated with extraterritorial enforcement of intellectual property rights in the European Union in three distinct categories: enforcement of unitary EU-wide rights, enforcement of parallel rights in multiple countries and enforcement of rights based on one national law with extraterritorial effects on activities in other countries.

The article reviews the three categories of problems and demonstrates the interrelatedness of solutions that have been developed to address the problems. This insightfully assists in the development of chapter 4 and 5 of this research by proffering practical illustrations on how solutions may be explored at regional level with an objective of providing valuable lessons for possible implementation on a global level.

The location of the contemplated sale as the ultimate gauge in 'offer to sell' transnational US patent infringement Cases-Scott A. Cromar²⁷

The article review the historical territorial limits of patent law and the increased interest in and importance of international intellectual property law, the efforts made by international treaties such as the Agreement on Trade Related Aspects of Intellectual Property (TRIPS) to harmonize the various national intellectual property laws. The need to harmonize intellectual property laws in order to reduce business transaction costs. The author also discusses 'offer to sell' patent infringement cases as the principles of extraterritoriality and makes proposals on how the rule would better define the bounds of 'offer to sell' infringement.

²⁶ Marketa Trimble, *Extraterritorial Intellectual Property Enforcement in the European Union* in *Southwestern Journal of International Law*, 2012.

²⁷ Scott A. Cromar, *The location of the contemplated sale as the ultimate gauge in 'Offer to sell' transnational US patent infringement cases*, *University of Illinois Law Review* Vol. 2012.

Cross-border Enforcement of Patent Rights-Limits and solutions in Current Conflict of Laws Regimes-Eonsuk Kim²⁸

The article examines why the conflict of laws rules are important in the cross-border enforcement of patent rights and the limits of international protection of patent rights under the current conflict of laws system. It proceeds to look into the rule convergence phenomenon in intellectual property through the conventions and the principles and evaluates it from a conflict of laws perspective. Professor Kim makes cogent proposals for solutions to the resolution of the disconnect between conflict of laws and the territoriality principle. However his article does not address the core issue of the differences on account of the unique nuances of the laws and interpretation of substantive patent issues not primarily limited to the forum for dispute resolution but with regard to a common standard of enforcement internationally.

1.12 Chapter breakdown

The thesis shall be presented in one volume beginning with a title page and end with a list of references.

Chapter 1

This shall constitute the research proposal which shall introduce the research question, set out the statement of the problem, justification of the study the objectives and the goal intended to be achieved by the research.

Chapter 2

This chapter shall contextualizes the research within the relevant literature and provide its theoretical underpinning. The chapter shall begin with an analysis of the choice-of-law rule *lex loci protectionis* and examine the scope of present international patent protection.

²⁸ Presentation at the International Conference 'International Issues relating to Pro-innovation Patent System and Competition Policy' held in the Graduate School of Law, Nagoya University on 9th February 2013.

Chapter 3

Chapter 3 shall highlight the problems of cross-border enforcement of patent rights in multiple countries and the conflict of laws in the transnational disputes involving patent rights.

Chapter 4

Chapter 4 shall constitute a case study of initiatives taken in various jurisdictions in extraterritorial enforcement of patent rights. The chapter shall also analyze regional initiatives such as the Brussels Regime that serve as models for future harmonization of international patent law.

Chapter 5

This shall be the concluding chapter and it shall provide a synopsis of the major findings of the research. It shall further outline the significance of the study and offers some recommendations for the rational development of a proper private international patent law.

CHAPTER 2: Territorial Limits of Patent Protection

2.1 Introduction

The patent system is explained as a general program for encouraging technological progress. By granting valuable rights of exclusion to the patent holders, the system aims to divert rents to patent holders so as to induce the optimum level of technological advances. This chapter reviews the territoriality problem in the patent system that limits protection to the territory of a particular country notwithstanding that the disclosure of the invention is worldwide. The chapter proceeds to examine the *lex loci protectionis* or the law of the protecting state as a choice of law rule and its compatibility or otherwise with specific features of patent right enforcement. This is analyzed in the context where the case concerns an action against multiple acts of infringement committed locally and some committed abroad.

There is no consensus that the law of the protecting state should be applied as a general rule. However the reluctance of courts to assume jurisdiction over disputes that involve the enforcement of foreign patent right bring to the fore the issue of which law is to be applied to cross-border infringement disputes. This is further compounded by the fact that there is not yet harmonization of choice of law rules applicable to the infringement of patent rights.

Lastly this chapter compares the application of the *lex loci protectionis* and the *lex loci delicti* as choice of law rules and whether these sufficiently meet that expectation of the patent right holders.

2.2 The Concept of territoriality in patent law

The present patent system requires that inventors that seek worldwide patent protection for their inventions must apply for patents in every country in the world. In this context, the extent of the right conferred by the patent on an invention that is the de facto the same invention as presented to the patent office in another country will be a function of the inventions novelty and

inventiveness. That measure might vary widely from country to country.²⁹ The grounding of patent law in a public bargain, that different patent offices might negotiate differently according to their own respective innovation policies, validates separate property rights. But, so too, the fact that the degree of inventiveness might de facto vary from one country to another requires even non-instrumentalists to recognize a valid starting point of national rights.³⁰

The territorial nature of patents has two implications. First that the patent has no operation beyond the territory of the State under whose law it is granted³¹ and is limited to the geographical territory of the state for which the patent is granted.³² The other limb of the territorial nature of patents is the principle of independence: parallel patents in which a single patent application accords protection of the same invention in several countries. This makes it possible for an inventor to apply for patents abroad and the filing for patents on the same invention in multiple countries.

The territorial nature of a patent right is thought to have a procedural corollary, namely the exclusive jurisdiction of the courts of the protecting State.³³ That all disputes, including those concerning the infringement of patents would fall under the exclusive jurisdiction of the protecting state.

²⁹ For a discussion on the universalization of the content of prior art and the adoption of absolute novelty standards, see Margo A. Bagley, Patent Unconstitutional: The Geographical Limitation on Prior Art in a small world, 87 Minn. L. Rev. 679, 729-36 (2003); Craig Nard, In Defense of Geographical Disparity, 88 Minn L. Rev. 222 (2003).

³⁰ Graeme B. Dinwoodie, 'Developing a Private International Intellectual Property Law: The Demise of Territoriality' in William & Mary Law Review Vol. 51|Issue 2, Article 12(2009).

³¹ *Potter-vs-The Broken Hill Proprietary Company Limited* [1906] CLR 476, 494. Compare with the definition given by Rigaux, (Translation): the material notion of territoriality means that the facts that occur within the territory of a state are governed by the legal rules of that state: F. Rigaux 'Droit économique et conflit de souverainetes' (1998) Rabelsz 111.

³² Marta Pertegas Sender, *Cross-Border Enforcement of Patent Rights* (OUP) 2002, 21.

³³ Id.

2.3 Patent Protection in the Conflict of Laws System.

In order to understand the relationship between international protection of patent rights and the conflict of laws rules, it would be helpful to clarify what has been suggested by the academia and practitioners so far for the cross-border enforcement of patent rights.

First, many contributions have emphasized that, regarding international patent dispute settlement system, the efficient litigation system should be developed to prevent multiple litigations which deprive the parties of time and cost by bringing an action in multiple countries.³⁴

Second, regarding the choice of law rules, there has been many arguments that the rules on choice of law should be clear and predictable in order for the party who seek to protect his patent rights abroad to predict the governing law of the dispute. Furthermore, it has been also insisted that the uniformed choice of law rules should be drafted, given that the governing law could be the same no matter where the action was brought.³⁵

Third, even for more protectable patent rights, it has been also considered that patent rights should be protected not only inside the country but also outside the country. Indeed, it would be more helpful to the party who looks for patent protection aboard if patent rights could be protected by the same national law which may be probably favourable to patentee. This is concerned with the issue on the extraterritorial application of patent law, which is one of the important topics regarding the cross-border intellectual property protection.³⁶

Lastly, the judgment including injunction concerning patent rights should be enforceable in foreign countries. If not, the party obtaining favourable judgment could not access the asset of the infringer located outside the country and which means that the international patent protection could not be achieved in the long run. Likewise, those four points have been regarded as

³⁴ Eonsuk Kim, *Cross-border Enforcement of patent Rights-Limits and Solutions in current conflict of Laws Regime*. Article based on the presentation of the writer in the International Conference International issues relating to Pro-innovation Patent System and Competition Policy held in the graduate School of Law, Nagoya University on 09.02.2013

³⁵ Id page 496.

³⁶ Supra note 33 page 497.

necessary elements for cross-border protection of patent rights. As has described above, all are concerned with the legal issues dealt with in the area of conflict of laws: jurisdiction, choice of law, recognition and enforcement of foreign judgment.³⁷

Therefore, in order to resolve the problem as to what extent patent protection can be achieved at the international level, the conflict of laws rules and related issues should be firmly understood. For the internationally more protectable patent right. For the internationally more protectable patent rights, it might be necessary to add some changes to the existing framework of conflict of laws. Since, under the existing conflict of laws systems, multiple litigations have been still taking place in multiple countries as seen in recent Samsung vs. Apple cases where several different litigations on the same issue have been brought to several different countries cross the world.³⁸ And when it comes to choice of law rules, even though they are now heading for the convergence,³⁹ they still vary from country to country, which may give rise to the *forum shopping* problem. so it means that we need to know the choice of law rules of each forum country.

As for the extraterritorial application of patent law, this is still controversial topic. Most of jurisdictions have been criticizing such an extraterritorial approach of intellectual property law from both perspectives of substantive intellectual property law and conflict of laws.⁴⁰ Moreover, the issues as to whether the judgment or injunction rendered by home country in favour to the patentee can be enforceable in foreign country is also not clear under the existing conflict of laws systems, because each jurisdiction has its own rules on recognition and enforcement of foreign judgment and international conventions do not exist regarding this issue at the moment. These

³⁷ As for the basic knowledge on these three main questions concerned with the conflict of laws, refer to C.M.V. Clarkson, Jonathan Hill, *The Conflict of laws*, 4th ed.(Oxford University Press, 2011), Dicey/Morris/ Collins, *The conflict of laws*, 14th ed.(Sweet & Maxwell, 2006).

³⁸ *Samsung vs. Apple* cases, which is patent infringement suits regarding the design of smartphone and tablet computers, have been brought to the courts in Korea, Japan, Germany, the Netherlands, France, Italy, Australia, the UK and the USA from 2011 until recently.

³⁹ The Hague Conference on Private International Law has been drafted more than 40 multilateral conventions to promote the harmonization of conflict of laws rules so far such as Convention of March 1954 on civil procedure, Convention of 2 October 1973 on the law applicable to products liability, Convention of 5 July 2006 on the law applicable to certain rights in respect of securities held with an intermediary, Convention of 30 June 2005 on choice of court agreement.

⁴⁰ From a conflict of law perspective, the issue as to the extraterritorial application of national law is basically confined to the public laws. Kazunori Ishiguro, *KokusaiChiteki zaisan Ken* [International Intellectual Property Rights] (NTT, 1998) p.36.

are the limits we are facing regarding international protection of patent rights under the current conflict of laws situations. Under these circumstances, it is crucial to explore the consensus which should be achieved between intellectual property law and conflict of laws.

2.4 The scope of Lex Loci Protectionis

Most national courts have applied the *lex loci protectionis* to determine the applicable law in intellectual property cases, at least in adjudicating the question of infringement.⁴¹ This rule that the law of the country for which protection is sought applied in intellectual property cases, is seen as implementation of the principle of territoriality.⁴² To the extent that international treaties expressed a preference for a choice-of-law rule, the *lex loci protectionis* was favoured.⁴³ The *lex loci protectionis* has been applied with the least debate in determining the subsistence and infringement of registered intellectual property rights. The law of the country that granted the right applies to determine both the validity of the grant and its scope of protection.

Some scholars have, however, questioned the resilience of that rule in light of the increased international flow of copyrighted works and the ubiquity of works distributed online.⁴⁴ For these scholars, the increasingly dispersed and nonexclusive nature of national prescriptive authority, as well as practical efficiencies, support revisiting the strength of our unconditional commitment to *lex loci protectionis*, even on the question of copyright infringement.⁴⁵ The *lex loci protectionis*

⁴¹ See generally Jane C. Ginsburg, Group of Consultants on the Private International Law Aspects of Protection of Works and Objects of Related Rights Transmitted Through Digital Networks, WIPO Doc. GCPIC/2, at 34-36 (Nov. 30, 1998)(Copyright)

⁴² *Id.* at 26.

⁴³ See, e.g., Berne Convention Art 5(2).

⁴⁴ The literature is by no means uniform in its suggested solution, but the problems identified are common in most of that writing. For a list of illustrative scholarship, see Austin, *Domestic Laws*, *supra* note 19, at 6 n.15; see also Graeme W. Austin, *Intellectual Property Politics and the Private International Law of Copyright Ownership*, 30 BROOK J. INT'L L. 899,899 n.3 (2005) [hereinafter Austin, *Intellectual Property Politics*] (listing scholarship in intellectual property law generally).

⁴⁵ See, e.g., Dinwoodie, *A New Copyright Order*, *supra* note 1, at 542-79 (supporting substantive law method in truly international cases); see also Ginsburg, *supra* note 64, at 45 (proposing application of the law of the place of server that hosts the allegedly infringing content, provided that that law is Berne-compliant, absent which, the law of the place of residence of the website operator applies provided that that law is Berne-compliant, absent which, the *lex fori* provided that that law is Berne-compliant). Other scholars have sought to reaffirm the *lex loci protectionis* (provided it is not interpreted as merely the *lex fori*), but deal with some of the same objections through reform of jurisdictional doctrines. See, e.g., Austin, *Domestic Laws*, *supra* note 19, at 36-48; Graeme W. Austin, *Social Policy Choices and Choice of Law for Copyright Infringement in Cyberspace*, 79 OR. L. REV. 575, 578-84 (2000).

might fail to capture the complicated set of affinities that should prescribe the conduct of online actors. And it might (depending upon how the "place for which protection is sought" is interpreted) provide little guidance as to applicable law in online disputes, or instruct the application of the laws of 180 countries to an essentially unitary dispute, or encourage the development of information havens. It is perhaps not surprising, therefore, that some courts, including in the United States and Canada, have articulated choice-of-law rules that admit greater flexibility on the infringement question (without formally jettisoning respect for the claims of the *lex loci protectionis*, sometimes identified in the infringement context as the *lex loci delicti*).⁴⁶

Moreover, the scope of application of the *lex loci protectionis* is even more uncertain. Certain aspects of an intellectual property dispute (for example, the validity of a contract relating to the transfer of intellectual property rights, or the allocation of rights between employer and employee) implicate interests of states other than the state where the allegedly infringing conduct occurred. States where commercial exchanges are made have an interest in determining the conditions under which those bargains are upheld.

The regulation of the employment relationship affects the social and economic fabric of the country of production, rather than (or at least as much as) the country where an act of infringement occurred.⁴⁷ Thus, although some countries afford the *lex loci protectionis* a broad scope of application,⁴⁸ others have, for example, opted to apply the *lex originis* to determine questions relating to the authorship and ownership of copyright.⁴⁹ Although United States courts have nominally looked to the policy-based approach of the Second Restatement and applied the

⁴⁶ See, e.g., *Itar-Tass*, 153 F.3d at 91 (concluding that to determine infringement the *lex loci delicti* would apply, whether as a fixed rule or as part of a broader interest analysis); *Soc'y of Composers, Authors & Music Publishers of Can. v. Can. Ass'n of Internet Providers ("Tariff22")*, [2004] 2 S.C.R. 427 (Can.) (noting that "[a] real and substantial connection to Canada is sufficient to support the application of our *Copyright Act* to international Internet transmissions" and that "relevant connecting factors would include the *situs* of the content provider, the host server, the intermediaries and the end user").

⁴⁷ See Austin, *Intellectual Property Politics*, *supra* note 67, at 920-21 (defending attention to the "important social policy choices reflected in the law of the place where a work was first created").

⁴⁸ This includes, for example, Germany, which applies *lex loci protectionis* even to the question of the ownership of copyright (an issue on which departure from the principle is quite common elsewhere). See, e.g., Case No. 12R 176/01, Bundesgerichtshof [BGH] [Federal Court of Justice] June 26, 2003 (F.R.G.), *reprinted in* 35 INT'L REV. INTELL. & COPYRIGHT L. 987, 988 (2004); Case No. 1 ZR 88/95, Bundesgerichtshof [BGH] [Federal Court of Justice] Oct. 2, 1997 (F.R.G.), *reprinted in* 30 INT'L REV. INDUS. PROP. & COPYRIGHT L. 227, 229-31 (1999).

⁴⁹ See Paul Torremans, *Authorship, Ownership of Rights and Works Created by Employees: Which Law Applies?*, 27 EuR. INTEL. PROP. REV. 220, 220-23 (2005) [hereinafter Torremans, *Authorship*] (discussing Belgian law).

law of the place with the most significant relationship to the parties and the transaction to questions of initial copyright ownership,⁵⁰ they have given weight, in particular, to the nationality of the authors and the place of first publication. As a result, the United States has effectively adopted a *lex originis* rule on copyright authorship.⁵¹

The ALI Principles⁵² and the JK Joint Proposal lay down the division between the law applicable to registered rights and the law applicable to non-registered rights. The principles were adopted by the American Law Institute in May 2007.⁵³ On the other hand, under the CLIP Principles, the law applicable to intellectual property rights is the *lex loci protectionis* without the division between registered and non-registered rights. The *lex loci protectionis* which is generally defined as the law of the state for which protection is sought and regarded to be derived from Article 5(2) of Berne convention, is considered as a choice of law rule of intellectual property.

It is at times difficult to specify the law of the state for which protection is sought in actual cases. The *lex loci protectionis* not clear concept, although it is regarded as derived from the Article 5(2) of the Berne convention, which is considered as a choice of law rule of intellectual property, because the provision does not specify expressly where can be the state for which protection is sought. In this regard, the choice of law rules of the forum country can be or should be intervened to determine the governing law of intellectual property in an actual case, providing that the territoriality principle makes influence on the determination of governing law.

⁵⁰ See Restatement (Second) Of Conflict Of Laws § 6(2) (1971).

⁵¹ Cf. *Films by Jove, Inc. v. Berov*, 154 F. Supp. 2d 432, 448-61 (E.D.N.Y. 2001), *motion for reconsideration denied*, 250 F. Supp. 2d 156 (E.D.N.Y. 2003), *later proceeding*, 341 F. Supp.2d 199 (E.D.N.Y. 2004). On the question of subsistence of copyright (for example, the standards of originality), the U.S. courts have applied the *lex loci protectionis*. See *Bridgeman Art Library, Ltd. v. Corel Corp.*, 25 F. Supp. 2d 421, 425-27 (S.D.N.Y. 1998), *aff'd on*

⁵² Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes (ALI 2008)

⁵³ For a detailed analysis of the ALI Principles see Francois Dessemontet, *The ALI Principles: Intellectual Property in Trans border Litigation*, in *Intellectual Property in the Global Arena* (Jurgen Basedow, Toshiyuki Kono & Axel Metzger eds., Mohr Siebeck 2010), 31.

2.5 Locus Protectionis vis a vis Locus Delicti.

The first potential conflict is that between the law of the place of protection and that of the place where infringement occurred, where these two places do not geographically coincide.⁵⁴ The place of protection is not the only relevant factor in patent infringement cases. Precisely because of the territorial nature of patents, the patent has no operation beyond the territory of the state under whose law it is granted. Consequently the place where the act of infringement occurred is another key factor in the appreciation of a patent infringement. It follows that the state where the infringement occurred may equally have a genuine interest in having its law applied to the dispute.⁵⁵ This is considered a *lex loci delicti*.

Where more than one state has an interest in having its law applied to the dispute, it may be necessary to rank these interests in order to determine the governing law.⁵⁶ This determination is a sovereign decision of each state. The interests in conflict are in regard to that of the law with respect to the state granting protection and the law where the act of infringement is committed. It is pointed out that the state where the *locus delicti* is located has a regulatory interest in deterring harmful conduct in order to discourage future torts. With regard to intellectual property rights, the regulatory interest of the *lex loci delicti* is limited to cases where patent protection is available in the state where the *locus delicti* is located.⁵⁷ Whereas the state granting protection is keen on having its law applied to the dispute to safeguard its national industry and control on patent rights over which protection is granted within its territory.

2.6 Extraterritorial application of Patent Law.

The extraterritorial application of patent law is considered an exception of the *territoriality principle* of intellectual property. Each of the Principles regulates the problem relating to ubiquitous infringement. All provide that the law applicable to ubiquitous infringement is the law

⁵⁴ See Supra note 15.

⁵⁵ Id. 31, para. 5.15.

⁵⁶ Id. Para. 5.19.

⁵⁷ M. Pyles, 'Tort and related obligations in private international law', Rec Cours 1991-II Vol 227, 29.

of the State with the closest connection to the dispute.⁵⁸ However, the consideration elements for the determination of the most closely connected state to the dispute are slightly different in each principle.⁵⁹ Among them, only the CLIP Principles provide that ubiquitous infringements are limited only to the cases involving internet media.⁶⁰ Whereas, the JK Joint Proposal took the most drastic and direct approach.

Because there is no option to consolidate infringement proceedings in one court, the costs of enforcement are prohibitive and multiple national rights are *de facto* unenforceable. This is a problem that right holders face worldwide, so most right holders obtain rights in only one country or a limited number of countries.⁶¹ Notwithstanding the general perception that intellectual property rights are strictly territorially limited, national laws provide various means for right holders to influence conduct by others abroad, with the result that the law of the protecting country can, to a certain degree, protect the invention outside the protecting country.⁶²

National laws can reach extraterritorial conduct only if the laws are effectively enforced, either through enforcement actions in the protecting country or in another country that recognizes court decisions from the protecting country and is willing to enforce them. With respect to recognition and enforcement abroad, court decisions concerning infringement of intellectual property rights face the same hurdles that decisions concerning other civil matters do; these hurdles can result,

⁵⁸ See, Art. 321(1) of the ALI Principles, Art. 3.603(1) of the CLIP principles, and Art.306(1) of the JK joint Proposal.

⁵⁹ As consideration elements, the ALI Principles provides (a) where the parties reside ;(b) where the parties relationship, if any, is centered; (c) the extent of the activities and the investment of the parties; and (d) the principal markets toward which the parties directed their activities. (Art. 3:102), the CLIP Principles, (a) the infringers habitual residence; (b) the infringers principal place of business; (c) the place where substantial activities in furthering of the infringement in its entirety have been carried out; (d) the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety (Art. 3.603(2)), and the JK joint Proposal, (a) the infringers habitual residence; or the infringers particular place of business in case of infringement activity occurring in its business operation; (b) the State in which the infringement activity mainly occurs; the State against which the infringement activity is directed, and the State in which a substantial injury occurs; (c) the State in which the owner of such right has a major concern.

⁶⁰ Art.3.603(1) of the CLIP principles provides that in disputes concerned with infringement carried out through ubiquitous media such as the Internet, the court may apply the law of the State having the closest connection with the infringement, if the infringement arguably takes place in every State in which the signals can be received. This rule also applies to existence, duration, limitations and scope to the extent that these questions arise as incidental question in infringement proceedings.

⁶¹ “[A]round ten percent of all patent families include filings at four or more patent offices.” About ninety percent cover filings at fewer than four patent offices. World Intellectual Property Indicators 2009, WIPO, available at http://www.wipo.int/freepublications/en/intproperty/941/wipo_pub_941.pdf, 21.

⁶² For a thorough discussion of the phenomenon, see Trimble, Global Patents, *supra* note 24.

for instance, from differences in rules on personal jurisdiction, differences in standards of due process, or application of the public policy exception.⁶³

With rights in only one or a few countries right holders face another extraterritorial enforcement issue when they attempt to use their territorially-limited rights under one national law to attack conduct not only within but also outside of the protecting country. This category of cross-border enforcement problems has attracted less attention than the problems associated with concentration of infringement proceedings, despite its importance for right holders and the development of private international law relating to intellectual property.⁶⁴

That is, it lays down that the law of the country of protection can be applied to extraterritorial activities including indirect acts when such activities directed to the state of protection and there is the threat of direct and substantial injury within territory.⁶⁵ Under the JK Joint Proposal, the law applicable to the above mentioned *Card reader* case, would be the US patent law. Likewise, all the Principles provide the extraterritorial application of patent law with the purpose of strengthening the international patent protection as an exception of the *territoriality principle*. However, if the *territoriality principle* had its legal grounds based on the Paris convention and therefore its Member States had the obligation to comply with the *principle*, to what extent the exception could be admitted among the Member States? That would be the crucial issue regarding the extraterritorial application of patent law.

The last issue is related to the enforcement of foreign judgment regarding intellectual property. According to the ALI principles, in order for the foreign court judgment to be enforceable in enforcing country, the choice of law rules by which foreign court determined the governing law should be consistent with the ALI Principles.⁶⁶ This rule may raise some problems concerning the

⁶³ Marketa Trimble, *When Foreigners Infringe Patents: An Empirical Look at the Involvement of Foreign defendants in Patent Litigation in the U.S.*, 27 Santa Clara Comp. & HighTech. L.J. 499 (2011); TRIMBLE, GLOBAL PATENTS, *supra* note 24.

⁶⁴ Marketa Trimble, *Cross-Border Injunctions in U.S. Patent Cases and Their Enforcement Abroad*, 13 MARQ. INTELL. PROP. L. REV. 331, 363-364 (2009).

⁶⁵ See, Article 305 of the JK joint Proposal.

⁶⁶ See, Art. 403(2)(b) of the ALI Principles.

doctrine of *révision au fond*.⁶⁷ Most of civil law countries prohibit the doctrine of *révision au fond* when determining enforceability of foreign decision, which means that the enforcing court shall not judge whether the governing law determined by the rendering court is appropriate or not in the alleged dispute.

Certainly, unlike the ALI principles, the JK joint Proposal expressly indicates that a foreign judgment may not be reviewed as to its substance or merits and the CLIP Principles also provide that a foreign judgment may not be reviewed as to its substance or merits.⁶⁸ In this regard, the ALI approach would not be easily accepted in other jurisdictions. Regarding the CLIP Principles, what should be paid attention may be that the differences between the Principle and the Brussels regulation. That is, the CLIP Principles as a special rule on intellectual property contain different provisions⁶⁹ from Brussels regulation regarding the conditions of recognition and enforcement of foreign judgments.⁷⁰ In this circumstance, the issue will be how the CLIP Principles could be an influential Model Law under the Brussels regime in European Union.

⁶⁷ Art.24 (2) of the Japanese Civil Execution Act provides that an execution judgment shall be made without investigating whether or not the judicial decision is appropriate.

⁶⁸ See, Art. 401(2) of the JK joint Proposal, Art.4:601 of the CLIP Principles.

⁶⁹ See, Art.4:102, Art 4:201 and Art.4:202 of the CLIP Principles.

⁷⁰ Under the Brussels regulation, a judgment given in a Member State, in principle, is recognised in the other Member States without any special procedure being required and be enforceable in another Member State without the need for a declaration of enforceability (Art.38a(1), Art.39b of the recast of Brussels regulation). The newly enacted recast of Brussels regulation has abolished the declaration of enforceability.

CHAPTER 3: Multinational Patent Right Enforcement

3.1 Introduction.

Cross-border litigation and cross-border patent infringement are two sides of the same coin. Cross-border patent enforceability is a necessary step in the internalization of patent law. If a patent holder decides to combat the infringement in the courts, he will preferably sue all companies that allegedly committed infringing acts in one single action. This determines the litigation strategy. First, the forum shopping options available, second, the possibility of concentrating litigation against several defendants in one court.⁷¹

This chapter focuses on the problem of enforcement. The underlying theme in as far as the cross-border enforcement problems are concerned is the recalcitrance of countries to decisively embark on and see substantive patent law harmonization

3.2 Protecting a patent outside the state of protection

Cross border enforcement concerns arise when patent holders cannot sue in the country of actual enforcement; although it seems that in cases involving patents the country of infringement and enforcement should be identical because of the territoriality principle of patent protection.⁷² The European patent system has undergone many significant changes since international intellectual property rights were first recognized among European countries in 1883.² While many of these changes have reduced the costs associated with obtaining patent rights throughout Europe, none of the changes have successfully addressed one of the biggest problems still plaguing the European patent system today: inefficient and fragmented patent litigation.⁷³

⁷¹ Marta Pertegas Sender, *supra* note at pp83

⁷² *Id.* 13 at pp. 39.

⁷³ James Forrester, James Killick & Anthony Dawes, *Obstacle to the Creation of EU-Wide Patent Court*, http://www.bnai.com/EU_WidePatentCourt/default.aspx (providing brief summary of the different attempts by different European bodies to reform the patent system).

Patent infringement is by an large regulated by the *lex loci protectionis* i.e the law of the protecting state in several jurisdictions across Europe. For instance in Portugal Article 48 of the Portuguese PIL stipulates that 'industrial property is governed by the law of the state where it is registered'⁷⁴ similarly in France and Germany the *lex loci protectionis* is the undisputed choice of law rule. The principal advantage of the *lex loci protectionis* is that it does not depend on a prima facie assessment of what the act of infringement is for the purposes of determining the applicable law. The rule sets out to localize an intellectual property right.

In tort cases, the plaintiff generally has an alternative forum option to the defendant's domicile, namely the courts of the place where the tort took place. Underlying this basis of jurisdiction are two fundamental principles-the need for an efficacious conduct of proceedings and the principle of proximity as the place of the action is probably the one having the closest connection with the dispute.⁷⁵

The problems associated with extraterritorial enforcement of intellectual property rights in the European Union (EU)⁷⁶ may be categorized into three: enforcement of unitary EU-wide rights, enforcement of parallel rights in multiple countries, and enforcement of rights based on one national law with extraterritorial effects on activities in other countries. Although these are three distinct categories of problems, they are interconnected; problems in one category may exacerbate problems in another category, and solutions developed in one category may contribute to the resolution of problems in another category.

Creation of unitary EU-wide rights may be viewed as the greatest success of intellectual property rights harmonization in the EU,⁷⁷ and it certainly is a significant advance in facilitating easier enforcement of rights across borders within the EU. Harmonization or the alignment of laws of

⁷⁴ Supra note 70.

⁷⁵ Id. 68.

⁷⁶ Although some of the discussion below concerns the EU at a time when the EU did not yet exist or had no legal personality, for simplification this article refers to the "EU" even in instances when it would be correct to call it the "European Communities." Similarly, the term "Court of Justice of the European Union" is used in this article even when it refers to decisions of the court while its title was the "Court of Justice of the European Communities."

⁷⁷ Creation of unitary rights will be viewed as the greatest success of harmonization only if a complete uniformity of rights is considered the ultimate goal of the harmonization process (as opposed to harmonization that leaves room for desirable national differences) 1980s;

EU member states in the area of intellectual property began in the areas of copyright and trademark law, the harmonization initially focused on securing certain standards in national rights.⁷⁸In the area of patents, EU activity has been limited because the European Patent Organization, an international organization created outside the scope of the EU in the 1970s, has been the primary actor in facilitating cooperation in this area.⁷⁹The two truly unitary EU-wide rights the Community trademark⁸⁰and the Community design⁸¹were introduced in 1994 and 2002, respectively.⁸²With one registration these instruments allow right holders to obtain rights that extend to all twenty-seven member countries.⁸³The instruments also provide for special conflict-of-laws rules, which allow concentration of jurisdiction over all related infringements – regardless of the EU member state in which they occur –in one national court.⁸⁴

This concentration of proceedings enhances the value of the instruments to right holders, who as a result need not file multiple infringement actions country by country to enforce their rights. Viable enforcement –both in terms of cost and coordination –makes the instruments true alternatives to national rights. Although more than 600,000 Community trademarks and about 400,000 Community designs have been registered as of February 2011,⁸⁵the history of these unitary rights is relatively short,⁸⁶and therefore, the interpretation of the enforcement provisions

⁷⁸ Eg., First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks; Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, replaced by Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental rights and lending right and on certain rights related to copyright in the field of intellectual property; Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, replaced by Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights.

⁷⁹ Convention on the Grant of European Patents, Oct. 5, 1973, 13 I.L.M. 276.

⁸⁰ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark, in effect since 1994; the codified version in Council Regulation 207/2009, of 26 February 2009 on the Community trade mark.

⁸¹ Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, in effect since 2002.

⁸² This article does not address geographical indications. Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

⁸³ 2009 Community Trademark Regulation, Article 1(2); 2002 Community Designs Regulation, Article 1(3).

⁸⁴ 2009 Community Trademark Regulation, Articles 97 and 98; 2002 Community Designs Regulation, Articles 82 and 83. However, national laws of the member states continue to supply applicable law for issues not covered by the Regulations. *Id.*, Articles 14 and 88 respectively. See also *DHL Express (France) SAS v. Chronopost SA*.

⁸⁵ Office for Harmonization of the Internal Market, Statistics Of community trademarks 2011, available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/ssc009-statistics_of_community_trade_marks_2011.pdf; Office For Harmonization of the Internal Market, Statistics of Community Designs 2011, available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/ssc007statistics_of_community_desigs_2011.pdf (last visited Sept. 3, 2011).

⁸⁶ *Id.* The first Community trademark was registered in 1997 and the first Community design in 2003.

concerning these instruments has not been fully developed. To date only two cases have reached the Court of Justice of the European Union for interpretation of provisions on enforcement of these rights,⁸⁷ and only one of these cases concerned enforcement of rights in multiple countries.⁸⁸ The 2011 preliminary ruling in this case has had an important impact on the course of EU-wide enforcement of unitary rights because it confirmed that injunctions issued for infringements of Community trademarks are, as a rule, effective throughout the EU unless the respective national court determines that the acts of infringement are limited to only some EU member states.⁸⁹ Notwithstanding the advantages that unitary instruments have for right holders who want to secure and enforce their rights throughout the EU, the instruments have not displaced national intellectual property rights.⁹⁰

In the areas where unitary instruments are available—trademarks and designs—right holders continue to apply for registration of national rights instead of EU rights because of costs and differences in registration standards.⁹¹ In the areas without unitary instruments right holders have no option but to secure national rights; even the European patent under the European Patent Convention does not result in a truly unitary patent because it requires enforcement of patent rights on a country-by-country basis.⁹² Although decades-old initiatives to create an EU-wide patent exist, EU member states have not succeeded in negotiating such an

⁸⁷ Case C-316/05, *Nokia Corp. v. Joacim Wårdell*, Court of Justice of the European Union; Case C-235/09, *DHL Express (France) SAS v. Chronopost SA*, Court of Justice of the European Union. Other cases that have reached the CJEU concern issues of validity of Community trademarks or designs, registration issues, and issues of implementation by member countries (failure to communicate lists of courts). See Judgments of the Court of Justice of the European Union, OHIM, available at <http://oami.europa.eu/ows/rw/pages/CTM/caseLaw/judgements> ECJ.en.do (last visited Feb. 27, 2011).

⁸⁸ *DHL Express (France) SAS v. Chronopost SA*.

⁸⁹ *Id.*, par. 48. The preliminary ruling also addressed issues of enforcement of injunctions that are effective throughout the European Union.

⁹⁰ See, e.g., Statistics on National, International and Community Trade Mark Applications in 2010, Office for Harmonization in the Internal Market, for trademarks available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/ctm_stats2010.df (last visited May 15, 2011); for designs available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/rcd_stats2010.pdf (last visited May 15, 2011).

⁹¹ See, e.g., statistics of national trademark applications by WIPO, available at <http://www.wipo.int/ipstats/en/statistics/marks/> (last visited Feb. 27, 2011).

⁹² Convention on the Grant of European Patents, Oct. 5, 1973, 13 I.L.M. 276.

instrument.⁹³ Therefore, in patents and other areas of intellectual property where no EU unitary instruments are available, right holders must still secure and enforce national rights.

3.3 Enforcement of Parallel Rights in Multiple Countries.

In the absence of unitary EU-wide rights, right holders face the same situation both inside and outside the EU because they continue to secure individual national rights in only one country or in multiple countries. Outside the EU options for enforcing these rights will depend on whether the individual countries' conflict-of-laws provisions allow for the concentration of proceedings on infringements under the substantive laws of multiple countries, or whether right holders must enforce their rights on a country-by-country basis.

Typically, no concentration of proceedings is possible when registered rights such as patents or trademarks are at issue; some courts may entertain infringement actions only if no issue of validity of rights is counterclaimed or raised as a defense in the infringement proceedings,⁹⁴ but other courts will refrain from deciding any issues at all pertaining to foreign-registered rights. For a number of years it seemed that in the EU the situation might be different under the Brussels I Regulation,⁹⁵ which under certain conditions governs jurisdiction and recognition and enforcement of judgments in EU member countries.

Because of ambiguous wording in the provision on exclusive jurisdiction in matters of validity of registered rights, courts in the EU disagreed on the approach to jurisdiction in infringement proceedings; some courts believed that the exclusive jurisdiction provision should apply only to actions for declaration of invalidity but not to infringement actions, while other courts insisted that the inherent connection between infringement and validity of rights at issue required that all infringement actions be filed under the exclusive jurisdiction provision.⁹⁶

⁹³ Marketa Trimble, *Global Patents: Limits Of Transnational Enforcement* (Oxford University Press, forthcoming in 2012). For the current proposal, see http://ec.europa.eu/internal_market/indprop/patent/index_en.htm (last visited Feb. 15, 2011).

⁹⁴ Marketa Trimble, *Cross-Border Injunctions in U.S. Patent Cases and Their Enforcement Abroad*, 13 MARQ.INTELL.PROP.L.REV.331, 363-364 (2009).

⁹⁵ Council Regulation 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [hereinafter Brussels I Regulation] (EC).23.Id.at Art.22(4)

⁹⁶ Supra note 86, at 360-361

While the first interpretation permitted a concentration of infringement proceedings involving rights under multiple national laws, the latter excluded such a possibility.⁹⁷ The clarification that the CJEU provided in its 2006 preliminary rulings in *GAT*⁹⁸ and *Roche*⁹⁹ confirmed that the exclusive jurisdiction provision should be interpreted to apply to any decisions concerning validity of registered rights, regardless of whether such decisions were made in an action for declaration of invalidity or as decisions on a counterclaim or defense of invalidity. This ruling means that although a concentration of proceedings for infringements of rights under multiple national laws is theoretically possible, it may be easily defeated by defendants who use a counterclaim or defense of invalidity to remove the case from the court in which the right holders attempt to concentrate the infringement proceedings; at a minimum, defendants will achieve a stay of the infringement proceedings until respective national courts or administrative bodies decide questions of validity.

The fact that concentration of infringement proceedings may be difficult to achieve prompted the European Patent Organization and the EU Commission to accelerate their attempts to devise a litigation mechanism that would either create a new specialized court structure or utilize a currently existing EU court structure to provide a centralized mechanism for enforcement of multiple national patent rights.¹⁰⁰ So far the EU proposal has experienced a series of setbacks; the CJEU opined that the proposal was inconsistent with EU legislation,¹⁰¹ and currently, two EU member states object to the related proposal for an EU unitary patent.¹⁰² Until a litigation mechanism is implemented, holders of multiple national rights will face high costs associated with enforcement of their rights in multiple countries; these costs include the costs of not only individual national proceedings but also complex coordination of any multiple proceedings.

⁹⁷ Id.; see also Trimble, *Global Patents*, Supra note 85.

⁹⁸ Case C-4/03, *Gesellschaft für Antriebstechnik mbH & Co. KG (GAT) v. Lamellen und Kupplungsbau Beteiligungs KG (LuK)*, 2006 E.C.R. I-6509.

⁹⁹ Case C-539/03, *Roche Nederland BV v. Primus*, 2006 E.C.R. I-6535..28. *Gesellschaft für Antriebstechnik mbH & Co. KG (GAT) v. Lamellen und Kupplungsbau Beteiligungs KG (LuK)*.

¹⁰⁰ Marketa Trimble, *Global Patents*, supra. Note 88 pp154.

¹⁰¹ 30The Draft Agreement on the Creation of a European and Community Patent Court Is Not Compatible with European Union Law, Court of Justice of the European Union, Press Release No. 17/11, March 8, 2011.

¹⁰² Complaint by Italy and Spain lodged to the CJEU on May 30, 2011.32. On costs of multiple parallel litigation see, e.g., Communication from the Commission to the European Parliament and the Council – Enhancing the Patent System in Europe, 8302/07, Apr. 4, 2007, 7 and 22; Assessment of the Impact of the European Patent Litigation Agreement (EPLA) on Litigation of European Patents (European Patent Office 2006), available at http://www.eplaw.org/Downloads/EPLA_Impact_Assessment_2006_.pdf.

Drawbacks in enforcement of Parallel Patents

3.4 Extraterritorial Enforcement of an Individual National Right.

Because there is no option to consolidate infringement proceedings in one court, the costs of enforcement are prohibitive and multiple national rights are *de facto* unenforceable. This is a problem that right holders face worldwide, so most right holders obtain rights in only one country or a limited number of countries. With rights in only one or a few countries right holders face another extraterritorial enforcement issue when they attempt to use their territorially-limited rights under one national law to attack conduct not only within but also outside of the protecting country.

This category of cross-border enforcement problems has attracted less attention than the problems associated with concentration of infringement proceedings, despite its importance for right holders and the development of private international law relating to intellectual property.¹⁰³ Notwithstanding the general perception that intellectual property rights are strictly territorially limited, national laws provide various means for right holders to influence conduct by others abroad, with the result that the law of the protecting country can, to a certain degree, protect the invention outside the protecting country. For instance, offers to sell made outside the protecting country relating to prospective sales that will occur inside the protecting country constitute infringements of the law of the protecting country.¹⁰⁴ Even more importantly, an offer to sell made in the protecting country may infringe under the law of the protecting country even if the prospective sale is to occur outside the protecting country.¹⁰⁵ Other conduct abroad may be attacked as contributing to, or aiding and abetting infringement in the protecting country, such as the export of an invention or its components.

¹⁰³ Supra note 86.

¹⁰⁴ For example, this is the case under both German and U.S. law.

¹⁰⁵ E.g., Funkuhr, Bundesgerichtshof, X ZR 36/01, Feb. 26, 2002, 2002GRUR 599; Sitz-Stützelement, Düsseldorf Landgericht, 4a O 395/02, Nov. 18, 2003.

It is even possible for a country's law to reach an "infringement twice removed; "for instance, if a foreign entity supplies an invention or component abroad to another foreign entity that then (also abroad) exports it into the protecting country. National laws can reach extraterritorial conduct only if the laws are effectively enforced, either through enforcement actions in the protecting country or in another country that recognizes court decisions from the protecting country and is willing to enforce them.

With respect to recognition and enforcement abroad, court decisions concerning infringements of intellectual property rights face the same hurdles that decisions concerning other civil matters do; these hurdles can result, for instance, from differences in rules on personal jurisdiction, differences in standards of due process, or application of the public policy exception.¹⁰⁶ Although the Brussels I Regulation simplifies recognition and enforcement of judgments among EU member countries, it maintains a number of grounds for non-recognition of judgments. Intellectual property decisions may suffer particularly from challenges to recognition and enforcement of injunctions; although injunctions are generally recognized and enforced among EU member countries, they may be subject to delays (particularly if issued as preliminary measures) and territorial challenges if they target conduct on the internet. Therefore, even if right holders are successful at extending national protection to conduct abroad, any success may be undermined by delays in enforcement abroad or a limited availability of enforcement.¹⁰⁷

Border measures by customs authorities of the protecting country can be a very powerful tool for influencing conduct abroad, particularly if the measures target goods in transit, in addition to imported goods. Despite the general rule that goods in transit are protected from border measures in transit countries,¹⁰⁸ in recent years there have been instances in the EU in which custom authorities seized goods that were not intended for the market of the protecting country but were

¹⁰⁶ Marketa Trimble, *When Foreigners Infringe Patents: An Empirical Look at the Involvement of Foreign defendants in Patent Litigation in the U.S.*, 27 Santa Clara Comp. & High Tech. L.J. 499 (2011); Trimble, *Global Patents*.

¹⁰⁷ Supra note 86.

¹⁰⁸ E.g., *A M Moolla Group Ltd. v. The GAP, Inc.*, Supreme Court of Appeal of South Africa, 543/03, 2004. However, cf. TRIPS Agreement, Article 51, footnote 13, stating that "there shall be no obligation to apply [border measures...] to goods in transit."

only in transit to another country.¹⁰⁹The issue of seizure of goods in transit will be subject to an upcoming preliminary ruling by the CJEU. So far, only an opinion by an advocate general is available, which recommends that goods in transit, with some exceptions, be generally protected from seizures by customs in the EU.

3.5 Cross border enforcement of patent rights injunctions

When more than one state has an interest in having its laws applied to a dispute, it may be necessary to rank these interests in order of importance so as to determine the governing law. The exercise of jurisdiction may have cross-border consequences. This is obviously due to the fact that patents traverse national borders.

3.5.1 Case study of injunctions.

Inquiry of the extraterritorial reach of U.S. patent law begins with the conceptual understanding of the Federal Circuit's contextual application of U.S. patent law. U.S. patent law can have extraterritorial effect if the form of infringement and type of patent, when combined, constitute territorial subject matter.¹¹⁰An increasing number of patent disputes have a multinational nature. The increase in globalization and international trade inevitably results in frequent incidences of multinational infringement disputes.¹¹¹

Injunctions prohibiting future infringement are a classical feature of patent infringement cases and tend to be frequently requested in U.S.courts. Although there were concerns about whether plaintiffs would stand as high a chance of obtaining injunctive relief as they did before the

¹⁰⁹ The attention is intensified by the fact that the seizures concerned pharmaceuticals intended for countries outside the EU, and the non-EU countries involved –Brazil and India have contemplated filing a complaint with the WTO against the EU. See, e.g., Frederick M. Abbott, Seizure of Generic Pharmaceuticals in Transit Based on Allegations of Patent Infringement: A Threat to International Trade, Development and Public Welfare, 1 WORLD INTELL.PROP.ORG.J.43 (2009).

¹¹⁰ See *NTP*, 418 F.3d at 1316. "Not only will the analysis [of extraterritoriality] differ for different types of infringing acts, it will also differ as the result of differences between different types of claims." *Id.* "Extraterritorial effect" or "extraterritorial reach," as used in this paper, refers to jurisdiction of U.S. patent law that extends beyond the territorial bounds of the United States. "Territorial," as used in this paper, refers to subject matter considered within the United States. "Extraterritorial," as used as an isolated term in this paper, refers to subject matter considered beyond jurisdiction of U.S. patent law.

¹¹¹ *Supra* note 101.

Supreme Court in *eBay Inc. v. Merc Exchange, L.L.C.*,¹¹² in which the Supreme Court rejected a practice of almost automatic awards of such relief in patent cases,¹¹³ injunctions continue to be issued frequently. According to the University of Houston Law Center Institute for Intellectual Property and Information Law, in seventy-one post-*eBay* rulings entered before October 17, 2008, courts awarded permanent injunctions in fifty-four cases, i.e. in 76% of cases where they were requested.¹¹⁴ Since *eBay*, the statistics on injunctive relief have received well-deserved attention as practitioners have attempted to predict the chances of obtaining such relief and researchers have aimed to capture the effect of the *eBay* decision on the practice of district courts; however, notwithstanding this increased interest in injunctions, no data has been published that illustrates the cross-border aspect of injunctions requested and issued in U.S. courts in patent infringement cases.

Principles of private international law require that a foreign decision be final before a country's courts may recognize and enforce such a decision. Although the concept of finality may vary in detail from country to country,¹¹⁵ the requirement is likely to eliminate preliminary injunctions or temporary restraining orders from enforcement outside the United States.¹¹⁶ The requirement also postpones the enforcement of a permanent injunction abroad until after a non-appealable decision is issued or the statute of limitations for an appeal expires. This may lead to a significant gap in time between when the injunction becomes effective in the United States and when it is enforceable abroad because, unless stayed pending appeal, the injunction will be effective in the United States as of the date of issue, but be on hold abroad for several years before finality is achieved.

¹¹² 547 U.S. 388 (2006).

¹¹³ Douglas Ellis, John Jarosz, Michael Chapman & L. Scott Oliver, *The Economic Implications (and Uncertainties) of Obtaining Permanent Injunctive Relief After eBay v. MercExchange*, 17 FED. CIR. B.J. 437, 439-40 (2008); Mitchell G. Stockwell, *Implementing eBay: New Problems in Guiding Judicial Discretion and Enforcing Patent Rights*, 88 J. PAT. & TRADEMARK OFF. SOC'Y 747, 747 (2006).

¹¹⁴ Patstats, *Post-eBay Permanent Injunction Rulings by District Courts*, <http://www.patstats.org/Patstats2.html> (follow "Post-eBay Permanent Injunction Rulings in Patent Cases" hyperlink).

¹¹⁵ Arthur T. von Mehren & Donald T. Trautman, *Recognition of Foreign Adjudications: A Survey and a Suggested Approach*, 81 HARV. L. REV. 1601, 1656-58 (1968).

¹¹⁶ On enforcement of foreign provisional remedies in the United States, see Lawrence W. Newman & Michael Burrows, *Enforcement of Foreign Provisional Remedies*, in *The Practice Of International Litigation* II-67 (2d ed., release 10 2008); Lawrence W. Newman & Michael Burrows, *Orders in Support of Foreign Proceedings*, in *id.*, at IV-101.

Naturally, in this interim period, a U.S. court may attempt to secure compliance by issuing contempt orders against a non-compliant defendant, but since—as is discussed *infra*—the enforcement of such orders is likely to be delayed as well, the plaintiff may be without an effective remedy for a lengthy period.

The time gap in foreign enforceability may be mitigated by a provisional measure granted by a foreign court in support of the U.S. proceeding if the foreign court is willing to award one. For instance, interim relief in support of a foreign proceeding is available in England where Article 25 of the Civil Jurisdiction and Judgments Act 1982, provides for interim relief in support of not only commenced foreign proceedings but also prospective foreign proceedings.¹¹⁷ Where foreign patent infringement proceedings have not yet been brought, the provision of Article 50.6 of the TRIPs Agreement requires that the defendant be allowed to request that the provisional measure “be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within . . . [the required] period.”

The issue of provisional measures in support of foreign patent infringement proceedings is another topic that awaits an empirical inquiry.¹¹⁸ In addition to the problem of finality, authors of proposals for an international instrument on the recognition and enforcement of court decisions in intellectual property matters have addressed the problem of the content of an injunction that may be incompatible with a foreign country’s law or the enforcement abilities of that country’s courts.¹¹⁹ Although such a problem may theoretically arise, it does not appear from the

¹¹⁷ The availability of interim relief is not limited to proceedings commenced in a country of the Brussels Regulation, *see infra* note 84; it can also be granted in “proceedings whose subject-matter is within the scope of the Regulation as determined by Article 1 of the Regulation (whether or not the Regulation has effect in relation to proceedings).” Civil Jurisdiction and Judgments Act § 25(1)(b). Patent matters are within the scope of the Regulation.

¹¹⁸ Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 50.6, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 33 I.L.M., 1125, 1197 (1994). Defendants may request revocation of such measures if proceedings on the merits are not initiated within twenty working days or thirty-one calendar days, whichever is longer.

¹¹⁹ In 2000, Steffen Schwarz commented on the lack of cases concerning one specific type of interim relief: “Though Mareva injunctions have never been issued in cases related to infringement of IPRs there is no reason why this should not be a subject matter in the future.” Steffen Schwarz, *Freezing Orders in the Context of the Lugano Convention and the TRIPs Agreement* 31 (MAS-IP Diploma Papers & Research Reports, Working Paper No. 13, 2001). On provisional measures in support of foreign proceedings in general, *see, for example*, NEWMAN & BURROWS, *Orders In Support of Foreign Proceedings*, *supra* note 47; David Westin & Peter Chrocziel, *Interim Relief Awarded by U.S. and German Courts in Support of Foreign Proceedings*, 28 COLUM. J. TRANSNAT’L L.

injunctions issued in the thirteen cases, that injunctions issued in U.S. patent cases are likely to generate any serious content-related concerns that would require a foreign court to seek alternative remedies.

In addition, it does not appear likely that a U.S. injunction issued in a patent infringement case would include requirements that would be found contrary to the public policy of an enforcing country to the degree warranting the application of the public policy exception if the scope of the injunction is strictly limited to conduct infringing the U.S. patent or inducing or contributing to infringement of the U.S. patent. Difficulties connected with injunctions targeting behaviour on the internet, i.e., conduct occurring simultaneously in multiple countries, should be eliminated by application of mechanisms that can localize the effects of injunctions to the extent comparable to such effects in cases of injunctions concerning other media. In addition to the problems associated with issues of finality and the public policy exception, there is another major concern to be raised in connection with the enforcement of injunctions in patent cases, a concern that is actually present any time plaintiffs seek to enforce classical negative injunctions—whether cross-border or not—that prohibit further infringement, and a concern that will likely be accentuated in a cross-border scenario.

When a plaintiff requests enforcement of a negative injunction, the defendant typically argues a design-around; in other words, the defendant claims that he or she sufficiently modified the originally infringing product or method so that it no longer infringes the patent in the original suit. Since the Federal Circuit's decision in *KSM Fastening Systems, Inc. v. H.A. Jones Co.*, courts must apply a two-step test before they can consider issuing a contempt order for failure to comply with the injunction.¹²⁰

First, they must evaluate whether contempt proceedings are appropriate; any “more than a colourable difference” between the modified product and the original infringing product that raises “substantial open issues with respect to infringement to be tried”⁵⁶ will render the contempt proceedings inadequate because a full trial would be necessary to deal with such

723 (1990); George A. Bermann, *Provisional Relief in Transnational Litigation*, 35 COLUM. J. TRANSNAT'L L. 553 (1997).

¹²⁰ 776 F.2d 1522, 1526 (Fed. Cir. 1985).

issues.¹²¹ Second, if no such issues are identified, the court may proceed and issue a contempt order if there is clear and convincing evidence that the modified product “falls within the admitted or adjudicated scope of the claims and is, therefore, an infringement;”¹²² the infringement here may be either a literal infringement or infringement by application of the doctrine of equivalents.¹²³

The *KSM* test has been criticized for making it more difficult for courts to find contempt and for favoring defendants who may easily escape contempt.¹²⁴ Judge Newman, in her *KSM* concurring in part opinion, criticized the rules imposed by the Federal Circuit as an unnecessary curtailment of court discretion in finding contempt, and warned that “harassing litigation will be harder to control” than previously when courts could simply issue a contempt order if they found no more than a “merely colorable difference” between the original infringing product and the modified product.¹²⁵ Interestingly, the perception of the significant enforcement difficulties connected with contempt proceedings was reflected in 2003 in the district court’s decision in *MercExchange, L.L.C. v. eBay, Inc.*¹²⁶

The court discussed potential contempt proceedings problems (foreseeable in the case since the parties at that stage had already disagreed on whether a future design-around was feasible or not), factored them into the balance of hardships test, and explained that by issuing an injunction in the case it would “essentially be opening a Pandora’s box of new problems” as “contempt hearing after contempt hearing [would require] the court to essentially conduct separate infringement trials to determine if the changes to the defendants’ systems violates [sic] the injunction.” However, and perhaps not surprisingly, the Federal Circuit did not consider the

¹²¹ *Abbott Labs. v. Torpharm, Inc.*, 503 F.3d 1372, 1382 (Fed. Cir. 2007).

¹²² *KSM Fastening Systems*, 776 F.2d at 1530.

¹²³ *Bass Pro Trademarks, L.L.C. v. Cabela’s, Inc.*, 485 F.3d 1364, 1368 (Fed. Cir. 2007).

¹²⁴ John E. Tsavaris II, Note, *Patent Contempt Proceedings after KSM: Has the Federal Circuit Infringed Patentees’ Rights?*, 54 *FORDHAM L. REV.* 1005, 1006, 1012–15 (1986) (“This holding places the burden of potentially protracted and expensive re-litigation on the patent owner and effectively deprives him of the remedy of the summary contempt proceeding.”); William H. Mandir, John F. Rabena, & Mark C. Davis, *Invited to an ITC Party? Bring Your Redesigns*, *MANAGING INTELL. PROP.*, Sept. 20, 2005, at 21, 22, available at [http://www.sughrue.com/files/Publication/8a6b4a5c-a0ea-4d02-9bde-2c238430233f/Presentation/PublicationAttachment/39268144-b4a2-4b6f-8f00-355357d3c526/InvitedtoanITCArticle\(1\).pdf](http://www.sughrue.com/files/Publication/8a6b4a5c-a0ea-4d02-9bde-2c238430233f/Presentation/PublicationAttachment/39268144-b4a2-4b6f-8f00-355357d3c526/InvitedtoanITCArticle(1).pdf) (“[I]f any factual disputes are raised, or any testimony or significant evidence must be introduced, contempt proceedings are not allowed.”).

¹²⁵ *KSM Fastening Systems*, 776 F.2d at 1536 (Newman, J., concurring).

¹²⁶ 275 F. Supp. 2d 695 (E.D. Va. 2003).

argument of future disputes to constitute “a sufficient basis for denying a permanent injunction.”¹²⁷ Whether current contempt proceedings in the United States in anyway favor defendants who are arguing modification is a matter for a separate empirical study.¹²⁸ For the purposes of this Article it should suffice to say that a finding of contempt is a difficult exercise for U.S. courts, and it seems warranted to suggest that foreign courts are likely to have even greater difficulties in deciding contempt when modifications used as a defence. Most importantly, foreign courts may be reluctant to find contempt in such cases; just as they refrain from adjudicating the validity of foreign patents because it is deemed improper for them to second-guess a foreign patent authority, they might also refuse to identify what the foreign patent does and does not cover in the context of contempt proceedings.¹²⁹ The design-around argument may thus be very successful at preventing enforcement of negative injunctions not only in the United States but also abroad.

But what if the transnational system has equal parts outside and inside the United States? The control-oriented analysis may provide an answer, but large multinational corporations may divest control to several points, making the location of control fertile ground for contention. A litigant can thrust and parry arguments pinpointing the location of control to sway the court in finding or not finding territoriality. Another possible tactic is to analyse territorial impact factors in a balancing test to quantify the economic impact of the invention on U.S. markets, thus avoiding statutory formalities and preserving the essence of territorial patent protection.¹³⁰

¹²⁷ *Merc Exchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005). The U.S. Supreme Court did not comment on the argument at all when it vacated the Federal Circuit’s judgment.

¹²⁸ The International Trade Commission (ITC) proceedings appear to offer a significantly easier position to patent holders who are fighting off design-arounds than federal district court proceedings. Before the ITC, it is upon the alleged infringer to prove that the design-around does not infringe; until it is held non-infringing it is covered by the exclusion order. Mandir, Rabena & Davis,

¹²⁹ For a comparison of the rules for interpretation of patent claims in the European Patent Office, Japan and the United States, see Jinseok Park, *Interpretation of Patent Claims in the EPO, USPTO and JPO—In The Context of the Doctrine of Equivalents and Functional Claims*, 27(7) E.I.P.R. 237 (2005). *But cf.* Brief for Law Professors as Amici Curiae Supporting Appellee at 23–25, *Voda v. Cordis Corp.*, 476 F.3d 887 (Fed. Cir. 2007) (No. 05-1238).

¹³⁰ Elizabeth M. N. Morris, *Territorial Impact Factors: An Argument for Determining Patent Infringement Based Upon Impact on the U.S. Market*, 22 Santa Clara Computer & High Tech. L.J. 351, 352 (2006). Morris argues that the territorial impact factors are: “(1) control, (2) ownership, and (3) beneficial use of the allegedly infringing product.”

CHAPTER 4: Cross-border Enforcement of Patent Rights.

4.1 Introduction

This chapter examines the initiative of the European Union in part implementation of the harmonization process in extension to the Paris Industrial Property Convention. The European situation provides insight into the most significant move towards integration of patent law. The European Patent Convention (EPC) has brought the national patent systems of the state parties much closer together. The EPC was signed in Munich in 1973 and came into operation on 1st June 1978. The original convention EPC 1973 was replaced by the European Patent Convention 2000 on 17th December 2007. This convention introduces a unitary patent granting law, deals with substantive patent issues such as interpretation of the claim.¹³¹

The chapter discusses how the core post-grant patent law is harmonized by the EPC within the European Union. Further on it is apparent that the harmonization of the law per se does not resolve the problems brought about by the rigours of territoriality (differences among patent systems) the chapter also reviews the proposals and steps taken towards the installation of a centralized enforcement system

4.2 Initiatives of Harmonization of Patent Law in the European Union

The European patent system has undergone many significant changes¹³² since international intellectual property rights were first recognized among European countries in 1883.¹³³ While many of these changes have reduced the costs associated with obtaining patent rights throughout Europe none of the changes have successfully addressed one of the biggest problems still plaguing the European patent system today: inefficient and fragmented patent litigation.¹³⁴ In

¹³¹ Article 69 EPC: The extent of the protection conferred by a European patent or a European patent application shall be determined by the terms of the claims. Nevertheless, the description and drawings shall be used to interpret the claims.

¹³² See Dominique Guellec & Bruno Van Pottelsberghe De La Potterie, *The Economics Of The European Patent System: Ip policy For Innovation And Competition* 25–26 (2007) (summarizing significant developments since the late nineteenth century).

¹³³ See *id.* at 25 (—The first outcome [of the international exposition of Vienna in 1873] was the Paris Convention of 1883, initially signed by 10 countries (Belgium, France, Guatemala, Italy, Netherlands, Portugal, San Salvador, Serbia, Spain, and Switzerland).).

¹³⁴ Guellec & Van Pottelsberghe De La Potterie,

recent years, the European Union and the European Patent Organization have made several proposals to resolve these issues.¹³⁵ None of these proposals, however, have been successful and recent opinions expressed by the Advocates General of the Court of Justice of the European Union and the Court of Justice of the European Union suggests that these proposals, in their current form, are destined to fail.¹³⁶

This project assesses the viability of the recent proposals to reform the patent system aimed at unifying patent litigation throughout Europe and suggests that an agreement between the members of the European Patent Organization is the most efficient solution. To understand the nature of the current problems with patent litigation in the European Union, one must first understand the historical framework of the European patent system. The Paris Convention of 1883¹³⁷ was one of the earliest international agreements on intellectual property rights.¹³⁸ Although patent law was not the main focus of the Paris Convention,¹³⁹ the resulting international relationships set the stage for future cooperation in developing a European patent system.¹⁴⁰ Aside from international cooperation, two notable results grew out of the Paris Convention of 1883.

First, the Paris Convention introduced the principle of national treatment: citizens of a signatory state would receive the same protection in a foreign country as the foreign country's citizens.¹⁴¹ Second, the Paris Convention presented the notion of —priority application—where

¹³⁵ See *infra* Part III; see also James Forrester, James Killick & Anthony Dawes, Obstacle to the Creation of EU-Wide Patent Court, <http://www.bnai.com/EUWidePatentCourt/default.aspx> (last visited Apr. 7, 2012) (providing brief summary of the different attempts by different European bodies to reform the patent system).

¹³⁶ See Press Release, The Draft Agreement on the Creation of a European and Community Patent Court is Not Compatible with European Union Law (Mar. 8, 2011), available at <http://curia.europa.eu/jcms/upload/docs/application/pdf/2011-03/cp110017en.pdf> (summarizing reasons as to why proposals were incompatible with current European Union Law).

¹³⁷ Paris Convention for the Protection of Industrial Property, as last revised at the Stockholm Revision Conference, July 14, 1967, 21 U.S.T. 1583; 828 U.N.T.S. 303.

¹³⁸ Gerald Paterson, *The European Patent System: The Law And Practice of The European Patent Convention* 11 (1992).

¹³⁹ *Id.* Note 135.

¹⁴⁰ Michael LaFlame, Jr., *The European Patent System: An Overview and Critique*, 32 HOUS.J.INT'L L. 605, 608 (2010) (citing PATERSON, *supra* note 9, at 11) The Paris Convention is the first instance of international cooperation in patent law. *Id.* at 609. The ten original signatory countries of the Paris Convention were Belgium, France, Italy, the Netherlands, Portugal, Spain, and Switzerland. Guellec & Van Pottelsberghe De La Potterie, *The United Kingdom and Germany subsequently acceded to the Paris Convention in 1884 and 1903, respectively.*

¹⁴¹ Robin Cowan, Wim Van der Euk, Francesco Lissoni, Peter Lotz, Geertrui Van Overwalle & Jens Schovsbo,

an applicant can use the application date in one country to establish priority in other signatory states to the Paris Convention if the applicant files in the other countries within a specified time period.¹⁴² These two principles were seen as imperative to reliable international intellectual property protection.

The Paris Convention of 1883 has been amended six times since its inception, granting more protection with each revision. However, the Paris Convention has not been revised since 1967.¹⁷ In the late 1960s and early 1970s (and even as early as 1959), various countries and international communities discussed several new international agreements on intellectual property rights. These new discussions generated new international agreements, making amendments to the Paris Convention unnecessary. The first treaty resulting from these talks was the Strasbourg Convention on the Unification of Certain Points of Substantive Law on Patents for Invention (Strasbourg Convention), signed in 1963. The Strasbourg Convention was the result of discussions within the Council of Europe.¹⁴³

The main purpose of the Strasbourg Convention was to create uniform procedural and substantive requirements for obtaining patent rights throughout Europe, which were to be applied by the national courts of the Convention's member states. At the conclusion of the Strasbourg Convention, European nations were also discussing the possibility of not only a uniform procedure for granting patents, but also a centralized granting procedure for all European nations. The Council of Europe recommended the creation of a European Patent Office, a centralized body with a unitary procedure for acquiring patent rights throughout Europe. To achieve this objective, the Convention on the Grant of European Patents (European Patent Convention),¹⁴⁴ took place between September 5 and October 5, 1973.¹⁴⁵ The main purpose of the

Policy Options for the Improvement of the European Patent System, IP/A/STOA/ ST/2006-020 at 6 (2007), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1720086. The principle of national treatment has its foundation in what is today known as the *telle quelle* (French for —as is!) provision of the Paris Convention, which provides that foreign citizens of any signatory country shall be treated the same way as nationals. See *id.*; Paris Convention for the Protection of Industrial Property, as last revised at the Stockholm Revision Conference, art. 6 *quinquies* §A(1), July 14, 1967, 21 U.S.T. 1583; 828 U.N.T.S. 303.

¹⁴² *Guellec & Van Pottelsberghe De La Potterie*, The time period was originally six months, later amended to be one year.

¹⁴⁴ Convention on the Grant of European Patents, Oct. 5, 1973, 1065 U.N.T.S. 199 [hereinafter *European Patent Convention*].

European Patent Convention was to establish a single, centralized procedure for the granting of patents throughout Europe.¹⁴⁶ The European Patent Convention established the European Patent Office, which became the executive body and —operating arm of the European Patent Organization.

The European Patent Organization is not an —organ of, nor is it legally bound by, the European Union. Rather, it is a stand-alone organization governed by an administrative body consisting of representatives of the European Patent Convention member states.¹⁴⁷ The task of the European Patent Organization is to grant —European patents, which are carried out by the European Patent Office.¹⁴⁸ A European patent has the same effect in each member country as it would if it were a national patent granted by that country. Thus, the European Patent Convention provided a —unitary application and examination procedure resulting in the grant of a bundle of national patents valid in countries selected by the patentee.¹⁴⁹ Because European patents issued by the European Patent Office are treated as domestic patents in any member states, only the courts of the individual countries have the authority to enforce the rights of the patent holder.¹⁵⁰ The

¹⁴⁵ R. Singer, *The Future European Patent System: An Outline of the Main Elements of the System*, in *The New European Patent System* 1, 5 (Seminar Servs.Int'l, 1976).

¹⁴⁶ European Patent Convention, The European Patent Convention was intended to complement the Patent Cooperation Treaty in terms of acquiring patent rights throughout Europe. See Guellec & Van Pottelsberghe De La Potterie. According to Guellec and van Pottelsberghe de la Potterie, —[t]he [European Patent Convention] was negotiated in parallel with the [Patent Cooperation Treaty], as countries wanted to ensure consistency between the two, and to make clear that the [European Patent Office] would be a major pillar of the emerging worldwide system. The Patent Cooperation Treaty and the European Patent Convention were also both implemented on the same day, June 1, 1978.

¹⁴⁷ Guellec & Van Pottelsberghe De La Potterie. When the European Patent Organization entered into force in 1977, only Belgium, Germany, France, Luxembourg, the Netherlands, Switzerland, and the United Kingdom were members. Member States of the European Patent Organization, European Patent Office, <http://www.epo.org/about-us/organisation/member-states.html> (last visited Nov. 22, 2011). Today, the European Patent Organization has thirty-eight member states, including all of the European Union member states.

¹⁴⁸ European Patent Convention, art. 4(3).35.Id.36. The European Patent Convention provides,—The European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless otherwise provided in this Convention. Id. art. 2(2).

¹⁴⁹ Guellec & Van Pottelsberghe De La Potterie, See Also Andrew Rudge, *Guide To European Patents* § 1.2 (2012) (—[W]hilst during the grant proceedings the application is unitary, on grant it fragments into a series of national patents. . . . This bundle of patents is largely indistinguishable from a set of national patents that have been granted independently by the national patent offices [of each individual country] .

¹⁵⁰ European Patent Convention, art. 2(2); see also Stacey J. Farmer & Martin Grund, *Revision of the European Patent Convention & Potential Impact on European Patent Practice*, 36 AM.INTELL.PROP.L.ASS'N Q.J.419, 423–24 (2008).

European Patent Office has no authority to hear infringement actions or enforce a patent-holder's rights in any country.¹⁵¹

As the conclusion of the European Patent Convention drew near, the then nine members of the European Union were aware of the European Patent Office's limited ability to enforce patent-holders' rights.¹⁵² The members of the European Union began discussing potential solutions to the problem, and one of the main topics of discussion was a community patent system for members of the European Union—the same goal as the proposals currently under consideration in the European Union.¹⁵³ The discussions culminated in the signing of the Convention for the European Patent and Common Market (Community Patent Convention) at the Luxembourg Conference in 1975. Many practitioners at that time believed that the Community Patent Convention, combined with the European Patent Convention, would establish a unified patent system for national patents valid in countries selected by the patentee. Because European patents issued by the European Patent Office are treated as domestic patents in any member states, only the courts of the individual countries have the authority to enforce the rights of the patent holder.

The European Patent Office has no authority to hear infringement actions or enforce a patent-holder's rights in any country. As the conclusion of the European Patent Convention drew near, the then nine members of the European Union were aware of the European Patent Office's limited ability to enforce patent-holders' rights. The members of the European Union began discussing potential solutions to the problem, and one of the main topics of discussion was a community patent system for members of the European Union—the same goal as the proposals

¹⁵¹ Farmer & Martin, *The European Patent Office does retain some authority over patents once they are granted. Specifically, the European Patent Office has the authority to hear opposition proceedings. European Patent Convention, art. 99. Under recent amendments to the European Patent Convention, the European Patent Office also has the authority to hear limitation or revocation proceedings initiated by the patentee. See Convention on the Grant of European Patents (European Patent Convention), art. 105a, Oct. 5, 1973, 1065 U.N.T.S. 199 (as amended Nov. 29, 2000) [hereinafter Amended European Patent Convention].*

¹⁵² At the time the European Patent Convention was signed (1973), the European Union was known as the European Community. See Treaty on European Union, Feb. 7, 1992, 1992 O.J. (C191) 1 [hereinafter Maastricht Treaty]. The term —European Union! replaced the —European Community! with the signing of the Treaty on European Union. Id. art. A. To avoid confusion throughout this Note, the term —European Union! is used to refer to the European Community as it existed prior to 1992 as well as the European Union after its creation in 1992. In 1973, the European Union was comprised of nine member states—Belgium, Denmark, France, Germany, the United Kingdom, Ireland, Italy, Luxembourg, and the Netherlands.

¹⁵³ Convention on the European Patent for the Common Market, Dec. 15, 1975, 19 O.J. (L 17) 1 (1976) [hereinafter Community Patent Convention].

currently under consideration in the European Union. The discussions culminated in the signing of the Convention for the European Patent and Common Market (Community Patent Convention) at the Luxembourg Conference in 1975.

Many practitioners at that time believed that the Community Patent Convention, combined with the European Patent Convention, would establish a unified patent system for both the granting of patents and the enforcement of patent-holders' rights throughout the European Union, although this proposition is questionable. Even though the Community Patent Convention was a product of, and restricted to, members of the European Union, the Community Patent Convention was based on the European Patent Convention and only members of the European Patent Convention could be parties to the Community Patent Convention.¹⁵⁴ Thus, only countries that were members of both the European Patent Convention and the European Union could accede to the Community Patent Convention. The Community Patent Convention called for patents granted by the European Patent Office to be unitary.

This concept means a patent granted by the European Patent Office would receive the same treatment throughout the entire European Union. For example, if the patent were revoked or invalidated in one country, it would be revoked or invalidated with respect to all European Union countries. Additionally, the translation costs required by the Community Patent Convention likely would have been prohibitively costly both the granting of patents and the enforcement of patent-holders' rights throughout the European Union, although this proposition is questionable.¹⁵⁵ Even though the Community Patent Convention was a product of, and restricted to, members of the European Union, the Community Patent Convention was based on the European Patent Convention and only members of the European Patent Convention could be

¹⁵⁴ Convention on the European Patent for the Common Market, Dec. 15, 1975, 19 O.J. (L 17) 1 (1976) [hereinafter Community Patent Convention].

¹⁵⁵ Whether or not the Community Patent Convention would have achieved its ultimate purpose is questionable. Infringement proceedings under the Community Patent Convention would have been governed by the Convention on Jurisdiction and Enforcement, Sept. 27, 1968. This convention was in fact the predecessor of the modern day regulation governing jurisdiction and judgments throughout the European Union. Council Regulation (EC) No 44/2001 of 22 December 2000 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters, 2001 O.J. (L 12) 1 [hereinafter Brussels Regulation]. As a result, the 1968 Convention contained provisions nearly identical to those contained in the Brussels Regulation. Thus, while the rights of the patent holder may have been —unitary throughout the European Union, enforcing these rights would likely have suffered from the same problems as those caused by the Brussels Regulation today.

parties to the Community Patent Convention. Thus, only countries that were members of both the European Patent Convention and the European Union could accede to the Community Patent Convention.

The Community Patent Convention called for patents granted by the European Patent Office to be-unitary. This concept means a patent granted by the European Patent Office would receive the same treatment throughout the entire European Union. For example, if the patent were revoked or invalidated in one country, it would be revoked or invalidated with respect to all European Union countries.¹⁵⁶ Additionally, the translation costs required by the Community Patent Convention likely would have been prohibitively costly.

Ten years later, in 1985, after it was apparent the Community Patent Convention would not get unanimously ratified the member states of the European Union met again in Luxembourg to attempt to implement the community patent system.¹⁵⁷ This conference was essentially an attempt to revive the earlier Community Patent Convention, which the European Union failed to ratify. Although the new convention, the Agreement Relating to Community Patents, was supported and signed by all the European Union members, it never came into effect because it was not ratified by all the member states.¹⁵⁸ Despite this failure, the Luxembourg conference set the stage for the judicial system necessary for the community patent.¹⁵⁹

¹⁵⁶ Despite being signed by all nine members of the European Union, the Community Patent Convention was never ratified because of political reasons. PATERSON. In order to take effect, the Community Patent Convention required all signatory states to ratify the convention. The United Kingdom failed to ratify the Community Patent Convention.

¹⁵⁷ Paterson, At the time of this conference (1985), the European Union consisted of twelve member states. The History of the European Union, EUROPA.EU, http://europa.eu/abc/history/1980-1989/index_en.htm (last visited Oct. 28, 2010). Since the signing of the Community Patent Convention, Greece, Portugal, and Spain joined the European Union.

¹⁵⁸ All members of the European Union were required to ratify the agreement for it to come into force. Only seven of the twelve members ratified the agreement. The European Union's failure to fully ratify the agreement is attributed in large part to the same problems the original Community Patent Convention had—politically sensitive issues of language and jurisdiction.

¹⁵⁹ Paterson, Early during the conference at Luxembourg, members of the European Union completed the Single European Act, with the general goal of more fully integrating the European market. Summary of the Single European Act, EUROPA.EU, http://europa.eu/legislation_summaries/institutional_affairs/treaties/treaties_singleact_en.htm (last visited Oct. 28, 2010). Paterson notes that the Single European Act—enabled general recognition of the political problems

4.3 The European Patent System

In the last decade, both the European Union and the member states of the European Patent Convention have pushed for new proposals and regulations aimed at remedying the problems with the European patent litigation system. The European Patent Litigation Agreement and the Unified Patent Litigation System represent the two dominant approaches that emerged. The EPC is based upon and modified the patent law of the various member states in force at the time. The EPC is an intergovernmental treaty that is distinct from the European Community. As such membership extends beyond members of the EC. At the beginning of 2008, the EPC had 34 member states.¹⁶⁰

4.3.1 The European Patent Litigation Agreement (EPLA)

Following the Community Patent Convention of 1975 and the subsequent attempt to resuscitate the Community Patent in 1989, it was clear that the creation of a centralized patent court with exclusive jurisdiction over infringement and invalidity claims would solve many of the problems resulting from the fragmented nature of European patents.

The inability of the European Union to establish a community patent and the —frustration engendered by such failure led the European Patent Organization to begin exploring a solution based on the already well-established European Patent Convention.¹⁶¹ When the EPC was formulated, it was decided that for there to be an effective single granting process, it was necessary for the member states to harmonize the basic rules of patent law. This was particularly the case in relation to the rules on patentability and validity.¹⁶²

¹⁶⁰ As of 1 Jan 2008, the members were Austria, Belgium, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Slovak Republic, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

¹⁶¹ *Id.*; see also Guellec & Van Pottelsberghe De La Potterie, *supra* note 1, at 223 (describing the European Patent Organization's proposals as —complement[ing] and—expand[ing] upon the European Patent Convention).

¹⁶² Lionel Bently & Brad Sherman, *Intellectual Property Law*, 3rd Ed (2009) Oxford University Press. Page 342

In 1999, the European Patent Organization created a Working Party on Litigation for the purpose of harmonizing patent litigation throughout Europe.¹⁶³ In furtherance of this purpose, the Working Party was directed to, among other things, present a draft text for an optional protocol to the [European Patent Convention] which... would commit its signatory states to an integrated judicial system, including uniform rules of procedure and a common appeal court.¹⁶⁴ After several meetings and various proposals, the Working Party submitted a finalized proposal in 2003, known as the European Patent Litigation Agreement (EPLA).¹⁶⁵ The primary goal of the EPLA was to improve the European patent system by making the European patent litigation system more efficient.¹⁶⁶

To achieve this goal, the EPLA called for the creation of a new international organization, the European Patent Judiciary (EPJ), to be comprised of the European Patent Court and an administrative committee.¹⁶⁷ Additionally, the EPLA would establish a system of law applicable to European patents common to all states that are a party to the agreement.¹⁶⁸ The proposed European Patent Court, which would consist of a court of first instance and a court of appeal, would have exclusive jurisdiction over actions involving the infringement and revocation of

¹⁶³ Intergovernmental Conference of the Member States of the European Patent Organization on the Reform of the Patent System in Europe, 1999 official J.Of The European Patent Office 545, available at http://archive.epo.org/epo/pubs/oj_index_e.htm. In fact, the Intergovernmental Conference mandated two working parties—one for the purpose of harmonizing patent litigation, and one for the purpose of reducing translation-related costs. The latter working party was chaired by France, Portugal, and Sweden. The former, the Working Party on Litigation, was chaired by Germany, Luxembourg, and Switzerland.

¹⁶⁴ Id. at 548. Such a protocol would apply only to the contracting states of the European Patent Convention that are willing to commit to the proposed integrated judicial system. RUDGE, One advantage to this optional approach is that the terms of the integrated judicial system would be negotiated only by those European Patent Convention contracting states who are willing to move forward with such an approach.

¹⁶⁵ Pegram, The bulk of the work done on the EPLA was performed by a sub-group of the Working Party on Litigation, created in October of 2000. EPO—European Patent Litigation Agreement, <http://www.epo.org/law-practice/legislative-initiatives/epl.html> (last updated Apr. 3, 2009). The sub-group was comprised of Germany, the United Kingdom, France, the Netherlands, Switzerland, Sweden, Denmark, Finland, Monaco, and Luxembourg.

¹⁶⁶ European Patent Office, Assessment Of The Impact Of The European Patent Litigation Agreement On Litigation Of European Patents 8 (2006), available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/CFCE3624CD11025AC125795700511874/\\$File/impact_assessment_2006_02_v1_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/CFCE3624CD11025AC125795700511874/$File/impact_assessment_2006_02_v1_en.pdf) [hereinafter EPLA ASSESSMENT]. Additional purposes of the EPLA are to —enhance legal certainty and predictability by ensuring harmonized interpretation of the scope of protection conferred by a European patent and its validity, and to —significantly reduce the number of cases where multiple litigation is necessary to enforce a European patent and thus bring down the costs for all parties involved. Id. at 8–9.

¹⁶⁷ Draft Agreement On The Establishment Of A European Patent Litigation System art. 3(2) (Feb. 16, 2004), available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/B3884BE403F0CD8FC125723D004ADD0A/\\$File/agreement_draft_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/B3884BE403F0CD8FC125723D004ADD0A/$File/agreement_draft_en.pdf) [hereinafter EPLA DRAFT AGREEMENT].

¹⁶⁸ Id. art. 2. This —common law is analogous to the Community Patent proposals from 1975 and 1989—i.e., a European patent would receive the same treatment in all contracting states of the EPLA.

European patents.¹⁶⁹The Court of First Instance would consist of a Central Division, located at the seat of the EPJ, and one or more Regional Divisions, located in the various contracting states of the EPLA, based on the needs of the various contracting states.¹⁷⁰Decisions from the Court of First Instance would be appealable to a centralized Court of Appeal, located at the seat of the EPJ.¹⁷¹Both the Court of First Instance and the Court of Appeal would be comprised of a panel of international technically and legally qualified judges.¹⁷²The drafters of the EPLA boasted numerous benefits for participating member states, including access to specialized courts, increased expertise, more fully developed precedent for national courts, and reduced litigation costs.

In addition to these numerous benefits, the EPLA has garnered support from judges, academia, expert groups, and practitioners.¹⁷³Despite the numerous benefits and widespread support of the EPLA, the proposed draft has encountered several obstacles. Opponents of the EPLA argue that patent litigation costs would increase, rather than decrease, under the EPLA.¹⁷⁴Additionally, some of the—importantll contracting states of the European Patent Convention, most notably

¹⁶⁹ Id. art. 41. Specifically, Article 41 provides, —The Court of First Instance shall have civil jurisdiction in respect of: (a) any action for actual or threatened infringement or for a declaration of non-infringement of a European patent effective in one or more of the Contracting States; (b) any action or counterclaim for revocation of a European patent effective in one or more of the Contracting States; . . . (d) any other action concerning a European patent if and to the extent the parties have so agreed.

¹⁷⁰ See Draft Statute of the European Patent Court, arts. 19, 20(1), available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/885CCB85F5CC33ABC125723D004B15F9/\\$File/statute_draft_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/885CCB85F5CC33ABC125723D004B15F9/$File/statute_draft_en.pdf).

¹⁷¹ Id.art. 11. In addition to hearing appeals from decisions of the Court of First Instance, the Court of Appeal would also act as the Facultative Advisory Committee, whose sole duty is to issue non-binding opinions on points of law concerning European or harmonized national patent law.

¹⁷² See Draft Statute of the European Patent Court, arts. 3, 4(1), 26(1), 27. Article 26 specifically provides: —[T]he Court of First Instance shall sit in panels comprising an odd number of judges. At least one of these shall be a technically qualified judge and at least two shall be legally qualified judges. The legally qualified judges shall be of at least two different nationalities. Id.art. 26(1). Article 26(1) applies mutatis mutandis to the Court of Appeal. Id.art. 27. The terms —technically qualifiedl and —legally qualifiedl are not defined in either the Draft Statute of the European Patent Court or the Draft Agreement on the Establishment of a European Patent Litigation System. See Draft Statute of the European Patent Court.

¹⁷³ European Commission Public Hearing on Future Patent Policy in Europe, at 4 (July 12, 2006), available at http://ec.europa.eu/internal_market/indprop/docs/patent/hearing/report_en.pdf. According to the report, the majority of practitioners supported the EPLA because it struck the —right balance between simple access to courts (regional divisions) and legal certainty through centralization (second instance)l Id. Practitioners also cited the language regime and the specialized technical judges, which would provide high quality decisions, as reasons for supporting the EPLA.

¹⁷⁴ See Xavier Buffet-Delmas & Laura Morelli, Modifications to the European Patent System, 8 *Intell.Prop.&Tech.L.J.*18, 21 (2008); Kerry J. Begley, Multinational Patent Enforcement: What the “Parochial” United States can Learn from Past and Present European Initiatives, 40 *Cornell Int’l L.J.*521,559(2007)

France, have insisted that the establishment of the EPLA occur through the European Union. France has also raised constitutional and institutional compatibility concerns between the EPLA, the European Union, and the European Community treaties.¹⁷⁵

However, the Working Party on Litigation never addressed these issues because work on the draft EPLA stopped in December of 2005.¹⁷⁶ Since that time, work on an integrated judicial system has continued through the European Union. The Unified Patent Litigation System (UPLS) The European Union had started work on a proposal similar to the EPLA in the late 1990s as a follow-up to the Lisbon Special European Council.¹⁷⁷ In 1999, the European Commission¹¹⁷ began drafting a proposal for a regulation, as opposed to a convention, for the creation of a Community Patent system (Proposal on Community Patent).¹⁷⁸ The idea behind the Proposal on Community Patent was very similar to the Community Patent Convention of 1975 and the Agreement Relating to Community Patents of 1989 in that the proposed regulation sought to establish community-wide law on patents, applicable to all patents granted by the European Patent Office.¹⁷⁹

¹⁷⁵ Begley, Specifically, —France has highlighted constitutional concerns for the [European Union], arguing that it is unacceptable to create a non-[European Union] legal system with a non-[European Union] court. Id. France has also raised —concerns regarding possible contradictions between the EPLA’s proposed intergovernmental court and the judicial order established by European Community treaties.

¹⁷⁶ EPO—European Patent Litigation Agreement, EUROPEAN PATENT OFFICE, <http://www.epo.org/patents/law/legislative-initiatives/epla.html> (last updated Apr.3, 2009). The Working Party on Litigation ceased work on the EPLA in light of the efforts of the European Union to establish a Community patent with a judicial system of its own. Id. According to the European Patent Organization’s website, the Working Party on Litigation recognized that —the establishment of a litigation system for European patents has to be paused, in view of the work being done by the European Union to introduce a Community patent with a judicial system of its own. Id.

¹⁷⁷ The Lisbon Special European Council —outlined a ten year plan to make the [European Union] more competitive Community Patent, EURACTIV (Dec. 8, 2006), <http://euractiv.com/en/innovation/community-patent/article-117529>.

¹⁷⁸ International conventions, like the European Patent Convention and the Community Patent Conventions of 1975 and 1989, are generally more difficult to negotiate and typically require a unanimous consensus among member states to amend the text of the convention. See Di Cataldo, The European Union opted for a convention on a community patent in the 1970s and 1980s because it —considered itself too weak to enact a regulation on community patent law. Id. at 26. The European Union feared it would not be able to garner the political support if it issued a regulation on patent law. Id.

¹⁷⁹ Compare Proposal on Community Patent art. 2(1) (—The community patent shall have a unitary character . . . shall have equal effect throughout the Community and may only be granted, transferred, declared invalid or lapse in respect to the whole of the Community. l), with Community Patent Convention, art. 2(2) (—Community patents shall have a unitary character . . . [shall] have equal effect throughout the territories to which this Convention applies and may only be transferred or allowed to lapse in respect of the whole of such territories.

The Proposal on Community Patent provided a comprehensive body of law applicable to patents granted by the European referred to as —Community patents. The body of law provided in the Proposal on Community Patent was to be applied by a centralized court, referred to as the —Community intellectual property court, which would have exclusive jurisdiction over infringement and invalidity claims.¹⁸⁰In 2003, the Competitiveness Council reached an agreement on a —common political approach for the adoption of such a centralized court. Based on this common political approach, the European Commission presented two proposals in December 2003 the proposal for Conferring Jurisdiction on the Court of Justice and the Proposal for Establishing Community Patent Court. The proposals outlined the details of a Community intellectual property court, referred to as the Community Patent Court. Under the two proposals, the European Court of Justice would be vested with exclusive jurisdiction over actions involving Community patents.

These actions would be heard in the first instance by a judicial panel the Community Patent Court. Decisions from the Community Patent Court would be appealable to a special patent appeal chamber within the Court of First Instance, made up of judges with expertise in patent law. Because decisions from the Community Patent Court would be effective throughout the European Union, the —expense, inconvenience, and confusion resulting from fragmented litigation would be avoided. Despite these promising advantages, disagreement over the extent and legal effect of translations prevented a consensus on the proposals. Notwithstanding these setbacks, the European Commission again set out to establish a unified patent litigation system in 2006. The European Commission performed a public consultation, receiving input from industry professionals and practitioners as to their views on future patent policy in Europe.¹⁸¹

¹⁸⁰ The actions and claims referred to in paragraph 1 [i.e., invalidity and infringement claims, and counterclaims for invalidity] come under the exclusive jurisdiction of the Community intellectual property court. Id. art. 30(3). As discussed earlier, such a centralized court with exclusive jurisdiction would avoid the problems caused by national courts applying —community law inconsistently.

¹⁸¹ Press Release, European Commission, Patents: Common Sets out Vision for Improving Patent System in Europe (Apr. 3, 2007), available at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/463&type=HTML&aged=0&language=EN&uiLanguage=fr>.

The results of the consultation showed that a majority of the respondents favored the Community Patent approach set forth under the Community Patent Proposal.¹⁸² The consultation, however, also showed that a large majority of respondents supported the unified litigation system under the EPLA, rather than the Community Patent Court proposed by the European Commission in 2003. In light of these findings, the European Commission suggested a European Union-wide jurisdictional system for patent litigation that would have jurisdiction over both European patents and Community patents.¹⁸³ Such a system, which later became known as the UPLS, would integrate features from both the earlier proposed Community Patent Court and the EPLA's European Patent Court.¹⁸⁴

¹⁸² European Commission Public Hearing on Future Patent Policy in Europe.

¹⁸³ Communication from Commission to the European Parliament and the Council—Enhancing the Patent System in Europe, at 10–11, COM (2007) 165 final (Apr. 3, 2007) [hereinafter Commission Communication], available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0165:FIN:en:PDF>.

¹⁸⁴ Press Release, European Comm'n, Patents: Comm'n Sets Out Next Steps for Creation of Unified Patent Litigation System (Mar. 24, 2009), available at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/460&type=HTML&aged=0&language=EN&guiLanguage=fr>. Recently, the UPLS has increasingly been referred to as the European and European Union Patents Court (EEUPC). See European Patent Office—Unitary Patent/EU Patent, <http://www.epo.org/law-practice/legislative-initiatives/eu-patent.html> (last updated July 28, 2011).

CHAPTER 5: Conclusions and recommendations

The idea of a global patent system would solve the problem of territoriality limited protection for inventions as it would accord right holders the possibility of enforcing their rights. The problem disclosed by this research is that the fragmented national law patent systems do not offer adequate protection to patents with world wide application. Indeed it proves costly to seek registration of and enforcement of patent rights in each and every jurisdiction that protection is sought.

This research paper set out with three main objectives and three research questions in focus. The principal objective of the research paper was to identify the territorial limitations of patent protection, the problems in international patent right protection. The finding disclosed affirmatively showed that given that patent protection provided by a country is limited to the territory of that particular country. The present patent system is therefore wholly unfit for a global economy taking into consideration the territorial limits and the fact that there is increased globalization as well as cross-border trade. Moreover at the core of the problem of the territorial limitation is the fact that though protection is based principally on territory disclosure of the invention is worldwide. Once an invention is disclosed there is no territorial limits as to how far the information will spread. This exposes an inventor to considerable risk of lack of protection in countries where protection has not been specifically sought. This has the undesirable effect of clawing back the one of the major incentives that the patent system was designed to provide-that is the incentive to disclose information.

The research paper has also examined the application of the choice of law rule *lex loci protectionis* in relation to patent enforcement. Patents are in their nature territorially limited rights which only produce effects in the granting state and are governed by the law of the granting state. This is pertinent to cross-border patent disputes that arise from the infringement of parallel patents granted in a number of countries to protect the same invention. The *lex loci protectionis* is presently the only feasible conflict of law rule for the ascertainment of the law applicable to infringement of patent rights. The paper concludes by making recommendations for

patent law reform specifically the achievement of a general consensus how to apply the relevant choice of law rule to cross-border patent enforcement cases.

The first research question the project sought to address was the extent to which the present patent system fulfills the ultimate purpose of the application of the *lex loci protectionis* choice of law rule. It was revealed that the existing international conventions pertaining to patents do not contain any specific conflict of laws rules. These conventions to wit the TRIPs Agreement, Paris Industrial Property Convention and the European Patent Convention introduce the principle of national treatment that traditionally has been interpreted to favour the application of the *lex loci protectionis* as choice of law rule.¹⁸⁵ However this comes out only by virtue of interpretation rather than express codification of a choice of law rule. The corollary interpretation would have it that the conventions merely provide a generalized framework for the relevant conflict of law rules in determination of applicable law. No further meaning other than equal treatment may be gleaned from the conventions.

Therefore there is a need for the development and codification of standard choice of law rules internationally. Ultimately the application of the *lex loci protectionis* has proved to be the appropriate solution with regard to the enforcement of the patent rights.

An obvious solution that may be proffered in the resolution of the enforcement conundrum would be as suggested by Marketa Trimble¹⁸⁶ the creation of a single world patent that would protect an invention in all the countries of the world. Of necessity the proposed world patent implementation would commence not only with respect to an enforcement mechanism but the adoption of a common standard of patentability. At present each country has its own criteria of determining patentability of an invention. The Agreement of Trade Related Aspect of Intellectual Property Rights (TRIPs) Agreement seeks to set out the minimal requirements with respect to patentability but falls short of unequivocally defining a common standard.

¹⁸⁵ Art. 3(1) the Agreement on Trade-Related aspects of Intellectual Property rights including trade in counterfeit goods, is Annex IC to the World Trade Agreement on 15th April 1994, establishing the WTO and including GATT 1994. The agreement has inter alia, been published in (1994) IIC 209-237. See also www.wto.org; Art. 64(3) onvention on the Grant of European Patents, Munich 1973.

¹⁸⁶ Marketa Trimble, *Global Patents: Limits of Transnational Enforcement* (OUP) 2012.

The case study by the European Union demonstrates that the process of unification of substantive patent law may gradually begin with regional blocks before taking root internationally. The principle of national treatment that is embodied in the Paris Industrial Property Convention would implicitly impose a universal choice rule in favor of the *lex loci protectionis*.¹⁸⁷ This prohibits discrimination on the grounds of nationality. Article 2(1) therefore seemingly imposes a universalistic requirement, namely that a dispute concerning intellectual property rights must be governed in all states of the Union by the law of the states for which protection is required. On the corollary this would mean that the states that belong to the Union have given up their sovereign powers to freely determine their conflict of law rules as far as nationals of other states of the union are involved in the dispute. Therefore, the *lex loci protectionis* is understood as the law of the State for which protection is requested.

The European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP)¹⁸⁸ developed principles that assist with regard to the resolution of conflict of law problems as presented with regard to the application of the *lex loci protectionis* rule. The territorial nature of patents calls for a distributive application of the choice of law rule. Cross-border infringement must be appreciated in the light of the diverse national laws. The differences in interpretation of the patent claims and the divergent application of the doctrines of equivalents by national courts may result, in certain cases, in a finding of infringement according to the law of one country, whilst there appears to be no infringement under the law of another country. Such inconsistencies can only be avoided through a uniform interpretation of substantive law.

As discerned by Marketa Trimble in her text *Global Patents* the first main obstacle in the formulation of a world patent is the problem of substantive patent law harmonization. In her

¹⁸⁷ Article 2(1) Paris Industrial Property Convention states that:- Nationals of the countries of the Union shall, as regards the protection of industrial property, enjoy in all other countries of the union the advantages that their respective laws now grant, or may hereafter grant, to nationals, without prejudice to the rights specially provided by the present Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided they observe the conditions and formalities imposed upon nationals.

¹⁸⁸ Established to conduct research on the initiative of the two Max Planck Institutes for Comparative and International Private Law in Hamburg consisting of several researchers and drafted the text of the Principles on Conflict of Laws in intellectual Property.

words a world patent would require that all countries adopt a uniform standard of patentability.¹⁸⁹

The last research question the project paper addresses is the role that the World Intellectual Property Organization (WIPO) with respect to the harmonization of International patent law. It was a finding of the research that there is a need for a worldwide unification of substantive patent law. This however has been severely been obstructed on account of the divergence in national policies that underlie patent laws and a glaring absence of a consensus of what an ideal patent system should be. Beyond this is the dilemma that comes out of the fact that even if there was a universally accepted ideal of a patent there would have to be subject of uniform interpretation across the world. This therefore calls for establishment of institutional structures to facilitate enforcement. That it is the writers belief that the creation of regional patent courts would contribute to the gradual unification of patent laws if the respective countries concede to the introduction of single judicial structures for litigating patents granted in multiple countries.

The implications and tentative recommendations resulting from tis study include the

Recommendations to harmonize national patent laws have attracted considerable attentions.¹⁹⁰ Patent holders therefore face considerable hurdles in seeking the protection of their rights in a world that is becoming increasingly globalized. They are also increasingly frustrated by the need to pursue multiple actions for infringement in cross-border disputes. Under the bedrock principle of territoriality, successive litigations can trigger different applications of domestic and international patent norms to the same set of facts and can lead to conflicting judgments and arguably irreconcilable outcomes.¹⁹¹

¹⁸⁹ Supra note 179.

¹⁹⁰ See WIPO, Open Forum on the Draft Substantive Patent Law Treaty (SPLT), Geneva, Switz., Mar. 1-3, 2006 [hereinafter WIPO Open Forum], available at http://www.wipo.int/meetings/en/2006/scp_of_ge_06/scp_of_ge_06_inf1.html (hosting the presentation of papers, lectures, and speeches on the international harmonization of patent law).

¹⁹¹ See, e.g., David Perkins & Garry Mills, *Patent Infringement and Forum Shopping in the European Union*, 20 FORDHAM INT'L L.J. 549, 550 (1996) (observing that "the English and German courts reached opposite conclusions in parallel litigation in the two countries" (citing *Improver Corp. v. Remington Prods. Inc.*, 21 IIC 572 (1990), 24 IIC 838 (1993), [1993] GRUR Int. 242 (F.R.G.), and *Improver Corp. v. Remington Consumer Prods. Ltd.*, [1990] F.S.R. 181 (Eng. Ch. 1989))). On the validity and infringement of the patent protecting Fosamax, see

It is acknowledged that several initiatives such as the Patent Cooperation Treaty (PCT) and regional agreement for instance the Convention on the Grant of European Patents have made important procedural improvements with regard to patent law reform. However it cannot be said that these initiatives have spurred concerted harmonization of national patent laws. It is recommended that the World Intellectual Property Organization (WIPO) through its Standing Committee on the Law of Patents decisively pursue discussion and adoption of the draft Substantive Patent Law Treaty in order to achieve standardization in relation to both law and procedure relating to patents.

That also with to tamper the undesired effect of the strict application of *lex loci protectionis* the judicial bodies enforcing patent rights should strive to develop jurisprudence in as far as cross-border patent cases are concerned through common law adjudication as was suggested by Professor Graeme Dinwoodie.¹⁹² The introduction of uniform rights would also support an institutional solution – a solution that would centralize litigation in a unified court.

Merck & Co., Inc. v. Teva Pharmaceuticals USA, Inc., 395 F.3d 1364, 1377 (Fed. Cir. 2005), holding that the patent is invalid because it was obvious, and *Merck & Co. Inc.'s Patents*, [2003] EWCA (Civ) 1545, [1]–[73] (Eng.), holding that the patent is invalid because it was both obvious and lacked novelty. On the importance of allocating a jurisdiction for a patent dispute, see generally Rochelle C. Dreyfuss & Jane C. Ginsburg, *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, 77 CHI.-KENT L. REV. 1065 (2002), and Mariano Municoy, Symposium, *Allocation of Jurisdiction on Patent Disputes in the Models Developed by the Hague Conference in Private International Law: Asymmetric Countries and the Relationship of Private Parties*, 4 CHI.-KENT J. INTELL. PROP. 342 (2005), and see also Case C-593/03, *Roche Nederland BV v. Primus*, [2007] F.S.R. 5 (E.C.J. 2006) (questioning whether conflicting national judgments of validity or infringement should be considered

“irreconcilable”).

¹⁹² Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469, 542–43 (2000).

REFERENCES

Andrew S. Kerns, *Fight or Flight: Traversing the Extraterritorial Battleground of Modern United States Patent Law* Baylor Law Review, 2011.

2

Cornish WR, *Intellectual property infringement and private international law, changing the common law approach* (1996) GRUR Int 85-289 Intellectual Property, Patents, Copyright, Trade Marks and Allied Rights (4th Edition) London: Sweet & Maxwell, 1999.

David I. Bainbridge, *Intellectual Property* (2012) 9th Ed Pitman

Donald S. Chisum, *Normative and Empirical Territoriality in Intellectual Property: Lessons from Patent Law* 37 VA J. INT'L. 603,604 (1997).

Douglas Ellis, John Jarosz, Michael Chapman & L. Scott Oliver, *The Economic Implications (and Uncertainties) of Obtaining Permanent Injunctive Relief After eBay v. MercExchange*, 17 FED. CIR. B.J. 437, 439-40 (2008);

E. Ulmer, *Intellectual Property Rights and the Conflict of Law* (Kluwer 1978).

Elizabeth M. N. Morris, *Territorial Impact Factors: An Argument for Determining Patent Infringement Based Upon Impact on the U.S. Market*, 22 Santa Clara Computer & High Tech. L.J. 351, 352 (2006).

Eonsuk Kim, *Cross-border Enforcement of patent Rights-Limits and Solutions in current conflict of Laws Regime*. Article based on the presentation of the writer in the International Conference International issues relating to Pro-innovation Patent System and Competition Policy held in the graduate School of Law, Nagoya University on 09.02.2013.

Faryan Andrew Afifi, *Unifying International Patent Protection: The World Intellectual Property Organization Must Coordinate Regional Patent Systems* 15 Loy.L.A Int'l & Comp. L. Rev 453 (1993) Available at <http://digitalcommons.lmu.edu/ilr/vol.15/iss2/5>.

Gerald Paterson, *The European Patent System: The Law And Practice of The European Patent Convention* 11 (1992).

Graeme B. Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 Wm. & Mary L. Rev. 711 (2009).

Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469, 542-43 (2000).

James Forrester, James Killick & Anthony Dawes, *Obstacle to the Creation of EU-Wide Patent Court*, <http://www.bnai.com/EUWidePatentCourt/default.aspx> (providing brief summary of the different attempts by different European bodies to reform the patent system).

Jay Dratler, *Fixing Our Broken Patent System*, 14 *Intellectual Property L. Rev.* 47 (2010).

Jesse Kim, *Territoriality Challenges in Protecting Trademark Interests in the System of Generic Top-Level Domains (gTLDs)*, 18 *Intellectual Property L. Rev.* 217 (2014).

John E. Tsavaris II, Note, *Patent Contempt Proceedings after KSM: Has the Federal Circuit Infringed Patentees' Rights?*, 54 *FORDHAM L. REV.* 1005, 1006, 1012–15 (1986).

Joseph Straus, *Patent Litigation in Europe—A Glimmer of Hope? Present Status and Future Perspectives*, 2 *Wash. U. J. L. & Pol'y* 403(2000).

Timothy R. Holbrook, *Extraterritoriality in US Patent Law*, 49, *WM. & Mary L. Rev.* 2119 (2008).

Liivak, Oskar, *Establishing an Island of Patent Sanity* (2013). Cornell Law Faculty Publications. Paper 669.

Lionel Bently & Brad Sherman, *Intellectual Property Law*, 3rd Ed (2009) Oxford University Press.

Marta Pertegas Sender, *Cross-Border Enforcement of Patent Rights* (2002).

Marta Pertegas, *EC: Patents-Cross-Border Injunctions*, 28 *Eur. Intell. Prop. Rev.* N193 (2006).

Marketa Trimble, *Cross-Border Injunctions in US Patent Cases and their Enforcement Abroad*, 13 *Marq. Intell. Prop. L. Rev.* 331 (2009).

Marketa Trimble, *Global Patents: Limits of Transnational Enforcement* (Oxford University Press, USA), 2012.

Marketa Trimble, *Extraterritorial Intellectual Property Enforcement in the European Union in Southwestern Journal of International Law*, 2012.

Marketa Trimble, *When Foreigners Infringe Patents: An Empirical Look at the Involvement of Foreign defendants in Patent Litigation in the U.S.*, 27 *Santa Clara Comp. & HighTech. L.J.* 499 (2011).

M. Pryles, *'Tort and related obligations in private international law'*, Rec Cours 1991-II Vol 227, 29.

Michael LaFlame, Jr., *The European Patent System: An Overview and Critique*, 32 HOUS.J.INT'L L.605,608(2010).

Moy, R. Carl, *Patent Harmonization, Protectionism and Legislation* (1992). *Faculty Scholarship*. Paper 155.

Patrick Coyle, *Uniform Patent Litigation in the European Union: An Analysis of the Viability of Recent Proposals Aimed at Unifying the European Patent Litigation System*, 11 Wash. U. Glob. Stud. L. Rev. 171 (2012).

P.B. Carter, Preface to James J. Fawcett & Paul Torremans, *Intellectual Property and Private International Law* (1998).

Peter D. Rosenberg, *Patent Law Fundamentals* 19.01 (1982).

Peter S. Menell, *A Method for Reforming the Patent System*, 13 *Michigan Telecommunications and Technology Law Review* 487-508 (2007).

Philip P. Soo, *Enforcing a Unitary Patent in Europe: What the U.S. Federal Courts and Community Design Courts Teach Us*, 35 Loy. L.A. Int'l & Comp. L. Rev. 55 (2012)

Presentation at the International Conference *'International Issues relating to Pro-innovation Patent System and Competition Policy'* held in the Graduate Scholl of Law, Nagoya University on 9th February 2013.

R. Singer, *The Future European Patent System: An Outline of the Main Elements of the System, in The New European Patent System* 1, 5 (Seminar Servs.Int'l,1976).

Scott A. Cromar, *The location of the contemplated sale as the ultimate gauge in 'Offer to sell' transnational US patent infringement cases*, University of Illinois Law Review Vol. 2012.

The European Max Planck Group on Conclict of Laws in Intellectual, *Principles for Conflict of Laws in Intellectual Property*, Oxford University Press, 2013.

Victoria E. Luxardo, *Towards a Solution to the Problem of Illegitimate Patent Enforcement Practices in the United States* Emory International Law Review, 2006