List of Countries

Argentina*
Australia*
Austria*
Belgium*
Brazil*
Canada*
China*
Czech Republic*
Denmark*
Estonia
Finland*
France*
Germany*
Greece
Hong Kong
Hungary*
India*
Indonesia
Ireland*
Israel*
Italy*
Japan*
Korea, Republic of*
Malaysia
Mexico
The Netherlands*
New Zealand
Norway*
Philippines
Poland*
Portugal
Russian Federation
Singapore
Slovakia
Slovenia
South Africa*
Spain*
Sweden*
Switzerland*
Taiwan (Chinese Taipei)*
Thailand*
Turkey
United Kingdom*
United States of America*

Contributions marked with * have already been published.

Introduction

Global Patent Litigation is designed for attorneys, patent agents and corporate counsel who are confronted with an international patent dispute. In practice, it can be very difficult to acquire a general view of how patent infringement or validity proceedings are conducted in a particular jurisdiction at short notice. What should be taken into account when determining an international strategy? Does the court of a particular jurisdiction have experience in patent litigation? How are proceedings conducted and what proceedings are available? How much time do proceedings take and what do proceedings cost? How does the court determine the scope of protection of a patent? What are the main defenses against infringement and what conditions apply in order to invoke such defenses? Are there any conservatory measures to obtain evidence or to seize assets of the defendant? What are the available remedies?

It can be quite challenging to obtain even a general answer to such practical questions relating to the relevant jurisdictions. The only means to obtain the necessary answers may be to find experienced litigators in those respective jurisdictions who can answer the relevant questions. This approach, however, is of course both expensive and time-consuming.

Global Patent Litigation provides reports prepared by experienced patent litigators who are established in the most important trading countries in the world. These reports are intended to provide the reader with a broad and general description of the practice of patent litigation in a particular jurisdiction, the idea being that the relevant reports can be consulted before approaching local attorneys.

Although *Global Patent Litigation* does not set out to be a forum-shopper's guide to the best buys in international patent litigation, it is hoped that the description of the available conservatory measures, pre-trial proceedings, ordinary proceedings and preliminary injunction proceedings in the major trading countries of the world will be of particular assistance to the reader in determining the strategy that needs to be followed in an (international) patent dispute.

The first chapter of *Global Patent Litigation* deals with strategy development in international patent litigation. It provides the reader with a broad overview of the various elements that have to be taken into account when determining an international strategy. In which jurisdiction should proceedings be started? Are infringement and validity issues heard by one and the same court or by different courts? Should infringement proceedings be started in one jurisdiction and invalidity proceedings in another? Where and how can evidence be collected? Where can conservatory measures be obtained? What country provides efficient preliminary injunction proceedings?

The main provisions of the European Patent Convention are described in the second chapter, together with the main decisions of the European Patent Office. The material requirements for patentability (novelty, inventive step, industrial applicability, etc.) are also described, together with the main features of the granting procedure before the European Patent Office.

The subsequent chapters of *Global Patent Litigation* are national reports. Each country report provides a general description of the course of the patent infringement or validity proceeding—from initiation of the proceedings to appeal. The following topics are discussed in each contribution: validity, what acts constitute direct infringement, scope of protection, indirect infringement, further defenses to infringement (amongst others: experiments, compulsory licenses, prior use and exhaustion), conservatory measures, pre-trial proceedings, ordinary proceedings, preliminary injunction proceedings, appeal, evidence and the available remedies. From this overview, it would appear that there are substantial procedural differences between the respective jurisdictions which

affect the ability of a patentee to enforce his rights. By using uniform headings for the abovementioned topics, users of *Global Patent Litigation* will easily and quickly be able to compare the law on a specific topic dealing with patent litigation in the described jurisdictions.

As a valuable addition to the national contributions, the reader is presented with helpful and lucid synopses in the tables that accompany each chapter. Using these tables the reader can obtain a rapid general overview of the main features of the available proceedings in the jurisdictions under scrutiny: what steps does each party have to undertake in the proceedings, what is the relationship between infringement and validity, what is the role of experts, how much time do the proceedings generally take and how much do the proceedings generally cost?

Global Patent Litigation will be updated regularly, both by adding new jurisdictions and by revising bringing up to date the existing material. These updates will be provided to the subscribers by means of supplements, which can be easily be exchanged with the material already published. In this way we soon hope to expand the content of *Global Patent Litigation* to include contributions on all the major jurisdictions of most important trading countries throughout the world, be it in the Americas, in Asia, or in Europe.

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International Section

Global Patent Litigation (Strategy)

Global Patent Litigation (Strategy)

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Mr Hoyng obtained landmark decisions in the Dutch Supreme Court in among others Vredo/Veenhuis, BAT/Doucal and Van Bentum/Kool. Before the European Court of Justice, he has acted among others as counsel for Windsurfing International, Ballantine's, and Philips in the landmark cases *Windsurfing International v. the Commission*, *Ballantine's v. Loendersloot*, and *Philips v. Remington*. Mr Hoyng serves as IP litigation counsel to most major Dutch multinationals and many foreign corporations, including major pharmaceutical and biotech companies.

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Global Patent Litigation (Strategy)

(1) BACKGROUND

1 Patent rights are territorial rights. They are the result of the will and power of a certain authority to create an exclusive right in that territory. Consequently, a patent right is only valid for that particular territory. In practice, this means that each country has its own patent system to which its own law applies and – in the classical thinking – disputes with respect to that patent are dealt with by the courts of that country. The country has its own lawyers educated in the law of the country and familiar with the local proceedings.

2 It is clear that the benefits of inventions are not restricted to one country. This was already recognized at the end of the nineteenth century. The Paris Convention of 1883 introduced certain rules such as the right to priority (Article 4) and the right for a foreigner to the same treatment as nationals (Article 2), which tried to mitigate the conflict between the territoriality of intellectual property (IP) rights and the fact that the effects of inventions are not confined to a certain territory. The Paris Convention even went a (hesitant) step further by setting certain minimum requirements as to the protection of inventions. For example, it contains rules as to how far compulsory licensing can go (Article 5), and it provides protection against imported products that are the result of the use of a method patented in the country of import (Article 5 quater). However, until the 1970s, there was no basic change in the general conception that a patent is granted for a certain country according to the laws of that country and adjudicated by the courts of that country, (naturally) according to the procedural law of such a country.

3 This 'territoriality' concept also resulted in a view that such national patent rights are only exhausted by putting the patented product on the national market with the consent of the patentee. Some countries adopted the first sale doctrine, but even then the patentee could prevent parallel imports by making explicit that his first sale did not carry the consent of exporting the product.[1] After the establishment of the European Community (now the European Union (EU)) it was quickly realized that if one wanted to establish a single common market, such a market (territory) should have a system wherein one community patent was valid for the whole of the community. However, forty years later, this has still not been achieved and it seems unlikely that it ever will be. If it ever is achieved, it is very doubtful that it will be a practical system. The major obstacle is the fact that the European politicians do not want to accept that the de facto language in which the business communities and even the citizens of the different countries of the Union communicate, is English. Nevertheless, some changes since the 1970s have come about. Although no unitary patent system has been established, the European Court of Justice (ECJ – the highest Court of the EU) – in recognition of the free movement of goods as one of the leading principles for the establishment of a single common market – did away with national exhaustion within the market of the EU. A product put on the market with the consent of the patentee (of a national patent) can freely circulate through the countries of

[1] Compare for the United States *Mallinckrodt Inc. v. Medipart Inc.* 976F2nd700 and for the United Kingdom *Betts v. Wilmott* (1871) L.R.6Ch239.

the community.[2] The same example was followed elsewhere, such as in the Andes Treaty, and in general, there has since been a debate as to the strict adherence to the territoriality principle in respect of exhaustion,[3] upon which in certain countries (such as Japan) case law now suggests that the principle of national exhaustion has (to a certain degree) been abandoned.[4]

4 A further small step towards the recognition that inventions are not territorial has come with the European Patent Convention (EPC) and the Patent Cooperation Treaty (PCT). The latter makes it easier to obtain protection in more countries but does not to any material extent do away with the classical principle of one material/procedural patent (law) per country.

5 The European Patent Convention – which has nothing to do with the EU – provides the possibility to obtain a patent for the current thirty-one countries, via one application procedure in the European Patent Office (EPO). The applicant can designate the countries in which the European patent should become effective. However, after the European patent is granted, it becomes a bundle of national patents.

6 The European Patent Convention is not only a simple means of obtaining a (national) patent in more than one country. Although often overlooked, it also establishes on important subjects, such as validity (Article 138) and infringement (Article 69), the same material law in the Member States of the European Patent Convention.[5] It should immediately be added that having to apply the same material (treaty) law does not automatically lead to the same results in all countries and – because there is no supreme court that ultimately decides on the interpretation of this material law – the highest court of each country ultimately decides what the correct interpretation is of the (same) material law. This has lead to differences in interpretations of important subjects such as novelty, inventive step, and infringement, differences that can play an important role when deciding upon a litigation strategy.

7 Further efforts have been undertaken to unify the material law. Such efforts have resulted in the Treaty of Strasbourg, which, however, has not become a success due to the limited number of countries which have ratified this treaty. Also, the World Intellectual Property Organization (WIPO) is presently undertaking efforts to try to harmonize (parts of) the material patent law in the entire world.

8 In Europe, almost all countries have adopted the material law as it was laid down in the now abandoned Community Patent Treaty. (The present proposal calls for the creation of a Community Patent by an EC Regulation). This means that the material laws are de facto harmonized even beyond the requirements of the European Patent Convention in respect of subjects such as indirect infringement and the research exemption. Again the same warning: Provisions in the different patent acts may read the same but the interpretation may be different. It is therefore important to make an informed decision if one would like to undertake clinical trials for obtaining market approval for a product that is (still) under

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[2] *Centrafarm v. Sterling Drug* [1974] E.C.R. 1147.

[3] Compare Art. 11 of the Chinese Patent Act which leaves the question open.

[4] Japanese Supreme Court 1 Jul. 1997, *Japanese Auto Products K.K. v. BBS Kraftfahrzeug Technique AG.*

[5] The (often overlooked) fact that the European Patent Convention is more than just a central grant procedure follows from the preamble 'Desiring that such protection may be obtained in those States by a single procedure for the grant of patents, and by the establishment of certain standard rules governing such patents so granted' and from Art. 2 under 2 of the European Patent Convention: '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*'. (Emphasis added).

patent protection. In one country this may be allowed (e.g., Germany) while in a neighbouring country, with the same material law, this may be not allowed (The Netherlands).

9 Some aspects of material patent law (e.g., the law on scope of protection for patents concerning biological material or for products containing or consisting of genetic information) have been harmonized in the EU. In this respect, reference can be made to the Biotech Directive (98/44), which has been implemented into the laws of the Member States of the EU. If, in any national proceedings, there is a question about the interpretation of the Biotech Directive, national courts can and, in some instances are obliged to, refer questions to the European Court of Justice for a preliminary ruling.[6]

10 A further important step towards the recognition of the fact that inventions are not territorial is the Trade-Related Intellectual Property Rights (TRIPS) Treaty. The Treaty is unique not so much because of the fact that it (also) calls for certain minimum standards as to the rights to be conferred to inventors (Articles 27–34) but rather because it – for the first time – recognizes that granting IP rights and conferring rights is one thing, but that without effective enforcement this in fact is meaningless. This has lead to Part III of TRIPS, which sets standards as to the enforcement of IP rights. However, the provisions only give a very limited means to the private patentee – except if such rules have a direct effect – who wants to enforce his or her patents. They are nevertheless important on a political level where one country can urge and even force another country to have a better enforcement regime. Many countries have come to realize that patent rights without effective enforcement are meaningless and that a patent system without such effective enforcement will in the end not lead to (investment in) innovation. The United States has its Federal Trade Commission actions and the EU has its Anti-Piracy Regulation (1383/2003), which also makes it possible to stop products which infringe upon patents to enter the national market. Finally, in the field of enforcement of IP rights, the Member States of the EU will have an obligation to have the Enforcement Directive (2004/48) transposed in their national laws, as of 28 April 2006. This directive harmonizes the procedural aspects (evidence, seizure of evidence, right of inspection and information, *ex parte* preliminary injunctions, *inter partes* preliminary injunctions, sanctions, damages) of IP litigation. Again, if any issue arises in national proceedings about the interpretation of the Anti-Piracy Regulation or the Enforcement Directive,[7] the courts of the Member States of the EU may – and in some circumstances must – ask the European Court of Justice for a preliminary ruling.

11 A further substantive effort to make enforcement of patents in the EU more effective is likely to fail. The European Council prepared a draft agreement for a Community patent to be granted by the EPO under the EPC, which would have a unitary and autonomous character and produce equal effect throughout the EU. In addition, the European Council prepared a draft international agreement, to be concluded between the EU Member States, the EU, and the non-EU contracting states of the EPC, which would create a court (the European and EU Patents Court; EUPC) having jurisdiction in respect of litigation relating to European and Community patents. The EUPC would be composed of a court of first instance, comprising a central division and local and regional divisions, a court of

[6] For the scope of protection of DNA patents, see ECJ 13 Jun. 2010, case C-428/08 in the matter of *Monsanto v. Cefetra c.s.*

[7] The main distinction between a EU Regulation and a EU Directive is, that a regulation has direct effect in the laws of the Member States of the EU as from the date that the Regulation is effective, and that a Directive needs to be first implemented into the laws of the Member States of the EU.

appeal, and a registry. The EUPC would also be given the authority to refer questions to the ECJ regarding the interpretation of the EU treaties or the validity and interpretation of acts of the institutions of the European Community. This international agreement also provides for a specific system of languages that is based on the official language of the state in whose territory the local or regional division of the court of first stance was located, although each contracting state would be able to derogate from this and appoint one of the three languages of the EPO (i.e., English, French, and German) as the language of procedure of its local or regional division. The working languages of the central division would also be limited to the three current working languages of the EPO. On 6 July 2009, the Council of the EU requested the ECJ to advise whether the envisaged agreement creating a unified patent litigation system is compatible with the provisions of the EC Treaty. On 2 July 2010, Advocate General Kokott submitted his opinion to the ECJ. According to the Advocate General, the draft agreement is not sufficient to ensure compatibility with the EU treaties, because (i) it does not sufficiently guarantee the primacy of EU law, (ii) the rights of defendants in patent lawsuits may be prejudiced if they are summoned to appear before the EUPC in a language other than their own, (iii) the draft agreement contains insufficient opportunities for decisions of the EUPC to be appealed to the ECJ, and (iv) there is inadequate judicial review available over the decisions of the EPO to grant patents. Although the ECJ is not obliged to follow the opinion of the Advocate General, if it would render a judgment and follow this opinion it will be doubtful whether the proposed strategy for creating a unified patent litigation system, and the future intention to include a Community patent within this system, will be possible to achieve in the near future.

12 Despite all progress made, the fact remains that we still live in an era in which the prevailing state of affairs is that patents are granted for a certain country and that in order to enforce a patent, one has to go to the courts of the country for which the patent has been granted.