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EXTRATERRITORIAL INTELLECTUAL PROPERTY ENFORCEMENT IN THE EUROPEAN UNION

Marketa Trimble ∗

The problems associated with extraterritorial enforcement of intellectual property rights in the European Union (the "EU")[1] may be divided into three 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. 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. This article briefly reviews the three categories of problems and demonstrates the interrelatedness of solutions that have been developed or will have to be developed to address the problems.

I. ENFORCEMENT OF UNITARY EU-WIDE RIGHTS

Creation of unitary EU-wide rights may be viewed as the greatest success of intellectual property rights harmonization in the EU,[2] 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 EU member states in the area of intellectual property began in the

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1. 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."

2. 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;[3] in the areas of copyright and trademark law, the harmonization initially focused on securing certain standards in national rights.[4] In the area of patents, EU activity has been limited[5] 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.[6]

The two truly unitary EU-wide rights – the Community trademark[7] and the Community design[8] – were introduced in 1994 and 2002, respectively.[9] With one registration these instruments allow right holders to obtain rights that extend to all twenty-seven member countries.[10] The 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.[11] 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

3. Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products; First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.

4. *E.g.*, 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.

5. *See* Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions.

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

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

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

9. 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.

10. 2009 Community Trademark Regulation, *supra* note 7, Article 1(2); 2002 Community Designs Regulation, *supra* note 8, Article 1(3).

11. 2009 Community Trademark Regulation, *supra* note 7, Articles 97 and 98; 2002 Community Designs Regulation, *supra* note 8, 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*, *infra* note 14, par. 37 – 38.

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,[12] the history of these unitary rights is relatively short,[13] and therefore, the interpretation of the enforcement provisions concerning these instruments has not been fully developed. To date only two cases have reached the Court of Justice of the European Union (the "CJEU") for interpretation of provisions on enforcement of these rights,[14] and only one of these cases concerned enforcement of rights in multiple countries.[15] 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.[16]

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.[17] In the areas where unitary instruments are available – trademarks and designs – right holders continue to apply for registration of national rights instead of

12. 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 (last visited Sept. 3, 2011); OFFICE FOR HARMONIZATION OF THE INTERNAL MARKET, STATISTICS OF COMMUNITY DESIGNS 2011, *available at* http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/ssc007-statistics_of_community_designs_2011.pdf (last visited Sept. 3, 2011).

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

14. Case C-316/05, Nokia Corp. v. Joacim Wärdell, 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).

15. *DHL Express (France) SAS v. Chronopost SA*, *supra* note 14.

16. *Id.*, par. 48. The preliminary ruling also addressed issues of enforcement of injunctions that are effective throughout the European Union. *Id.*, par. 52 ff.

17. *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.pdf (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).

EU rights because of costs and differences in registration standards.[18] 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.[19] Although decades-old initiatives to create an EU-wide patent exist, EU member states have not succeeded in negotiating such an instrument.[20] 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.

II. 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,[21] 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,[22] 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,[23] courts in

18. *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).

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

20. 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).

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

22. 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).

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.[24] While the first interpretation permitted a concentration of infringement proceedings involving rights under multiple national laws, the latter excluded such a possibility.[25]

The clarification that the CJEU provided in its 2006 preliminary rulings in *GAT*[26] and *Roche*[27] 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.[28] 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.[29] So far the EU proposal has experienced a series of setbacks; the CJEU opined that the proposal was

24. Trimble, *Cross-Border Injunctions*, *supra* note 21, at 360-361.

25. *Id.*; *see also* TRIMBLE, GLOBAL PATENTS, *supra* note 20.

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

27. 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), *supra* note 26; Roche Nederland BV v. Primus, *supra* note 27. *See also* Convention of 16 September 1988 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, 1988 O.J. (L319) 9, Article 22.4; *Explanatory Report, Fausto Pocar*, 2009 O.J. (C319) 1, 68-69.

29. TRIMBLE, GLOBAL PATENTS, *supra* note 20. For the texts of the proposal, see http://ec.europa.eu/internal_market/indprop/patent/index_en.htm (last visited Feb. 15, 2011).

inconsistent with EU legislation,[30] and currently, two EU member states object to the related proposal for an EU unitary patent.[31] 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.[32]

III. 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.[33] 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

[30] The 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.

[31] 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 (last visited Apr. 19, 2011), 10-12; Joachim Bornkamm, *Intellectual Property Litigation under the Civil Law Legal System; Experience in Germany*, WIPO/ACE/2/3 (June 4, 2004), 7; DIETMAR HARHOFF, ECONOMIC COST-BENEFIT ANALYSIS OF A UNIFIED AND INTEGRATED EUROPEAN PATENT LITIGATION SYSTEM, http://ec.europa.eu/internal_market/indprop/docs/patent/studies/litigation_system_en.pdf (last visited Apr. 19, 2011), 32-34; Robert Blackburn, *Extraterritorial Enforcement: Practical Considerations for Lawyers*, *in* RETHINKING INTERNATIONAL INTELLECTUAL PROPERTY: BIODIVERSITY & DEVELOPING COUNTRIES, EXTRATERRITORIAL ENFORCEMENT, THE GRACE PERIOD, AND OTHER ISSUES 63 (Kraig M. Hill, Toshiko Takenaka, Kevin Takeuchi eds., 2000); *Recommendation from the Commission to the Council, To authorise the Commission to open negotiations for the adoption of an Agreement creating a Unified Patent Litigation System*, SEC (2009) 330 final (Mar. 20, 2009), 2-3.

33. "[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.

proceedings, despite its importance for right holders and the development of private international law relating to intellectual property.[34]

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.[35] 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.[36] 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.[37] 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. It is even possible for a country's law to reach an "infringement twice removed;"[38] 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.[39]

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.[40]

Although the Brussels I Regulation simplifies recognition and enforcement of judgments among EU member countries, it maintains a

34. Trimble, *Cross-Border Injunctions*, *supra* note 21.

35. For a thorough discussion of the phenomenon, see TRIMBLE, GLOBAL PATENTS, *supra* note 20.

36. For example, this is the case under both German and U.S. law. *See id*.

37. For example, this is the case under German law. *See id*.

38. Nicholas Oros, *Infringement Twice Removed: Inducement of Patent Infringement for Overseas Manufacture of Infringing Products Imported by Another*, 10 COMP. L. REV. & TECH. J. 163 (2006).

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

40. 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, *supra* note 20.

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.[41] 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.[42]

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,[43] 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 only in transit to another country.[44] The 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.[45]

IV. CONCLUSIONS

The problems of extraterritorial enforcement are receiving growing attention in the EU. In 2004, when the EU Enforcement Directive was adopted,[46] the EU was concentrating on increasing standards of domestic enforcement of intellectual property rights in individual member countries,

41. *Id.*

42. Trimble, *Cross-Border Injunctions*, *supra* note 21.

43. *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." (emphasis added).

44. 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).

45. *Koninklijke Philips Electronics NV v. Lucheng Meijing Ind. Co. Ltd. et al. and Nokia Corp. v. Her Majesty's Commissioners of Revenue and Customs*, Court of Justice of the European Union, joined cases C-446/09 and C-495/09, Opinion of Advocate General Pedro Cruz Villalón, February 3, 2011.

46. Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

particularly in the new post-communist member countries, where the older member countries saw potential threats associated with insufficient domestic enforcement. It is therefore no surprise that the Directive included no provisions on extraterritorial enforcement. However, since 2004 a number of developments have demonstrated the importance of extraterritorial enforcement.

There are presently two major initiatives in the EU that concern cross-border enforcement of intellectual property rights. In the area of patents, the EU Commission took over a project previously developed within the European Patent Organization for a unified patent litigation mechanism that would allow concentration of proceedings in one court over infringements of patents of multiple countries;[47] this project has been discussed together with a proposal for a unitary EU patent.[48] Additionally, a group of European academics has drafted a conflict-of-laws instrument specific to intellectual property that would make it possible to concentrate infringement proceedings in one court and facilitate easier and more rapid recognition and enforcement of court decisions in intellectual property matters.[49] The group, Conflict of Laws in Intellectual Property, is organized under the auspices of the Max Planck Institute for Intellectual Property, Competition and Tax Law, and it has benefited from cooperation with academics involved in similar projects in the U.S., Japan and Korea.[50]

As long as the EU maintains national intellectual property rights in addition to or in lieu of unitary EU-wide rights, holders of rights granted by EU member countries will face the same cross-border enforcement issues that holders of any national rights do. Even if the EU implements unitary rights to replace national rights in all areas of intellectual property, right holders will continue to encounter cross-border enforcement difficulties

47. Draft Agreement on the European Union Patent Court and draft Statute, Council of the European Union, 14970/08 (Nov. 4, 2008). *See also* The 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.

48. Proposal for a Regulation of the European Parliament and of the Council implementing enhanced cooperation in the area of creation of unitary patent protection, COM(2011) 215/3. For the setbacks that the project faces *see supra* Part II.

49. Principles for Conflict of Laws in Intellectual Property, Final Text, Aug. 31, 2011, *available at* http://www.ip.mpg.de/de/data/pdf/clip_principles_final.pdf (last visited Oct. 4, 2011).

50. Am. Law Inst., Intellectual Property: Principles Governing Jurisdiction, Choice Of Law, And Judgments In Transnational Disputes (2007); Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property, 2009, *available at* http://www.tomeika.jur.kyushu-u.ac.jp/ip/pdf/Transparency%20RULES%20%202009%20 Nov1.pdf (last visited Sept. 2, 2010); Principles on International Intellectual Property Litigation, 2010, a copy provided by Professor Kyung Han Sohn, on file with the author.

outside the EU. It is therefore important to maintain the search for solutions to these problems, regardless of the unitary rights situation in the EU. The EU remains an instructive laboratory in which various solutions may be explored at the regional level, and it may provide valuable lessons for a possible implementation on a global – or at least a larger than a regional – level.