

# **EPLAW**

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European Patent Lawyers Association

## **YEARBOOK**

### **2006 – 2007**

**(Editor : F. de Visscher, Past Secretary to the Association)**

Association européenne d'avocats spécialisés dans le contentieux des brevets d'invention  
Europäische Vereinigung der Patentrechtsanwälte

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Siège : Avenue Louise, 149 (boîte 20) 1050 BRUXELLES - BELGIQUE  
Association sans but lucratif (Loi du 27 juin 1921)

Dear Colleagues

When I wrote the foreword to the 2006 Yearbook I reported that the EPLA project had had a good year. The response to the Commissions' 2006 Questionnaire was overwhelming in support of EPLA and the Judges at Venice had just produced a workable set of procedural rules.

I did however note that there was a risk that the EPLA project would be "communitised". That fear has to some extent materialised, not as a result of the actions of the Commission but rather as a result of a small, but significant, group of member states who announced their opposition to EPLA in early 2007. The significance of this number of member states is, we are told, that the necessary majority support within the EU does not exist for EPLA. It seems that the EPLA project as originally conceived is now dead. This was in fact reported at the last Venice meeting in November by Dr. Fröhlinger from the Commission who is now charged with assisting the Portuguese Presidency to find a satisfactory alternative jurisdictional regime for Europe. The latest Portuguese proposals will be reported on at our 2007 Congress. They were given a cautious but positive reception by the Judges.

I must say that I approach the 2007 Congress, my third as President, with mixed feelings. I am proud that our small organisation has now become a powerful voice in Europe in respect of patent law development; it is vital that the views of practitioners are heard alongside those of the users if we are to have a patent system that works. I am however sad that this will be my last Congress as President. I have enjoyed the last three years enormously with the support of wonderful colleagues on the Board. The Board will recommend Willem Hoyng to be the next President of EPLAW. I believe that under his leadership our organisation will continue to grow in influence. I wish Willem well and I shall remain on the Board to support him.

I look forward to seeing you all in Brussels.

Kevin Mooney  
President

12th November 2007



**EPLAW Congress**

**President's Report**

**20 November 2006**

**Kevin Mooney**

**Simmons & Simmons**

## **EPLAW Congress - President's Report**

### **■ EPLAW CONGRESS 2006**

#### **■ GUESTS:**

- Lord Justice Jacob
- Judge Meier-Beck
- Chris Mercer
- Erik Nooteboom
- Friedrich Oelschlager
- Stefan Luginbuehl
- Vinciane Vanovermeire
- Ivan Verhoegstraete
- Jan Willems
- Prof. Damien Geradin
- Paul Lugard
- Hans Pegt
- Dr. Heike Lörcher
- Bill O'Brien
- Dr. Jochen Böhling
- Pierre-Yves Charles

**Simmons & Simmons**

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## EPLAW Congress - President's Report

### ■ EPLAW's MAIN OBJECT:

- "Consistent and cost-effective enforcement of patent rights throughout Europe in one court offering local access to patentees and a simple language regime."

### ■ PROGRESS IN 2006

- GAT -v- LUK
  - Roche -v- Primus
  - EPLA
- } 13 July 2006: A step back?
- Judges' Resolution October 2005 - 29 Judges
  - Thessaloniki Declaration 16 September 2006 - additional 45 signatures
  - Commission Questionnaire on the Patent System in Europe (Section 3) 16 January 2006

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## EPLAW Congress - President's Report

- Brussels Meeting - 12 July 2006:
  - "[EPLA] is a promising route towards [a] more unitary jurisdiction" per C McCreedy
- C McCreedy's speech to the European Parliament - 28 September 2006
  - "A solid legal framework is essential. I must repeat this: we need to keep up. Compared to our major trading partners, Europe is losing ground.."
  - "... there is a strong call for the improvement of the existing European Patent system... by the successful conclusion of a... EPLA..."
  - "... the Community needs to get involved in EPLA..."

### BUT

- "I recognise that there are legitimate doubts and concerns... [including] the impact of the rules of procedure which we have yet to see..."

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## EPLAW Congress - President's Report

- AIPPI Resolution dated 11 October 2006
  - "Urges the member states of the [EPC]... to adopt EPLA... as early as possible"
- European Parliament Resolution on Future Patent Policy in Europe dated 12 October 2006
  - "Urges the Commission to explore all possible ways of improving... patent litigation systems in the EU including participation in... EPLA"

### BUT

- "as regards the EPLA, considers that the proposed text needs significant improvements, which address concerns about democratic control... and a satisfactory proposal for the Rules of Procedure of the EPLA Court."

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## EPLAW Congress - President's Report

- Venice II Resolution re. Rules of Procedure - 04 November 2006
- FUTURE:
  - Commission Policy Statement re. EPLA and the Community Patent - ? November 2006
  - German Presidency: EPLA Conference - ? June 2007
- COMMISSION QUESTIONNAIRE
  - Detailed Response in March 2006
  - Attendance at Public Hearing, July 2006
- VENICE II FORUM: 02-04 NOVEMBER 2006
  - Resolution on Rules of Procedure
  - Mock Trial
  - Future of Venice?

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## **EPLA Congress - President's Report**

### **■ WEBSITE**

- Refreshed
- Blog-site to come

### **■ MEMBERSHIP & FEES**

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## Consultation on a patent strategy for Europe and follow-up

### A Uniform European Patent Jurisdiction

EPLAW congress  
20 November 2006  
Brussels

Erik Nooteloorn  
Head  
Industrial Property Unit  
European Commission

Internal Market & Services DG

## IPR Law – Commission perspective

Common EU interest

Renewed Lisbon Agenda for growth and employment

Promotion of innovation I

Internal Market & Services DG

## Public consultation on the Patent System in Europe – why?

Progress in the field of patents difficult

Timely in light of new industrial policy (launched 5 October 2005)

Seek views of all interested stakeholders (from individuals to multinational companies, research and academia)

Ensure that future patent policy reflects stakeholders needs

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## Public consultation on the Patent System in Europe

Consultation launched on 16 January 2006

Extended deadline 12 April 2006

Parallel consultation through the SME Panel

Over 2500 replies I

Public hearing in Brussels 12 July 2006

Wide range of speakers from interested circles

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## Substance: What did we ask?

Focus on structure of patent system

- 1) Basic principles and features of the patent system
- 2) The Community patent as a priority for the EU
- 3) The European Patent System – in particular EPLA
- 4) Approximation and mutual recognition of national patents

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## Section 2: Community Patent

Stakeholders generally support the Community Patent (COMPAT)

However not at any price: must offer advantages over existing system

Rejection of the 2003 Common Political Approach, mainly because of an unsatisfactory language regime and jurisdictional arrangements

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## Jurisdictional arrangements Community Patent

Community Patent Court – strong support for the idea but different opinions on details

Concerns include:

- Centralisation first instance
- Technical knowledge
- Languages

Some favour Community Trademark and CD system as a model

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## Section 3: European Patent System

### London Protocol

Clear priority for industry (would have an immediate effect on the attractiveness of European patents)

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## European Patent Litigation Agreement (EPLA)

European Patent Court to deal with European Patents  
Strong Support

### Advantages

- Uniform jurisdiction with regional chambers (1st instance (proximity) but Centralised Appeal)
- Attractive language regime
- Technical Judges
- Common Rules of procedure
- Cost ?
- Quality of patents

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## EPLA

Some issues need to be settled

- Optional or mandatory ?
- Cost
- Rules of Procedure: efficient, transparent and simple ?
- Relation with the ECJ
- Independence of the Court from EPO
- Constitutional concerns in some MS
- Who joins ?

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## EPLA – EP Resolution – Oct 2006

European Parliament Resolution on future action in the field of patents

“Whereas there have been growing concerns about undesirable patents in various fields and about a lack of democratic control over the processes by which such patents are granted, validated and enforced

Internal Market & Services DG

## EPLA – EP Resolution – c'td

“Urge the Commission to explore all possible ways of improving the patent and patent litigation systems in the EU, including participation in further discussions on the European Patent Litigation Agreement (EPLA) and accession to the Munich Convention as well as revision of the Community patent proposals, as regards the EPLA, considers that the proposed text needs significant improvements, which address concerns about democratic control, judicial independence and litigation costs, and a satisfactory proposal to the Rules of Procedure of the EPLA Court

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## EPLA – EP Resolution c'td

2. Reminds the Commission that all legislative proposals should be accompanied by an in-depth impact analysis related to patent quality, governance of the patent system, judicial independence and litigation costs.
3. Requests that Parliament's Legal Service be asked to provide an interim opinion on EU-related aspects of the possible conclusion of the EPLA by Member States in the light of overlaps between the EPLA and the *acquis communautaire* and to clarify legislative competences in this field.

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## EPLA – Member States reactions

1. Group of States EPLA « as is » (8 EU + 2 non EU)
2. States preferring EPLA « communitarised »
3. States not really interested in EPLA

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## EPLA – Member States

### EPLA « communitarised »

- EPLA through a Community Instrument
  - Un *Juge communautaire* pour le brevet européen
- For constitutional reasons
- *Acquis Communautaire*
- To take future Community patent on board

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## EPLA – Member States

### EPLA « communitarised »

- Un *Juge communautaire* pour le brevet européen
- Agreement between EUMS + EC + non EU EPC States: transfer of competences on litigation to EC Jurisdiction (art. 229a)
- 1st Instance: panels ex art. 226a; appeal: CFI
- European patents and Community patents

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## EPLA – Choices to be made

- EPLA « as is » for limited nr. of States?
- EPLA for as many as possible states?
- as an intergovernmental instrument or through a Community instrument?
- Relationship with the ECU
  - Preliminary questions: validity: Compal?
  - what about non EU States?
- EPLA also for Community Patents?
  - uniform single European wide jurisdiction, or
  - two parallel jurisdictions?

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## EPLA – Role of the EC

- No EPLA without EP
  - *Acquis communautaire*
  - Political agenda, political pressure
- Options
  - EPLA « as is »
  - Community instrument
    - Un *Juge communautaire* pour le brevet européen
  - EP

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## European Patent Jurisdiction - Strategy

### The essentials

- Uniform jurisdiction Centralised Appeal and role for the ECJ (ECJ acts as)
- Regional chambers (1st instance (proximity) but as part integral part of the single jurisdictional system) Multinational character of any chamber
- Specialised Judges
- Cost efficiency and reliability Attractive language regime
- Common Rules of procedure
- Quality of patents
- All patent litigation

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## European Patent Jurisdiction - Strategy

- EPLA « as such »
  - possible
  - QMV
- Community Instrument
  - Most « EC friendly » but new, inventive and complex
  - Unanimity

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## European Patent Jurisdiction - Strategy

- EPLA
  - EPLA + Community patent Integrated European patent jurisdiction
  - Use EPLA structure: 1st instance EPLA, appeal EPLA or CJF
  - Use of Community patent Regulation similar as CTM and CD
  - Regulation but with Common Rules of procedure
  - Linkage to ECJ for preliminary questions (and validity ?)
  - Unanimity for Community patent

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## Patent Jurisdiction State of play + next steps

- Discussions in EP and Council
- Commission Communication by the end of this year
- Commission mandate to the Council and Parliament first half 2007

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Thank you for your attention

[http://europa.eu.int/comm/internal\\_market/indprop/index\\_en.htm](http://europa.eu.int/comm/internal_market/indprop/index_en.htm)

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**HOWREY**

**The FRAND Licensing Regime in  
a Standard-Setting Environment:  
“If it ain’t broken don’t fix it”**

EPLA Conference

20 November 2006

Damien Geradin

Howrey, LLP

**The growing importance of  
standardization**

- In today's technology-driven world, industry standardization, device interoperability, and product compatibility have become critical to promoting innovation and competition.
- Standards are typically created by standard-setting organizations (SSOs) composed of participants from a given industry.
- SSOs have thus gained importance in technology-driven sectors.
- A wide variety of SSOs engaged in standardization efforts in an increasingly large number of industries.

**HOWREY**



## **Standardization and the FRAND regime**

- **Under traditional standards development procedures IPRs owners:**
  - Disclose the patents they consider essential for a standard
  - Typically provide an assurance or commitment that, if their patents are included in a standard, they will license their IPRs on fair, reasonable and non-discriminatory (FRAND) terms, with or without monetary compensation
  - This is not a small commitment as IPRs grant the right to exclude, i.e. not to provide a license at all
- **Licensing terms are typically negotiated on a bilateral basis outside the SSOs**

**HOWREY**

## **FRAND works**

- **FRAND regime allowed successful development of innovative technologies (e.g., mobile telephony, Internet, WIFI, DSL, etc.) and has fostered competition**
- **Abuses of FRAND are rare (there is very little case-law) and involve disclosure (patent ambush), not licensing terms**

**HOWREY**

## **Some argue FRAND is not working well and that intervention is needed**

- They say (to the Commission) that
  - Once a standard has been adopted, essential patent holders will seek to exploit the alleged extra market power that has been given to them by standardization to charge “excessive” royalties in breach of their FRAND commitment
- They also say (in SSOs) that:
  - Implementers of standards are unable to obtain sufficient information inter alia on the cost of implementing the standard
  - Cumulative royalty rates paid by users when the standard involves multiple essential patents may be too high (royalty stacking)

**HOWREY**

## **Proposed remedies**

- They claim that remedies are necessary, including:
  - Reforms of the IPR Policies of SSOs (e.g., ETSI).
  - The intervention of the European Commission to find an infringement of Article 82(a) to place a limit on the royalty that can be charged by essential patent holders based on the theory of numerical proportionality.

**HOWREY**

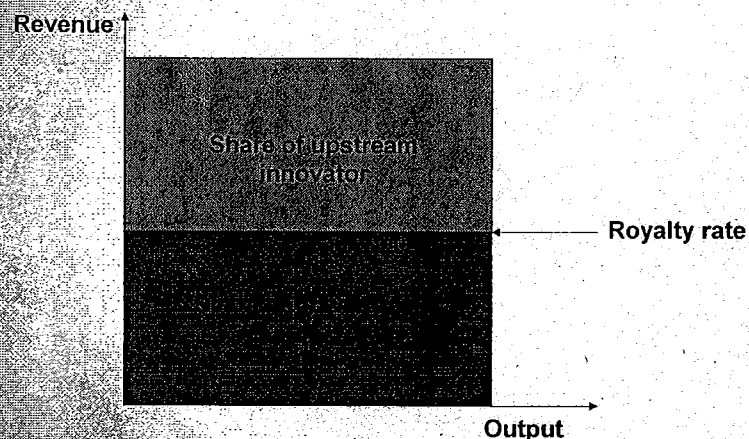
## Proposals to modify ETSI IPR Policy failed

The efforts of some firms to modify ETSI's IPR Policy failed because firms with different business models have different incentives when it comes to IP licensing:

- Pure innovators (upstream only) - Royalties represent the life blood of these companies
- Vertically-integrated firms (upstream and downstream) - Essentially interested in cross-licensing. Low royalties or even a zero royalty may be acceptable.
- Pure manufacturers (downstream only) - They want to pay less royalties because this would reduce their costs
- Buyers of equipment - Also tend to believe that lower royalties would benefit them by reducing price of equipment.

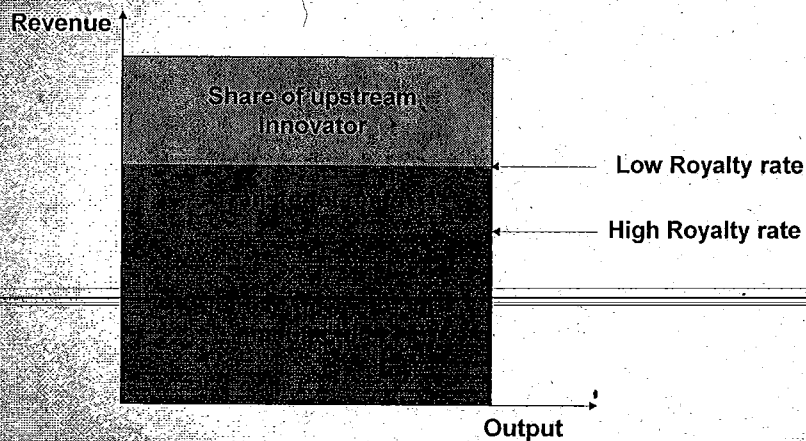
HOWREY

## Royalty rates: splitting the cake



HOWREY

## Royalty rates: opposed incentives



HOWREY

## Criticism and complaints based on misconceptions

- Most of debates occurring at the moment are based on fundamental misconceptions:
  - There is no *ex ante* disclosure of licensing terms under the existing FRAND regime
  - Royalties are all that matters in licensing negotiations
  - Firms whose IP is embedded in a standard can charge excessive royalties
  - Lower royalties will necessarily benefit end-users
  - Where essential patents for a given standard are spread over a large number of holders, there will be a royalty stacking problem
  - FRAND implies that essential patent holders cannot charge royalties above a certain level

HOWREY

## Could excessive royalties be sanctioned under Article 82(a)?

- In addition to the general position in favour of a restrained application of Article 82 EC to regulate prices, significant arguments militate against such regulation in the context of licensing of IPRs:
  - Need to protect incentives to invest and innovate
  - Significant difficulties to apply the *United Brands* test:
    - Cost-based methods are ill-suited to be employed as benchmarks for IPRs.
    - Suitable comparators will usually be difficult to identify given that IPRs are by definition unique

**HOWREY**

## Conclusions

- Licensing under FRAND conditions has proven successful. There is no evidence that it has prevented innovation and reduced competition
- Claims that royalties imposed by non-vertically integrated firms are excessive and the Commission should reduce these royalties are based on unsupported theories and misconceptions
- Efforts to move away from FRAND or to re-interpret this notion are essentially motivated by shifting rents
- Attempts to capping royalty levels based on proportionality will create significant problems and will negatively impact innovation

**HOWREY**

# PHILIPS

EPLA Conference  
20 November 2006

Paul Lugard  
Head of Antitrust Royal Philips Electronics

## PHILIPS

### Overview

- The interface between IP law and antitrust
  - Innovation vs price competition
  - Compulsory licensing
  - Dynamic vs static efficiencies
- IP and antitrust in the consumer electronics sector
  - Cross licensing
  - Patent pools and joint licensing
  - Non assert provisions
  - Royalty rates and other terms

CONFIDENTIAL Royal Philips Electronics Paul Lugard Head of Antitrust Royal Philips Electronics, Paul Lugard

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## PHILIPS

### Innovation and price competition

- Innovation is the key driver for economic growth and long term consumer welfare, but there is fierce debate among economists on which market structure is most conducive to innovation. (Aghion c.s. 2002). How should antitrust policy respond?

CONFIDENTIAL Royal Philips Electronics Paul Lugard Head of Antitrust Royal Philips Electronics, Paul Lugard

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## PHILIPS

### Compulsory licensing of IP rights

- Although antitrust policy respects the existence of IP rights, the scope of compulsory licensing obligations is still debated. See e.g. Taiwanese CD-R case.

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## PHILIPS

### Dynamic and static efficiencies under Article 82 EC

- The Article 82 EC Discussion Paper fails to provide a clear framework for identifying exclusionary conduct by dominant firms, in particular if the conduct may have mixed effects and may affect innovation.

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## PHILIPS

### IP and antitrust in the consumer electronics sector

- The consumer electronics sector is characterized by strong price competition and increasingly shorter product life cycles, but IP is important.

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## Cross licensing agreements

- Cross licensing agreements ensure design freedom by preventing future infringement claims by the other party and are therefore generally pro-competitive. But DG COMP policy casts doubt over these type of agreements.

## Patent pools and joint licensing

- Technology pools whereby two or more parties assemble a package of technology with a view to licensing third parties reduce transaction costs and may be pro-competitive. But the analysis is difficult and DG COMP "second guesses" parties' decisions.
- The statement that inclusion of substitutable technologies amounts to a hardcore violation of antitrust law is too harsh.

## Non assert provisions

- Non assert provisions may be both pro-competitive and severely anticompetitive because of their negative effects on innovation. DG COMP is however as yet reluctant to develop any meaningful policy in this area.

## Royalty rates and other terms

- DG COMP policy with respect to exploitative abuses under Article 82 EC does not provide a meaningful framework of analysis for determining (F)RAND-terms. It would be helpful if DG COMP would appreciate that IP licenses are an input and that the value of knowledge can hardly be determined, if at all.

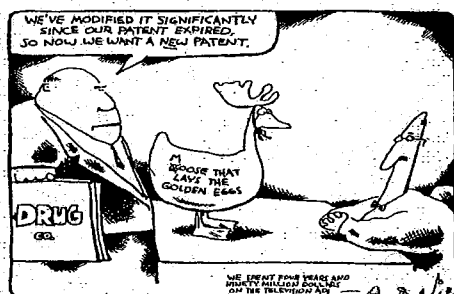
## Patents and competition law in the pharmaceutical industry

Hans Pegt  
Vice President Legal Affairs Organon  
Organon BioSciences N.V.

### Overview

- Perception from outside world
- Cost & return of research & development
- The AstraZeneca case
- Negative Trends

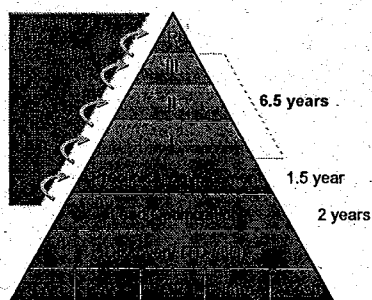
### Evergreening



### Landmark cases in the pharmaceutical industry

- BMS – Buspar® in the USA  
Patent litigation based on patent on metabolite - settlement of criminal case as well as civil (class) actions, total amount \$535,000,000
- AstraZeneca – Losec® in the EU  
Abuse of a dominant position on Losec (omeprazole) – fine by the European Commission of Euro 60 million

### Time/risk involved in pharmaceutical R&D



### Cost/success rate of pharmaceutical R&D

- Average cost for development from molecule to market 800 million – 1 billion Euro
- Only 3 out of 10.000 molecules reach the market

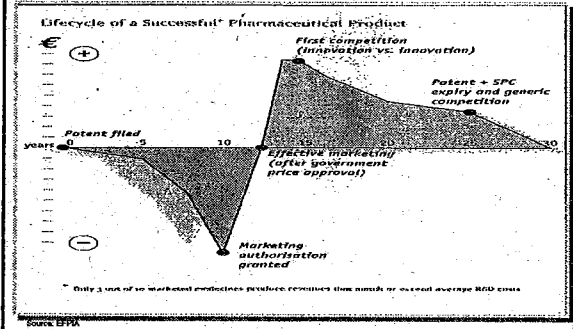




### Patent term

- Patents on compounds should be filed in the drug discovery phase (10—12 years before market launch)
- With the average lead time to market the patent term left is max. 8-10 years
- Patent term restoration possible by obtaining a supplementary protection certificate (SPC) extending patent term with a maximum of five years, bringing the total patent term to not more than 15 years

### Lifecycle



### The AstraZeneca case

Penalty by the Commission for misuse of patent system to delay entry of generic drugs:

- alleged "misrepresentations" to national patent offices with respect to the date of first marketing authorization of Losec in the EU in order to obtain SPCs
- selectively deregistered the market authorizations for Losec capsules in certain EU countries in favor of the new Losec (MUPS) tablet formulation in order to delay entry by generic firms and prevent parallel trade

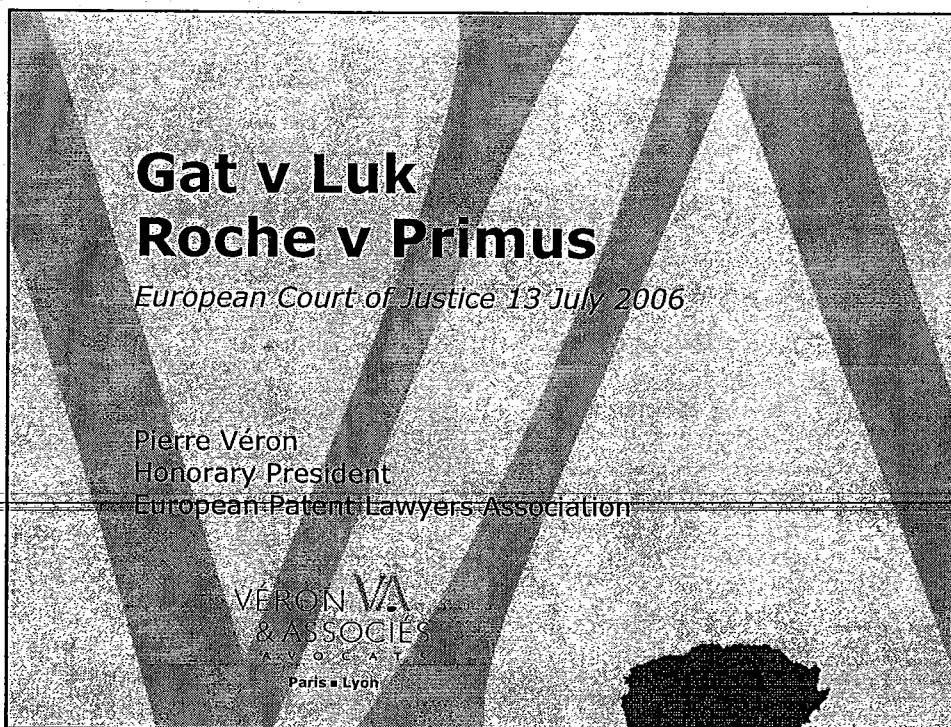
### The AstraZeneca case (cont.)

AstraZeneca appealed, among others, because:

- it acted in good faith and when making representations to Patent Offices or Courts to obtain SPCs for Losec
- the Commission has failed to properly analyze the crucial issue of relevant market and the definition of dominance in the pharmaceutical industry

### Negative Trends

- Narrow definition of relevant market by competition authorities
- Restrictive position of EPO in oppositions to invalidate what they view as "evergreening patents"

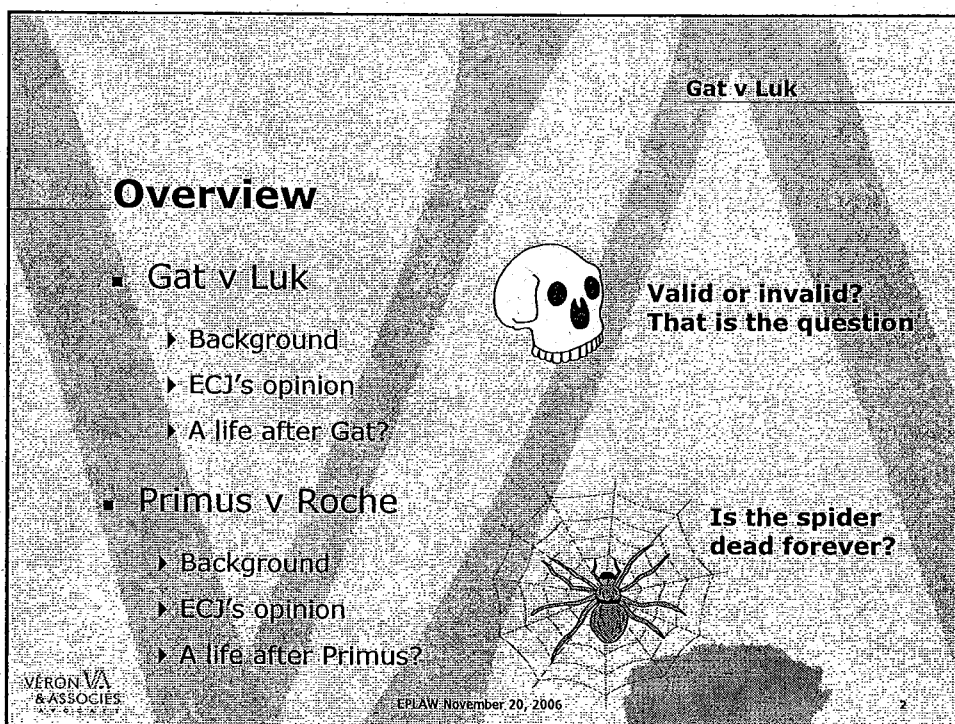


# Gat v Luk Roche v Primus

*European Court of Justice 13 July 2006*

Pierre Véron  
Honorary President  
European Patent Lawyers Association


VERON VA  
& ASSOCIÉS  
AN OCEAN  
Paris • Lyon



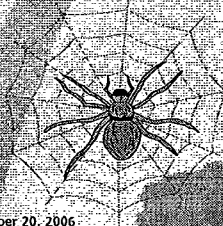
## Gat v Luk

### Overview

- Gat v Luk
  - ▶ Background
  - ▶ ECJ's opinion
  - ▶ A life after Gat?
- Primus v Roche
  - ▶ Background
  - ▶ ECJ's opinion
  - ▶ A life after Primus?



**Valid or invalid?  
That is the question**

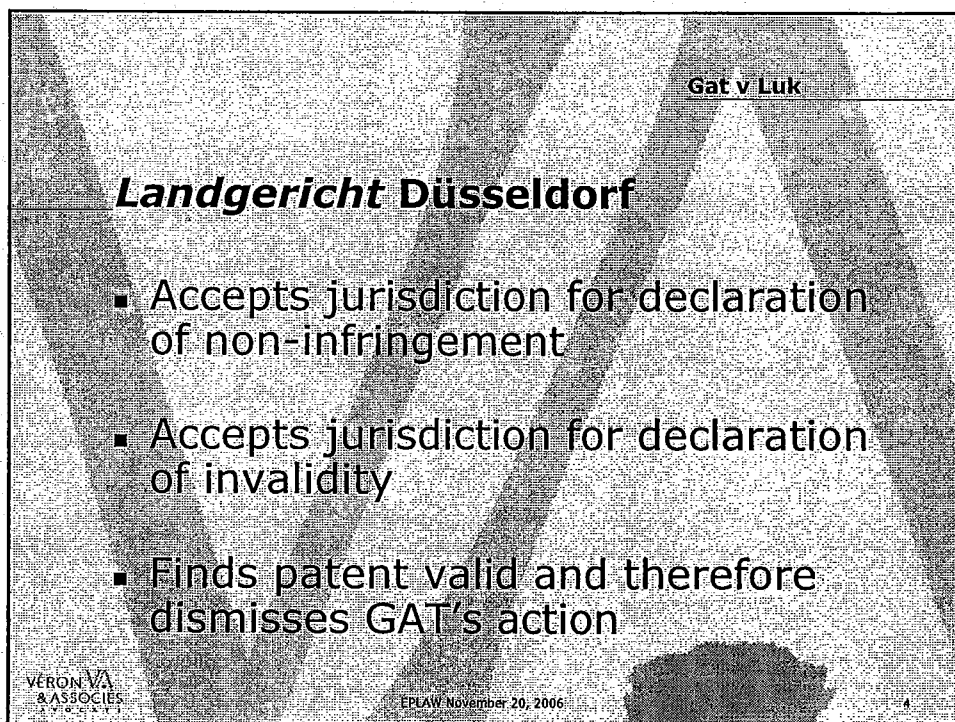
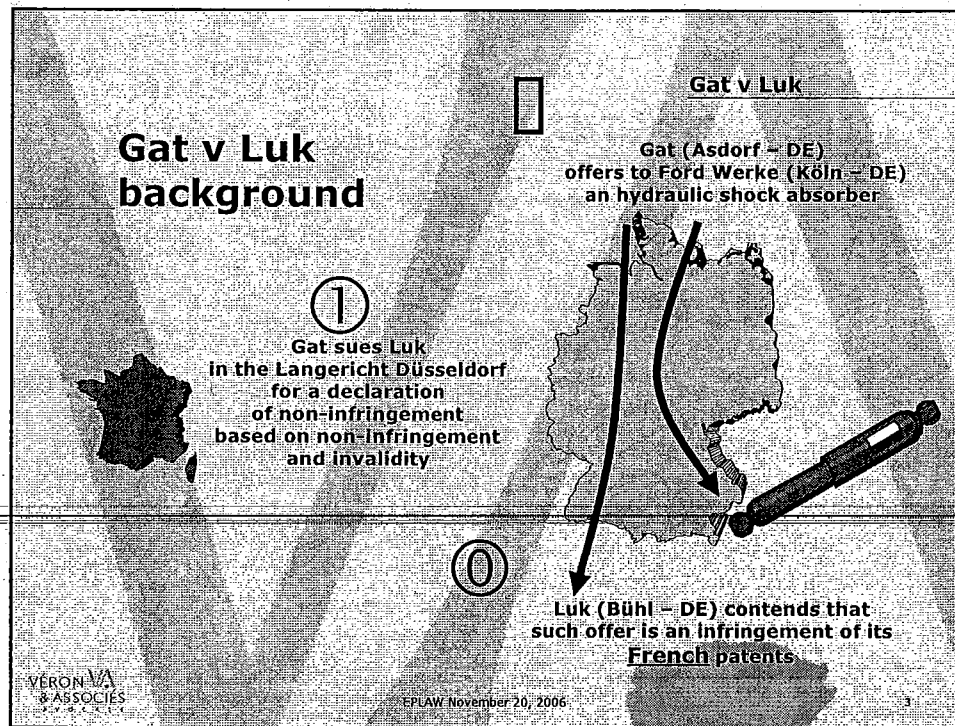


**Is the spider  
dead forever?**

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AN OCEAN  
Paris • Lyon



Gat v Luk

## Oberlandesgericht Düsseldorf (long)

On appeal by GAT, the Oberlandesgericht Düsseldorf decided to stay the proceedings and refer the following question to the Court of Justice for a preliminary ruling:

*"Should Article 16(4) of the Convention ... be interpreted as meaning that the exclusive jurisdiction conferred by that provision on the courts of the Contracting State in which the deposit or registration of a patent has been applied for, has taken place or is deemed to have taken place under the terms of an international convention*

*only applies if proceedings (with erga omnes effect) are brought to declare the patent invalid*

*or are proceedings concerned with the validity of patents within the meaning of the aforementioned provision where the defendant in a patent infringement action or the claimant in a declaratory action to establish that a patent is not infringed pleads that the patent is invalid or void and that there is also no patent infringement for that reason, irrespective of whether the court seized of the proceedings considers the plea in objection to be substantiated or unsubstantiated and of when the plea in objection is raised in the course of proceedings?"*

VERON VA  
ASSOCIÉS

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Gat v Luk

## Oberlandesgericht Düsseldorf (short)

### The question referred for a preliminary ruling

*"By that question, the referring court seeks in essence to ascertain the scope of the exclusive jurisdiction provided for in Article 16(4) of the Convention in relation to patents.*

*It asks*

- *whether that rule **concerns all proceedings** concerned with the registration or validity of a patent, irrespective of whether the question is raised by way of an action or a plea in objection, or*
- *whether its application is **limited solely** to those cases in which the question of a patent's registration or **validity is raised by way of an action.**"*

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Gat v Luk

## European Court of Justice's answer

*"Article 16(4) of the Convention is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein **concerns all proceedings** relating to the registration or validity of a patent, **irrespective of whether the issue is raised by way of an action or a plea in objection**"*



VERON V.  
& ASSOCIES

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Gat v Luk

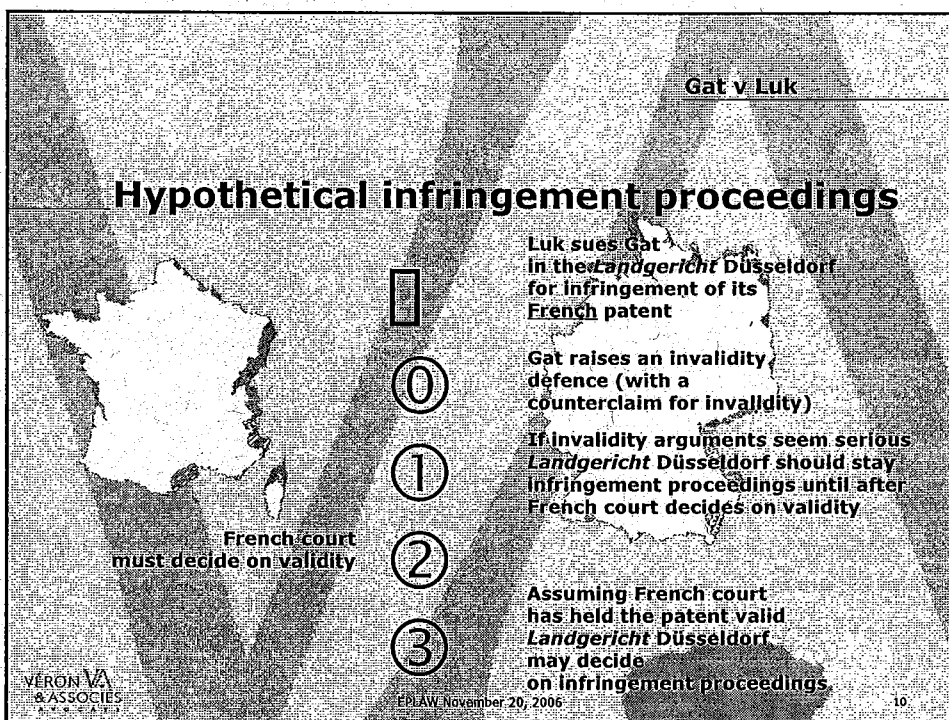
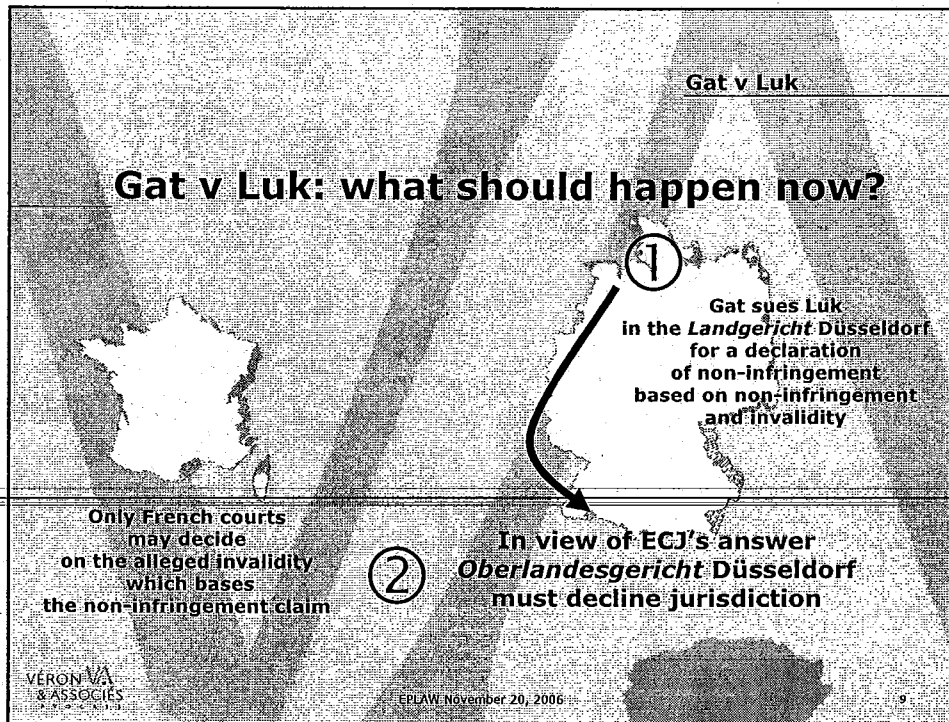
## Interpretations of the ECJ's answer

- **Pessimistic**   
(Gat v Luk = Coins Control v Suza)  
all patent infringement proceedings are concerned with validity
- **Optimistic**   
only invalidity claims (by way of action or by way of defense) are concerned

VERON V.  
& ASSOCIES

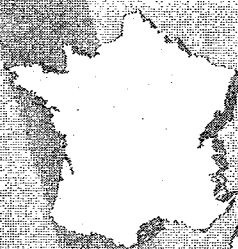
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**Gat v Luk**

## Hypothetical preliminary injunction



□

○

①

Luk sues Gat in the *Landgericht* Düsseldorf claiming an interim injunction based on its French patent

Gat raises an invalidity defence (cannot lodge a counterclaim for invalidity)

*Landgericht* Düsseldorf may proceed with preliminary injunction:

**If no doubt on validity, will grant the injunction**

**If doubts on validity will deny injunction**


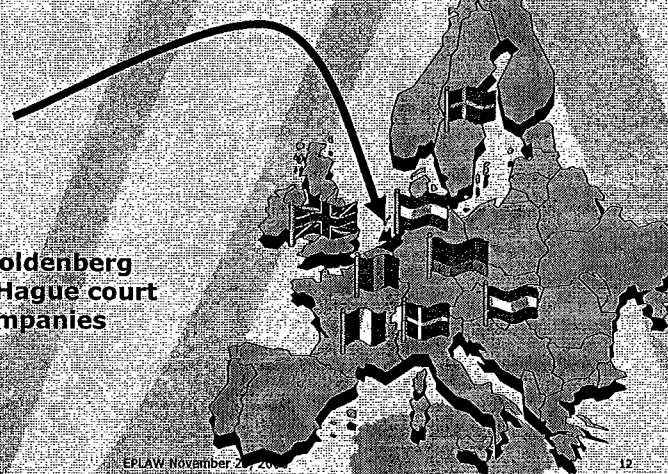
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**Primus v Roche**

## Primus v Roche Background

**Primus & Goldenberg sue in The Hague court 8 Roche companies**

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**Primus v Roche****The Dutch judgments**

- *Rechtsbank* accepts jurisdiction and dismisses complaint
- *Gerechtshof* accepts claims and enjoin Roche companies from infringing
- *Hoge Raad* refers to ECJ

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**Primus v Roche****Question**

*"Whether Article 6(1) of the Brussels Convention must be interpreted as meaning that it is to apply to European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States and, in particular, where those companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them"*

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## Primus v Roche

## European Court of Justice's opinion

*"Article 6(1) of the Brussels Convention must be interpreted as meaning that it does not apply in European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States even where those companies, which belong to the same group, may have acted in an identical or similar manner in accordance with a common policy elaborated by one of them"*

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## Primus v Roche

Interpretations  
of the ECJ's opinion

- **Negative**

It is not possible to sue several companies belonging to a same group before a single court if they do not infringe the same (national designations of a) European Patent

- **Positive**

it is possible to sue several companies belonging to the same group before a single court if they infringe the same (national designations of a) European Patent

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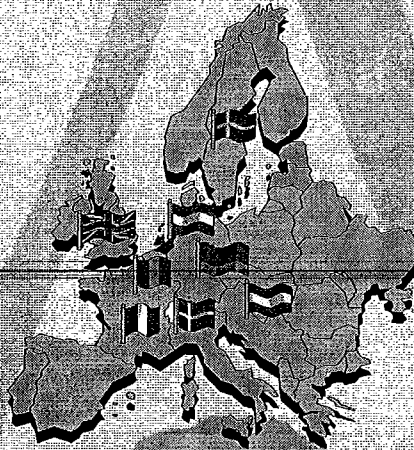
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**Primus v Roche**

## Spider in the web is dead

**Primus & Goldenberg  
cannot sue in The Hague  
court 8 Roche companies  
accused of infringing  
respectively 8 national  
designations of the same  
European Patent**



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**Primus v Roche**

## Suing co-infringers in the country of infringement remains possible

**If Roche CH exports  
products to NL,  
Primus & Goldenberg can  
sue in The Hague court  
Roche companies accused  
of infringing jointly the NL  
national designation of  
their European Patent**

- › Roche NL as an importer
- › Roche CH as a supplier

**Art. 5 (3) and/or art. 2 and 6 (1)**



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**Primus v Roche**

## Suing co-infringers in the domicile of one of the infringers remains possible

If Roche CH exports products to NL, Primus & Goldenberg can also sue in the **SWISS** court Roche companies accused of infringing jointly the NL national designation of their European Patent

- › Roche NL as an importer
- › Roche CH as a supplier

Art. 2 and 6



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**Primus v Roche**

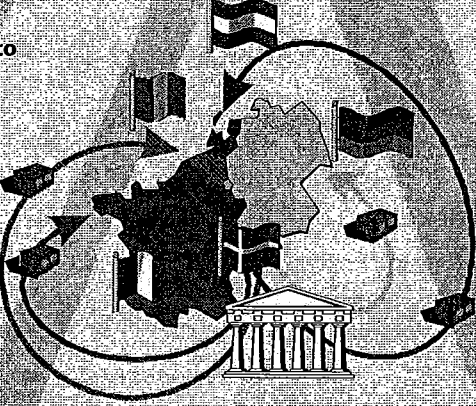
## Suing co-infringers in the domicile of one of the infringers remains possible

If Roche CH exports products to various countries, Primus & Goldenberg can sue in the **SWISS** court

- › Roche CH for
  - › infringement of the CH designation
  - › infringement of the various national designations as a co-infringer together with the national relevant subsidiaries
- › the other companies as co-infringers

Art. 2 and 6

*The bunches of infringers theory*



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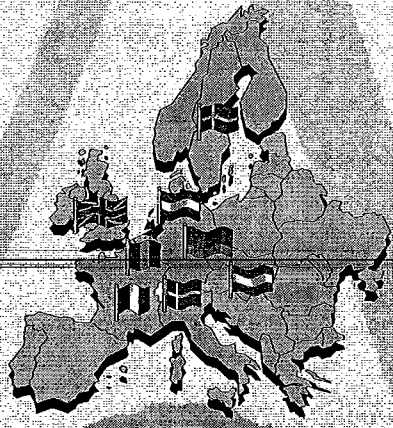
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**Primus v Roche**

## Spider in the web is not dead

**Primus & Goldenberg can  
sue in the Swiss court  
8 Roche companies accused  
of infringing respectively  
8 national designations,  
provided that Roche CH, the  
spider in the web, exports  
its products to the other  
countries (or otherwise  
infringes the other national  
designations of the  
European Patent)**



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### **Contact**

1, rue Volney  
75002 Paris  
Tel. +33 (0)1 47 03 62 62  
Fax +33 (0)1 47 03 62 68

53, avenue Maréchal Foch  
69006 Lyon  
Tel. +33 (0)4 72 69 39 39  
Fax +33 (0)4 72 69 39 49

[pierre.veron@veron.com](mailto:pierre.veron@veron.com)  
[www.veron.com](http://www.veron.com)

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## Indirect infringement

The *Senseo* cases  
in Germany, Belgium and Netherlands

Introduction by F. de Visscher

## The legal rule

Origin : art. 30 CPC (1975)

Adopted in almost all EC countries

= art. 8 of the present EC draft regulation on  
Community patents

## Requirements for prohibition

- A. The four material conditions (supply, means relating to an essential element, putting the invention into effect, to a person not entitled)
- B. One subjective condition : the supplier « knows »
- C. Special regime for « staple commercial products »

## Additional issues

- D. The injunction order : means supplied/offered? Warnings/disclaimers?
- E. Damages and compensation

## A : The material conditions

- 1. Supply (or offer to -) with means in the territory
- 2. Means relates to an essential element of the invention
- 3. For putting the invention into effect in the territory
- 4. To a person other than one entitled to exploit the invention

## A 2 : means relating to an essential element of the invention

- a) Essential element
  - = any feature in the claim? or in the characterizing part only?
  - = a feature by which the invention differs from the prior art?
- b) « Relates to »
  - = to be, to cooperate with?

### **A 2 (continued)**

*Quid if*

- the means supplied is known in the prior art?
- the means, possibly already existing on the market, existed as such and has not been adapted to the patented system? (cfr C : « staple » products).

### **A 3 : for putting the invention into effect in the territory**

- actual or possible putting the invention into effect?
- by the person supplied or by everyone else?
- link with direct infringement?

### **A 4 : to a person other than one entitled**

### **B : The subjective condition**

- a) the knowledge (proved or assumed) by the supplier/offerer
- b) that the means is suitable
- c) and intended for putting the invention into effect

### **C : « Commercial staple products »**

- must the product pre-exist to the patent/introduction of the invention in the market?
- must it pre-exist as such (dimensions, shape, etc.)?

\* \* \*

## The Senseo Case

*Arguments in favor of the patentee*

Sabine Agé



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Paris - Lyon

## Requirements for contributory infringement

- Material requirements
- Subjective requirements
- Specific requirements for staple products

All these requirements are met in this case

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The Senseo Case

## Material requirements

- supply (or offer to supply) coffee pads on the relevant territory
- accused coffee pads relate to an essential element of the patented invention
- accused coffee pads are supplied for putting the invention into effect on the relevant territory
- accused coffee are supplied to persons other than those entitled to exploit the patented invention

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Material requirements

## Supply (or offer to supply) means on the relevant territory

The accused infringers do supply coffee pads to consumers in Germany, Belgium, The Netherlands and France



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Material requirements

## Coffee pads relate to an essential element of the patented invention 1/3

The features of the container must be combined with those of the coffee pad to achieve the goal of the invention, i.e. avoid by-pass

- the coffee pad is an essential element of the invention

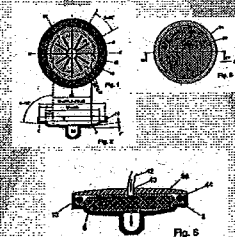
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Material requirements

## Coffee pads relate to an essential element of the patented invention 2/3

- the coffee pad extends towards the vertical sidewall of the container and rests on the bottom
- while the grooves extending in radial direction in the bottom of the container to the outlet opening are located at a distance of the sidewall



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Material requirements

**Coffee pads relate to an essential element of the patented invention 3/3**

thanks to these features:

- the hot water pressed from the top side of the pad which is directed towards its circumference cannot be guided by the grooves to the outlet opening because the portion of the coffee pad extending to the vertical sidewall (i.e. the area which does not comprise grooves) prevents the hot water from flowing to the grooves and the outlet opening

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Material requirements

**Coffee pads are supplied for putting the invention into effect on the relevant territory**

- When used with the container of the Senseo coffee machine, the accused coffee pads put the invention into effect in Germany, Belgium, The Netherlands and France
- The defendants' allegations according which the container of the Senseo machine does not implement some features of the claims are wrong

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Material requirements

**Coffee pads are supplied to persons other than those entitled to exploit the patented invention**

- law expressly provides that persons carrying out acts privately and for non-commercial purposes shall not be deemed persons entitled to work the invention
- the patentee's rights are not exhausted, i.e.
  - the patentee did not give its consent to the marketing of the accused coffee pads; and
  - the use of a coffee pad which is not supplied by the patentee amounts to the repair of the assembly which cannot be performed by the purchaser

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**Subjective requirements**

- the supplier knows or it is obvious...
- that the means are suitable for putting the invention into effect...
- and are intended for putting the invention into effect.

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Subjective requirements

**Knowledge by the supplier...**

- the packaging of the accused coffee pads mentions that these are meant to be used with "soft pads coffee machines" or "café crème" type machine
- the Senseo coffee machine was the only "soft pads coffee machine" at the time the accused coffee pads were launched and its market share remained by far the highest after other machines were put on the market
- parts of the Senseo coffee machine were shown on the packaging

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Subjective requirements

**... that coffee pads are suitable for putting the invention into effect...**

- the information given on the packaging of the accused coffee pads and the advertisement for these products make clear that they are suitable for putting the invention into effect
- even the mention "not compatible with Senseo coffee machines" on the Minges packaging (after a first injunction was granted) is not sufficient to convince the consumers that the accused coffee pads are not suitable for putting the invention into effect

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Subjective requirements

**...and are intended for putting the invention into effect**

- the first position of the Senseo coffee machine on the market leave no doubt on the fact that the accused coffee pads were intended to put the invention into effect
- the fact that the accused coffee pads are also recommended for espresso machines and can be used in soft pads coffee machines which are not the Senseo machine is not sufficient to discourage the consumers to put the invention into effect

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**Specific requirement for staple product**

- Are coffee pads staple products?
- Inducement

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Requirement for staple products

**Are coffee pads staple products?**

soft coffee pads fitting with the container of the Senseo machine did not exist on the market before the launch of the Senseo system

☒ coffee pads are not staple products

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Requirement for staple products

**Inducement**


- the information given on the packaging of the accused coffee pads and the advertisement for these products induce the consumer to use these pads with the Senseo coffee machine
- the Senseo coffee machine was the only "soft pads coffee machine" at the time the accused coffee pads were launch and its market share remained by far the highest after other machines were put on the market
- parts of the Senseo coffee machine were shown on the packaging

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The Senseo Case

**On these grounds...**

This Honourable Court is respectfully requested to grant an injunction to restrain the defendant from infringing the European patent at issue



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**Contact**

1, rue Volney  
75002 Paris  
Tel : +33 (0)1 47 03 62 62  
Fax : +33 (0)1 47 03 62 68

53 - avenue Maréchal Foch  
69006 Lyon  
Tel : +33 (0)4 72 69 39 39  
Fax : +33 (0)4 72 69 39 49

sabine.ace@veron.com  
www.veron.com

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## Indirect infringement

The defendant's position

Wouter Pors

Bird & Bird, The Hague

## Essential element - theory

- Means related to an essential element of the invention
  - Element of the invention: abstract concept
  - Means related to: embodiment
- What is essential?
  - Dutch government explanatory note: it is not sufficient that it can be used, it should be essential
  - No need that it is made especially for the invention
  - Hoyng: must be part of the patented combination
  - Benyamini: should bear particular relation to the invention's teachings, not just be necessary for it

## Essential element – Supreme Court

- The appeals court held that the pouch holder is the difference between the invention and the prior art
- The simple fact that a coffee pouch needs to fit, does not make it a means related to an essential element
  - Must fit was known from prior art
  - Verkade: the pouch did not require any changes
  - If under these circumstances the pouch is essential, water may also be essential (compare Benyamini)
  - Essential is different from functional (German approach)
  - Essential for making coffee, not essential for the invention

## Essential element - additional

- Pouch is the problem, not the solution
- Patent: the problem is the bypass of water that occurs around the pouch
- If the pouch is part of the problem, it cannot be a part of the solution and thus not an essential element of the invention

## Staple goods

- Generally available on the market
  - Traditional example: screws and nails
  - Coffee pads are generally available and have been for a long time
  - Benyamini: a non-staple product may well be rendered a staple after the grant of the patent, and even owing to the patent, if a substantial non-infringing use is discovered
- Exception: inducement to infringe
  - To act in the course of trade, which consumers do not do
  - Competing coffee machines entered the market

## Relevant acts

- Supply or offer to supply
  - Not: "being involved in any way in indirect infringement"
- For putting the invention into effect
  - Suitable and intended for that purpose
  - *KPN v. BT*: apparatus not only used for patented process of blowing glass fiber cables through a duct, but also for copper cables
  - Alternative coffee machines that use the same type of pads entered the market



## Geographical limitation

- Supplying within the territory
  - Dutch law: Netherlands for European patent, Netherlands and Dutch Antilles for national patents
  - *Calgon Carbon v. Pannevis*: some parts made in Finland for Dutch company, but supplied to China
- Putting the invention into effect in the relevant territory
  - *Calgon Carbon v. Pannevis*; *SBM v. Bluewater*: parts supplied for assembling an apparatus elsewhere no infringement
  - Not a tort either so far

## Third party

- Supply to a person not entitled to exploit the invention
  - Supplying to licensees allowed
  - Implied licence by purchase of Senseo Crema machine
    - Benyamini: The phrase "a party entitled to the invention" includes not only a contractual licensee, but also a person who has an implied license from the patentee to use the invention (...) for example purchasers from the patentee of an apparatus which performs the patented invention or means exclusively suitable for utilizing the invention (...)
  - Patent rights exhausted by sale of Senseo Crema machine
    - The patentee was rewarded for his invention

## Bad faith supplier

- Supplier must know or it should be obvious that means are suitable and intended for putting the intention into effect
  - Notification by patentee
  - Start of infringement proceedings
- Exception
  - Substantial or commercially significant non-infringing use (*Sony Betamax*; *KaZaA*; *MGM v. Grokster*)
  - Court of Appeals 9<sup>th</sup> circuit: constructive knowledge of the infringement could not be imputed

## Indirect infringement

The *Senseo* cases  
Overview of the decisions

F. de Visscher

## Diverging views ...

Germany : LG & OLG : indirect infringement : yes  
but OLG (*Minges*) limited the injunction

The Netherlands : First instance : yes  
Appeal & Supreme Court : no

Belgium : First instance : no  
Appeal : yes

## Fairly clear issues ...

A 3 : for putting the invention into effect in  
the territory

- a) = objective suitability of the pouches to  
co-operate with the container  
+ explicit or implicit reference
- b) private use exception does not matter  
(cf. para. 3)

## Fairly clear issues (continued)

A 4 : to a person not entitled

- the not entitled person supplied may  
differ from the one who eventually puts  
the invention into effect
- no exhaustion of rights on the whole  
patented set (container + pouch)
- absence of prohibition to use other  
pouches is not an implicit licence

## Fairly clear issues (continued 2)

B : the subjective condition

Yes because of the claims « *suitable for all  
coffee pouches systems* » or « *Café  
Crème* » + success and first place of  
*Senseo* machines (LG + OLG; appeal  
BE)

## Fairly clear issues (continued 3)

C : staple commercial products?

No : the litigious pouches did not exist as  
such prior to the introduction of the  
*Senseo* machine (OLG; appeal BE)

To be known in the prior art is not relevant  
(OLG)

### **The real debate**

A 2 : Means relating to an essential element of the invention?

Two approaches :

- the claim (LG, OLG, NL1st instance, BE appeal)
- the inventive idea (BE1st instance, NL appeal)

### **« Relating to an essential element »**

Germany (+ NL 1st instance + BE appeal) :

A claim feature is an essential element, even if known, in principle  
(= unless unimportant for realising the inventive concept) (OLG + LG)

Means does not need to be individualised in function of the invention (*cf.* para. 2) (OLG);  
no need to be new or inventive (OLG + BE appeal)

« *To relate to* » = to be or to co-operate with the essential element (unless bringing nothing to the realisation of the inventive concept) (OLG)

### **Dutch approach (appeal + Hoge Raad) (BE1st instance) :**

Although the whole claim is to be considered (art. 69 EPC)

Only the container has been modified by the invention : it is therefore the essential element

The pouch is not an element by which the invention differs from the prior art : it was known as such and has not been modified

The need to use the pouch for making the machine work is not sufficient.


*But no clear reasons why the pouch does not relate to the essential element (the container)*

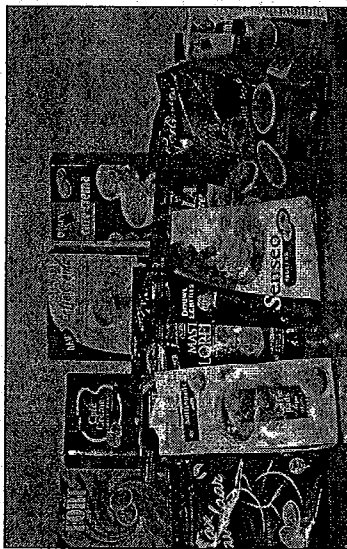
### **Who is wrong?**

- The inventive concept has a role in both views
- Is « essential » defined by history (difference from the prior art) or by the technical role in the invention as worded in the claim?
- What about « relating to »? Broader than « to be » ?!

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<p>DE BRAUW BLACKSTONE WESTBROEK</p> <h1>Indirect infringement</h1> <p>How and what to enjoin? The formulation of the injunction.</p> <p>Mr Drs G. Kuipers</p>	<p>20 November 2005 EPJAV Copyright Carsten Kuipers</p>
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<p>Prior trade: espresso pads</p> 	<p>20 November 2005 EPJAV Copyright Carsten Kuipers</p>
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<p>DE BRAUW BLACKSTONE WESTBROEK</p> <p>New trade: coffee pads</p> 	<p>20 November 2005 EPJAV Copyright Carsten Kuipers</p>
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<p>DE BRAUW BLACKSTONE WESTBROEK</p> <h2>Different wordings of one injunction</h2> <ul style="list-style-type: none"> <li>• District Court of The Hague, 18 January 2002 (KG):             <ul style="list-style-type: none"> <li>"... enjoins defendant from being involved in any way in the indirect infringement of EP 0904717 B1, especially by offering or delivering the aforementioned C'1ac)'s coffee pads"</li> </ul> </li> <li>• Landgericht Düsseldorf, 26 February 2004 &amp; 8 September 2005:             <ul style="list-style-type: none"> <li>"... enjoins defendant from offering or delivering coffee pads, for [recital of elements of the assembly claim] in Germany"</li> </ul> </li> <li>• Court of Appeals Antwerp, 8 November 2005:             <ul style="list-style-type: none"> <li>"... enjoins defendants from offering or delivering coffee pads in Belgium"</li> </ul> </li> </ul>	<p>20 November 2005 EPJAV Copyright Carsten Kuipers</p>
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