

ES – Corning v. Electroson / Court of Appeals of Barcelona, 4 February 2019, Docket No. 223/2018 / Questions regarding consolidation and suspension of proceedings in the case of related actions

As clarified by the Court of Appeals of Barcelona in a decision dated 4 February 2019, when two proceedings brought separately by the same plaintiff against different defendants concern the same matter (infringement of the same patent by a product having the same technical features and same grounds of invalidity invoked by the defendants), it is appropriate to join both proceedings and not to suspend one pending the outcome of the other, at the risk of compromising the right of the parties to a trial without undue delay.

Background

The plaintiff, Corning Optical Communications LLC (hereinafter, “CORNING”) filed a complaint on the merits on 7 April 2016 against the Chinese company HUAWEI for the infringement by HUAWEI’s fiber optic connectors of CORNING’s patent EP 2.772.778 (EP 778) entitled “*Fiber optic plug*”. A few weeks later, on 27 April 2016, CORNING filed a second complaint against the Spanish company Electroson Telecomunicación S.A. (hereinafter, “ELECTROSON”) for the infringement of the same patent, EP 778, by a fiber optic connector having the same technical features.

The first complaint against HUAWEI was assigned to Barcelona Commercial Court no. 4, and the second one against ELECTROSON to Barcelona Commercial Court no. 5.

Both defendants, HUAWEI and ELECTROSON, filed responses to the complaint, raising issues of non-infringement and invalidity of patent EP 778.

Following the submission of these replies to the complaint and invalidity claims, on 14 December 2016 HUAWEI filed a motion to consolidate both proceedings, petitioning Commercial Court No. 4 to join ELECTROSON’s case (the newest procedure joins the oldest one), by arguing that separate proceedings in different courts could lead to conflicting judgments. Both proceedings concerned the same patent EP 778, with defendants HUAWEI and ELECTROSON invoking the same grounds for invalidity and the plaintiff CORNING claiming infringement of the same fiber optic connector.

However, and even though CORNING did not oppose said motion to consolidate the proceedings, the Judge of Commercial Court No. 4 dismissed the petition. The Judge considered that the two lawsuits brought separately by the same plaintiff could have been filed as a single lawsuit; however, CORNING decided to file two separate complaints, so there was no justification to join both proceedings pursuant to the exception provided for in Article 78.3 of the Spanish Code of Civil Procedure:

Article 78. Inappropriateness of a joinder of proceedings. Exceptions.

3. Should the proceedings whose joinder is being sought have been brought by the same claimant or by a defendant filing a counterclaim, either alone or in joint litigation, it shall be deemed, except where duly proven otherwise, that they could have been brought in single proceedings under the terms of the preceding paragraph and the joinder shall not be appropriate.

Indeed, the Court considered that there were not enough reasons to justify CORNING's failure to file suit against ELECTROSON together with HUAWEI, so there were no grounds to consolidate both proceedings.

Furthermore, the Court cited no risk of conflicting judgments since the decisions to be handed down by Commercial Court No. 4 and 5, respectively, would be subject to deliberation by the Patent Section of the Commercial Courts of Barcelona, according to which all first-instance patent judges in Barcelona deliberate the cases on a collegiate basis.

HUAWEI filed an appeal for reversal against this decision, but it was again dismissed on the same grounds.

Thus, once HUAWEI's motion to consolidate the proceedings was finally rejected, ELECTROSON filed before the other Court (Commercial Court No. 5) a motion to stay the proceedings until a final decision was rendered in the HUAWEI case, according to the rule contained in Article 43 of the Code of Civil Procedure regarding related actions:

Article 43. Civil first ruling procedure.

When, to decide on an issue in litigation, a decision must be reached on an issue that, in turn, is the main issue of different proceedings in the same or a different civil court and a joinder of actions is not possible, the court, at the request of the parties or of one party, having heard the other party, may issue a court order to stay the proceedings at the level it has reached, until the proceedings on the pre-trial issue have ended.

That is, because of this situation of related actions, ELECTROSON requested that the Court stay the proceedings before Commercial Court No. 5 until the issuance of a final decision in the CORNING v. HUAWEI case before Commercial Court No. 4.

Commercial Court No. 5 agreed to this request and consequently issued an Order dated 12 July 2017 to stay the ELECTROSON proceedings pending a final judgement in proceedings between CORNING and HUAWEI.

However, CORNING filed an appeal against this Order of 12 July 2017, mainly alleging that this decision to suspend the proceedings violated its right to an effective and timely judicial review since such suspension excessively delayed the processing of its complaint against ELECTROSON, also violating its constitutional right to a trial without undue delay.

The appeal decision

The Court of Appeals of Barcelona upheld CORNING's appeal. It did not share the position of the first instance judges, neither with regard to the consolidation nor the suspension of the ELECTROSON proceedings.

Firstly, regarding consolidation, the Court indicated that the correct action would have been the consolidation of both proceedings. In this sense, on the one side, the Court indeed saw a risk of conflicting judgments, because having a Patent Section was irrelevant since each judge shall act independently of judicial colleagues and must decide autonomously. On the other side, the Court of Appeals considered that the exception of Art. 78.3 of the Code of Civil Procedure could have been applied if CORNING had filed the motion to consolidate, but that it did not make sense to apply this exception when it was the defendant who did so

Secondly, the Court stated that the dismissal of the motion to consolidate did not justify the suspension of the proceedings based on "economy of means", since such a suspension directly compromised the plaintiff's right to a trial without undue delay, as argued by CORNING in its appeal against the Order on the admission of the suspension.

Therefore, the Court understood that both proceedings should have been consolidated; otherwise efforts to process two lawsuits separately but with a similar purpose would have been duplicated.

Consequently, in this decision the Barcelona Court of Appeals reversed the Order of Barcelona Commercial Court No. 5 of 12 July 2017 that had suspended the proceedings, thus leading to the reopening of the procedure in the state in which it was when the suspension was decided.