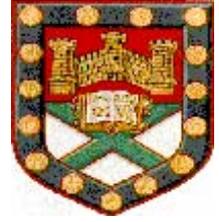




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***Lis alibi pendens* under the Brussels I Regulation**  
**- How to minimise ‘Torpedo Litigation’ and other unwanted effects of the ‘first-come, first-served’ rule -**

by

Julia Eisengraeber

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“I certify that all material in this dissertation which is not my own work has been identified and that no material is included for which a degree has previously been conferred on me.”

## **Abstract**

The Brussels I Regulation deals with parallel proceedings in a strict manner. When *lis pendens* is detected in virtue of Article 27, ‘every court seised second must stay its proceedings until the court first seised has decided upon its jurisdiction.’ This concept, known as the ‘first-come, first-served’ rule, is designed to avoid irreconcilable judgements which may arise within the European Union, and is conceived as a very mechanic concept that rarely allows exception.

A straightforward rule like this, contains merits but also weaknesses. One of the weaknesses, that it may provoke a ‘rush to the courts’ due to the risk of losing the immediate possibility to litigate. Moreover, employed by ‘innovative’ advocates, Article 27 may be misused to block future proceedings. This tactic has been coined the term of ‘Italian torpedo’, and consists of bringing an action for a negative declaratory judgment before a court of a Member State which is known for its heavy docket, so that the future claims of the opponent can be blocked over years until the first court has held a decision.

To find ways of minimising the risk of this unintentional side-effect of the *lis pendens* rule, the existing case law in the different Member States will be analysed as well as the attempts made by scholars on this subject. The suggestion, of giving positive claims priority over claims for negative declaratory relief, is to be dismissed on the grounds that it is inconsistent with the principles of procedural fairness and equality of opportunity. It is recommended, that it is necessary to distinguish between justified and unjustified ‘torpedo’ actions; qualifying the latter as abusive ‘torpedoes’ with the result that they will not produce any effect. Consequently, Article 27 is not to be applied to abusive ‘torpedo’ actions so that those actions will not block future claims of the opponent.

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*This system achieves its purpose, but at a price.*

*The price is rigidity and rigidity can be productive of injustice.*

*(Lord Goff)<sup>1</sup>*

## I. Introduction

Contradictory decisions are undesirable. The European Union, a Community based on, and characterised by the common market provides the ideal background for legal disputes arising simultaneously in different Member States.

A well-known mean to avoid such duplication of legal proceedings is the plea of *lis alibi pendens*.<sup>2</sup> According to this principle it is not permissible to initiate new proceedings if litigation between the same parties and involving the same dispute is already pending.<sup>3</sup> The European legislation on conflicts of jurisdiction has taken account of this and adopted the *lis pendens* principle in a way that it is being extended across borders if the same action is brought up in the courts of different Member States.<sup>4</sup>

The so-called Brussels Convention, which had been adopted in 1968 by the European Community States in the aim of free circulation of judgments between the contracting states, regulated cases of parallel proceedings in its Article 21.<sup>5</sup> Transformed into a Community law instrument by the adoption of the Brussels I Regulation on 22 December 2000,<sup>6</sup> the purpose still remains to facilitate the recognition of judgments

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<sup>1</sup> *Airbus Industrie GIE v. Patel* [1999] 1 AC 119, 132

<sup>2</sup> Schütze, Rolf A. “*Lis Pendens* and Related Actions” [2002] 4(1) European Journal of Law Reform 57

<sup>3</sup> Reinisch, August “The use and limits of *Res Judicata* and *Lis Pendens* as procedural tools to avoid conflicting dispute settlement outcomes” [2004] 3 The Law and Practice of International Courts and Tribunals pp. 37-77

<sup>4</sup> Schütze, Rolf A., *op. cit.*, p. 57

<sup>5</sup> Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, 27 September 1968, O.J. 1998 L 27, p.1 (amended text). Today, it has been largely superseded by the “Brussels Regulation” (below). It now applies only between Denmark and the other EU Member States.

<sup>6</sup> Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, O.J. 2001 L 12, p.1. It applies among all the

given in the European Community and to secure the enforcement of such judgments throughout the rest of the Community.<sup>7</sup> The provision on *lis pendens* is now to be found in Article 27 and contains certain alterations that remain subsequently to be analysed.

In order to avoid irreconcilable judgments<sup>8</sup> within the European Union Article 27<sup>9</sup> provides for a strict 'first-come, first-served' rule, similar to its precedent Article 21 Brussels Convention.<sup>10</sup> Article 27 grants priority to the court seised first without giving a subsequently seised court the possibility to examine the first court's grounds of jurisdiction. Furthermore, in the case of proceedings involving the same cause of action and between the same parties, Article 27 (2) imposes a mandatory obligation on the court subsequently seised to decline jurisdiction in favour of the court first seised.<sup>11</sup>

The European Court of Justice (ECJ) has always chosen the route of a very strict application towards the *lis pendens* rule, bearing in mind that the Brussels I Regulation is based on the trust which the Member States accord to one another's legal systems and judicial institutions;<sup>12</sup> and only a strict 'first-come, first-served' rule would guarantee to avoid the risk of conflicting judgments and thus facilitate the proper administration of justice in the Community.<sup>13</sup>

At the same time this strict regime of Article 27 and the former Article 21 gives rise to certain side-effects which may not be wanted by the drafter of the Convention, and may even lead to unjust situations. The most obvious weakness of this rule is that it becomes an incentive to a 'race to the courts'. The premium placed on commencing proceedings

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EU Member States except Denmark and replaces the Brussels Convention in the mutual relations between those States to which it applies.

<sup>7</sup> Wendy Kennett, "The Brussels I Regulation", 50 International Comparative Law Quarterly, p. 725

<sup>8</sup> C- 145/86 *Hoffmann v. Krieg* [1988] E.C.R. 645, para. [25]

<sup>9</sup> Articles without further indication shall be deemed to be those of the Brussels I Regulation.

<sup>10</sup> Clarkson, CMV and Hill, Jonathan, Jaffey on the Conflict of Laws, London, Butterworths, 2nd Edition 2002, p. 111; C- 116/02 *Erich Gasser GmbH v Misat Srl* [2004] I.L.Pr. 7, para.[41] **ECR???**: "Those rules are therefore designed to preclude, [...], the possibility of a situation arising such as that referred to in Article 27 (3) of the Convention [34 (3) of the Regulation], that is to say the non-recognition of a judgment on account of its irreconcilability with a judgment given in proceedings between the same parties in the State in which recognition is sought [...]."

<sup>11</sup> Lasok, D. and Stone, P.A., Conflicts of Law in the European Union, Professional Books, 1987, p. 276

<sup>12</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para.[72]

<sup>13</sup> Report on the Convention on Jurisdiction and the enforcement of judgments in civil and commercial matters, OJ 1979 C 59, p. 1 and at p. 38

first may well serve to increase and promote litigation,<sup>14</sup> such as occurs in the phenomena called the “**Italian Torpedo**”.<sup>15</sup> This phenomena was initially observed in some Italian courts and consists essentially of the idea that by launching proceedings before the other party, one can block all other proceedings between the same parties concerning the same dispute.<sup>16</sup>

The ‘torpedo concept’ stems from the area of litigation in intellectual property (IP) where innovative advocates developed a tactic to start actions for declaration of non-infringement in courts which tend to have a heavy docket.<sup>17</sup> Once these proceedings have started, every court secondly seised by the right holder for a claim of infringement of the IP right, must then stay in its proceedings until the court first seised decides about the claim of non-infringement. By choosing a jurisdiction which is known for its lengthy proceedings, the alleged infringer gains time in which he can pursue “business as usual” without fearing any claim from the IP rightholder. As a result, the IP right would be paralysed during this time.<sup>18</sup>

The “Italian Torpedo” gave rise to numerous discussions, especially on the question of whether the Brussels Convention and the respective Regulation jeopardises the enforcement of IP rights.<sup>19</sup> On a broader scale the question of unwanted outcomes, especially an unhealthy tendency of “race to court”,<sup>20</sup> as a result of the *lis pendens* rule and its interpretation by the ECJ aroused.<sup>21</sup> It was unintentional that this rule which constituted one of the pillars of the Brussels Convention, build upon the mutual trust between the Member States, became a playground for dubious tactics in procedural law. Accordingly a Commission was launched before adopting the Brussels I Regulation to

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<sup>14</sup> Bell, Andrew ‘Forum Shopping and Venue in the Transnational Litigation’ 2003 Oxford University Press para. [3.32]

<sup>15</sup> The problem was first described by Prof. Franzosi, Mario in „Worldwide Patent Litigation and the Italian Torpedo“ [1997] 19 (7) E.I.P.R., p. 382 at 384. In a playful way, the term ‘torpedo’ has been borrowed from the vocabulary of naval warfare for any strategy allowing a company threatened by an infringement action to take the initiative of an invalidity challenge of the patent or a declaration of non-infringement. Also known as “The Belgian Torpedo”, see Pitz, Johann “How to reverse torpedoes in Germany”, available at [www.vossiusandpartner.com/eng/publication/torpedoes.html](http://www.vossiusandpartner.com/eng/publication/torpedoes.html) para [1]

<sup>16</sup> Wautelet, Patrick „Swiss Bundesgericht, 26 September 1997, a strong incentive to the litigants to act promptly“ [2001] 1 European Review of Private Law, p. 81

<sup>17</sup> Kur, Annette „International Hague Convention on Jurisdiction and Foreign Judgments: a way forward for I.P.“ [2002] 24 (4) E.I.P.R. p. 175 at 180

<sup>18</sup> Franzosi, Mario „Worldwide Patent Litigation and the Italian Torpedo“, *op. cit.*, p. 384

<sup>19</sup> Pursuing to Franzosi, his article on the “Italian Torpedo” has been quoted at least 1000 times in legal writings (publication and abstract of conferences), see Franzosi, Mario “Torpedoes are here to stay” [2002] 2 International Review of Industrial Property and Copyright Law 154, footnote 2

<sup>20</sup> Harris, Jonathan, The Brussels Regulation“ [2001] 20 Civil Justice Quarterly 218 at p. 223

<sup>21</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge “The GROTIUS Program: Proposals for Amending Article 21 and 22 of the Brussels Convention” [2000] 2 European Review of Private Law p. 257

consider aspects of improvement on the particular point of parallel proceedings.<sup>22</sup> Some items have been revised in the Regulation in order to wash away the national differences in procedural law.<sup>23</sup> However, nothing has been done against “torpedo litigation”, neither has the ECJ changed its attitude towards the strictness of the *lis pendens* rule.<sup>24</sup> With no changes to the legislation, and with the arrival of ten new Member States to the European Union in May 2004, new concerns arise. In the field of IP, lawyers and businesses have shown alarm at the force by which they have been made to recognise judgments from countries where the state of law does not appear to be equal to that of Western European countries.<sup>25</sup> Mutual trust needs time to grow. In this context, a ‘torpedo’ does not help the developments of trust between judicial systems. The field of IP is a constantly increasing part of the economy in the respective Member States.<sup>26</sup> The urgency to react against ‘torpedo litigation’ is therefore considerable and a current concern.

The purpose of this paper is to analyse where improvements to the existing system of *lis pendens* could be implemented, in order to avoid unwanted effects, such as the ‘Italian torpedo’.

Firstly, the mechanism of *lis pendens* under the Brussels I Regulation will be explained, thereby taking into account the alterations done in relation to the former Brussels Convention and the jurisprudence developed by the ECJ. Then an analysis of the so-called ‘torpedo’ will follow, explaining under what circumstances a ‘torpedo’ can be launched and what is its legal effect. Particular attention will be drawn to the impact of ‘torpedoes’ on IP rights and why this kind of ‘blocking-litigation’ arises easily in the context of IP. Finally, a last chapter is consecrated to attempts and concepts that may minimise the application of ‘torpedo actions’. The challenge here is to achieve an exception from the strict rule of Article 27 that still remains in accordance with the concept of the Brussels I Regulation.

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<sup>22</sup> “The GROTIUS Program: Proposals for Amending Article 21 and 22 of the Brussels Convention”, *op. cit.*

<sup>23</sup> for amendments to articles concerning parallel proceedings see: Wendy Kennett, *op. cit.*, p. 731-732

<sup>24</sup> see *infra*

<sup>25</sup> Cf. Pfaff, Dieter „Editorial: Gefährdung der EU als „Einheitliches Gerichtsgebiet“ durch die Osterweiterung“ [2004] 2 Journal of International Dispute Resolution 1

<sup>26</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“ [2002] Journal of the Patent and Trademark Office Society p. 431 at p. 432

## II. The *Lis Pendens* Mechanism

The Brussels regime deals in Article 27-30 with the problem of simultaneously pending actions in the courts of different Member States in respect of the same or related causes of action.<sup>27</sup>

Article 27 concerns strict *lis pendens* dealing with “proceedings involving the same cause of action and between the same parties”. And Article 28 deals with related actions, defined as actions which “are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings”.<sup>28</sup> Article 29 provides for conflicts of exclusive jurisdiction. Furthermore, new Article 30 seeks to introduce an autonomous interpretation of the concept of seisin.

In contrast to Article 27, Article 28 confers discretion on the court subsequently seised as to whether it will stay its proceedings in case of related actions.<sup>29</sup> Leaving the case of “related actions” apart, the mandatory obligation determined by Article 27 of staying proceedings where *lis pendens* is detected, will be the topic to the following discussion.

### 1. General conditions

In general, it is important to notice that the material scope of the Brussels Regulation is restricted to civil and commercial matters.<sup>30</sup> If parallel proceedings are brought in two Member States, article 27 is relevant only if both sets of proceedings fall within the scope of Article 1.<sup>31</sup>

But both actions must be instituted in courts of different Member States. If they are pending in courts of the same Member State, the problem is impliedly remitted to the law of the Member State in question.<sup>32</sup> Another hypothesis excluded from the scope of the Brussels regime is the case of proceedings concerning the recognition and enforcement of judgments given in civil and commercial matters in Non-Member States.<sup>33</sup>

In relation to parallel proceedings concerning parties who are not domiciled in a Member State, there is no indication in the Brussels Regulation as to whether or not the

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<sup>27</sup> former Article 21-23 Brussels Convention, Article 30 Brussels Regulation is newly introduced.

<sup>28</sup> Article 28 (3)

<sup>29</sup> Lasok, D. and Stone, P.A., *op. cit.*, p. 277

<sup>30</sup> This is generally the case if no case of exclusion in virtue of Article 1(2) is obvious.

<sup>31</sup> Clarkson, CMV and Hill, Jonathan, *op. cit.*, p. 112

<sup>32</sup> Lasok, D. and Stone, P.A., *op. cit.*, p. 276

<sup>33</sup> C-129/92 *Owens Bank Ltd v. Bracco (No2)* [1994] ECR I-117

provisions on *lis pendens* apply.<sup>34</sup> The ECJ has ruled that what is now article 27 applies irrespectively of the domicile of the parties<sup>35</sup>. The only thing that counts is that the claims are actually brought in the courts of at least two different Member States.

But then for an actual stay of proceedings in virtue of Article 27 the situation of *lis pendens* must vorliegen. That is to say we have to find ourselves confronted with proceedings involving the ‘same cause of action’ and between the ‘same parties’. It is than to define which court has been seised first to determine /bestimmen the court that has to stay its proceeding.<sup>36</sup>

## **2. The conditions of ‘same cause of action’ and ‘same parties’**

### **a.) ‘Same cause of action’**

The term ‘cause of action’ is a well-known concept in the procedural law of all Member States but possesses a different stage of elaboration throughout Europe.<sup>37</sup> Furthermore it is disputed by legal scholars how to define that concept and the dispute is still going on.<sup>38</sup>

The ECJ solved this problem within the scope of the Brussels Regulation by establishing an autonomous concept of ‘same cause of action’ without recourse to a comparative analysis of the legal situation in the Member States. Two precedents are crucial in this context: *Gubisch Maschinenfabrik v. Palumbo*<sup>39</sup> and *The Tatry v. The Maciej Ratja*.<sup>40</sup>

In *Gubisch* the Court stated that two actions are identical if they are between the same parties and ‘involve the same cause of action and the same subject-matter’.<sup>41</sup> This duality is rooted in the French language version (“*demandes ayant le même objet et la*

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<sup>34</sup> Clarkson, CMV and Hill, Jonathan, *op. cit.*, p. 112

<sup>35</sup> C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co* [1991] ECR I-3317, para [18]

<sup>36</sup> Which is then any other court being seised after this court.

<sup>37</sup> Subtle in Germany where the notion of “Streitgegenstand” is defined by the factual background and the kind of judgment that the plaintiff is specifically seeking. It is restrict the identity of two actions to an formal and entire identity. Otte, Karsten; Prütting, Hanns; Dedek, Helge , *op. cit.*, p. 262, “Perhaps no phrase is more redolent of the history of the common law but ‘cause of action’ “ Waldlow, Christopher, *op. cit.*, p. 489

<sup>38</sup> e.g. Germany: the notion of ‘Streitgegenstandslehre’ is still disputed. Rüßmann, Helmut „Die Streitgegenstandslehre und die Rechtsprechung des EuGH - nationales Recht unter gemeineuropäischem Einfluß?“ ZJP 1998, p. 389. Even while the Federal Supreme Court seems to tend for the dual concept, compare Federal Supreme Court (BGH) 19. december 1991, 1992 NJW p. 1173

<sup>39</sup> C -144/86 *Gubisch Maschinenfabrik v. Palumbo* [1987] ECR 4861

<sup>40</sup> C -406/92 *The Tatry v. The Maciej Ratja* [1994] ECR I-5439

<sup>41</sup> C -144/86 *Gubisch op. cit.*, para. [14]

*même cause*”).<sup>42</sup> According to the ECJ, “for the purposes of Article 21 of the Convention [Article 27 Regulation], the "cause of action" comprises the facts and the rule of law relied on as the basis of the action.”<sup>43</sup>

But this interpretation cannot be based on the wording of Article 27 in all language versions, since not all of them make the distinction. For instance the English version only refers to ‘the same cause of action’, as does the German version, ‘derselbe Anspruch’. Still, the ECJ made it quite clear and reiterated the principle declared in *Gubisch*<sup>44</sup> in the *Tatry* decision: “It should be noted at the outset that the English version of Article 21 does not expressly distinguish between the concepts of "object" and "cause" of action. That language version must however be construed in the same manner as the majority of the other language versions in which that distinction is made.”<sup>45</sup>

This autonomous concept has been welcomed by scholars around Europe for solving the problem of a lacking comprehensive definition in the Brussels Regulation for when cases share a cause of action. At the same time the adoption of a concept completely opposed to the mainly narrow approaches in domestic law has split the legal scholars around Europe.<sup>46</sup> Furthermore, the very extensive concept of the ‘cause of action’ facilitates situations of *lis pendens* that are not welcomed by everyone. One could say indeed, that the judicature of the ECJ on this aspect of Article 27 is even facilitating the controversial ‘torpedo litigation’.<sup>47</sup>

In *Gubisch* a German limited partnership, Gubisch Maschinenfabrik KG, started proceedings in Germany against a purchaser from Italy, Mr. Palumbo, for payment arising from a contract of sale. Subsequently, Mr. Palumbo brought an action in Italy seeking a declaration that the contract between both parties was invalid. After a *lis pendens* plea was rejected by the Italian court, Gubisch appealed to the next highest court in Italy, which asked the ECJ to interpret the term ‘same subject-matter’.<sup>48</sup>

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<sup>42</sup> Rüßmann, Helmut, *op. cit.*, p.390

<sup>43</sup> C -406/92 *The Tatry v. The Maciej Ratja*, *op. cit.*, para. [38]

<sup>44</sup> referring to the German language version, see C -144/86 *Gubisch op. cit.*, para. [14]

<sup>45</sup> C -406/92 *The Tatry v. The Maciej Ratja*, *op. cit.*, para. [37]

<sup>46</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 260

<sup>47</sup> *pro.*: Peter North & J.J. Fawcett *Cheshire and North's Private International Law* 13 Edn [London: Butterworths, 199], p. 252; see generally the criticism by Collins [1992] 108 LQR p. 545

<sup>48</sup> C -144/86 *Gubisch op. cit.*, paras. [1-4]

The Court held that the term ‘same subject-matter’ could not “be restricted so as to mean two claims which are entirely identical.”<sup>49</sup> The Court then came to the conclusion that one of the two actions was brought to enforce and the other to rescind one and the same contract and therefore ‘the question whether the contract is binding [...] lies at the heart of the two actions.’<sup>50</sup> In some Member States, the prerequisite of *lis pendens* are fulfilled only in case of formal identity.<sup>51</sup> But the Court attached great importance to the purpose expressed in Article 27 (3) Brussels Convention [Article 34 (3) Brussels Regulation] of avoiding irreconcilable judgments between the same parties. And it underlined how such judgments could arise if the competing claims had to be entirely identical before a *lis alibi pendens* plea could be upheld.<sup>52</sup>

The *Tatry* decision is somehow complementary to *Gubisch*. It deals with a situation where first an action demanding a negative declaration concerning liability for damages was brought in a Dutch court. Subsequently, an action for the payment of damages was brought before an English court, which also, like in *Gubisch*, rejected a *lis alibi pendens* plea. On appeal, asked by the Court of Appeal in a preliminary ruling, the ECJ held that an action for a negative declaration and an action for payment both concern the question of liability and thus involve the ‘same cause of action’. According to the Court the second element, the “object of the action” for the purpose of Article 21 [Article 27 Regulation] is defined as ‘the end the action has in view’.<sup>53</sup> Therefore, the two actions have the same object since the issue of liability is central to both actions.<sup>54</sup> Concerning the claim of damages, this part of the second action is the ‘natural consequence’ of the finding of liability and do not alter the principal object of the action.<sup>55</sup>

This approach by the Court has been qualified as being untechnical in a sense when it concludes that two cases share a cause of action – when those cases, formally speaking, have two quite different ends – on the basis of the fact that in some way they deal with the same legal issue, one of which is the ‘natural consequence’ of the other.<sup>56</sup>

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<sup>49</sup> C -144/86 *Gubisch op. cit.*, para. [17]

<sup>50</sup> C -144/86 *Gubisch op. cit.*, para. [16]

<sup>51</sup> e.g. France. Article 4 and 5 NCPC, 1351 Code Civil For more information see: Cadiet “Litispendance”, [1995] Rec. proc. civ. Dalloz, § 7

<sup>52</sup> C -144/86 *Gubisch op. cit.*, para. [13]

<sup>53</sup> C -406/92 *The Tatry v. The Maciej Ratja, op. cit.*, para. [40]

<sup>54</sup> C -406/92 *The Tatry v. The Maciej Ratja, op. cit.*, para. [42]

<sup>55</sup> C -406/92 *The Tatry v. The Maciej Ratja, op. cit.*, para. [43]

<sup>56</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 260

Furthermore, it conflicts with many national concepts of subject matter and res judicata<sup>57</sup> which all follow a similar standardised objective approach.<sup>58</sup>

The major point of this judicature in relation to possible “Torpedo actions” is the fact that the ECJ puts negative declaratory claims on an equal level as positive claims when it comes to *lis pendens*.<sup>59</sup> It seems now possible to determine that whatever kind of negative declaratory claim has the same cause of action as a positive claim as long as it is based on the same facts and has the ‘same end in view’.<sup>60</sup>

Therefore, any alleged infringer of a right has now the possibility to sue for a declaration of non-infringement or non-liability and may seek for it prior to the time the right holder may sue him. Thus *Gubisch* and *Tatry* pave the way for a rush to the courts on the point of ‘same cause of action’ and gives green light to pre-emptive forum shopping.<sup>61</sup>

Still, another condition must be fulfilled before considering *lis pendens* and this is that the two proceedings in questions have to be between the same parties.

#### **b.) ‘Same parties’**

Article 27 requires that parallel proceedings concern the ‘same parties’. As the Court held in *Gubisch*, the terms used in Article 27 in order to determine whether a situation of *lis pendens* arises must be regarded as independent.<sup>62</sup> Thus, the interpretation of the term ‘same parties’ is done autonomously from any domestic concept.<sup>63</sup> In general terms, it is required that the parties to the two actions be identical.<sup>64</sup> However, this is to be defined irrespective of their procedural position. Hence, the plaintiff in the first action may be the defendant in the second.<sup>65</sup>

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<sup>57</sup> Latin for ‘a thing decided’.

<sup>58</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 261

<sup>59</sup> Collins, Lawrence *op. cit.*, [para 12-036]

<sup>60</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?” [2000-01] 4 *Jura Falcomis* pp. 37, para [3.1]

<sup>61</sup> compare also: Peter North & J.J. Fawcett *op.cit.*, p. 252. For the repercussion of this case law on IP and the application by national court of some Member States see *infra*.

<sup>62</sup> C -144/86 *Gubisch op. cit.*, para. [11]

<sup>63</sup> C -406/92 *The Tatry v. The Maciej Ratja, op. cit.*, para. [29]

<sup>64</sup> C -406/92 *The Tatry v. The Maciej Ratja, op. cit.*, para. [32]

<sup>65</sup> ‘OLG Düsseldorf 30.09.1999 2 W 60/98 – “Impfstoff” [2000] 8-9 GRURInt p. 776 at p. 778, citing C -406/92 *The Tatry v. The Maciej Ratja, op. cit.*, para. [30]

## **i) Multi-Party Cases**

Concerning multi-party cases, the ECJ adopted a party by party approach in *The Tatry*.<sup>66</sup> According to the ECJ: “the second court seised is required to decline jurisdiction only to the extent to which the parties to the proceedings before it are also parties to the action previously commenced; it does not prevent the proceedings from continuing between the other parties.”<sup>67</sup>

The Court made clear that in litigation involving multiple parties, Article 27 applies as between pairs of plaintiff and defendant and that each lis between a plaintiff and a defendant has to be considered individually to determine which court was seised of it first in time. Yet, as this individual treatment may lead to inconvenient fragmented jurisdiction, the court may resort to the rule on ‘related action’ to allow the consolidation of the whole dispute before the court first seised.<sup>68</sup>

## **ii) Identity of Interest**

The ECJ in *Drouot* held that the decisive criteria for establishing whether two ‘persons’<sup>69</sup> are seen as one and the same party is the identity of interest between those two parties.<sup>70</sup>

For example, in *Drouot* an insurer and the insured may be regarded as the same party for the purpose of Article 27, when the insurer invokes its right of subrogation to defend proceedings in the name of its insured.<sup>71</sup> In the present case however “[...] application of Article 21 (now 27) cannot have the effect of precluding the insurer and its insured, where their interests diverge, from asserting their respective interests before the courts as against the other parties concerned.”<sup>72</sup> The test of identity and indissociability of interest is for the national court to apply.<sup>73</sup>

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<sup>66</sup> Peter North & J.J. Fawcett *op.cit.*, p. 253

<sup>67</sup> C-406/92 *The Tatry v. The Maciej Ratja*, *op. cit.*, para. [33]

<sup>68</sup> Collin, Lawrence *Dacey and Morris on the Conflict of Laws* London, Sweet & Maxwell, 13<sup>th</sup> Edition, 2000, Vol. 1, para. [12-044]

<sup>69</sup> ‘Person’ used in an general way including „Legal Person“ and „Natural Person“.

<sup>70</sup> C-351/96 *Drouot Assurances SA v. Consolidated Metallurgical Industries* [1998] ECR I-3075

<sup>71</sup> C-351/96 *Drouot*, *op. cit.*, para. [19]: “ (...) where there is such a degree of identity between their interests that a judgment delivered against one of them would have the force of res judicata as against the other.”

<sup>72</sup> *Ibid.* para. [20]

<sup>73</sup> Collin, Lawrence, *op. cit.*, para. [12-046]

The national Courts have decided several case. Thus, it has been held that a wholly-owned subsidiary may be regarded as the same party as it parent.<sup>74</sup> And the deployment of a related company in a group of companies as claimant in proceedings may be a sham to avoid the application of Article 27, in this case the court will look at the reality of the situation and the parties will be regarded as being the same.<sup>75</sup>

### **iii) Admiralty Action *in rem***

The nature of the proceedings does not necessarily play a role in the examination of the *lis pendens* exception.

Another aspect of *The Tatry* concerned the English admiralty action *in rem* which is commenced by service of a claim form upon a ship, in contrast to any action *in personam*.<sup>76</sup> The question was whether this English action affects the operation of the Brussels Convention. In *The Tatry* proceedings had been brought in the Netherlands between a shipowner against cargo owners for a declaration that the shipowner owed no liability for damage allegedly done to the cargo. In the following, an admiralty action *in rem* was commenced by the cargo owners' arrest of the ship. Under English procedural law the English action was against the ship as defendant and not against any individual. But once the owner entered an appearance the action became one *in personam* as well. Though the action in the English court was now an hybrid one.<sup>77</sup>

The English Court of Appeal in *The Deichland* decided that where the English action was only *in rem*, nothing turned upon the technical or procedural manner in which the English action was constituted. For the purpose of applying the Brussels Convention, one should look behind the technicality and see who is 'in effect' being sued. In the former case this was the shipowner Deich Navigation SA, even though they had not been sued personally.<sup>78</sup> In *The Tatry* the court confirmed the correctness of this approach in the context of the Convention and held that an admiralty action *in rem* is to

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<sup>74</sup> *Berkeley Administration Inc. V. McClelland* [1995] I.L.Pr. p. 201 at p. 211, C.A.

<sup>75</sup> *Turner v. Grovit and others* [1999] 3 All ER 616, C.A.. The Court of Appeal then referred to the ECJ for a preliminary ruling on the compability of anti-suit injunction with the Brussels regime. In the answer of the ECJ no reference has been made to the question of 'same parties'. Compare: C- 159/02 *Turner v. Grovit and others* [2004] ECR 00000

<sup>76</sup> Briggs, A. and Rees, P. *Civil Jurisdiction and Judgments* London, LLP, 3rd Edition, 2002, para. [2.190]

<sup>77</sup> Briggs, A. and Rees, P., op. cit., para. [2.190]

<sup>78</sup> *The Deichland* [1990] 1 Q.B. 361 (C.A.) overruling *The Nordglint* [1988] Q.B. 183

be regarded as brought against the shipowner as defendant.<sup>79</sup> Further on, it held that this matter of national procedural law could not itself preclude the application of Article 21 (now 27).<sup>80</sup>

#### **iv) Intellectual Property Rights**

The application of 'same parties' to IP law cases raises difficult questions. Are a patentee and an exclusive licensee the same parties for the purpose of Article 27? On the question of a licensee and a licensor of IP rights a national court has given a negative response in a case in which both have been sued in separate proceedings by a single claimant.<sup>81</sup> This jurisprudence has been considered consistent with the ECJ's interpretation on the test of same interest. *Druout. Briggs* 194.

On the mooted point whether a patentee and an exclusive licensee can be considered the same parties, the District Court of The Hague seems to apply a far too restrictive interpretation of Article 27. It held that the parties in the two proceedings were not the same.<sup>82</sup> But one can draw a comparison between the interests of a patentee and an licensee, and the one of a mother company and its subsidiaries and conclude that an identity of interests is possible.<sup>83</sup> The former question of patentee and exclusive licensee was subject to a case referred by the *Oberlandesgericht of Düsseldorf* to the ECJ.<sup>84</sup> Unfortunately, the Court of Justice did not deal with this question in the end as the parties settled and the pending case was removed from the ECJ's Register.<sup>85</sup> Thus, until now, all responsibility lays on the national courts to ensure a consistent interpretation of these kind of IP cases with the purpose of the Brussels I Regulation, the avoidance of irreconcilable judgments.

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<sup>79</sup> C -406/92 *The Tatry v. The Maciej Ratja*, *op. cit.*, para. [46]

<sup>80</sup> Article 21 (now 27) still applied where the English proceedings were *in rem* and/or *in personam*, and the Dutch proceedings were *in personam*. C -406/92 *The Tatry v. The Maciej Ratja*, *op. cit.*, para. [47]

<sup>81</sup> *Mecklermedia Corp. V. DC Congress GmbH* [1998] All E.R. 148

<sup>82</sup> District Court of The Hague, 14 May 1997 *Chiron v. Evans* [1997] IER p. 143

<sup>83</sup> Pertegás- Sender, Marta *Cross-Border Enforcement of Patent Rights* Oxford Private International Law Series, Oxford University, 2002, para. [4.122]

<sup>84</sup> OLG Düsseldorf 30.09.1999 2 W 60/98 – „Impfstoff III“, [2000] 8-9 GRURInt, p.776

<sup>85</sup> The case was settled and taken off the ECJ's docket on April 6, 2000; C-426/99 *Connaught Laboratories Inc. v. Smithkline Beecham Pharma GmbH & Smithkline Beecham Biologicals Manufacturing SA* [2000] E.I.P.R., N-3.

### **3. Time proceedings are brought**

Article 27 could lead to a race between the parties, the winner being the one who can show that the court where he brought the action is first seised of jurisdiction.<sup>86</sup>

This entails the problem of deciding when a court become first seised of jurisdiction.

Here appears the major difference between the former regime of the Brussels Convention and the actual applicable regime of the Brussels Regulation. While the Convention did not give any independent criteria to determine the time when proceedings are brought, the Brussels Regulation adds in its new Article 30 an autonomous definition of when a court is deemed to be seised.<sup>87</sup>

#### **a.) Brussels Convention**

Under the old regime, the time at which a court became seised was a matter for national procedural law.<sup>88</sup> The ECJ in *Zelger v. Saltrini (No. 2)*, did not provide for an uniform rule in relation to Article 21 of the Convention but held that it was for the national court to determine when the action became definitively pending.<sup>89</sup> This would lead to undesirable side-effects, since the principle of temporal priority depends on the special features of the national legal systems.<sup>90</sup> In fact, a party that had started legal activities first could be ‘overtaken’ by his opponent.<sup>91</sup>

#### **b.) Brussels I Regulation**

The new system seeks to provide a compromise between the different national approaches.<sup>92</sup>

In some jurisdiction, the action is regarded as pending by the time the issue is lodged with the court. In others, it is not the lodging but the consecutive date of service on the

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<sup>86</sup> Peter North & J.J. Fawcett *op.cit.*, p. 254

<sup>87</sup> Harris, Jonathan „The Brussels Regulation“ [2001] 20 Civil Justice Quaterly, p.222

<sup>88</sup> In general, the Convention made no claim to govern or harmonise rules of procedure. See C- 365/88 *Kongress Agentur Hagen GmbH v. Zeehaghe BV* [1990] ECR I-1845

<sup>89</sup> C- 129/ 83 *Zelger v. Saltrini (No. 2)* [1984] ECR 2397

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<sup>91</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge , *op. cit.*, p. 275. A prominent German commentator railed against a rule which produced „the disadvantage of the plaintiff in German proceedings“, and who, being unprepared to wait for an autonomous definition of the date of seisin to be developed, asserted that „the German legislature should abolish the severe disadvantage fort he German proceedings by changing sect 253 I ZPO so that the filing of the complaint with the court constitutes the pendency of the claim!“ See Schack in Fawcett, J.J. (ed) *Declining jurisdiction in private international law* Oxford: Clarendon Press, 1995, p. 199

<sup>92</sup> Kennet, Wendy, *op. cit.*, p. 732

defendant that starts the proceedings.<sup>93</sup> Others don't even have to address the court but an independent authority.<sup>94</sup>

The new Article 30 opts neither for a lodging-system nor for a serving-system but for a system in which the moment of the first public step is decisive.<sup>95</sup> The court will be deemed to be seised at that point, provided that the plaintiff thereafter takes the necessary steps to continue the proceedings.<sup>96</sup> Thus, this solution makes it irrelevant, whether under the national law service must be done before application to the court or *vice versa*. There is in general no "unfair" advantage for any domestic procedural system because both steps are required and no matter which step is the first, this one will be taken into account for the time of seisin.<sup>97</sup>

The decision of the Paris District Court on a patent infringement can be quoted as an obvious case of the former 'unfair' national advantage.<sup>98</sup> In this case, the owner of a European patent 'shot first' and proceeded summons for infringement in the Paris court which was served on June 16. Whereas the summons for declaration of non-infringement in the Milan court was served on June 17. However, as Article 21 Brussels Convention left it to the domestic procedural law to determine 'the court first seised', the Italian Codes of Civil Procedure turned out to be advantageous. The Italian Code stipulates that a court is seised the day the summons is served, thus on June 17 in our case.<sup>99</sup> Under the French Code, a court is seised the day a copy of the duly served summons is registered with the court.<sup>100</sup> Although the summons in the French court was served on June 16, it was not registered until a late date. Hence, the French court had to decide that the Italian court was seised first.<sup>101</sup>

Under the Brussels I Regulation, this rather unfair result, qualifying the party who acted first as having seised the court second, would not have arisen. As it is now the first step

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<sup>93</sup> *e.g.* In Germany proceedings are started when service has been effected; see §§ 253, 261 ZPO (German Civil Procedural Code). Whereas in Finland it is sufficient to register the lawsuit at the court. See Kropholler, *Europäisches Zivilprozessrecht* [1998], Article 21 N° 14;

<sup>94</sup> Kennet, Wendy, *op. cit.*, p. 732

<sup>95</sup> Briggs, A. and Rees, P., *op. cit.*, para. [2.192]

<sup>96</sup> Article 30 (1): ',(...) provided that the plaintiff has not subsequently failed to take the steps he was required to take to have service effected on the defendant, or (2) , (...) provided that the plaintiff has not subsequently failed to take steps he was required to take to have the documents lodged with the court.'

<sup>97</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge , *op. cit.*, p. 276

<sup>98</sup> Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A.*, [2002] 2 IIC p. 225

<sup>99</sup> Article 39-3 Italian Code of Civil Procedure

<sup>100</sup> Article 757 French Code of Civil Procedure

<sup>101</sup> Véron, Pierre "Italian Torpedoes: An Endangered Weapon in French Courts ?" [2002] 2 International Review of Industrial Property and Copyright Law 229

taken in public, the summons for infringement in the Paris court would have been the decisive point for determining the start of proceedings.

Finally, this is a move away from the ECJ's former definition of seisin such that proceedings must "be definitively pending".<sup>102</sup>

### c.) The 'English advantage'

A particularity in English law raised difficulties under the old regime and might be a matter of discussion under the new system. The time of pending under English civil procedural law is seen, when issue of process is made to the court.<sup>103</sup> In other words, an English court could be seised with jurisdiction over an action and without this fact having been brought to the attention of the other party.<sup>104</sup> Moreover, it is for the plaintiff to take the necessary steps to effect service on the defendant.<sup>105</sup> Thus, within the scope of the Brussels Convention, the plaintiff may have lodged the documents with the court and may have seek to continue negotiations with the defendant, knowing that he had already seised its local court and only later actually inform the defendant of it.<sup>106</sup> Still under the Convention, the English Court of Appeal has tried to alter the application of the national rules within the scope of the Convention.<sup>107</sup> But in *The Sargasso*<sup>108</sup>, a different constituted Court of Appeal disapproved the proposition that there were exceptions to the rule that, for the purpose of Article 21 (now 27), an English court was seised on service of the writ.<sup>109</sup>

Under the Brussels I Regulation, the problem is not dissolved but only shifted to another level. Of course, now an English court will be regarded as seised only after the claim form is lodged with the court for issue **and** service. Still the crucial date remains the date of issue. Whereas under the Convention the date of issue determined the time when the 'action was pending' now it will constitutes the 'first public step' to be taken.

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<sup>102</sup> see C- 129/ 83 *Zelger v. Saltrini (No. 2)*, *op. cit.*; Kennet, Wendy, *op. cit.*, p. 732

<sup>103</sup> *Kloeckner & Co KG v. Gatoil Overseas Inc* [1990] 1 Lloyd's Rep p. 177

<sup>104</sup> Briggs, A. and Rees, P., *op. cit.*, para. [2.191]

<sup>105</sup> The plaintiff is under no obligation to pursue or serve the proceedings, and the defendant is usually unaware of the proceedings and not obliged to respond in any way. See Collin, Lawrence, *op. cit.*, para. [12-051]

<sup>106</sup> In other jurisdiction the court is responsible for serving and there is no discretion to the plaintiff. Kennet, Wendy, *op. cit.*, p. 732

<sup>107</sup> *Dresser (UK) Ltd. V. Falcongate Freight Management Ltd.* [1992] 1 QB 502

<sup>108</sup> *Neste Chemicals SA v. DK Line SA, The Sargasso* [1994] 3 All ER 180, C.A.

<sup>109</sup> Collin, Lawrence, *op. cit.*, para. [12-052]

Thus, a plaintiff before an English court will still be able to lodge his action and be the first having started proceedings without directly being obliged to serve on the defendant.<sup>110</sup>

From this, one has to conclude that Article 30 of the Brussels I Regulation produces still an ‘unfair’ advantage to plaintiffs in England willing to go for *lis pendens*. It could have been a solution to impose a firm time limit within which further steps in the proceedings should be taken by the plaintiff. But the EU-Commission’s working group, aware of this problem, did not opt for this solution.<sup>111</sup> Instead, the ‘plaintiff has to take all reasonable steps to continue proceedings’.<sup>112</sup>

Though there will remain discrimination of the kind described in a few cases, the Brussels I Regulation is received as acceptable on this point providing a much more straightforward basic rule and avoiding the results caused by a solution that leaves the definition of pendency up to the municipal legal systems of the Member States.<sup>113</sup>

However, the possibility to block a forum due to the English procedural law may be avoided by a sensible application of the new article 30 by the English authorities. In fact, article 30 states expressly that a second step (service or issue) is required by the plaintiff in order to deem a court seised. The first step taken determines only the time of the seisin.<sup>114</sup> Thus, the court is not seised when ‘the plaintiff has subsequently failed to take steps he was required to take to have service effected on the defendant.’<sup>115</sup> The crucial point is how to determine when a failure is given, *i.e.* when the issue of the claim form loses its priority in the English constellation.<sup>116</sup> Here, the domestic rules of civil procedure may serve as a guideline in order to avoid excessive length.<sup>117</sup> Thus a sensible application of Article 30 by the English courts would solve this risk of forum shopping within the scope of *lis pendens* that has been left apart by the Brussels I Regulation.

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<sup>110</sup> Kennet, Wendy, *op. cit.*, p. 732

<sup>111</sup> The EU-Commission’s working group wanted to formulate an Art. 23a, and was undecided, whether to go with a firm period of 6 month or to refer to the plaintiff having taking all reasonable steps to continue proceedings. See Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 276

<sup>112</sup> compare Article 30 (1) and (2) Brussels Regulation

<sup>113</sup> Briggs, A. and Rees, P., *op. cit.*, para. [2.192]; Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 276; Harris, Jonathan, *op. cit.*, p. 222. *Contra*: Kennet, Wendy, *op. cit.*, p. 732

<sup>114</sup> Harris, Jonathan, *op. cit.*, p. 222

<sup>115</sup> Article 30 (1) Brussels I Regulation

<sup>116</sup> similar approach see: Briggs, A. and Rees, P., *op. cit.*, para. [2.192]

<sup>117</sup> CPR r7.5: four month, unless it is served out of the jurisdiction, in which case it is six month.

So, in conclusion it can be said that the introduction of Article 30 is a very important counterclaim against ‘forum shopping’ that is exercised in order to achieve *lis alibi pendens* first.<sup>118</sup> Thus, ‘double-nasty’ actions, where an alleged infringer might shop for a forum in order to have seised a court first, and to start an torpedo action there, seem to be cut down at least for the aspect of shopping for the most advantageous national procedural law in relation to seisin.

#### **4. Legal consequences of *lis pendens***

As for the legal consequences of *lis pendens* there has been no change compared to Article 21 of the Brussels Convention.<sup>119</sup>

##### **a.) Compulsory stay and dismissal of second action**

Where the strict *lis pendens* of Article 27 applies any court other than the court first seised must stay its own proceeding until the court first seised has determined whether or not it has jurisdiction; and must decline jurisdiction altogether once that court has decided that it does have jurisdiction.<sup>120</sup> It is implicit that the court first seised must either decline jurisdiction promptly or entertain the action diligently and deliver judgment on the merits.<sup>121</sup>

The Court seised second cannot normally examine the jurisdiction of the court seised first.<sup>122</sup> A possible exception may be the case of exclusive jurisdiction. Although in article 29, the Regulation foresees expressly the case where both courts have exclusive jurisdiction and applies the strict ‘first-come, first-served’ concept; the case of the court seised second having exclusive jurisdiction has not been decided by the ECJ.<sup>123</sup> Consequently, the scope of this possible exception to the application of Article 21 remains uncertain.<sup>124</sup> The ground for this exception may be found in article 35 which prohibits the recognition of judgments that conflict with the provisions on exclusive

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<sup>118</sup> Also known as ‘race to seise’. See Bell, Andrew, *op. cit.*, para. [3.30]

<sup>119</sup> Schütze, Rolf A., *op. cit.*, p. 63

<sup>120</sup> Compare: wording of Article 27

<sup>121</sup> Waldlow, Christopher, *op. cit.*, p. 489.

<sup>122</sup> C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co*, *op. cit.*

<sup>123</sup> The ECJ left open the question whether the answer was the same if the court seised second had exclusive jurisdiction, in particular under Article 16’. Where the reply given by the court was stated to be ‘without prejudice’ to this case. C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co*, *op. cit.*, p. 3351-3352

<sup>124</sup> Collin, Lawrence, *op. cit.*, para. [12-043]

jurisdiction.<sup>125</sup> The problem is that there is no consensus on how to deal with it where the second court considers itself having exclusive jurisdiction under 16 (4) but the first court denies this jurisdiction.<sup>126</sup> And the ECJ made now clear in *Erich Gasser GmbH v Misat Srl*<sup>127</sup> that in *Overseas Union Insurance*<sup>128</sup> it simply had declined to prejudge the interpretation of Article 27 in the hypothetical situation that the court second seised had exclusive jurisdiction in the main proceedings.<sup>129</sup>

Thus, as there is no interpretation of the ECJ to rely on, this possible exception of the *lis pendens* rule remains uncertain.

### **b.) Discretion to stay proceedings – *forum non conveniens* –**

In common law countries, courts today generally have a discretionary power to refuse to take jurisdiction on the basis of *forum non conveniens*, *i.e.* if there is another, clearly more appropriate forum in another jurisdiction where it would be better to try the suit, having regard to the interests of the parties and the ends of justice.<sup>130</sup>

There is a discussion among common law lawyer whether the doctrine of *forum non conveniens* is consistent with the Brussels regime.<sup>131</sup> While continental lawyers have taken the view that any court of a Member State allocated jurisdiction under the Brussels I Regulation must try the case and that the courts in the United Kingdom cannot use this doctrine to deny to take jurisdiction.<sup>132</sup>

Nevertheless, in relation to *lis pendens*, this is not a main issue of discussion. We are not concerned about whether a court can stay proceedings even if it has jurisdiction. But

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<sup>125</sup> Waldlow, Christopher, *op. cit.*, para. [8-20]

<sup>126</sup> This is the problem that appeared in *Fort Dodge v. Akzo Nobel* [1998] F.S.R. 222, C.A.

<sup>127</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl* [2004] I.L.Pr. 7. For a detailed analysis of this judgment see *infra* Chapter II.

<sup>128</sup> C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co*, *op. cit.*

<sup>129</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para. [44-45]

<sup>130</sup> Among the classic decisions on *forum non conveniens* in the United Kingdom, see *MacShannon v. Rockware Glass Ltd.* [1978] A.C. 795 (H.L.); *The Abidin Daver* [1984] 1 A.C. 398, [1984] 1 Lloyd's Rep. 339 (H.L.); *Spiliada Maritime Corp. v. Cansulex Ltd.* [1987] A.C. 460, [1987] 1 Lloyd's Rep. 1 (H.L.); *Connelly v. RTZ Corp plc* [1998] A.C. 854 (H.L.); and *Lubbe v. Cape plc* [2000] 2 Lloyd's Rep. 383 (H.L.). See also the U.K.'s *Civil Jurisdiction and Judgments Act 1982*, U.K. 1982, c. 27, as amended by the *Civil Jurisdiction and Judgments Act 1991*, U.K. 1991, c. 12, sect. 49, which statute came into force on May 1, 1992: "Nothing in this Act shall prevent any court in the U.K. from staying, sisting, striking out or dismissing any proceedings before it on the ground of *forum non conveniens* or otherwise, where to do so is not inconsistent with the 1968 [Brussels] Convention or, as the case may be, the Lugano Convention."

<sup>131</sup> Collin, Lawrence, *op. cit.*, p. 400. Moreover, English lawyers have not been prepared to give up their doctrine of *forum non conveniens* so easily, and have distinguished between cases where the alternative forum is a Member State and those where it is a non-Member State. See Peter North & J.J. Fawcett, *op. cit.*, p. 263

<sup>132</sup> See the *Schlosser Report*, pp 97-99; Kohler [1985] ICLQ p. 563, 571-574 Titel

we are analysing the conflicts that can arise when a court has a strict obligation to stay proceedings because another court has been seised first in time on the same cause of action and between the same parties.

### **III. The ‘Torpedo’ and its effects**

The *lis pendens* principle of Article 27, characterised by its first filed rule, is conceived as a very mechanic concept that allows merely any exception. The drafter of the Brussels I Regulation did not add any flexibility to it in comparison to the former Brussels Convention nor does the ECJ deviate from this approach.

The strictness of the system has the merit of simplicity and is designed to avoid the devil of inconsistent and irreconcilable decisions.<sup>133</sup> Apart from the judicial certainty, it has the salutary result that judicial resources are not wasted through unnecessary duplicated proceedings.<sup>134</sup>

A straightforward rule as Article 27 is not without faults. The most obvious weakness of this rule gives a strong incentive to a ‘race to the courts’.<sup>135</sup> Moreover, the advantage given to the one who commences proceedings first may well serve to increase and promote litigation. In fact, due to the risk of loosing the immediate possibility to litigate, cases where more desirable and less costly forms of dispute resolution might otherwise have been applied, may be brought to court as fast as possible.<sup>136</sup>

#### **1. How to block litigation**

The ‘rush to the courts’ in consideration of loosing the possibility to choose the appropriate forum for an alleged lawsuit is not the only reaction Article 27 may produce.

Furthermore, a much more ambitious employment of the tools provided by Article 27 can be observed. Some parties have used the filing for a declaratory judgment action or a nullity action as a simple means to delay a forthcoming positive claim.<sup>137</sup>

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<sup>133</sup> Bell, Andrew, *op. cit.*, para. [3.31]

<sup>134</sup> *ibid.*

<sup>135</sup> Wautelet, Patrick, *op. cit.*, p. 81

<sup>136</sup> Compare: Bell, Andrew, *op. cit.*, para. [3.32]

<sup>137</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“ *op. cit.*, p. 450

This problem is commonly known as ‘torpedo litigation’ and has first appeared in relation with IP litigation. It means in essence, that in the case of threatening infringement litigation, the alleged infringer launches a claim for declaration of non-infringement in a jurisdiction which is considered to provide for rather slow court proceedings,<sup>138</sup> thereby preventing the rightholder to claim positive remedies in another jurisdiction.<sup>139</sup>

In general, one has to notice that this is not a constellation restricted to mere cases of infringement of IP rights.

The jurisprudence of the ECJ in *Gubisch* and *The Tatry* allows negative declaratory judgments in general to come within Article 27,<sup>140</sup> whether the national law where the negative claims is launched does or not offer the same solution.<sup>141</sup> This is due to the broad interpretation of ‘same cause of action’.<sup>142</sup> An approach which is in consistence with the purpose of the Regulation and the former Convention in order to minimise the potential for irreconcilable decisions created by the existence in certain circumstances of concurrent jurisdiction.<sup>143</sup> But what was intended to avoid the maximum of irreconcilable decision turns out to allow claims for negative declarations being used to block further positive claims. As negative declaratory actions and positive claims are set on an equal foot, the former action can take priority over the latter when introduced first in virtue of Article 27.

When this leads to ‘torpedo litigation’, *i.e.* when the negative declaratory action is started for the mere purpose of suspending proceedings for a positive claim, the question of abuse of rights may arise.<sup>144</sup> This is a topic that has a special urgency in IP rights as it may jeopardise the enforcement of patents and IP rights in general.<sup>145</sup> Why

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<sup>138</sup> Belgium and Italy are the courts that have the reputation of being the most over-burdened courts in Europe. See Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“ *op. cit.*, p. 449. A recent example for the firing of Belgian torpedo by a potential defendant is *Sepracor v. Hoechst Marion Roussel* [1999] F.S.R.746 (aus Straus, aglimmer of hope, p. 414/ Jacob, IP in next millennium p. 511)

<sup>139</sup> Kur, Annette “International Hague Convention on Jurisdiction and Foreign Judgments: a way forward for I.P.” *op. cit.*, p. 180

<sup>140</sup> Peter North & J.J. Fawcet, *op. cit.*, p. 252

<sup>141</sup> *e.g.* in Germany an action for declaration of non-infringement does not prevent a patentee from starting an action for infringement. Stockmeier mentioned in Franzosi, *op. cit.* Fn 14

<sup>142</sup> The ECJ held in *Gubisch* that it was not required that two actions be entirely identical. In *The Tatry* the ECJ declared that an action seeking to have the defendant held liable for causing loss and paying damages constituted the same cause of action and the same subject matter as earlier proceedings by that defendant for a negative declaration that he was not liable for that loss. see supra I. 2.a)

<sup>143</sup> See Jenard Report; it was anticipated that the provisions of the section about *lis pendens* and related actions would ‘greatly reduce the number of irreconcilable judgments’. [1979] OJ C59/1, 45

<sup>144</sup> Véron, Pierre “Italian Torpedoes: An Endangered Weapon in French Courts ?”, *op. cit.*, p. 227

<sup>145</sup> Franzosi, Mario in „Worldwide Patent Litigation and the Italian Torpedo“, *op. cit.*, p. 384

this is the case and on which grounds such ‘torpedoes’ can be launched in relation with IP rights requires to be assessed subsequently.

## **2. Special impact of ‘torpedoes’ in the IP domain**

The Brussels Convention and subsequent Regulation have made it possible to litigate before a judge of a Member State the infringement of an IP right registered in another state. What first was thought to be under exclusive jurisdiction of the courts of the country that granted the IP right, has been split between jurisdiction over the validity and over the infringement of the right.<sup>146</sup> The former claims on validity are still reserved exclusively to the courts of registration whereas jurisdiction over an action of infringement can be given to any Member State applying a valid ground of jurisdiction.<sup>147</sup>

When it comes to actions for a declaration of non-infringement of an IP right, their availability is governed by national procedural law.<sup>148</sup> The practise in numerous Member States shows that these type of negative claims, especially in patents, is increasingly requested and may be filed before, *e.g.*, Belgium,<sup>149</sup> Dutch,<sup>150</sup> English,<sup>151</sup> Italian,<sup>152</sup> Swedish, French and German patent courts.<sup>153</sup>

### **a.) IP litigation: Protection of the rightholder**

What makes the impact of ‘torpedo litigation’ in the IP domain so special?

A ‘torpedo’ employed by using any kind of negative declaration may in general cause harm to the party deprived from a subsequent positive claim until the court first seised decides about the negative claim. But it becomes even more exigent in the context of IP rights.

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<sup>146</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“, *op. cit.*, p. 435

<sup>147</sup> For an adoption of this view by Dutch, French, Belgium and German courts see: Pertegás- Sender, Marta *Cross-Border Enforcement of Patent Rights*, *op. cit.*, pp. 176-178. Contra: The British approach still upholds the former interpretation of Article 16 (4) Brussels Convention and affirms that the infringement of a patent cannot be judged before the validity has been decided. Therefore, only the courts of the place of registration have exclusive jurisdiction on validity and infringement issues. Jandoli, Vincenzo “The ‘Italian Torpedo’ ” [2000] 7-8 *International Review of Industrial Property and Copyright Law*, p. 783 at p. 787

<sup>148</sup> Pertegás- Sender, Marta *Cross-Border Enforcement of Patent Rights*, *op. cit.*, p. 175

<sup>149</sup> De Meyer, C. „Bedenkingen bij het fenomeen vande ‚Belgische Torpedo““ [1999] *IRDI* p. 76

<sup>150</sup> For example: District Court The Hague, 14 May 1997 *Chiron v. Evans Medical Ltd.* (1997) *IER* p. 143

<sup>151</sup> High Court, 8 and 9 December 1994 *Plastus Kreativ AB v. Minnesota Mining and Manufacturing Co.* [1995] *RPC* p. 438

<sup>152</sup> Italian Supreme Court, 18 October 1982, [1982] *Foro It. Rep.* p. 424

<sup>153</sup> Supreme Court Sweden, 14 June 2000 *Flootek* [2001] *GRUR Int* p. 178

Generally speaking, litigation in IP is facing the following situation: a right holder seeks an action against the infringer of his right and the alleged infringer tries to demonstrate his non-liability. In order to achieve this, the alleged infringer can launch an action seeking for a declaration of non-infringement to defend himself against the infringement claim.<sup>154</sup> This is of course a legitimate means of defence<sup>155</sup> but used as a torpedo, *i.e.* in the mere purpose to block a future claim of infringement,<sup>156</sup> it may occur bizarre or even unjust. Moreover as the person whose right has been infringed is in principle the person which has to be protected from the ‘bad guy’, the infringer. Thus, in comparison to the situation where two parties to a contract litigate about who started his action first, the one seeking for a declaration of nullity of the contract or the one seeking for enforcement of the terms, IP litigations are dominated by the situation right holder versus infringer.<sup>157</sup> This is one aspect why ‘torpedoes’ used in IP litigation are a very objectionable procedural tactic.

The other point why in relation to ‘torpedoes’, IP litigation is such an important subject is the cross-border nature IP rights and especially patents have achieved over the last years. In fact, cross-border litigation in IP opens a very wide scope for ‘torpedo litigation’.

## **b.) Cross-border litigation in IP**

IP law is in essence international because it lays down the rules of the innovation game. The monetary investment necessary for proper development in the IP sector is becoming impressive<sup>158</sup> and to balance/recoup this markets around the world are being exploited simultaneously. This results in a need to protect the IP rights among borders and explain the strong international component in IP law.<sup>159</sup>

Still a major difference must be drawn between cross-border recognition of IP rights and cross-border enforceability. The latter being an underdeveloped field until the end of last century.<sup>160</sup>

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<sup>154</sup> Franzosi, Mario „Worldwide Patent Litigation and the Italian Torpedo“, *op. cit.*, p. 384

<sup>155</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 267

<sup>156</sup> *see supra*

<sup>157</sup> Kur, Annette “Immaterialgüterrechte in einem weltweiten Vollstreckungs- und Gerichtsstandsübereinkommen – Auf der Suche nach dem Ausweg aus der Sackgasse“ [2001] 11 GRURInt, p. 908 at p. 909

<sup>158</sup> e.g. for a new drug the number frequently stated is US\$100 million

<sup>159</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“, *op. cit.*, p. 433

<sup>160</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para [1]

In 1883, the *Paris Convention for the Protection of Industrial Property*<sup>161</sup> provided the first foundation for international recognition of the rights obtained in each Member State. It sets forth the so-called right of priority, which means that for facilitating simultaneous protection in member countries, the Convention provides that within 12 months of national filing, if patent applications are filed in member countries, the patents, if granted in member countries, will be effective from the date of national filing.<sup>162</sup> In addition, it determines the principles of equality of treatment.<sup>163</sup> The idea is to provide equal treatment to applicants from member countries, in a given member country and not to differentiate between the nationals of your country and nationals of the other countries for the purpose of grant and protection of industrial property in your country.<sup>164</sup>

At this stage, only recognition of IP rights was given on an international level. Claims about IP violation had to be made in the particular country where the violation occurred and before that particular court.<sup>165</sup> The reluctance to consider international enforcement of IP rights is to explain by the fact that traditionally, enforcement of foreign IP rights was seen as a threat to the legal independence and territorial scope of IP.<sup>166</sup>

With the arrival of a common market in Europe and the growing need to avoid parallel and duplicated proceedings in order to conduct regular business in this space, the situation changed.<sup>167</sup> First, the ECJ developed the concept of European exhaustion of IP rights, starting with *Deutsche Grammophon*<sup>168</sup> and culminating in *Merck v. Stephan*.<sup>169</sup> A judicature that moved slowly away from the concept of IP rights as purely local rights.<sup>170</sup> And under the pressure from industry, because of the growing costs of the existing system under the Paris Convention, the European system set up the European

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<sup>161</sup> *Paris Convention for the Protection of Industrial Property*, March 20, 1883, 25 Stat. 1375, 828 U.N.T.S. 305; In the field of literary and artistic work followed the: *Berne Convention for the Protection of Literary and Artistic Work*, September 9, 1886, S. Treaty DOC. N°99-27, 828 U.N.T.S. 221.

<sup>162</sup> Article 4 (A) Paris Convention

<sup>163</sup> Article 2 Paris Convention

<sup>164</sup> Jacob „International Intellectual Property Litigation in the next Millenium” [2000] 32 Case W. Res. J. Int’l Law p. 507 at p. 508

<sup>165</sup> *ibid.*

<sup>166</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para [1]

<sup>167</sup> Jacob, The Hon. Justice *Enforcement in Europe – lets go forum shopping*, A Paper for Topic 3.1 of the FICPI Open Forum, Florence, October 1998, para. [A]

<sup>168</sup> C- 78/80 *Deutsche Grammophon Gesellschaft mbH v. Metro-SB-Großmärkte GmbH & Co. KG* [1971] ECR p. 487

<sup>169</sup> C- 187/80 *Merck & Co. v. Stephan BV* [1981] ECR p. 2063

<sup>170</sup> Jacob „International Intellectual Property Litigation in the next Millenium”, *op. cit.*, p. 508

Patent Convention (EPC) in 1973.<sup>171</sup> The major contribution of this Convention was the creation of European patents<sup>172</sup>, by creating a bundle of national patents, legally distinct but substantively identical, obtained through a single application and granting process.<sup>173</sup> At the same time, the contracting States were required to bring their substantive patent laws in line with the Convention.<sup>174</sup>

Still, cross-border enforcement by the means of litigation over the whole bundle of patents in one single court was not achieved by this. An attempt was made in 1975 to provide for a litigation system for the Community and to install a single European Community Patent for the entire European Union.<sup>175</sup> This Community Patent never entered into force, primarily for reasons of translation costs and judicial arrangements.<sup>176</sup> Recently, the European Commission received the idea of a Community Patent, this time by way of a Community Regulation, but it is still several years at least from realisation.<sup>177</sup>

Then, at the end of the eighties, patentees and their competitors started to seek the consolidation of multinational patent litigation before a single national forum in order to achieve a cross-border injunction.<sup>178</sup> It was the Dutch IP lawyers who actually realised and argued that the existing rules private international law in Europe open up the possibility to litigate parallel rights in just one court.<sup>179</sup>

They applied the Brussels Convention to enforce infringement actions cross-border in a way that has long been declined by the majority of IP law experts. In fact, they established an understanding of the Brussels Conventions' provision in a way to allow the litigation of multiple infringement cases in one single court and without necessarily being the court having granted the IP right.<sup>180</sup>

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<sup>171</sup> Convention on the Grant of European Patents (European Patent Convention/ EPC) Munich 5 October 1973

<sup>172</sup> Article 2 EPC

<sup>173</sup> Fawcett, J.J. and Torremans, Paul *Intellectual Property and Private International Law* Oxford, Clarendon Press 1998, p.173

<sup>174</sup> See articles 1-2 EPC

<sup>175</sup> See Convention for the European Patent for the Common Market (Community Patent Convention) [1976] O.J. L 17 p. 1

<sup>176</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“, *op. cit.*, p. 433

<sup>177</sup> *ibid.*

<sup>178</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para [1]

<sup>179</sup> Jacob „International Intellectual Property Litigation in the next Millenium”, *op. cit.*, p. 510

<sup>180</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“, *op. cit.*, p. 435

This form of cross-border injunction has been copied throughout Europe and is almost universally accepted in Europe.<sup>181</sup> While being a means to avoid fragmented litigation in IP, it has also opened up the possibility to launch negative declaratory claims, such as non-infringement actions.<sup>182</sup> Therefore, in relation to ‘torpedo litigation’ it is a prerequisite to examine the conditions for cross-border litigation in IP in order to understand how ‘torpedoes’ can evolve in this field. (It is not the purpose of this exercise to plead against cross-border injunctions in IP in general.)

The cross-border nature of a patent infringement claim basically depends on two factors. First, the action must fall within the scope of the European jurisdictional system, which means the Brussels and Lugano Conventions or the Brussels I Regulation. Second, there must be a provision which may justify cross-border jurisdiction.

The second question is the one leading to difficulties and diverging interpretation. In general, Article 6 (1) and Article 5 (3) of the Brussels I Regulation have been consulted and applied by the courts granting cross-border jurisdiction.<sup>183</sup> This paper will mainly focus on the challenge Article 6 (1) constitutes in this context.

### **c.) Article 6 (1): Plurality of defendants**

The basic rule of jurisdiction under the Brussels I Regulation is that the defendant is to be sued in his home country – in the courts of the country of his domicile.<sup>184</sup>

Concerning actions of patent infringement that means that a defendant can be sued before the court of his domicile for violation of a patent registered in that jurisdiction or /and of a patent registered in another jurisdiction.<sup>185</sup>

In a case of multiple infringer to one patent, Article 6 (1) has been sought as a ground of jurisdiction to achieve a single lawsuit over all of them in one single court. Article 6(1) states that: ‘A person domiciled in a Member State may also be sued: where he is one of a number of defendants, in the courts of the place where any one of them is domiciled,

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<sup>181</sup> For Italy see *Euromach v. Hiebsch & Peege AG* High Court of Brescia 11 November 1999,[2000] Riv. Dir. Ind. II, p. 236. For the Netherlands which initiated cross-border injunction in IP law and France, Germany and Belgium which copied it see *infra*.

<sup>182</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para [1]

<sup>183</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para [2]

<sup>184</sup> Article 2 Brussels I Regulation, the same applied to the Brussels Convention

<sup>185</sup> Franzosi, Mario in „ Worldwide Patent Litigation and the Italian Torpedo“, *op. cit.*, p. 383

provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.’

Meanwhile, the general rule in IP law is that not only the manufacturer of goods violating an IP right is qualified as an infringer, but everyone who sells and deals with these goods.<sup>186</sup> Therefore, as long as the rightholder can find a seller and hence an infringer in any country of the common market, he can start his law suit in the court of this infringer’s domicile and then join his suppliers and ultimately the manufacturer into it, the latter being generally the real defendant.<sup>187</sup>

The Hague Court of Appeals granted for the first time in 1994, based on Article 5(3) and 6 (1) such a cross-border patent prohibitory injunction for the Netherlands, as well as for Germany, France, Liechtenstein, Luxembourg, Austria, United Kingdom, Switzerland and Sweden.<sup>188</sup>

This decision attracted enormous attention and gave the impulse for entirely new case law under the Brussels Convention and the following Brussels I Regulation.<sup>189</sup> So starting with the Netherlands, this occurred then in Germany and in France, and eventually the United Kingdom. Whereas the latter courts are beginning to revert this application of Article 6 (1).<sup>190</sup>

It is important to notice, that Article 6 (1) is a derogation from the fundamental rule of *forum rei* set up in Article 2, *i.e.* to sue a defendant at his domicile. Therefore, in *Kalfelis*<sup>191</sup> the ECJ has underlined that it conceives a restrictive interpretation. In other words, the special nature of Article 6(1) provides for various cases of ‘special jurisdiction’ that are ‘based on the existence of a particularly close connecting factor between the dispute and courts other than those of the State’s of the defendant’s domicile. It is that connecting fact which justifies the attribution of jurisdiction to those courts for reasons relating to the sound administration of justice and the

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<sup>186</sup> Fawcett, J.J. and Torremans, Paul, *op. cit.*, p. 172

<sup>187</sup> Jacob „International Intellectual Property Litigation in the next Millenium”, *op. cit.*, p. 510

<sup>188</sup> The Hague Court of Appeals, 3 February 1994, [1995] IER 8. They used for this purpose a specific form of summary proceedings called ‘kort geding’. See *infra* for details. The most famous decision enjoining infringement of IP rights that covered not only The Netherlands but also other countries, when the infringing acts were committed by Dutch companies is Hoge Raad, 24 November 1989, *Lincoln v. Interlas*, NJ 1992, 404 . Still, this case did not, in and on itself, deal with the application of the Brussels Convention, but influenced the application of the Convention to IP rights.

<sup>189</sup> Straus, Joseph „Patent Litigation in Europe – A Glimmer of Hope? Present Status and Future Perspectives” [2000] 2 Washington University, Journal of Law & Policy p. 403 at p. 417

<sup>190</sup> See *infra* for details on the different national decisions.

<sup>191</sup> C- 189/87 *Kalfelis v. Banca Schroeder* [1988] ECR 5565

efficacious conduct of proceedings'.<sup>192</sup> Thus, it is required that the court before which an action is sought must have a 'particularly close connecting factor' with the dispute.

Parallel to the development in the Netherlands, the District Court of Düsseldorf decided in several cases to be competent to rule on a cross-border infringement action. First on a request filed by a Dutch company against a German company based on a United Kingdom patent. The patentee sought to prevent export to Great Britain of conveying equipment alleged to infringe the patent from being exported to the United Kingdom.<sup>193</sup> In 1996, it ruled a case where a German company was found guilty to have infringed a British patent.<sup>194</sup>

In France, the first cross border injunction was ruled in 1996 where the court declared itself competent to rule on a copyright infringement in a case where a French company was selling infringing software in Spain. The court found infringement based in Spanish copyright law.<sup>195</sup> In a judgment in 1999, the Paris District Court considered itself competent to hear a request for an injunction against the former publisher of the Asterix works to prevent the distribution in England of the cartoon. Even though the case concerned British territory, and was directed against two English publishing houses, the court held it had jurisdiction under Article 6 (1) of the Brussels Convention because one of the publishing houses was established in France.<sup>196</sup>

Eventually, in the United Kingdom, a cross border injunction concerning literary and artistic property was ruled. The English High Court considered itself having jurisdiction under Article 6 (1) in relation to architects' drawings which had been used by a British engineering company to build a development in the Netherlands.<sup>197</sup> The English plaintiff brought his claim against four defendants, the first of whom was domiciled in the United Kingdom, the second may have been so domiciled and the third and fourth were domiciled in the Netherlands.

Though, an English court applied a cross border injunction in this case, the English courts in general are very reluctant to do so. Especially in cases of patents, where

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<sup>192</sup> C- 220/88 *Dumez France and Tracoba v. Hessische Landesbank* [1990] ECR I-49, para. [17]

<sup>193</sup> LG Düsseldorf, 1 February 1994, 4 O 193/87 - *Kettenbandförderer III*

<sup>194</sup> LG Düsseldorf, 16 January 1996, 4 O 5/95- *Reinigungsmittel für Kunststoffverarbeitungsanlagen*

<sup>195</sup> Court of Appeal Paris, 18 October 1996, *Banco de Santander v. Kortex International and Agro Informatica y Comunicaciones*, PIBD 1997, III 221

<sup>196</sup> District Court of Paris, 3 December 1999, see Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“, *op. cit.*, p. 441

<sup>197</sup> 7 March 1997 *Pearce v. Ove Arup Partnership Limited*, [1998] 29 IIC p. 833; [1997] 2 WLR p. 779

Article 22 (4) confers exclusive jurisdiction on the court of registration. They tend to declare that no conclusion can be reached in a patent litigation on infringement claims without consideration of the validity of the patent and thus deny cross border injunctions from a court where only infringement has taken place.<sup>198</sup>

Though, some decisions were in favour of cross border injunction in relation to infringement claims in patent law,<sup>199</sup> the English courts began to revert from this position, and in *Fort Dodge Animal Health Ltd. v. Akzo Nobel NV*<sup>200</sup> they dismissed a provisional relief from the Dutch Court concerning an United Kingdom patent. Laddy J. refused to grant the injunction saying that:

‘If the United Kingdom Courts have exclusive jurisdiction over the dispute concerning the United Kingdom patent, then there is no justification for the respondent attempting to obtain from the Dutch Court even provisional relief as an aid to or an adjunct of the claim for final relief in respect of the United Kingdom patent. It would be vexatious to seek such relief.’<sup>201</sup>

But still, the availability of cross-border jurisdiction and enforcement in the scope of the Brussels I Regulation regarding IP in general and European patents specifically seems to be accepted in principle in most Member States.

Back to the topic of ‘torpedo litigation’ one has to examine whether Article 6 (1) can serve as a ground of jurisdiction for actions of non infringement in this context.

In *Chiron Corpn v. Evans Medical Ltd and Others*,<sup>202</sup> Article 6 (1) has been applied successfully where a worldwide exclusive licensee under a patent was held to be a proper party to an action for a declaration of non infringement brought against the proprietor of a patent.<sup>203</sup>

Thus, not only has the possibility of launching an action of non infringement under Article 6(1) been widely accepted by the European courts but it may seem to produce an incentive for excessive use of declaratory actions. Since the tactic of the rightholder is to sue one of the sellers in order to choose the forum and then to join in the manufacturer under Article 6 (1). The manufacturer who is in this case usually the ‘real’

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<sup>198</sup> Straus, Joseph „Patent Litigation in Europe – A Glimmer of Hope? Present Status and Future Perspectives”, *op. cit.*, p. 417

<sup>199</sup> *Coin Limited v. Sazo International (UK) Limited* [1997] FSR p. 660

<sup>200</sup> *Fort Dodge Animal Health Ltd. v. Akzo Nobel NV* [1998] FSR p. 222

<sup>201</sup> *Fort Dodge Animal Health Ltd. v. Akzo Nobel NV* [1998] FSR pp. 245, 246

<sup>202</sup> *Chiron Corpn v. Evans Medical Ltd and Others* [1996] FSR p. 863

<sup>203</sup> Fawcett, J.J. and Torremans, Paul, *op. cit.*, p. 171

defendant loses so his right to be sued at his domicile.<sup>204</sup> In order to prevent this situation, instead of waiting to be sued, these defendants have sought declarations of non infringement in the country of their choice.<sup>205</sup>

This development and the accusation of a kind of judicial imperialism have led to a change in the Dutch jurisprudence, restricting the application of Article 6 (1) to cases possessing the so-called ‘spider in the web’.<sup>206</sup>

In *Cordis v. Boston*<sup>207</sup> the Court of Appeal of The Hague held that with respect to the scope of Article 6 (1) a joint action before the courts of the State where one of the legal entities of the company group is domiciled is only possible where the company’s ‘management epicenter’ is located. (In fact, several American companies, owners of a European Patent covering most of the countries of Europe..p. 2.13 Veron 30 years, facts of case lassen sich noch einfügen). In other words, pan-European injunctions before a Dutch court are only possible where the allegedly infringing group of companies has its main centre of activities in the Netherlands.<sup>208</sup> Thus, Article 6 (1) may only be invoked before the court of the place where the ‘spider is in the web’. Needless to say, that the self-imposed restrictive view of the Gerechtshof has been very much welcomed outside the Netherlands as the possible end of unconditional cross border injunction under Article 6 (1).<sup>209</sup> It seems to be a solution based on a good logic, applying the principle developed in *Shevill v. Press Alliance*<sup>210</sup> which introduces in the context of art. 5 (3) the notion of the place of the headquarters from where the harmful event is directed.<sup>211</sup>

However, in other cases, the Dutch courts have tried to limit the scope of Article 6 (1) in cross border injunction by applying the subjective test introduced by *Kalfelis*. In *Akzo v. Webster*,<sup>212</sup> they based their judgment on the requirement of a special connection between the claim and the State where litigation is pending to avoid the risk of improper joining of defendants. The President of the Rechtbank of The Hague ruled that

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<sup>204</sup> Principle of Article 2

<sup>205</sup> Jacob „International Intellectual Property Litigation in the next Millenium”, *op. cit.*, p. 510

<sup>206</sup> Véron, Pierre, „Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation“, *op. cit.*, p. 445

<sup>207</sup> Gerechtshof The Hague, 23 April 1998 *Expandable Grafts, Ethicon & Cordis Europe v. Boston* [1998] IER p. 170, often referred to as *Cordis v. Boston*.

<sup>208</sup> Jacob, The Hon. Justice *Enforcement in Europe – lets go forum shopping*, *op. cit.*, para [B]

<sup>209</sup> Compare Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para. [2.1.]

<sup>210</sup> C- 68/93 *Shevill v. Presse Alliance* [1995] ECR 415

<sup>211</sup> Jacob, The Hon. Justice *Enforcement in Europe – lets go forum shopping*, *op. cit.*, para [B]

<sup>212</sup> Rechtbank The Hague, 23 December 1997 *Akzo Nobel v. Webster* [1998] IER p. 75; [1999] BIE p. 55

considering the facts that the Dutch court was not the most appropriate forum because 99,6 per cent of the allegedly infringing activities were performed in the United Kingdom. Consequently, a joinder of the defendants would be abusive.<sup>213</sup>

So, Article 6 (1) may constitute an incentive for forum shopping for IP rightholder and this may subsequently provoke evasive use of non infringement action by manufacturer or seller. Nevertheless, by restricting the scope of joint actions under Article 6 (1), either by applying the ‘spider in the web’ or the test of close connection, abusive cases can be diminished effectively. Thus, torpedo litigation provoked by Article 6 (1) are able to be minimised in this way.

However, a general concept to minimise torpedoes in general should be considered.

#### **IV. Attempts and concepts in order to minimise inadequate effects of Article 27 - How to stop the ‘Torpedo’ -**

The judicial world, whether it is scholars or judges, have recently become more and more aware of the possibilities of misuse, Article 27 offers potential defendants by providing for a strict ‘first-come, first-served’ rule. National courts in Europe are trying to establish concepts in order to combat ‘torpedo’ actions. Meanwhile, working groups and scholars have developed revised versions of Article 27 in the aim of preventing misuse. These attempts, made in the ‘war against torpedoes’, have to be assessed subsequently and will lead to the conclusion that the only way at the moment to combat torpedoes in conformity with the purpose of the Brussels I Regulation is to classify them into justified and abusive torpedoes, the latter not having any effect.

##### **1. Domestic case law developed to circumvent *lis pendens***

Several decision of national courts have tried to combat the ‘torpedo’ by developing tactics to deny or avoid the situation of *lis pendens*. Subsequently, two decisions will be analysed and it will be observed whether they allow to establish a general rule able to avoid ‘torpedo litigation’.

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<sup>213</sup> Pertegás Sender, Marta “Cross-border injunctions in patent litigation: ingenious Tactics or misuse of private international rules?”, *op. cit.*, para. [2.1.]

**a.) Not the ‘same cause of action’**

The District Court of Paris has recently made several attempts in order to dismiss ‘torpedo’ claims. However, the grounds on which it has proceeded are very controversial.

In a judgment dated 28 April 2000, the Paris District court<sup>214</sup> had to decide whether an action for cross-border declaration for non-infringement of a European patent launched in an Italian court had the ‘same cause of action’ as an action of infringement concerning the French part of the patent started in the French court. The French court held that the action for infringement and the action for non-infringement did not involve the same cause of action. By applying such a reasoning, the court was able to circumvent the imperative ‘shall’ of the wording of Article 27 and did not decline jurisdiction.<sup>215</sup>

Considering the ECJ’s interpretation of ‘same cause of action’ in *Gubisch* and in *The Tatry*,<sup>216</sup> the decision given by the District Court of Paris seems inconsistent with Article 27. According to the ECJ, the term of ‘same cause of action’ is an autonomous concept which must be interpreted broadly; and the decisive factor is whether ‘the end the actions have in view’ is similar.<sup>217</sup> In this case, by applying the ECJ’s interpretation correctly, the two actions must have had the same object since an action for infringement of a patent is the mirror-action to a claim of non- infringement of the same patent.<sup>218</sup> Thus, the decision of the District Court of Paris is in breach with the wording of Article 27. Therefore, it can not serve as a ‘model approach’ from which one may draw a general rule in order to dismiss ‘torpedo claims’.

**b.) ‘Kort Geding’**

In the Netherlands the courts have employed specific summary proceedings to enforce cross-border injunctions. The procedure used by the Dutch courts is called ‘kort geding’ and may be described as a shortened procedure reserved for provisional measures taken

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<sup>214</sup> Paris District Court, 28 April 2000; [2001] GRUR Int. p. 173; the judgment has been appealed: Court of Appeal Paris, 18 October 1996, *Banco de Santander v. Kortex International and Agro Informatica y Comunicaciones*, PIBD 1997, III 221

<sup>215</sup> Véron, Pierre “Italian Torpedoes: An Endangered Weapon in French Courts?”, *op. cit.*, p. 230

<sup>216</sup> C -406/92 *The Tatry v. The Maciej Ratja*, and C -144/86 *Gubisch Maschinenfabrik v. Palumbo*, *op. cit.*

<sup>217</sup> C -406/92 *The Tatry v. The Maciej Ratja*, *op. cit.*, para. [40]

<sup>218</sup> Treichel, Pierre “Patentrecht und Europäisches Zivilprozeßrecht”, *op. cit.*, p. 176

by the President of the court in urgent cases.<sup>219</sup> It is a summary proceeding, but which operates as an alternative to principal proceedings. There is no obligation to commence the latter, which are slower and more expensive.<sup>220</sup> The Dutch courts have been willing to grant cross-border injunction by the means of ‘kort geding’ and they have justified it by saying that it consolidates litigation in one State, and quickly lets the parties know where they stand.<sup>221</sup>

Accordingly, the question arises whether it is possible to start ‘kort geding’ in order to establish an infringement claim after a ‘torpedo’ action for non-infringement has been started? If this is possible, ‘kort geding’ could be used as a tool to ‘fight’ against ‘torpedo litigation’.

The Hague Court of Appeal asserted in *Cordis v. Boston*<sup>222</sup> that there is no obstacle in Article 21 Brussels Convention (now 27) to an interim proceeding since there is no *lis pendens* between the interim proceedings and the ordinary proceedings. It based its reasoning on Article 24 Brussels Convention (now 31) which offers an additional ground of jurisdiction for provisional measures.

The issue whether Article 31 does not decline *lis pendens* in cases of provisional measures is controversial and not the topic of discussion here.<sup>223</sup> Supposed, provisional measures would not fall under Article 27, a claim of infringement pleaded within the scope of ‘kort geding’ could be upheld even if the alleged infringer would have launched his ‘torpedo’ prior in time.

However, ‘kort geding’ is a provisional measure, therefore in nature, it is not final because it can be appealed and can be followed by ordinary proceedings.<sup>224</sup> In practice, it often gives a final solution. This comes about because, in most cases, the interim injunction is granted for an indefinite period of time and the defendant chooses not to challenge the injunction.<sup>225</sup> Thus, to start of ‘kort geding’ proceedings after a ‘torpedo’ has been started, may lead to a situation where two irreconcilable decisions are issued. The court asked for an action of non-infringement may have declared having jurisdiction and may have decided in favour of the alleged infringer. Whereas the Dutch

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<sup>219</sup> Brinkhof, Jan J. “Between Speed and Thoroughness: The Dutch ‘Kort Geding’ Procedure in Patent Cases” [1996] 9 EIPR p. 499 at p. 500

<sup>220</sup> Fawcett, J.J. and Torremans, Paul, *op. cit.*, p. 219

<sup>221</sup> Fawcett, J.J. and Torremans, Paul, *op. cit.*, p. 220

<sup>222</sup> The Hague Court of Appeal, 23 April 1998 *Cordis v. Boston*, mentioned in [2000] 7-8 ICC p. 795

<sup>223</sup> see *contra*: Jandoli, Vincenzo “The ‘Italian Torpedo’ ”, p. 795

<sup>224</sup> Waldlow, Christopher, *op. cit.*, para. [3-28]

<sup>225</sup> Fawcett, J.J. and Torremans, Paul, *op. cit.*, p. 219

court may have granted a cross-border injunction in favour of the rightholder asking to stop all alleging actions.

Moreover, 'kort geding' is a concept unique to the procedural law of the Netherlands and as such not known in the other Member States.<sup>226</sup> Therefore, it seems quite difficult to extract a general rule from 'kort geding' that could be applied by all national courts to serve as a tool against 'torpedo litigation' within the scope of Article 27.

Hence, the solutions found in the domestic case law analysed above, are based on the idea to circumvent *lis pendens* where a 'torpedo' action has been launched. The way the French court chooses, by denying that the conditions of Article 27 are fulfilled when an action for infringement follows an action for non-infringement, is contrary to the wording of Article 27 ('same cause of action'), and is therefore not to be adopted.

The path, the Dutch courts follow is to employ a unique procedure of Dutch civil procedural law which is not easily adoptable as a general tool by all Member States.

Therefore, instead of drawing concepts to circumvent *lis pendens*, one shall focus on developing exceptions to Article 27, being at the same time conform with the Brussels regime and enabling a rightholder to combat 'torpedo litigation'.

## **2. Exceptions to the 'first filed' rule of Article 27**

To be able to establish an exception to the 'first filed' rule of Article 27, the question must be answered whether any exceptions at all are admissible to the *lis pendens* rule of Article 27.

It has been brought forward that a possible exception to the 'first-come, first-served' rule may be the case where the court seised second has solely exclusive jurisdiction.<sup>227</sup>

The ground for this exception may be found in article 35 which prohibits the recognition of judgments that conflict with the provisions on exclusive jurisdiction.<sup>228</sup>

But this case has not been decided by the ECJ, yet.<sup>229</sup> However, in *Overseas Union Insurance Ltd v. New Hampshire Insurance Co* the Court held, that its ruling was without prejudice to the case where the court second seised has exclusively jurisdiction

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<sup>226</sup> Waldlow, Christopher, *op. cit.*, para. [8-21]

<sup>227</sup> see *supra* II

<sup>228</sup> Waldlow, Christopher, *op. cit.*, para. [8-20]

<sup>229</sup> The ECJ left open the question whether the answer was the same if the court seised second had exclusive jurisdiction, in particular under Article 16'. see C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co*, *op. cit.*, p. 3351-3352

under the Convention and in particular under Article 16 (now 22).<sup>230</sup> Consequently, the scope of this possible exception to the application of Article 27 remains uncertain.<sup>231</sup> This would lead to the conclusion that at least there may be room for exceptions to Article 27.

In *Erich Gasser GmbH v Misat Srl*<sup>232</sup>, the court's judgment seems ambivalent whether Article 27 is subject to any exception at all.<sup>233</sup> On the one hand it made clear that in *Overseas Union Insurance*<sup>234</sup>, in the absence of any claim that the court second seised had exclusive jurisdiction in the main proceedings, it simply had declined to prejudge the interpretation of Article 27 in the hypothetical situation that the court second seised had exclusive jurisdiction in the main proceedings.<sup>235</sup> And appears to deny any exception at all.

Subsequently, it then denies that a case of jurisdictional prorogation (Article 23) can prevail over Article 27 and comes to this conclusion, by distinguishing Article 23 from the case of exclusive jurisdiction under Article 22: 'Article 23 [in contrast to Article 22] is not affected by Article 35.'<sup>236</sup> Thus, the Court uses the argument of those who consider that in the case of exclusive jurisdiction (Article 22) of the court second seised an exception to Article 27 is possible, in order to dismiss any exception in virtue of Article 23 to the *lis pendens* rule. Hence, it appears as though there may be room for certain exceptions to Article 27.

Moreover, there are other voices supporting the thesis that certain exceptions to *lis pendens* under the Brussels I Regulation may be justifiable. For example, there is the Commission in *Gasser* that suggested that Article 21 is subject to at least one exception, cases within Article 22.<sup>237</sup>

In relation to 'Torpedo Litigation' one has to consider which concept combats the misuse of declaratory actions in the most efficient way and still remains an exception consistent with the purpose of *lis pendens* under the Brussels I Regulation.

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<sup>230</sup> C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co*, *op. cit.*, para. [26]

<sup>231</sup> Collin, Lawrence, *op. cit.*, para. [12-043]

<sup>232</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, see Chapter I.

<sup>233</sup> Mance, Jonathan "Exclusive Jurisdiction Agreements and European Ideals" [2004] 120 (Jul) LQR, p. 357 at p. 360

<sup>234</sup> C-351/89 *Overseas Union Insurance Ltd v. New Hampshire Insurance Co*, *op. cit.*

<sup>235</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para. [44-45]

<sup>236</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para. [52]

<sup>237</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para. [36]

**a.) Clause of exclusive jurisdiction**

Can Article 23 prevail over Article 27 in certain circumstances?

What about the hypothesis when two parties have agreed *ex ante* by adopting an exclusive jurisdictional clause for a certain jurisdiction in the case of a future dispute. Is this not the classic mean of protecting oneself against pre-emptive actions and future 'forum shopping'? Indeed, in *Continental Bank N.A. v. Aekos Compania Naviera S.A.* the English Court of Appeal gave priority over an exclusive jurisdictional clause and dismissed the application of *lis pendens*.<sup>238</sup>

As seen above, this has been overruled recently by the ECJ in *Erich Gasser GmbH v Misat Srl*.<sup>239</sup>

The ECJ insists upon that it is 'incumbent on the court first seised to verify the existence of the agreement (on jurisdiction) and to decline jurisdiction if it is established, in accordance with Article 17 (now 23), that the parties actually agreed to designate the court second seised as having exclusive jurisdiction.'<sup>240</sup> In fact, the arguments brought forward in relation to jurisprudence concerning exclusive jurisdiction do not apply to the case of prorogation.<sup>241</sup> As the ECJ declares, Article 19 (now 25) requires a court to declare of its own motion that it has no jurisdiction only where this court is seised of a claim which is principally concerned with a matter over which the courts of another Member State have exclusive jurisdiction by virtue of Article 16 (now 22).<sup>242</sup> Thus, Article 17 (now 23) on clauses of jurisdiction is not seen as conferring a ground of exclusive jurisdiction and can therefore not prevail over the priority principle laid down by the *lis pendens* provision.

Moreover, the approach by the English court could give rise to conflicting judgments because it would not be sure whether the court first seised would hold that the

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<sup>238</sup> *Continental Bank N.A. v. Aekos Compania Naviera S.A.* [1994] 1 W.L.R. 588, C.A. 'Where a jurisdiction agreement under Article 17 of the Convention (now Article 23) gives exclusive jurisdiction to the courts of England, proceedings brought contrary to the agreement in the courts of another Contracting State, even if prior, will not preclude the English court from hearing the case. Moreover, in an appropriate case, an anti-suit injunction may be issued to require the plaintiff in the foreign proceedings to discontinue those proceedings.'

<sup>239</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl* [2004] I.L.Pr. 7

<sup>240</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para. [49]

<sup>241</sup> see *supra* I.4.a): where the argument has been brought forward that in case where the court second seised has exclusive jurisdiction under article 23, this may be a possible exception to the rule that the court second seised is not allowed to examine the grounds of jurisdiction but it is for the court first to do so.

<sup>242</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.*, para. [52]

jurisdiction agreement was valid and covered the proceedings before it.<sup>243</sup> Thus, there is no reasonable ground for the English judiciary to let prevail Article 23 on clauses of jurisdiction over the *lis pendens* rule of Article 21.

Therefore, one may consider that jurisdictional clauses are not a substantive mean to combat pre-emptive actions that may transform themselves into ‘torpedoes’.

### **b.) Claims for a negative declaration – ‘Second class’ actions ?**

A claim for negative declaratory relief<sup>244</sup> has been defined as being above all ‘a pre-emptive jurisdictional strike’ or a ‘defensive tactic’ that is allowed by the jurisdictional rules applicable to European transnational litigation.<sup>245</sup>

Out of this considerations, another strategy has been developed to combat the ‘torpedo’. Essentially, it consists of classifying the different actions, and giving them an inherent priority that may not be affected by the priority rule of Article 27. In this strategy, an action for a positive claim shall prevail over any action for a negative declaration and the latter shall not entail *lis pendens* in virtue of Article 27 even when launched prior to the positive claim.

In several Member States, the national laws of civil procedure know mechanisms that give an action for performance priority over a negative declaration although the former has been launched second.<sup>246</sup> Under German law, proceedings for performance can be lodged when they have to deal with the questions that were intended to be considered in the declaratory judgment.<sup>247</sup> In England, there is much scepticism and resentment against negative declaratory relief. If the latter action is initiated not *bona fide* but for reasons of mere pre-emptive forum shopping, *lis pendens* cannot be invoked and the positive claim will prevail.<sup>248</sup> In Greece, a subsequent claim for performance deprives the plaintiff who has brought an earlier claim for negative declaratory relief of his standing to sue, no matter how late the claim for performance is initiated.<sup>249</sup>

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<sup>243</sup> Hartley, Trevor “Brussels Jurisdiction and Judgments Convention: Agreement and Lis Alibi Pendens” [1994] 19(5) E.L.Rev. p. 549

<sup>244</sup> Generally defined as, ‘a declaration containing the claim for a declaration by the court that the defendant has no valid claim or right against the claimant.’ Collin, Lawrence *Dicey and Morris on the Conflict of Laws*, *op. cit.*, p. 402

<sup>245</sup> Pertegás- Sender, Marta *Cross-Border Enforcement of Patent Rights*, *op. cit.*, p. 181

<sup>246</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 261

<sup>247</sup> Lücke in *Münchener Kommentar zur ZPO*, 1992, § 256 marginal note 61

<sup>248</sup> Collins, Lawrence, *op. cit.*, p. 402

<sup>249</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 265

The Brussels Convention and the Brussels I Regulation do not attribute a higher importance to actions of performance than to actions for negative declaratory relief. As seen above, the ECJ adopted an extensive interpretation of ‘same cause of action’ in virtue of Article 21 Brussels Convention that actions for negative declaration are able to decline *lis pendens*.<sup>250</sup> When drafting the Brussels I Regulation, one was aware of the problems, such as misuse, negative actions can provoke within the framework of *lis pendens*. Several proposals to change this have been made, e.g. to introduce an additional paragraph especially dealing with declaratory actions.<sup>251</sup> None of this has been adopted when drafting the Brussels I Regulation. Therefore one has to conclude that it is not in the purpose of the Brussels I Regulation to draw any distinction between positive and declaratory claims.

This seems controversial in the light that other instruments of private international law have taken into account the risk that declaratory actions entail in the context of *lis pendens*.

In the field of industrial property protection, the Community Trademark Regulation<sup>252</sup> has to be noted.<sup>253</sup> Article 100 of the Community Trademark Regulation clearly specifies that an action for declaration of non-infringement, although initiated first, does not create a situation of *lis pendens vis à vis* an action of infringement.<sup>254</sup> Therefore, there appears to be much less scope for a prospective defendant in Community Trademark litigation to take the initiative to launch proceedings in a notoriously slow jurisdiction in the way that has been developed in pan-European patent litigation.<sup>255</sup>

The Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters drawn up within the Hague Conference on Private International Law in 1999 dealt with this matter in Article 21 (6). Although, the ambitious project of the draft convention has been given up in 2002, and is now substituted by the work on an exclusive choice of court agreements Convention, the elaborated rule on *lis pendens*

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<sup>250</sup> See C -144/86 *Gubisch Maschinenfabrik v. Palumbo*, *The Tatry*, *op. cit.*

<sup>251</sup> The Grotius Programm: Proposal for amending Article 21 and 22 of the Brussels Convention: Article 21 (2) ‘Where an action for a declaratory judgment is brought before a court and within six months after the pendency of this action an action for performance involving the same cause of action and between the same parties is brought before the court of a different Contracting State, the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court seised second is established.’

<sup>252</sup> EC Council Regulation No 40/94 of 20 December 1993 on the Community trade mark, O.J. L 011, 14.1.1994, p.1

<sup>253</sup> Muir, Ian/ Brandi-Dohrn, Matthias/ Gruber, Stephan *European Patent Law – law and procedures under the EPC and PCT*, Oxford University Press, 1<sup>st</sup> Edition 1999

<sup>254</sup> Véron, Pierre “Italian Torpedoes: An Endangered Weapon in French Courts ?”, *op. cit.*, p. 230

<sup>255</sup> Jenkins, Neil „Pan European IPR enforcement strategies“ available at <http://ld.practicallaw.com>

seeks some attention.<sup>256</sup> Essentially, Article 21 (6) stipulates that if an alleged infringer has instituted proceedings for a declaration of non-infringement with a court which is competent according to the provisions of the convention, the court second seised prevails if the claim lodged there seeks the grant of substantive relief in the same case.<sup>257</sup>

However, this rule, depriving the alleged infringer of any possible action, seems a bit drastic and may not serve as a model that the European Union could copy without further concerns. The situation in the European Union can not be compared to a worldwide system of the draft convention in which not all national courts will be experienced enough to recognise a ‘torpedo’ as such.<sup>258</sup>

Nevertheless, the strongest point against a rule such as Article 21 (6) of the draft convention is, that it completely cuts down the right to a legitimate defence which any alleged infringer may have.<sup>259</sup>

The *lis pendens* rule under the Brussels I Regulation provides the alleged infringer with an effective mechanism for his defence, by including actions for negative declaratory relief within the scope of Article 27. He is not forced into a passive position and is just as capable as the rightholder or creditor of influencing jurisdiction.

Thus, Article 27 somehow implements the principles of procedural fairness and equality of opportunity.<sup>260</sup> This is convincing unless the alleged infringer does not abuse of his right.<sup>261</sup> However, in many cases there is a legitimate role for claims of negative declaration. For instance, in the field of insurance, a party may obtain an early determination upon his liability to another who may seek a claim against him, such as to know whether he should conduct the defence of a threatened claim against his insurer.<sup>262</sup>

Therefore, an alteration of Article 27, seeking to treat actions for declaratory relief in another way than positive claims for performance, would deny the alleged infringer a

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<sup>256</sup> Forner Delaygua, Joaquim-J “Choice of Court Clause: Two Recent Developments” [2004] 15 (9) ICCLR p. 288 at p. 294

<sup>257</sup> Kur, Annette „ International Hague Convention on Jurisdiction and Foreign Judgments: a way forward for I.P.“, *op. cit.*, p. 180

<sup>258</sup> *ibid.*

<sup>259</sup> Kur, Annette „ International Hague Convention on Jurisdiction and Foreign Judgments: a way forward for I.P.“, *op. cit.*, p. 180

<sup>260</sup> Otte, Karsten; Prütting, Hanns; Dedek, Helge, *op. cit.*, p. 267

<sup>261</sup> *See infra* for how to treat cases of abuse.

<sup>262</sup> Collins, Lawrence, *op. cit.*, p. 403

legitimate mechanism for his defence.<sup>263</sup> Thus it seems convincing to conserve the position of the ECJ at this point and treat those to actions equally in virtue of Article 27. Nevertheless, the situation may change if the alleged infringer abuses of his procedural right.

### c.) Evident abuse of proceedings

The employment of declaratory actions by a potential defendant in the sole aim to block future positive claims may be subject to an abusive use of the procedural tools provided by the Brussels I Regulation.

The ECJ has applied a wide notion of ‘same cause of action’ in virtue of Article 27 in order to comply the purpose of the Regulation and the former Brussels Convention. Article 27 is intended, in the interest of a proper administration of justice within the Community, to prevent parallel proceedings before the courts of different Member States and to avoid conflicts between decisions which might result therefrom.<sup>264</sup>

Consequently, the ECJ allows by this judicature negative declarations to come within Article 27.<sup>265</sup> The side-effect this jurisprudence produces, *i.e.* pre-emptive forum shopping by party who fears that proceedings are going to be commenced against him and who wants to block this by a negative declaratory action, can not have to be intended by the Brussels I Regulation. Proceedings that are launched in order to block and/or delay a future claim stand in obvious inconsistency to the intention of the Regulation to provide for a well-functioning administration of justice. Moreover, they may be considered abusive under certain circumstances and therefore qualified inconsistent with the aim of the Brussels I Regulation.

When ‘torpedo’ actions may be regarded as abusive and whether this may constitute an exception to the ‘first filed’ rule of Article 27 remains to be analysed in the following.

One has to notice different approaches to the concept of abusive proceedings concerning the battle against ‘torpedo litigation’. There is the suggestion to disqualify actions for negative declaration when they are started in countries where the courts take more time than usual to proceed the claim and when the actual claim then become excessively long. In contrast to this approach taken *ex post*, suggestions are made to disqualify

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<sup>263</sup> Moreover, this seems to be contrary to the common legal principles of the Member States and not to mention the fundamental principles of European civilisation. Cf Franzosi, Mario “Torpedoes are here to stay”, *op. cit.*, para. [5].

<sup>264</sup> C -144/86 *Gubisch Maschinenfabrik v. Palumbo*, *op. cit.*

<sup>265</sup> See *supra* Chapter I.1. for this reasoning and cf. North, P.M. and Fawcett, J.J., *op. cit.*, p. 252

torpedoes already *ex post* as being abusive under special conditions of unconvincing grounds of jurisdiction.

### **i) Excessively lengthy proceedings**

Excessively lengthy proceedings may under certain circumstances deprive the plaintiff to some extent of legal protection or even leave him without legal remedies altogether.<sup>266</sup> This statement is the starting point for the following concept that intends to combat ‘torpedo action’ on the basis that the proceedings take an unreasonably long time.

In domestic case law, the German Federal Supreme Court has ruled that excessively lengthy proceedings in Italy have set aside the impediment of *lis pendens* preventing proceedings involving the same cause of action to be brought in German courts.<sup>267</sup> This has not been applied by the German courts concerning claims within the scope of the Brussels I Regulation.<sup>268</sup> But it is nevertheless argued that where the excessive length of proceedings is tantamount to a violation of Article 6 European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR), Article 27 must be interpreted in such a way that pendency produces its effect abroad only where the duration of proceedings is not unreasonably long.<sup>269</sup> Under Article 6 ECHR ‘everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law’. The Brussels I Regulation, being an instrument of the Member States, is understood to be interpreted in the light of the common principle of all Member States which includes the ECHR.<sup>270</sup> That means that an application of the rules on jurisdiction leading to exorbitant results must be avoided.<sup>271</sup>

The disadvantage of this concept is that it requires an approach *ex post*. In order to be able to determine whether proceedings exceed the reasonable length within Article 6 ECHR, one would have to wait a certain time until it becomes obvious and then institute

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<sup>266</sup> Schütze, Rolf A. “*Lis Pendens* and Related Actions”, *op. cit.*, p. 65

<sup>267</sup> See Bundesgerichtshof, [1983] NJW p. 1269

<sup>268</sup> See Bundesgerichtshof, [1986] IPrax p. 293

<sup>269</sup> Schütze, Rolf A. “*Lis Pendens* and Related Actions”, *op. cit.*, p. 65 with references to Geimer/ Schütze *Europäisches Zivilverfahrensrecht* Article 21 marginal note 25.

<sup>270</sup> Fentiman, Richard “Access to Justice and Parallel Proceedings in Europe“ [2004] *The Cambridge Law Journal* p. 312 at p. 313

<sup>271</sup> Cf. Schlosser, Peter *EuGVÜ* München, Beck 1996, Introduction, marginal note 27

proceedings on account of the excessive length the claim first started has taken.<sup>272</sup> Moreover, in *Gasser* the ECJ underlined that ‘the point from which the duration of proceedings becomes excessively long can be determined only on the basis of an appraisal taking account of all the circumstances of the case.’ It went further on saying, ‘that is an issue which cannot be settled in the context of the Brussels Convention but it is for the European Court of Human Rights to examine the issue and the national courts cannot substitute themselves for it by recourse to Article 21 (now 27) of the Convention.’<sup>273</sup>

Thus, it is not very realisable to fight efficiently against ‘torpedo action’ when each time a claim for a negative declaration is launched one has to wait for the European Court of Human Rights to decide whether this claim exceeds the time of reasonable length under Article 6 ECHR.

Even if the decisive factor is transformed into an approach *ex ante*, *i.e.* if actions of non-infringement can be regarded as without effect within the scope of Article 27, when they are launched in a country generally known for its lengthy proceedings,<sup>274</sup> this can not be held as a solution in consistence with the Brussels I Regulation.

In *Gasser* the ECJ declared that such an approach would be ‘manifestly contrary to both the letter and spirit and to the aim of the Convention’ [respectively the Brussels I Regulation].<sup>275</sup> ‘First, one shall notice that the Convention [respectively the Brussels I Regulation] contains no provision under which its articles and in particular Article 21 (now 27), cease to apply because of the length of proceedings before the courts of the Contracting State concerned.’<sup>276</sup> Second, the ECJ underlines that the Brussels Convention [respectively the Brussels I Regulation] is based on the mutual trust the Contracting States accord to each other’s legal systems and judicial institutions and it is that mutual trust that all the courts are required to respect.<sup>277</sup> Therefore, no derogation from the ‘first-come, first-served’ rule is possible ‘where, in general, the duration of

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<sup>272</sup> Schütze, Rolf A. “*Lis Pendens* and Related Actions”, *op. cit.*, p. 65 where he admits himself that the implementation of his concept would lead to difficulties in the practice.

<sup>273</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.* [69]

<sup>274</sup> This was the approach taken by the plaintiff in *Gasser*, where the Oberlandesgericht Innsbruck stayed proceedings and referred the following question 3 to the ECJ: ‘Can the fact that court proceedings in a Contracting State take an unjustifiable long time (for reasons largely unconnected with the conduct of the parties), so that material detriment may be caused to one party, have the consequence that the court other than the court first seised, within the meaning of Article 21, is not allowed to proceed in accordance with that provision?’

<sup>275</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.* [70]

<sup>276</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.* [71]

<sup>277</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.* [72]

proceedings before the courts of the Contracting State in which the court first seised is established is excessively long.<sup>278</sup> The principle of equality of all the national courts within the European Union prohibits an exception based on a national distinction concerning the length of domestic proceedings.<sup>279</sup>

Another attempt to achieve an exception to Article 27 may be to qualify actions for negative declaration as abusive under certain circumstances.

## ii) Abusive actions for negative declaration

The concept of ‘evident abuse’ is well-known in most of the Member States. (see *Aufzählung von Franzosi u. Impfstoff*)

In the scope of the Brussels I Regulation, the overwhelming principle is to achieve automatic enforcement and recognition of foreign judgments so that the course of proceedings may be accelerated within the European Union. The Regulation is built upon the mutual trust the Member States attribute to each others’ legal and judicial system and have therefore waived their internal rules on recognition and enforcement of foreign judgments.<sup>280</sup> Thus, the Regulation leaves not much space for any exceptions to its mechanic system, *e.g.* one can only block the enforcement of a judgment under the Brussels I Regulation in case of a ‘manifest breach’ of public policy<sup>281</sup> Nevertheless, where an action is completely contravene to the purpose of the Brussels I Regulation the notion of ‘abuse of rights’ reappears.<sup>282</sup> As recited in the preamble of the Brussels I Regulation, the general purpose of the Regulation is the simplification and acceleration of proceedings and enforcement.<sup>283</sup> Thus when the mere purpose of an action of non-infringement is to block any further claims, it is evidently in conflict with this purpose and may be regarded as abusive.<sup>284</sup>

Hence, the question remains under which circumstances in detail one may qualify a ‘torpedo action’ as abusive and whether this entails that the action therefore has no

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<sup>278</sup> C- 116/02 *Erich Gasser GmbH v Misat Srl*, *op. cit.* [73]

<sup>279</sup> *cf.* OLG Düsseldorf 30.09.1999 2 W 60/98 – “Impfstoff”, *op. cit.*, p. 780

<sup>280</sup> North, Peter & Fawcett, J.J. *op. cit.*, p. 481; Preamble of the Council Regulation n°44/2001 para. (16)

<sup>281</sup> C-7/98 *Krombach v Bamberski* [2000] ECR I-1935

<sup>282</sup> *Cf.* OLG Düsseldorf 30.09.1999 2 W 60/98 – “Impfstoff”, *op. cit.*, p. 780; also Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A.*, *op. cit.*, p. 229

<sup>283</sup> Preamble of the Council Regulation n°44/2001 para (2)

<sup>284</sup> Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A.*, *op. cit.*, p. 229

effect and Article 27 would not apply (and any court seized second for a positive claim could continue proceedings.)

In a judgment of the District Court of Paris in 2001<sup>285</sup> the notion of evident abuse was applied in order to deny *lis pendens*. The court decided to refuse to transfer a case for infringement initiated before it to the Milan District Court, although the latter court was seized first of an action for declaration of non-infringement of the same patent.<sup>286</sup> The Court held that ‘several elements concerning the way the proceedings were initiated authorise the court not to apply Article 27 relating to *lis pendens*, since the reference to this Article was an evident abuse’. It underlined, that this was so, ‘particularly in the view of the general purpose of simplification and acceleration of proceedings and enforcement of the Brussels Convention [respectively the Brussels I Regulation]’.<sup>287</sup> Still, this judgment is controversial and does not deliver the elements required to establish ‘evident abuse’ under Article 27 in consistence with the purpose/spirit of the Brussels I Regulation.

The grounds on which the District Court of Paris based its reasoning are not convincing. It brought forward that the alleged infringer, Fadis, before bringing its action before the Italian court, was subject to a *saisie-contrefaçon* (search and seizure) in France at the request of the rightholder, SSM. And therefore he was perfectly aware that SSM was obliged to bring an action before the French court within 15 days.<sup>288</sup> When Fadis quickly started proceedings of non-infringement in his home country Italy, the court concluded that this was an attempt to delay the infringement proceedings in France.<sup>289</sup> But in fact, an alleged infringer has always the right to attempt proceedings of non-infringement and simply because he tried to be the first to ‘shoot’ this can not be conclusive for any abuse.<sup>290</sup> As seen above, the situation of negative claim versus

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<sup>285</sup> Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A.*, *op. cit.*, p. 226

<sup>286</sup> Véron, Pierre “Italian Torpedoes: An Endangered Weapon in French Courts?”, *op. cit.*, p. 227

<sup>287</sup> Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A.*, *op. cit.*, p. 226

<sup>288</sup> Pursuant to Article L 615-5 of the French Intellectual Property Code, when a patent owner initiates a *saisie-contrefaçon* (search and seizure proceedings for obtaining evidence of infringement), he then must sue for infringement within 15 days of the *saisie-contrefaçon*: should he fail to initiate proceedings the *saisie* is invalid.

<sup>289</sup> Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A.*, *op. cit.*, p. 227

<sup>290</sup> Cf. OLG Düsseldorf 30.09.1999 2 W 60/98 – “Impfstoff”, *op. cit.*, p. 780 : “Allein der Umstand, dass die Beklagte zu 1) mit ihrer Klage der Klägerin zuvorgekommen ist, kann deshalb noch keine Vernalasung geben, die Priorität des belgischen Verfahrens – entgegen den zwingenden Anweisungen des

positive claim was perfectly known as the time the Brussels I Regulation has been adopted and still no alteration have been integrated in the wording of Article 27.<sup>291</sup> There is no different treatment between these two sort of actions considering the definition of ‘first seised’<sup>292</sup> and so it would be inconsistent with the wording of the Brussels I Regulation when an action for non-infringement would be qualified as abusive because the alleged infringer knew that the rightholder was about to start proceedings and he than reacted first.

In order to establish an ‘evident abuse’ an additional criteria is required, undermining that the potential defendant was in bad faith when he launched his action of non-infringement, *i.e.* that he did it solely to delay any positive claims.

In the case of the Paris District Court, the situation concerned a European patent registered in different Member States such as Italy and France. The potential defender seised the Italian court of an action of invalidity of the Italian part of the patent and of a claim aiming to declare that his activities did not infringe any valid right which can belong to the patent owner SSM on the basis of its European patent in its Italian part as well as in its other parts (its French part in particular).<sup>293</sup> The French court concluded there from that by trying to consolidate before the Italian court several actions for declaration of non-infringement that involve all the countries where the patent is applicable, he thereby created ‘complex proceedings’ in which as the plaintiff he could more easily direct its own course.<sup>294</sup>

It is very controversial whether it is legitimate to conduct cross-border litigation in patent law. There is a general acceptance in the national courts that European patents provides all the necessary requirements to be enforced by cross-border litigation legitimately(see above). But this is not the point the Paris Court is discussing. In fact, the court affirms that to start proceedings in one court over all the different national part of a European patent, the alleged infringer intends to create complex proceedings in his

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Artikels 21 EuGVÜ – außer acht zu lassen.”. Cf. Treichel, Pierre “Patentrecht und Europäisches Zivilprozeßrecht” [2001] 2 GRURInt p. 173 at p. 177

<sup>291</sup> *see supra*

<sup>292</sup> *see Gubisch and , op. cit.*

<sup>293</sup> Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A., op. cit.*, p. 226

<sup>294</sup> Tribunal de Grande Instance Paris, March 9, 2001 – Case No. 00/04083 *Schaerer Schweiter Mettler A.G. v. Fadis S.p.A., op. cit.*, p. 227

favour. Thus, in the view of the court he tries to create an abusive situation by creating complex proceedings of which he would be able to take advantage.

It would have been more convincing to examine the ground of jurisdiction on which the alleged infringer based his claim.<sup>295</sup> But the point of complex proceedings it is not convincing. Moreover, it does seem even less complex to get one single court in Europe to decide the infringement question on a pan-European basis than to have the issue decided independently – and possibly in opposite ways – by different national courts.<sup>296</sup>

The courts in Belgium have rendered several decisions on cross-border claims in patent infringement in which they have dealt with the notion of abusive proceedings.<sup>297</sup>

The *Röhm* and the *Roche* decision regarded both the so-called ‘Belgian torpedo’ and dealt with the interpretation of the Brussels Convention [respectively the Brussels I Regulation] in matters concerning cross-border injunction of European patents.<sup>298</sup>

In the *Röhm* it was held that the issue of (non) infringement is inherently linked to the issue of validity and accordingly, only the court of the State where the issue of validity is at stake should have jurisdiction to rule upon infringement.<sup>299</sup> This approach, in conformity with the English judiciary, denies cross-border actions of non infringement in courts other than the one of registration and therefore dismisses any ‘torpedo claims’ already at this stage. (see above).

Whereas in the *Roche* cases, this theory was mentioned neither by the court of first instance nor by the court of appeal.<sup>300</sup> It rather seems that the Belgian courts do not exclude the principle of cross-border jurisdiction for such claims but will analyse them under the conditions set forth in the Brussels Convention.<sup>301</sup>

In *Roche* the patent owner pleaded that the action of non-infringement was a matter of abuse of proceedings.

In fact, the court held that it had no jurisdiction under the Brussels Convention because there was no sufficient link as required under Article 6 (1) and that the evident lack of

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<sup>295</sup> As it was done in *Röhm v. DSM* and *Roche v. Glaxo*, see *infra*.

<sup>296</sup> Véron, Pierre “Italian Torpedoes: An Endangered Weapon in French Courts?”, *op. cit.*, p. 230

<sup>297</sup> District Court of Brussels, 12 May 2000 *Röhm v. DSM* [2000] BIE p. 211; District Court of Brussels, 8 June 2000 *Roche v. Glaxo* [2000] IER p. 232, confirmed on appeal: Court of Appeal of Brussels, 20 February 2001 *Roche v. Glaxo* [2001] IER p. 111

<sup>298</sup> Vandemeulen, Bruno „Brussels Court of Appeal Curtails Belgian Torpedo Tactics“ [2001] 4 Patent World

<sup>299</sup> Pertegás- Sender, Marta *Cross-Border Enforcement of Patent Rights*, *op. cit.*, p. 176

<sup>300</sup> Court of Appeal 20 February 2001 *Roche v. Glaxo*, *op. cit.*, upholding the decision of the lower court: ‘it is not inextricably linked with the claim for invalidity of the Belgian part of the European patent, but is rather an extension of this claim beyond the Belgian borders, so that the court should investigate whether it has the necessary jurisdiction for that.’

<sup>301</sup> Vandemeulen, Bruno „Brussels Court of Appeal Curtails Belgian Torpedo Tactics“, *op. cit.*, p.2

cross-border jurisdiction led to the qualification of the non-infringement claim as abusive.<sup>302</sup>

To establish this decision, the Court applied a two-level test:

- 1) Has the plaintiff summoned the Belgian defendant with the sole purpose of being able to summon also the other defendant (i.e the patent holder) before the same Belgian judge?
- 2) Assuming that the Belgian defendant was summoned before the Belgian court for good reasons, is there a sufficient link between the claim introduced against the Belgian defendant and the claim introduced against the other defendants?<sup>303</sup>

In other words, the Courts double inquiry consisted of a subjective element, the good reason of the plaintiff, and an objective element, the sufficient link between the claim and the forum.

This reasoning seems convincing and logic. First it takes into account the intention of a potential defendant who launches an action for a negative declaration, and examines whether this party uses his right to defence in the sole purpose to block further proceedings. Thus, it checks on the *bona fide* of the torpedor. And second, it requires an additional objective test in order to establish abuse, that is the test of the existence of a convincing ground of jurisdiction. The linking of a subjective and an objective test may justify to draw an exception from Article 27 on the grounds of abuse of proceedings. It will allow an exception to *lis pendens* only in a very restrictive manner and will therefore be in consistence with the concept of the Brussel I Regulation that provides for a mechanic and automatic self executing system in general.<sup>304</sup>

This concept of abusive torpedoes is maintained in a similar way by some scholars. In fact Professor Franzosi suggests to distinguish between good (justified) and bad (abusive) actions for non-infringement.<sup>305</sup> Hence there would be room for 'justified torpedoes' only in cases where the torpedo is based on a sufficient/ legitimate ground of jurisdiction. According to him an 'Italian torpedo', *i.e.* an action of non-infringement launched before an Italian court, is justified in two cases:

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<sup>302</sup> Treichel, Pierre "Patentrecht und Europäisches Zivilprozeßrecht", *op. cit.*, p. 177

<sup>303</sup> Vandemeulen, Bruno „Brussels Court of Appeal Curtails Belgian Torpedo Tactics“, *op. cit.*, p.2

<sup>304</sup> Cf. Bell, Andrew, *op. cit.*, p. 63: 'Consistent with the Regulation's intended self-executing operation, Article 27 introduces a mechanical first filed rule designed to provide certainty and simplicity in order to avoid irreconcilable judgments.'

<sup>305</sup> Franzosi, Mario "Torpedoes are here to stay", *op. cit.*, para. [6]

‘a) when an Italian entity (*i.e.* an individual or a company domiciled or resident in Italy, or having a sufficient connection with Italy) asks for a declaration of non-infringement. In this case jurisdiction is based convincingly on Article 5 (3) of the Regulation (place where the alleged tort may occur);  
b) when a non-Italian entity joins an Italian entity in such action for non-infringement, and there are sufficient reasons to justify or make it convenient to handle the cases jointly. In this case jurisdiction is based on Article 6 (1) (which means that the jurisdiction valid for the plaintiff as point a) above is given and has been extended to a co-plaintiff),<sup>306</sup>

Belgian, Greek, French, German torpedoes should be justified under equivalent circumstances.<sup>307</sup>

In my opinion, this test examine from an objective angle/Winkel whether a torpedo is justified or not. Nevertheless, the concept of ‘evident abuse’ requires generally an additional subjective moment, that is based on the intention of the person who is acting.<sup>308</sup> Therefore, in addition to Franzosi’s test, it should be examined whether the alleged infringer acted in the mere purpose of blocking future steps of the rightholder. His intention may generally be drawn/concluded from the jurisdiction he chooses, in other words when this jurisdiction does not have a any sufficient link with the case and the parties in question, he is deemed to be acting in bad faith.<sup>309</sup> Nevertheless, other obvious hints in the plaintiffs behaviour that may show his bad intention shall also be taken into account.<sup>310</sup> Hence, ‘abuse’ shall always be measured in contrast to ‘bona fide’ and therefore the intention of the party in question requires to be mandatory examined and established before concluding that a ‘torpedo’ may be abusive.

However, after having determined the two criteria that qualify a ‘torpedo’ as an abusive action, the question remains how a court seised with a positive claim second in time can

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<sup>306</sup> Franzosi, Mario “Torpedoes are here to stay”, *op. cit.*, para. [8]

<sup>307</sup> *ibid.*

<sup>308</sup> The national concepts of ‘evident abuse’ require all such a subjective moment: Under the French ‘*théorie de l’abus des droits*’ which applies also within the scope of civil procedure, the bad intention of the acting party is required (‘*intention malicieuse*’); *see* French Supreme Court, Cass. Civ., 10 June 1964, Bull. Civ. I, n° 310, p. 242. Under German law the concept of ‘*Treu und Glauben*’ requires to act in good faith, *see* § 242 German Civil Code. A similar concept may be found in common law under the term of ‘*bona fide*’.

<sup>309</sup> As the court did in *Roche*, *see supra*.

<sup>310</sup> *E.g.* Swiss Bundesgericht, 26 September 1997, EBG/ATF 123 II 414: When one party has granted the other party 14 days to react and submit a comprehensive repayment plan and then two days before the end of this term, the other party seises a court of a claim for a declaration of non-liability for the money claimed. Also: Where the alleged infringer was informed about a delay under which to react and instead of this he launches a claim of non-infringement. *See* ‘Anti-European Teeth for Choice of Court Clauses’ [1994] LMCLQ, p. 158 *aus* Bell FN 88 p. 65

proceed without being confronted by *lis pendens*. In the *Roche v. Gallox*, it was the court first seised for an action of non-infringement that declared the action abusive and declined its jurisdiction. Thus, no exception from the ‘first filed’ rule was made or was necessary to be made in order to combat the torpedo. Moreover, the court first seised examined its jurisdiction itself, like the rules of the Brussels I Regulation foresee,<sup>311</sup> and then declined jurisdiction so that the positive claim was not blocked by an abusive negative claim prior in time.

It is suggested, that the abusiveness of an action should not only be a ground for the court seised with the abusive action, to decline jurisdiction. But, in order to avoid the blocking effect of an abusive ‘torpedo’, it should also be a ground for a judge, whose jurisdiction seems to be impaired by the proposition of a prior abusive action to affirm his jurisdiction.<sup>312</sup>

This can only be obtained if an action because of its abusiveness can be deemed to be non-existent.

A comparison with the different approaches that national courts take underlines this conclusion. In Germany, Swiss and Austria numerous decisions have held that an abusive action, brought only for the purpose of creating jurisdiction, does not have effect.<sup>313</sup> In Italy the Court of Appeal of Bologna has held in a case of patent litigation that abusive actions should not be accepted.<sup>314</sup> The Common law knows the possibility of ‘striking out’ briefs or acts that may be considered abusive.<sup>315</sup>

Moreover, the ECJ has ruled several cases that may support this approach. In the *Foglia v. Novello*<sup>316</sup> the ECJ held that a simulated process, brought only for the purpose of submitting to the Court the examination of a national law, is inadmissible.

A similar reasoning was given in *Grado and Bashir*.<sup>317</sup> In *Autoteile v. Mahlnè*<sup>318</sup> the Court rejected the attempt to introduce before a German Court through a counterclaim a claim that was already rejected by said Court for lack of jurisdiction.

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<sup>311</sup> Article 27

<sup>312</sup> Franzosi, Mario “Torpedoes are here to stay”, *op. cit.*, para. [6]

<sup>313</sup> See Zoeller/Vollkommer Kommentar zur Zivilprozessordnung, 1999, Marginal note 57 for Germany; BGH Amtliche Sammlung 1983 II, p. 346 for Switzerland; Fasching Zivilprozessrecht 1990, marginal note 136 for Austria.

<sup>314</sup> Court of Appeal of Bologna, 9 June 2000, *Macchine Automatiche v. Windmoeller & Hoelscher*

<sup>315</sup> Code of Civil Procedure, part 3 rule 4 (2)

<sup>316</sup> C- 104/79 *Foglia v. Novello*, [1980] ECR 745: “the duty assigned to [the ECJ] by Article 234 is not that of delivering advisory opinions on general or hypothetical questions but of assisting in the administration of justice in the Member States.”

The common point of these cases is, that they concern a matter where the claimants have used the procedural tools provided for them by EC law in an aim that conflicts with the purpose of the law, *e.g.* in *Foglia v. Novello* ‘by enducing the ECJ within the framework of Article 234 EC to give its view on certain problems of EC law which do not correspond to an objective requirement inherent in the resolution of the dispute’.<sup>319</sup> Thus the claimants have abused of their rights and therefore their actions have not been accepted. Hence their abuse has been qualified as producing no effect.

Applying the above gained reasoning to our ‘torpedo litigation’ may enable a rightholder that becomes victim of a ‘torpedo’ to enforce his right even when being the second to launch proceedings.

Jetzt eine conclusion zu diesem tiel: 2 voraussetzungen, die lösung des essays!!!

## V. Conclusion

*Lis pendens* in virtue of Article 27 with its strict ,’first-come, first-served’ rule, and in combination with the jurisprudence of the ECJ interpreting the terms of Article 27 in an autonomous way, achieves a mechanic and predictable concept of avoiding irreconcilable judgment. Meanwhile, this features also path the way for misuse of the system as it rarely allows any exception.

An action for a negative declaration is not being treated in another way than the equivalent positive action.<sup>320</sup> Even where the party launching the negative declaratory judgment chooses a jurisdiction with a heavy docket in the mere purpose of blocking future positive, the system of Article 27 allows no exception.<sup>321</sup>

To find ways to diminish the misuse of negative declaratory action, several national courts have assessed the grounds of jurisdiction for cross-border injunction and developed concepts as the ‘spider in the web’ allowing to restrict those grounds. Still, the need for a general tool against ‘torpedoes’ is missing. The analysis of the existing case law in the different Member States has led to the conclusion that a concept simply

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<sup>317</sup> C-291/96 (*Grado and Bashir*), ECR 1997, I-5531

<sup>318</sup> 4 July 1986, *Autoteile v. Mahlnè*, 220/84 Riv. Dir. Int. Priv. Proc. 1986, p. 714

<sup>319</sup> Case 104/79 (*Foglia v. Novello I*), ECR 1980, 745 and Case 2IV44/80 (*Foglia v. Novello II*), ECR 1981, 3045

<sup>320</sup> *see Gubisch and The Tatry op. cit.*

<sup>321</sup> *see Gasser op. cit.*

trying to circumvent *lis pendens* appears not convincing in the light of the purpose inherent in the Brussels I Regulation; *i.e.* the avoidance of irreconcilable judgments and a well-functioning judicial administration. The challenge is to elaborate an exception to Article 27 justifying ‘torpedo actions’ to be ignored in terms of priority in time, without creating inconsistency with the spirit of the Regulation.

The suggestion to treat positive claims in a different way than claims for negative declaratory relief has been dismissed because it is contrary to the principle of procedural fairness and equality of opportunity. Finally, it is recommended to establish a distinction between justified torpedo action and abusive torpedo action. The test to draw this distinction shall be a two-fold test.

A torpedo shall be justified when it firstly fulfils the requirements of the subjective part of the test. Therefore, the party in question has to be in *bona fide* while starting proceedings. This shall be measured in contrast to a party in ‘bad faith’ or ‘bad intention’, *i.e.* a party launching action for declaratory relief in the mere purpose to block further proceedings. Secondly, the objective test requires that the grounds of jurisdiction on which the negative declaration is based are legitimate. A ‘torpedo that fulfils both prerequisites is qualified being justified, all other ‘torpedoes’ are abusive. Consequently an abusive torpedo shall not produce any effect and is therefore to be deemed non-existent. Thus, the court seised subsequently with a positive claim, after the abusive action for negative declaration has been started, will be able to proceed as Article 27 is not applicable in virtue of non-existent actions.

One has to be cautious when having the aim to develop a concept that minimises unwanted side-effects of the *lis pendens* rule under Article 27 of the Brussels I Regulation. As the mechanic rules of the Brussels I Regulation allow rarely exception, only a concept that is conformity with the purpose of the Regulation, *i.e.* the facilitation of the movement and the recognition of judgments within the European Union, will be accepted on the long term by the European Communities’ institution. The concept of declaring abusive ‘torpedoes’ non-existent, ‘torpedoes’ that have been launched in the sole aim of blocking future proceedings in the EU, seems to maintain the purpose of the Brussels I Regulation while minimising at the same time those unwanted side-effects the *lis pendens* rule produces.

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