

Epilady, Novartis vs. J&J: Is there a hidden wisdom behind it?

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While the European Commission is still struggling to implement a Community Patent and a European Patent litigation system, it is worthwhile to have a look to the results the existing system is creating in practice.

I may recall that, although named "European Patent" it is not a European Right. Once granted, it has, in each of the contracting states for which it is granted, the same effect and is subject to the same conditions as a national patent granted by that state.

Thus a European patent after its grant is not more than a bundle of national patents. The national law however, is largely harmonized. Art. 138 EPC on the one hand requires from the national courts to apply the same law with respect to the grounds under which a European Patent may be revoked. On the other hand the Art 69 rule on the extent of protection imposes on all national courts the necessity of construing the national patents in the same way.

Therefore, theoretically, the results of parallel national proceedings should be the same.

However, as all of you know, once two lawyers (or judges) are involved, you will have at least three opinions on any given matter.

As far as patent litigation is concerned, a prominent example for this phenomenon from the ancient past still often cited is the so-called 'Epilady' patent dispute. Epilady sued Remington in several countries in parallel with largely diverging results. Eventually the failure of Epilady to effectively defeat Remington in the patent litigation opened the door for other manufacturers to produce designs based upon rotating discs; the solution Remington had developed as design around.

The decision of the French Appeal Court Olivier Moussa referred to in his post of December 6, has also been part of a multinational patent dispute between the parties involved, being exceptional with respect to the number of countries involved and the legal questions raised.

Although more than twenty years have gone by in the meantime, the results of the various national proceedings are even more diverse as in the famous "Epilady"-Case, especially if the past enforcement history of the patent involved is taken into account, too.

The patent refers to extended wear contact lenses, which are primarily claimed by functional features rather than physical properties, basically covering all extended wear lenses "which work".

After the grant of the patent, Novartis had attacked Bausch & Lomb for infringement. Although back then the opposition against the grant of the patent was pending, the District Court of Düsseldorf rendered an enforceable injunction against B&L. It found for infringement and—as usual—denied to wait for the decision of the Opposition division of the EPO. While Novartis settled with B&L after this early success, the opposition division revoked the patent for lack of novelty. Upon appeal the TBA confirmed the validity of the patent as originally granted. It also rejected an attack based on insufficiency of disclosure.

Not long after the decision of the TBA, Novartis sued J&J in several member states. Eventually the case was pending in Austria, France, Germany, Italy, Ireland, the Netherlands, Spain and the United Kingdom. The case was also litigated in Australia and the US, which is a different story.

Decisions have been rendered in (in alphabetical order) Austria, France, Germany, Ireland, the Netherlands and the United Kingdom.

Reviewing these national proceedings, there is one first remarkable difference when compared to the litigation practice 20 years ago.

It seems that the ongoing competition between the national courts has indeed led to some harmonization when it comes to the duration of the proceedings.

Considering the countries, where the proceedings have been started almost simultaneously, this is true for all countries but Italy, if one considers the time span between service and the date for the final hearing dates. Owing to the complexity of the case however, most courts needed several months to issue a decision on the merits.

Not surprisingly, the first hearing took place in the Netherlands in accelerated patent proceedings almost exactly one year after service of the complaint. Likewise the hearing on the merits of the infringement case in Germany was scheduled within a year after the service of the complaint. The separate German Nullity case was heard 16 months after service of the nullity action. Also the first instance proceedings in France and the United Kingdom took not significantly longer.

Even the proceedings in Italy advanced much faster than it could have been expected from past experience. Actually Italy was even the first country where a decision came down. Novartis' motion for a preliminary injunction was rejected at an early stage as not sufficiently elaborated.

While the time frames of the national proceedings seem to be much more synchronized nowadays, the results are not.

The Dutch Court found for infringement and dismissed the attacks on validity.

Likewise, the French Court came to the same conclusion in first and second instance.

The German infringement court (Düsseldorf), differently to what the same court (and judge) decided in 2003 in the case against B&L, did not find for infringement, but referred the case to an independent expert to further evaluate the question of infringement. The German Federal Patent Court nullified the German part of the patent for lack of novelty and inventive step. After this finding the infringement proceedings have been suspended.

The UK Court (High Court of Justice, Chancery Division, Justice Kitchen) found for infringement, but revoked the patent on the ground of insufficiency. This finding was confirmed by the Appeal Court (High Court of Justice, Appeal Court, Lord Justices Ward, Jacob and Patten).

Eventually the Austrian Patent Office, which is competent to hear first instance nullity cases against the Austrian counterpart of a European Patent, nullified the patent for lack of novelty, inventive step and insufficiency.

Not only the results as such, but also the reasoning largely differed. Whereas the UK Appeal court considered the verdicts rendered that far in its reasoning, the French Appeal Court did not even mention them, let alone discuss their reasoning. The German Federal Supreme Court, would it still have to decide, would have considered the foreign decisions in extensively. The Federal Supreme Court has just recently rendered a ruling with the typically complicated German name "Walzenformgebungsmaschine" which requires from all German patent courts to consider and discuss decisions on the same subject matter of courts in other contracting states.

Would the situation be different were there one single European Court? Certainly yes, but whether the quality and even the result eventually would be better remains the question.

With one court all eggs are in one basket. This is a risk for both parties. Different outcomes in different countries put pressure on the parties in multinational litigation to eventually settle. As often indicated by diverging results some cases are not clear and can go either way. In the globalized world it is maybe the hidden wisdom of the current patent litigation system that its overall result (neither party gets it all) reflects the complexity and close nature of such cases much better than a verdict of one single court ever could.

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