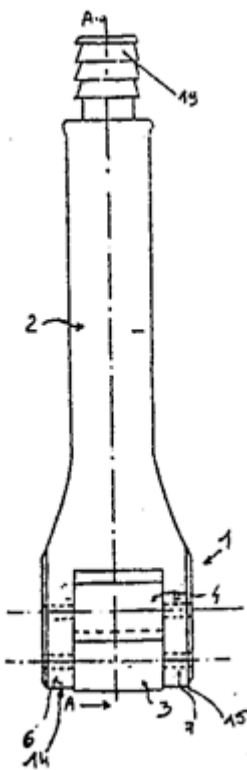


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Res judicata prevails over the retroactive and absolute effect of the patent revocation

Pierre Véron (Véron & Associés) · Wednesday, April 11th, 2012



Mr X was ordered to pay damages for the infringement of a French patent No. 87?03865, relating to a massage device, by a decision of the *Cour d'Appel* of Limoges on 10 September 2001. In the absence of an appeal on a point of law, this decision became irrevocable. However, in a separate action, the same patent was subsequently revoked, for lack of inventive step, in a decision of the *Cour d'Appel* of Lyon on 21 February 2002, which also became irrevocable by the dismissal of the appeal lodged against it before the *Cour de Cassation* (*Com.*, 5 October 2004, No. 02?15.214). Relying on the repayment of undue sums, Mr X then claimed the restitution of €6,000 which he had paid in pursuance of the decision on his liability for infringement.

Since the *Cour d'Appel* of Grenoble had rejected his claim, Mr X lodged an appeal before the *Cour de Cassation* contending that the decision to revoke a patent, which has both retroactive and absolute effect, deprives the decision previously handed down on the infringement of the revoked patent of any legal basis, even against a third party in the revocation proceedings, and that

consequently, this revocation makes the sums paid in pursuance of such a decision undue, even if the latter is irrevocably *res judicata*, and creates entitlement to the repayment of the sums paid. The *Cour d'Appel*, by dismissing Mr X's claim for the repayment of the sums undue even though it had acknowledged the revocation of the patent, may not have drawn the legal consequences from its own findings and may have violated Articles 1235 and 1376 of the French Civil Code, as well as Article L. 613²⁷ of the French Intellectual Property Code.

On 17 February 2012, the *Cour de Cassation*, sitting in *assemblée plénière*, dismissed the appeal by considering that the *res judicata* of the infringement decision which has become irrevocable prevails over the retroactive and absolute effect of the revocation of the patent: “*noting that Mr X had been held liable for infringement by an irrevocable decision, the Cour d'Appel rightly came to the conclusion that the retroactive and absolute revocation of the patent to the extent of the claims' revocation ordered in a subsequent decision could not justify the restitution of the sums paid in pursuance of the decision on the infringement*”.

Why was this dispute referred to the *assemblée plénière*, the most formal formation of the *Cour de Cassation*? Article L. 431⁶ of the French Code on the Organisation of the Judiciary provides that “*the referral before the assemblée plénière may be ordered when the matter raises a question of principle, in particular if there exist diverging solutions either among the Judges ruling on the merits of the case, or between the Judges ruling of the merits of the case and the Cour de Cassation*”.

In this instance, the referred matter, which relates to the conflict between a first decision on infringement, which has become irrevocable, and a subsequent decision revoking the patent, was certainly a “*question of principle*” owing to its importance in patent law (see A. Girardet, “*Can the revocation of a European patent undermine previous convictions?*”, Working Session – A patent held in binding ruling to have been infringed is subsequently revoked: what happens next?, *14th European Patent Judges' Symposium, Bordeaux, Special edition 1 of OJ EPO 2009*, in particular p. 76 *et seq* which emphasises the legal and economic relevance of the matter) but more widely, and by analogy, in many other legal fields (where it then becomes a wider question on the impact of a fact, an act or a decision arising subsequent to a decision which has become irrevocable), as well as owing to the apparent uncertainties in case law, as illustrated by the large number of various decisions cited in the report of the Judge Mr André and in the opinion of the First Advocate General, Mr Le²Mesle.

In the wording of its statement of principle, the *Cour de Cassation* first confirms the absolute effect of the revocation of a patent, explicitly set out in Article L. 613²⁷ of the French Intellectual Property Code (“*a decision to revoke a patent shall have absolute effect, subject to opposition from third parties*”). The revocation decision has an absolute effect for everyone, *i.e erga omnes*, not only for the parties in the proceedings which gave rise to the revocation decision but also for third parties in these proceedings who, precisely for this reason, can challenge this decision by initiating third-party proceedings (an extraordinary remedy which has no suspensory effect on the enforcement of the decision, through which a third party challenges a judgement in order to have it withdrawn or reversed). Subparagraph 2 of Article L. 613²⁷ of the French Intellectual Property Code moreover explains how, in practice, the revocation decision is *erga omnes* enforceable through its publication in the French patent register (“*Final decisions shall be notified to the Director of the National Institute of Industrial Property for entry in the national patent register*”).

The *Cour de Cassation* also confirms the retroactive effect of the revocation decision. Pursuant to

the common invalidity law, the revocation of the patent is retroactive and goes back to the patent's origin: the revoked patent is supposed to have never existed. By doing so, the *Cour de Cassation* refuses to follow the opinion of the First Advocate General, Mr Le?Mesle, who suggested relying on the fact that Article L. 613?27 of the French Intellectual Property Code merely mentions and requires the absolute effect of the revocation decision, so as to depart from the common invalidity law and deny that the revocation decision has retroactive effect. If the decision to revoke the patent had no retroactive effect, it could not have challenged the earlier decision ordering the payment of damages for infringement, nor deprived retroactively of justification the payment of sums in pursuance of this decision, and therefore the conflict between those two successive and contradictory decisions would have been resolved.

That was not the approach chosen by the *assemblée plénière*, which does not thereby dispute the commonly recognised fact that the decision to revoke a patent has an absolute and retroactive effect.

How then can it be explained that despite this absolute and retroactive effect, the decision to revoke the patent handed down in proceedings does not call into question the decision imposing the payment of compensation for infringement handed down in other proceedings?

Clearly, the *assemblée plénière* relies on the fact that the first decision imposing the payment of compensation for infringement is “*irrevocable*”, that is, *res judicata*.

However, the *assemblée plénière* makes no other general remark which may explain why, precisely, in the conflict between the *res judicata* of the first decision for infringement, which has become irrevocable and the retroactive and absolute effect of the second decision revoking the patent, the priority should in the end be given to the first rather than to the second decision.

It nevertheless seems that besides affirming the primacy of *res judicata*, it makes a factual remark which is very important and particular to this case by noting that the sums were “*paid in pursuance of [the] decision on infringement*”.

One cannot help but think that the *assemblée plénière* confirms the analysis that Mr Girardet had given during the 14th European Patent Judges' Symposium (aforementioned, Special edition 1 of OJ EPO 2009). According to Mr Girardet, beyond the apparent uncertainties of French case law, a pragmatic approach may emerge, which refuses to question the situations definitively granted such as an initial decision (on infringement) which is *res judicata* and the acts (the payment of damages) already performed in pursuance of that decision (which was precisely the case in this instance and also in *New Holland, Com.*, 28 Jan. 2003, No. 00?12149, in which the FRF 10 million compensation agreed by settlement had been paid and was not questioned by the subsequent revocation of the patent) but which, on the contrary, accepts to grant immediate effect to the new state of affairs (invalidity of the patent) affirmed by the subsequent decision (on the revocation of the patent) to the situations not existing yet such as the payment of damages not made (which was precisely the case in the decision in *Scherrer & Normalu, Com.*, 12 June 2007, No. 05?14548, in which the decision on infringement had not yet been enforced; likewise in the *Haribo case* on trade mark, *Civ. 2nd*, 6 Jan. 2005, No. 02?15954, in which the decision of the *Cour d'Appel* setting the amount of damages had been quashed because the trade mark had been revoked by a decision which became irrevocable on the day the *Cour de Cassation* was ruling on the case). In other words, the French judges seem, because of some legal certainty, to refrain from relying on the revocation of the patent, even retroactive and absolute, in order to question what is granted on the

day they are ruling on the case (a decision on infringement, damages already paid) and, because of some legal realism, they take into account this revocation of the patent in order to refuse to let it produce some new effect (payment of the set amount of damages, payment of the damages).

From the point of view of comparative law, the position of French law seems to be halfway between the position of English law and that of German law.

In fact, by comparison, English case law seems to be more radically attached to *res judicata* (so as to more firmly ensure legal certainty) since it still accepts to enforce a decision for infringement even after the decision revoking the patent. Admittedly, any injunction issued during the initial proceedings and aiming at preventing the infringement of the patent becomes null but, by contrast, if part of the decision's orders relates to the damages for profits unfairly made or in compensation for another sustained damage, it cannot be challenged (see C. Floyd, "Effect of subsequent revocation on a final judgment that a patent is valid and infringed", in Working Session – A patent held in a binding ruling to have been infringed is subsequently revoked: what happens next?, *14th European Patent Judges' Symposium, Bordeaux, Special edition 1 of OJ EPO 2009*, in particular p. 64). Thus, in the decision of the UK Court of Appeal in *Poulton (Poulton v Adjustable Cover & Boiler Block Co.* [1908] 2 Ch 430), the patentees had successfully sued the defendants for patent infringement, the court holding the patent to be valid and infringed. An inquiry as to damages was pursued. Before that had been determined the defendant discovered a further prior use. In a different capacity (as was possible then) it successfully brought revocation proceedings. It then unsuccessfully sought to avoid the damages ordered to be assessed in the first action. Both Parker J (a distinguished intellectual property judge) and the Court of Appeal (including another distinguished intellectual property judge, Fletcher-Moulton LJ) held that for the purposes of the inquiry as to damages the defendants were estopped by the judgment in the first action from denying the validity of the patent.

Poulton was reconsidered more recently by the Court of Appeal in *Coflexip*. The facts were very similar to those of *Poulton*. In a first action the patent had been held valid and infringed and an inquiry as to damages was proceeding. Then, at the instance of a third party, relying on different prior art, the patent was revoked. The unsuccessful defendants in the first action sought to have the inquiry aborted by reason of that revocation. By a majority of this court, it was held that the defendant was estopped from denying validity in the inquiry.

Similarly, in *Unilin*, although the compensation assessment was still being carried out, the Court of Appeal decided, by relying on the authority of a final decision (*res judicata*) and on the precedents *Poulton* and *Coflexip*, that the first decision on infringement and its compensation (still to be assessed) could not be challenged by the defendants regardless of the outcome of the opposition proceedings before the EPO and refused to stay the proceedings pending the final decision of the EPO opposition proceedings.

The same principles were also reaffirmed in 2009 in *Virgin Atlantic*.

In Germany (see Th. Kühnen, "What becomes of judgments on infringement when the patents in suit are revoked: the legal situation in Germany – the legal situation in Germany", in Working Session – A patent held in a binding ruling to have been infringed is subsequently revoked: what happens next, *14th European Patent Judges' Symposium, Bordeaux, Special edition 1 of OJ EPO 2009*, in particular p. 56 *et seq*), procedural mechanisms are on the contrary available so as to, first, adduce the enforcement of the decision on infringement subsequent to the decision to revoke the

patent (through the action to avert enforcement provided in Section 767 of the German Civil Procedure Code – *ZPO*) and, second, to obtain that the decision for infringement be reviewed in order to retrieve the sums paid (damages, penalty...) before the litigious patent is definitively revoked (through the action for restitution in Section 580, point 6 *ZPO*).

However, as pointed by Mr Girardet, French case law may thus meet the solution recommended in Article 33 of the Luxemburg Convention of 15 December 1975 on the Community patent which provided that:

“the retroactive effect of the revocation of the patent as a result of opposition or revocation proceedings shall not affect:

- a) any decision on infringement which has acquired the authority of a final decision and been enforced prior to the revocation decision;*
- b) any contract concluded prior to the revocation decision, in so far as it has been performed before that decision; however, repayment, to an extent justified by the circumstances, of sums paid under the relevant contract, may be claimed on grounds of equity”.*

Article 29 of the Proposal for a Council Regulation on the Community patent of 1 August 2000 (COM(2000) 412 final, JOCE No. C. 337 of 28 November 2000, p. 278 *et seq*) recommends exactly the same solution.

And it may be noted that an exactly identical solution to that in Article 33 of the Luxemburg Convention was introduced into the 15 December 1994 Dutch patent law (Article 75 subparagraph 6).

Finally, it is pointed out that Article 55 subparagraph 3 of the Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark (JOUE L. 78 of 24 March 2009, p. 1) as well as Article 26 subparagraph 2 of Council Regulation (EC) No. 6/2002 of 12 December 2001 on Community designs (JOUE L. 3 of 5 January 2002, p. 1) also recommend a similar solution, in their respective fields. With, however, an introductory reservation which points to the national law of the Members States and puts the exemplary nature of these two texts into perspective: *“Subject to the national provisions relating either to claims for compensation for damage caused by negligence or lack of good faith on the part of the holder of the Community trade mark [of the holder of the Community design], or to unjust enrichment (...).*

[Original French decision.](#)

[English translation .](#)

Article L. 613-27 of the French Intellectual Property Code:

A decision to revoke a patent shall have absolute effect, subject to opposition from third parties. For patents applied for prior to January 1, 1969, revocation shall apply to those parts of the patent determined by the terms of the decision.

Final decisions shall be notified to the Director of the National Institute of Industrial Property for entry in the National Patent Register.

Where a decision partially revokes a claim, the owner of the patent shall be referred to the National

Institute of Industrial Property in order to submit a modified wording of the claim in accordance with the terms of the decision. The Director of the Institute shall be empowered to reject the modified claim for lack of conformity with the decision, subject to appeal to (Act No. 94-102 of 5 Feb. 1994, Art. 26) “one of the Cours d’Appel designated under Article L. 411?4 of the Code”.

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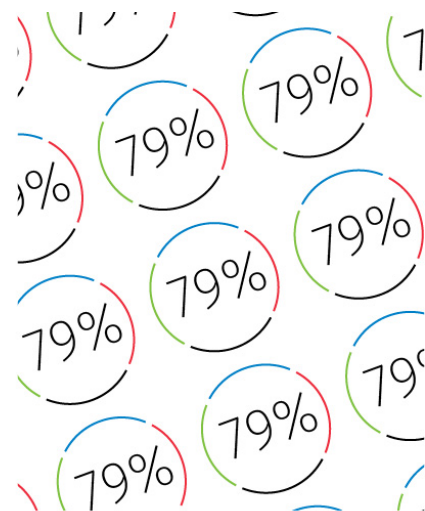
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