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English High Court Goes Cross-Border

Richard Ebbink (Brinkhof) · Sunday, December 2nd, 2012

Note on High Court, 27 November 2012, Actavis/Eli Lilly

Introduction

Last year the English Supreme Court in a copyright case held that there is no doubt that the modern trend is in favour of the enforcement of foreign IP rights and that there are no issues of policy which militate against it nor is there any objection in principle. This could be different, the Supreme Court also considered, where issues of validity are engaged. See: *Lucasfilm/Ainsworth*, 27 July 2011, paras 108 and 109.

Last week the High Court of England & Wales in a patent case held that it had jurisdiction to decide on a declaration of non-infringement not only regarding the GB part, but also regarding the French, the German, the Italian, and the Spanish part of the European patent at issue (*Actavis/Eli Lilly*).

In the *Actavis/Lilly* case there were no issues of invalidity engaged because plaintiff Actavis didn't raise them and defendant Eli Lilly didn't either (they are the patentees, after all). Therefore Article 22(4) of the Brussels Regulation on Jurisdiction, which provides that validity is the exclusive domain of the country of registration, did not come into play. Lilly accepted this.

English service practice; English doctrine

The decision is not really concerned with cross-border issues under the Brussels Regulation on Jurisdiction (BR). It rather turned on issues of service and jurisdiction under *English* law. That was because Eli Lilly was a US domiciled entity which had not committed a tort in England, so that the Articles 2 and 5 BR could not be used as a basis for jurisdiction. Further to Article 4 BR the question then became whether the English court had jurisdiction against Lilly under English *national* procedural law. To establish this, the decision goes at length into all kinds of particularities of English procedural practice and law.

The first conclusion – based on correspondence between solicitors – was that Lilly had consented to being served in the UK, and that even if that would not be so Lilly had been validly served in the UK because their European patent department constituted a place of business in the UK, proper for service. The second conclusion – based on the common law doctrine of *forum non conveniens* – was that the English court had jurisdiction over Eli Lilly for the cross-border non-infringement claims. This is where the *Lucasfilm* decision was leading.

Race to the Courthouse

Both conclusions were equally important because there had been a race to the courthouse: After having been put on notice by Actavis' solicitors of its London cross-border non-infringement desire by letter of 12 July 2012, Eli Lilly had instructed its German lawyers to file an infringement suit against Actavis in Düsseldorf. As it happened, the English team won the race: The English court was seised of the non-infringement matter on 27 July, the German court of the infringement matter on 31 July.

Since the London court also held it had jurisdiction regarding the German non-infringement claim, under Article 27 BR the Düsseldorf court will have to suspend its proceedings until the decision of the English court on jurisdiction has become final.

The applicable laws

The 27 November decision contains some considerations on the applicable law and procedure. Further to EU Regulation 864/2007 (Rome II) the court will apply the relevant foreign laws to the cross-border parts of the claim. That is not a problematic prospect since Article 69 EPC (scope of protection) must be uniformly applied in every European country. As to any procedural and remedial questions the London court will apply English law as the *lex fori*. Both these positions (substantive law and procedural law) were common ground between the parties as the decision records at the outset.

Article 69, Article 22(4), and Solvay/Honeywell

The decision spends a few words on the argument – ran by Lilly in the course of their *forum non conveniens* defense – that, even though validity was not challenged, under French law validity was relevant nevertheless because in France the prior art has to be taken into account when determining scope of protection, so that Article 22(4) – forcing the English court to stay the cross-border non-infringement proceedings – would come in via the scope door.

The High Court (Mr. Justice Arnold) was not impressed by this argument. One, the evidence cited for 'the French approach' to Article 69 was "less than compelling", and two, the validity factor does not make any real difference for determining that the foreign court is the more appropriate court (as part of the *forum non conveniens* argument). For this conclusion the decision "by analogy" relies on CJEU case C-616/10 (*Solvay/Honeywell*).

Solvay deals with a foreign invalidity defense raised in the course of proceedings for an *interlocutory* cross-border injunction. In case provisional jurisdiction is based on Article 31, the CJEU in *Solvay* held that the infringement court would not have to stay the cross-border part of the case. It is difficult to see an analogy with the *Lilly* situation (which, after all, was a case on the merits to which Article 31 was wholly irrelevant). Perhaps it was just that the English court felt more at ease to dismiss the Lilly 'invalidity via the backdoor' argument because *Solvay* did open *some* of the cross-border doors which *GAT/LuK* (Case C-4/03) had closed.

Conclusion

For a Continental observer it is difficult to judge the merits of the *Lilly* decision as to English proper service and *forum non conveniens* considerations. As to its cross-border consequences the decision should not be surprising, however. It is in line with the conclusion which under the

Brussels Regulation has been confirmed to be the law several times: If there is jurisdiction based on domicile, the extent of this jurisdiction is worldwide and cannot be restricted on *forum non conveniens* grounds. See, for example, CJEU cases C-69/93 (*Shevill/Presse Alliance*, 1995) and C-281/02 (*Owusu*, 2005).

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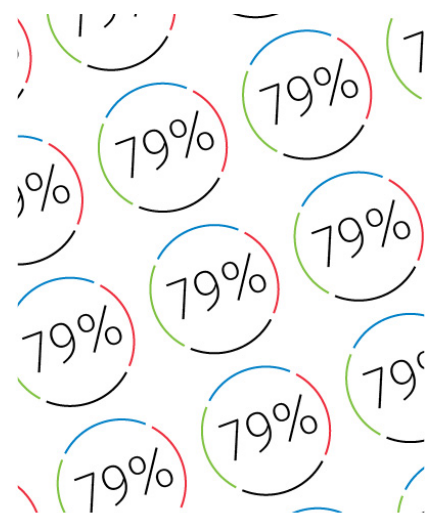
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