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This newsletter was sent to you by NautaDutilh's Patent Law Team and is meant to inform you of developments in Benelux patent law and recent decisions, as well as acquainting you with some members of our both our Amsterdam and Brussels teams.



E-newsletter Patent Law

Hard Times Ahead for the Spider-in-the-Web Theory? Cross-border Injunctions Under Fire

In December 2005, Advocate-General Léger of the European Court of Justice ("ECJ") expressed his opinion that the liberal Dutch practice regarding cross-border injunctions lacks a sufficient legal basis.[1] Of course, this is not the final say on this matter as the ECJ must still rule. However, the Advocate-General's opinion may herald the end of an efficient instrument to counter pan-European infringement.

The Dutch cross-border injunction practice

The Dutch courts have played an important role in advancing cross-border injunctions, basing their jurisdiction, *inter alia*, on the co-defendant rule contained in Article 6(1) of Regulation 44/2001. Although this practice has certainly not gone uncriticised, the innovative industry has welcomed it for the most part as an efficient way of dealing with multi-jurisdictional infringement of European patents, where both the patent and the infringing activities are similar or identical in several EU member states. When the alleged infringing party, referred to under this liberal doctrine as the "spider in the web" (usually the manufacturer or a group headquarters) is based in the Netherlands, the Dutch courts have been willing to assume authority to hear the case against it and its foreign subsidiaries or related companies. In the late '90s,[2] the case law therefore focused on situations in which the defendants (i) belonged to the same group and (ii) were acting pursuant to a joint policy.

The advocate-general's opinion: the "spider" theory lacks a sufficient legal basis

The case for which Advocate-General Léger issued his opinion concerns two American patentees and their licensee, who brought an action for patent infringement against a Dutch company (Roche), the "spider", and eight other companies based in various EU member states, Switzerland and the US. The defendants raised the issue of jurisdiction. Both the district court and the court of appeal assumed jurisdiction, partly based on the co-defendant rule as interpreted in the spider-in-the-web theory. The case went to the Dutch Supreme Court, which submitted several preliminary questions to the ECJ relating to the admissibility of the Dutch practice.

The Advocate-General, whose opinion is not binding on the ECJ, stated that the Dutch practice is *not* in conformity with Article 6(1) of Regulation 44/2001. Thus, there should be no cross-border jurisdiction if the alleged infringing party is Dutch, not even when the other defendants belong to the same group and have acted in an identical or similar way, pursuant to a joint policy originating from one of them.

Legal certainty vs. forum shopping?

In justifying his restrictive interpretation of Article 6(1), the Advocate-General argued that an exception to the general rule, basing jurisdiction in the country where the defendant is located, must not be relied on too quickly. Legal certainty is important and is likely to be diminished under the spider theory in view, for example, of the problems involved in proving a joint policy. In the present case, legal certainty is more important than procedural economy and the more dubious motives, such

as forum shopping, underlying the spider theory. Although the Advocate-General stated that in some cases it would certainly be more efficient to deal with multi-jurisdictional infringement of a uniform European patent in a single case, formally speaking a European patent consists of a bundle of national patents^[3] which pose distinct national infringement questions and, therefore, there is no risk of irreconcilable judgments, which was part of the reasoning for allowing broad application of the co-defendant rule.

Remarks

Clearly, Advocate-General Léger is not a supporter of the Dutch spider-in-the-web theory. Unfortunately he provides no alternatives to fighting infringement on a country-by-country basis in lengthy and costly proceedings. The ECJ has yet to rule, but industry may regard the Advocate-General's opinion as a clear warning sign. This opinion, taken together with that of Advocate-General Geelhoed in *GAT v. LUK* (C-04/03), certainly does not appear to advance European integration in terms of patent litigation. If this is the direction in which we are headed, there is all the more reason to put the Community patent and/or the EPLA agreement back on the European agenda.

[1] Opinion A-G P. Léger 8 December 2005 (*Roche v. Primus*) (C-539/03).

[2] See primarily The Hague Court of Appeal, 23 April 1998 (*Expandable Graft v. /Boston Scientific*).

[3] European patent rights are unitary in the application phase only; after grant, a European patent consists of a bundle of national rights.

Hairy Patent Does Not Stick

The president of The Hague District Court recently ruled provisionally on the validity of patents for a method to glue hair extensions to strands of natural hair. The president made some interesting observations on the loss of priority when a patent application is amended during the grant procedure and advocated a strict approach to novelty.

Introduction

There is hope for those who are dissatisfied with their natural hair. It comes in the form of hair extensions. In December 2005, the president of The Hague District Court ruled provisionally on the validity of patents for "a method for affixing a braid to natural hair, in which the braid is prepared by holding a part thereof together and applying a type of glue, following which the glue is allowed to dry at least partially and the braid is subsequently affixed to the hair". In more prosaic language, hair extensions are glued to strands of hair.

Mettendaf files twice and sues for infringement

In *Mettendaf v. SES Nederland BV*, the patentee (Mettendaf) filed for both a Dutch and a European Patent ("EP"), using the Dutch patent as priority for the EP. The EP claims, however, were changed substantially during the application process.

When SES Nederland BV introduced a product consisting of strands of hair, a latex-based glue and instructions for use, Mettendaf sued for patent infringement. In reply, SES questioned the validity of Mettendaf's patents.

No priority

The first interesting aspect of this judgment is that the court found that Mettendaf could not rely on the Dutch patent for priority since the EP essentially disclosed a different invention, due to the fact that the claims had been revised during the application process. The president stated that allowing priority in such cases would go against the purpose of Article 87 of the European Patent Convention

(which contains basic rules on priority rights).

Hair-raising issue of novelty

The business of hair extensions and other forms of hair creativity is described in detail by Charlotte Jane in her book *Hair Additions: The Fourth Dimension*, published in 1991, thus before both of Mettendaf's patent applications. The president found that all elements of Mettendaf's patents had been described in this book, although in different chapters.

The other interesting feature of the judgment is that the president did not consider this fact novelty destroying. He held that although the book contains a description of the invention, the description is "casual", containing suggestions only, and still requires the reader to combine the elements with some effort, so that the invention cannot be regarded as disclosed to the extent that novelty is destroyed.

No inventive step

The president made a valiant effort to investigate hair braiding techniques in order to determine whether there was an inventive step in Mettendaf's patents. He even went so far as to ask Mettendaf's counsel to demonstrate twining (see below):

Unsurprisingly, the president found that Mettendaf's patents lacked an inventive step. The fact that all elements of the patents had already been described in the aforementioned book made the invention obvious to a person skilled in the art.

That being the case, the claims of infringement were dismissed.

Remarks

The most noteworthy aspects of this case are, first, that lack of novelty is interpreted very strictly. Even if there is a single document disclosing all elements of an invention, it may still be the case that this document does not "teach" the reader the invention. However, it should be added that even if a patent survives such an attack on its novelty, in many cases such a situation will give rise to objections based on lack of an inventive step.

Secondly, this judgment highlights an opportunity to disregard the priority date in some cases, which may be interesting for including prior art which could otherwise not be used to assess the validity of a patent.

Senseo Close to Establishing a Coffee-Pad Monopoly in Belgium

On 8 November 2005, the Antwerp Court of Appeal (Belgium) handed down a significant decision in an important patent infringement dispute relating to the production and use of coffee pads ("pouches") compatible with the Senseo system. The case involved indirect (or "contributory") patent infringement. Related cases have also been heard in Germany and the Netherlands.

Background

The Senseo system is a coffee brewing system with a unique design. A special coffee maker produces individual cups of coffee, using pre-prepared circular coffee pouches. The Dutch company Sara Lee/DE NV ("**Sara Lee**") owns European patent EP 0904717 (the "Patent") for the system, entitled "assembly for use in a coffee machine for preparing coffee, container and pouch of said assembly".

The success of the system did not go unnoticed, and several other coffee producers and retail chains with private labels were soon selling coffee pouches that fit the Senseo system. In an effort to protect its market, Sara Lee brought numerous proceedings against competitors at the end of 2001, including the Belgian coffee-pouch producers Fort Koffiebrandierij NV, Cafes Liégeois SA and Beyers Koffie NV (the "Competitors").

Sara Lee argues that the Competitors' products fall within the scope of protection of the Patent, so that offering for sale or supplying these products on the Belgian territory directly infringes the Patent. The Antwerp Court of Appeal will rule on this claim at a later date. In the present ruling, the court held that the Competitors' coffee pouches at least indirectly infringe the Patent in that they represent "a means relating to an essential part of the invention".

History of the Patent and the proceedings

Sara Lee first obtained injunctive relief in Belgium against the Competitors through *ex parte* proceedings (a so-called "descriptive seizure"). The latter struck back by launching an action against Sara Lee on the merits for a declaration of non-infringement before the Antwerp court. In its decision of 20 February 2004, the court held that offering the coffee pouches for sale did not directly or indirectly infringe the Patent. It also held that the Competitors did not commit an act of unfair competition by marketing these pouches. At the time, this ruling effectively ended Senseo's coffee-pouch monopoly.

With respect to the validity of the Patent, it should be noted that revocation proceedings against the Belgian portion of the Patent are currently pending. In 2001, opposition proceedings with respect to the Patent were filed before the European Patent Office ("EPO"), which ruled on 17 January 2005 that the Patent was valid, albeit certain claims had to be amended. This decision is currently being appealed to the EPO's Board of Appeal.

The Antwerp Court of Appeal's decision

Sara Lee appealed the lower court's decision of 20 February 2004 to the Antwerp Court of Appeal, which overturned the ruling.

An interesting feature of this judgment is that the appellate court decided **not** to postpone its decision, even though opposition proceedings before the EPO's Board of Appeal regarding the validity of the patent are currently pending. The court justified its decision by referring to Article 50 of the Belgian Patent Act (the "**Patent Act**") which states that the retroactive effect of revocation of a patent does not affect decisions in infringement proceedings which have become final and have been executed prior to the decision to revoke the patent.

With respect to the merits, the appellate court stated that the Patent tries to solve the so-called "by-pass problem" that occurs with coffee pouches, i.e. water passing around or by-passing the coffee pouches. The court found that the technical solution to the problem of by-passing lies in the assembly of a container with a grooved interior and in the pouches. Assembly of the container with (shortened) grooves and a pouch which extends over the grooves effectively solves the problem of by-passing and constitutes the novelty and inventiveness of the invention. The appellate court held that Sara Lee had developed a whole new technique of coffee brewing that was unknown in the state-of-the-art at that time.

Sara Lee claimed both direct as well as indirect patent infringement, as described in Article 27(2) of the Patent Act, according to which "a means relating to an essential part of the invention" constitutes indirect infringement. The court stated that an indirect infringement can be ruled on independently of any direct infringement of the patented invention.

The Antwerp Court of Appeal ruled that Article 27(2) of the Patent Act does not require that the offered means form an essential element of the invention, only that they relate to such an element. The court found that the Competitors had indirectly infringed the patent by offering means relating to an essential element of Sara Lee's invention. The court added that Competitors' coffee pouches fit

Sara Lee's container in the manner described in the patent in order to avoid by-passing. It therefore held that the pouches are not only fit for but actually intended for use with the invention. Thus, contrary to the lower court's reasoning, it found that the phrase "means relating to an essential element of the invention" should be construed more broadly to cover *any* means that can be used with the patented invention. The fact that the Competitors' pouches fit other coffee makers as well does not detract from the indirect infringement. The Competitors consciously offered a means for application with the invention, which is sufficient to constitute an indirect infringement (some referred to the Senseo system on their packaging, while others refer to *café crème* which, according to the court, is just another word for Senseo).

The appellate court prohibited the Competitors from further offering their coffee pouches for sale on the Belgian territory and appointed an expert to calculate the damage suffered by Sara Lee (Competitors' turnover, Sara Lee's damage in terms of loss of business). It also ordered the decision to be published in two Dutch and two French newspapers, as well as in two trade publications.

Remarks

Due to the success of the Senseo system and the proceedings it has given rise to in several European countries, this decision will not go unnoticed. It shows that the doctrine of "indirect infringement" is still being formed, with various interpretations across the European jurisdictions. Whereas in February of 2004, the Landesgericht Düsseldorf found that other producers' coffee pads (indirectly) infringed the patents in suit and the Antwerp court of appeal seems to follow that broad interpretation of "indirect infringement", the Dutch Supreme court – in yet another parallel Senseo case – applied a different test for indirect infringement and as a result thereof ruled that other producers' pads did not infringe the patents in suit. The difference is that the Dutch Supreme court required that the coffee pads formed an 'essential part' of the invention, whereas the Antwerp court of appeal thought it sufficient if the coffee pads were destined to be used with essential parts of the invention. The broad interpretation, as set out by the Antwerp court, is sure to be welcome news for most patentees.

Dutch Trade Unions Intervene in Stent Wars: Request Court Order for Compulsory Licence

In yet another episode in the so-called stent wars, two Dutch trade unions requested a court order to compel Schneider and Cordis to conclude a temporary licence until the question of the validity of Schneiders' patent rights and the alleged infringement by Cordis is finally settled. In this way, the unions are trying to save hundreds of jobs at Cordis's stent factory in the Netherlands. The president of the district court, however, gave more weight to the absolute nature of patent rights and to freedom of contract and dismissed the unions' claims.

Introduction

In June 2005, the district court in The Hague ordered Cordis to cease infringing a patent held by Schneider relating to medical devices known as stents.^[1] Immediately thereafter, Cordis initiated interlocutory proceedings before the president of the Assen District Court, who ordered execution of the judgment to be suspended. In the Assen proceedings, the court held that the interests of Cordis, who would be obliged to close a factory, should prevail over those of Schneider, especially since The Hague court's judgment was being appealed

The Assen decision was subsequently overturned on appeal by the Leeuwarden Court of Appeal,^[2] which also ordered the parties to take two weeks to try and negotiate a temporary licence that would apply until proceedings on the merits are settled. These negotiations failed. The Leeuwarden court subsequently held that, contrary to the Assen court's decision, the closure of the Cordis site was not so much the result of Schneider threatening to execute The Hague District Court's judgment, but rather its own refusal to come to (provisional) terms with Schneider, perhaps suggesting that Cordis is not entirely unhappy about having to close the site in the Netherlands and shifting production to Mexico.

The unions step up to the plate

At that point, two trade unions stepped in and initiated interlocutory proceedings (once again) before the Assen District Court, stating that Schneider and Cordis should conclude a temporary licence in

order to prevent an irreparable loss of employment in the northern regions of the Netherlands. In addition, they requested that Cordis be prohibited from firing and be obliged to maintain its production facilities and capacity as before The Hague judgment.

The unions claimed that both Schneider and Cordis were acting unreasonably, to the detriment of Cordis's employees, particularly where:

- Schneider tried to “leverage” its position after the ruling by The Hague court in its favour by insisting on a final, global settlement with Cordis as opposed to a temporary licence for the Netherlands only;
- Cordis appeared to be using its patent troubles to restructure its production capacity and axe jobs in the Netherlands.

The unions' claims are dismissed

This time, the president of the Assen District Court refused to get involved and dismissed the unions' claims.^[3] He held that the essence of a patent is its absolute right to prevent others from manufacturing the patented invention and in this way to derive economic benefit from it. The president stated that the patent holder has sole discretion to decide whether and how to grant a licence. He also gave weight to the fact that the parties had already tried to negotiate a licence but had failed to reach an agreement.

In this respect, the president emphasized the fundamental nature of freedom of contract. Each party must take the others' interests into account, but breaking off negotiations is allowed in principle. He added that a licence is not meant to protect employees' interests and, therefore, a potential loss of employment is *not* a factor which can make the breaking off of negotiations unlawful as far as Cordis's employees are concerned

Remarks

The unions must have realised that it was a long shot to try and convince the president of the Assen District Court to order Schneider and Cordis to conclude a licence, especially since the court of appeal had overruled his earlier decision. Thus, the outcome will not come as a surprise to many. On the other hand, the unions' action was understandable. Cordis was perceived to be slacking off in its efforts to save the Dutch plant, so the unions sought to remind it of its statutory obligation to observe due care towards its employees. At the same time, Schneider was seen to be unreasonable in its demand to reach a final worldwide settlement after a first-instance decision in its favour in the Netherlands.

The stent wars will presumably be continued with, in view of the forced plant closure, the stakes raised in terms of damage. That is, if Cordis can find a way around the Leeuwarden Court of Appeal's decision in which it was – rather unconvincingly – held that the plant closure is Cordis' own business decision.

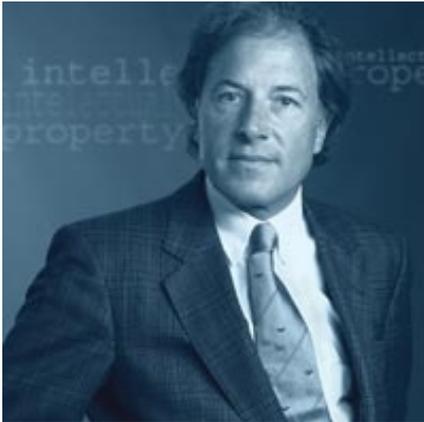
[1] The Hague District Court, 8 June 2005, case no. 22307/04–1953 (*Schneider v. Cordis*).

[2] Leeuwarden Court of Appeal, 12 October 2005, case no. 0500343 (*Schneider v. Cordis*).

[3] Assen District Court, 23 December 2005, case no. 54511/KG ZA 05–217 (*CNV & FNV v. Cordis & Schneider*).¹



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Charles Gielen (Amsterdam office) concentrates on patent and trademark litigation.

He is president of the Vereniging voor Intellectuele Eigendom, the Dutch Group of AIPPI (the International Association for the Protection of Intellectual Property) and acts as chairman of AIPPI's Special Committee on Biotechnology and Plant Breeders Rights. He also serves on the Board of Directors of the International Trademark Association (INTA) and is a member of the standing advisory committee to the Dutch Government on trademark and design law.

Charles graduated from Tilburg University in 1971 and obtained his doctorate degree at Utrecht University in 1991. He joined NautaDutilh in 1971 and was named a partner in 1978.

Charles is professor in intellectual property law at Groningen University and has authored various IP handbooks. Charles appeared as the only Dutch lawyer on the 2005 Hot 100 list of The Lawyer.



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Benoît Strowel (Brussels office) is a board member and partner. Under Benoît's leadership, NautaDutilh's Brussels office has grown from 20 fee earners in 1999 to more than 70 today, through a combination of organic growth and lateral hiring. In addition, he introduced a more sector-based, client-oriented approach, now considered as one of the office's strong points.

Benoît's practice focuses in particular on patent law and both the regulatory and intellectual property issues facing pharmaceutical companies. Motivated by a particular interest in the biotech sector, and having witnessed the growth in this area of his practice, he embarked upon and completed an M.Sc. in general biochemistry and molecular biology at the School of Health and Life Sciences at King's College, London.

Benoît obtained his law degree from the University of Leuven in 1984. He then worked in London for five years, during which period he was admitted to practise as a solicitor in England. Benoît joined NautaDutilh in September 1994 and became a partner in 1997.



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John Allen (Amsterdam office) specialises in intellectual property law, with a particular focus on technology related legal issues.

John has experience in litigating national and international technology-related disputes. He frequently advises clients on technology transfer and licensing transactions. John's clients include national and international corporations, government authorities, consultancy firms and other law firms.

John's recent cases include the litigation on behalf of a leading plastics manufacturer to stop infringement of a microprocessor patent, the defense of an international financial institution in an excessive pricing allegation, assisting a telecommunications operator in litigation concerning terminating access tariffs and the litigation for a cable operator concerning the distribution of TV and radio programmes. John was lead counsel in the action brought by a leading household brand manufacturer in litigation against the Dutch consumer association and the European league of consumer associations BEUC, concerning discrediting statements on the safety of its products.

John has also frequently defends clients in anti-defamation lawsuits. Several of these cases have been reported in law journals, including the Supreme Court decision of 12 May 2003, NJ 2004/80.

John Allen graduated from Erasmus University Rotterdam and joined NautaDutilh in 1996. Since then he has completed post graduate courses in both telecommunications and competition law, at Amsterdam University, Nijmegen University (Grotius Academy) and King's College London (UK).

John's is named in the 2004/2005 Quote Business Magazine publication 'The best lawyers in The Netherlands' and in the Quote Professional Magazine feature 'Top 100 Young Lawyers'.

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