

Online IPR enforcement in Europe

Consideration of national laws, directives and principles of jurisdiction make litigating in the EU challenging. **Akash Sachdeva** and **Elle Hosie** review

It has long been understood that intellectual property legislation has often failed to keep up with technological advances such as faster broadband, migration to mobile and cloud computing. Similarly, the ubiquitous use of the internet and mobile networks globally has effectively destroyed international boundaries, posing a significant challenge to traditional notions of national jurisdiction.

In the EU, this challenge is particularly acute where enforcement of IPRs involves consideration of national laws, EU directives and principles of jurisdiction derived from national jurisprudence, as well as Europe-wide regulation. Further complications exist as a result of the fact that some IPRs are harmonised across Europe while others are not. The result is a complex web of confusing and sometimes conflicting legislation and jurisprudence, which can be difficult to untangle.

This article seeks to clarify some of the major jurisdictional issues within the EU where a claim is intended to be brought has a cross border element, which is often the case when discussing online infringement or enforcement of IPRs.

Why is jurisdiction important?

Although Europe is supposed to function as a single market, the national courts each have their own characteristics. Given the general rule within Europe that priority is given to the court of the member state that is "first seised", there is an opportunity for parties to litigation to seek to have a claim fought in a particular

jurisdiction. Indeed, within the EU, the first (and sometimes) most important strategic decision rightsholders or potential defendants will make is how to ensure (if possible) that any litigation is fought in a jurisdiction of their choosing.

Different parties will obviously have different strategic needs, but one only needs to understand the vast procedural differences between national courts with Europe to understand why one party may want to have a claim heard in England rather than France.

In addition to procedural issues (such as disclosure and the presentation of evidence), parties will also take into account factors such as timeframe, location of witnesses or evidence, perceived quality of the court system and interim remedies when determining where is best to commence (or defend) a claim.

It is only by understanding the complex way in which jurisdictional rules operate within Europe that parties will be equipped to make the right strategic decision for them. The first step is to be familiar with the provisions of the Brussels Regulation (Recast).

The Brussels Regulation (Recast)

From 10 January 2015, the former Brussels Regulation¹ was replaced by the Brussels Recast Regulation, EC Regulation 1215/2012 (the Recast Regulation). The Recast Regulation governs the jurisdiction and enforcement regime within Europe and applies to proceedings commenced on or after 10 January 2015 (and judgments to be enforced after that date).

The basic position with respect to jurisdiction is set out in Article 4 of the Recast

Regulation, stating that a defendant to any claim should be sued in the country in which he resides. However, that basic position is subject to a number of derogations set out in Article 7.² The most important derogation, for the purpose of IP claims, is set out in Article 7(2), which provides that a person domiciled in a member state may be sued in another member state "in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur".

It is settled law (for the Court of Justice of the European Union (CJEU)) that the "place where the harmful event occurred or may occur" was intended to cover both the place where the damage occurred and the place of the event giving rise to it.

Save for in relation to Community trademarks (CTM) and patents (for which see further), it is this provision which upon claimants rely in order to sue defendants in a member state other than the one in which they are domiciled, (for example, where an English claimant wants to sue a website based in Germany on the basis of an IPR infringement.

So far, so good. However, the answer to the question of "where the damage occurred" seems to be different depending on what right is being relied on, as well as other circumstances. As the CJEU stated in a recent case:³

"...The court has stated not only that the place where the alleged damage occurred within the meaning of that provision may vary according to the nature of the right allegedly infringed, but also that the likelihood of damage

occurring in a particular member state is subject to the condition that the right whose infringement is alleged is protected in that member state..."

By way of example, in recent years, the CJEU has held that:

- Where copyright works are posted on a website without the copyright owner's consent, proceedings can be issued, under Article 7(2) of the Recast Regulations, in any member state where the website can be accessed – in effect in any member state. However, in this case, each court could only rule on damages incurred in its own jurisdiction.
- In a claim involving the alleged infringement of personality rights by means of content on a website, the claimant has the option to bring a claim (for all the damage caused), in the member state where the website published is established, or the member state where the claimant's "centre of interests" is based. As a further alternative, a claim could be brought in any member state where the content was accessible, (but in that case, the court could only rule on damages incurred in that member state).
- In a claim for infringement of a national trademark relating to keyword advertising, the claim could be brought in the member state where the trademark is registered (being the place where the damage occurred), notwithstanding that the keyword advertising was only used on search websites using a different member state's country level domain (eg, ".de").
- In relation to a claim based upon the "making available online" of a database protected by the *sui generis* right, jurisdiction can be assumed by a court of a member state if there is evidence indicating an intention to target customers in that member state, regardless of where the website server is based (or where the uploading of the database to that website occurs).

Unfortunately, given this case law, it is difficult to provide a clear test of when courts of a member state might have jurisdiction for all IPRs generally. Many times, the analysis will have to be carried out on case by case basis.

Community trademarks

The position with respect to CTMs is different still. The CTM regime is governed by Regulation 207/2009 (the CTM Regulation), which specifically provides that Article 7(2) of the Recast Regulation⁴ does not apply to jurisdictional issues regarding claims involving CTMs. Instead, Article 97(5) of the CTM Regulation states that proceedings in

respect of CTMs, (except of declarations of non-infringement), may also be brought in the courts of a member state "in which the act of infringement has been committed or threatened..."

The CJEU in the recent case of *Coty Germany GmbH v First Note Perfumes NV*,⁵ made it clear that this provision should be interpreted without regard to Article 7(3) and that under the special rules of jurisdiction for CTMs, proceedings for infringement of a CTM had to be brought in courts of the member state, where the defendant committed the alleged unlawful act (and not the member state where the infringement produced its effect).

“Given this case law, it is difficult to provide a clear test of when courts of a member state might have jurisdiction for all IPRs generally.”

The fact that the location of damage is irrelevant in determining jurisdiction under CTM claims is a critical distinction to the usual European regime under the Recast Regulations set out previously. Having said that, practically speaking, it is likely that in cases where, for example, a German website infringes a CTM and 'targets' English customers (by delivering products to the UK, or by providing services online to UK consumers), it will be considered that the German website has committed infringing acts in England, thus allowing English courts to claim jurisdiction.

Patents

In respect of patents, the Recast Regulations makes it clear⁶ that, in all matters relating to the registration or validity of patents (including national designations of European patents), the courts of the member state where the registration has been applied for have exclusive jurisdiction. Therefore, a party cannot, for example, issue a claim for revocation of a Spanish patent in the English courts.

However, the same is not true in relation to actions relating to infringement of patents. This legislative loophole has, therefore, been used to take advantage of the "court first seised" rule by a potential defendant filing a claim seeking a declaration of non-infringement,

in respect of all European designations of a European patent in a member state perceived to be fairly slow. For example, a defendant who thought they were at risk of being sued for patent infringement in Germany might wish to file a declaration of non-infringement of the German patent in Italy. Since the exclusive jurisdiction rule only applies to issues of validity, the Italian court is then "first seised" and under the Recast Regulations, the German court would likely stay any infringement proceedings brought there, pending determination of whether the Italian court's determination on jurisdiction. This can buy a defendant precious time to develop its products further, or simply to increase market share before a final determination on infringement is made by a court of competent jurisdiction.

Strategic considerations

As stated previously, deciding where is the proper or best place to bring a claim (or how best to pre-empt a possible claim) is often the first and most critical strategic decision a party makes before litigation commences. Litigation is not often entered into lightly and generally only where it can contribute to a party achieving a particular commercial objective.

In the field of IPRs, before doing anything, a party should think about what rights it can rely upon, where it has suffered the most damage, what jurisdiction would be best for it and worst for its opponent and what outcome is desired. With all this information, proper thought can then be given how best to ensure the appropriate location of any claim, given the jurisdictional regime within Europe.

Footnotes

1. EC Regulation 44/2001.
2. Previously Article 5 of Regulation 44/2001.
3. *Pez Hejduk v EnergieAgentur*. Case C-441/13 at paragraph 29.
4. Or more accurately, the equivalent provision in the former Brussels Regulation, Article 5(3).
5. Case C – 360/12.
6. Article 24(4) of the Recast Regulations.

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