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Emerging Scholars Series: Cross-Border Injunctions in U.S. Patent Cases and Their Enforcement Abroad

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EMERGING SCHOLARS SERIES*

CROSS-BORDER INJUNCTIONS IN U.S. PATENT CASES AND THEIR ENFORCEMENT ABROAD

MARKETA TRIMBLE**

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INTRODUCTION

Injunctions play an important role in patent enforcement; the Federal Circuit Court pointed out the link between injunctive relief and the incentive to invent in its 1983 opinion in *Smith International, Inc. v. Hughes Tool Co.*, where it stated that “[w]ithout the right to obtain an

*The Marquette Intellectual Property Law Review has instituted the Emerging Scholars Series in order to highlight the work of intellectual property scholars at the start of their careers. This series will feature cutting-edge scholarship from contributors who we believe will continue producing high-caliber work on intellectual property law and thus greatly contribute to the academic and professional community.

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injunction, the right to exclude granted to the patentee would have only a fraction of the value it was intended to have, and would no longer be as great an incentive to engage in the toils of scientific and technological research.”¹ Although it has since then become clear that the right to an injunction may not always function as an incentive but may serve as an inhibitor of inventing activity, the injunction has not lost its crucial position as a regularly-pursued remedy in patent infringement cases; patent holders almost always request injunctions and courts frequently issue them and from time to time enforce them if they are not complied with voluntarily. This Article examines the problem of enforcement of “cross-border injunctions”—injunctions that order or prohibit conduct outside the United States,² with a particular focus on cases in which such injunctions have been issued against non-U.S. entities, sometimes with no assets located in the United States. Although such cases may appear to be extreme outliers, surprisingly they are not uncommon, and they pose serious questions about the feasibility of the enforcement of injunctions.

As is generally true with any remedies, injunctions are effective only as long as there is the potential that once issued they can also be enforced. Their enforcement should not pose a significant problem when confined to the country of the court issuing the injunction but can become problematic when jurisdictions outside those of the issuing country become involved, since without their assistance the enforcement of the order of the issuing court may, as a practical matter, be very difficult, if not impossible. While in many cases a plaintiff can simply avoid the cross-border problem by filing a lawsuit in the jurisdiction of the anticipated enforcement, in some cases the rules of jurisdiction prevent such a solution. Patent infringement cases are a good example of a situation in which plaintiffs often do not have a choice—they must file in the country where the patent was issued notwithstanding the fact that the opponent’s assets are located elsewhere.³

1. 718 F.2d 1573, 1578 (Fed. Cir. 1983).

2. This includes cases in which the prohibited activities are viewed as being conducted in multiple locations, such as activities on the internet. The definition of a “cross-border injunction” used here differs from the definition adopted by James Fawcett and Paul Torremans, who define it as an injunction “which operates extra-territorially in respect of the infringement abroad of foreign intellectual property rights.” JAMES J. FAWCETT & PAUL TORREMANS, *INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW* 218 (1998). The definition fits the European experience, which is discussed *infra* Part IV of this Article.

3. Some recent U.S., European, and Japanese cases indicate that suing for foreign

At first glance it might appear that cross-border enforcement problems should not arise in patent cases at all because of the territorial limitations of patent law; for a court to issue remedies for patent infringement under U.S. law, the allegedly infringing activity must occur within the United States. Therefore, one might expect that the alleged infringer would have to be domiciled in the United States or have some other significant physical presence in the United States in order to engage in such an activity. However, as U.S. law strives to encompass conduct beyond U.S. borders that harms the interests of U.S. patent holders,⁴ injunctions issued by U.S. courts try to reach abroad. As this Article shows, plaintiffs request such injunctions notwithstanding the potential difficulties that enforcement abroad may cause.

While enforcement of a cross-border injunction against a U.S. entity is unlikely to pose significantly greater difficulties than enforcement of any other injunction (perhaps with the exception of evidentiary issues if a contempt order is sought and conduct abroad has to be proven before a U.S. court), the situation becomes complicated when the defendant is a foreign entity with no assets in the United States. In such cases there are two ways in which the enforcement problem may be mitigated. First, if the patent holder is fortunate enough to hold a parallel patent in the country of the activity to be stopped by an injunction, a lawsuit in that country can be a viable and more practical alternative. As opposed to a lawsuit in the United States, the foreign suit may not yield as much in terms of damages, but should provide more effective injunctive relief. Second, the patent holder may alleviate the enforcement problem by suing a domestic company that participates in the infringement along with the foreign infringer; a domestic distributor would be the typical example. In such cases, even if the plaintiff fails to secure enforcement

patent infringement might be possible under limited circumstances, as discussed later in this Article. However, in general, it appears that most plaintiffs will have to continue filing their cases in the country where the patent was granted. For recent U.S. decisions concerning jurisdiction over foreign patent infringements, see *Voda v. Cordis Corp.*, 476 F.3d 887 (Fed. Cir. 2007); *Fairchild Semiconductor Corp. v. Third Dimension Semiconductor Inc.*, 589 F. Supp. 2d 84 (D. Me. 2008). For a decision on the issue from the European Union perspective, see *Case C-4/03, Gesellschaft für Antriebstechnik mbH & Co. KG v. Lamellen und Kupplungsbau Beteiligungs KG*, 2006 E.C.R. I-6509. For an approach adopted by a Japanese court, see *Coralcorporation Co. v. Marine Bio Co.*, 1874 HANREI JIHO 23 (Tokyo D. Ct., Oct. 16, 2003).

4. See, e.g., Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 WM. & MARY L. REV. 2119, 2144 (2008); Robert J. Benson, *Beyond Borders: How U.S. Patent and Copyright Laws Can Reach Transactions That Occur Entirely Outside U.S. Borders*, INTELL. PROP. & TECH. L.J., Sept. 2006, at 15, 15.

abroad of the remedy awarded by the U.S. court against the foreign co-defendant, the relief achieved against the U.S. co-defendant may be sufficient to prevent infringements in the United States—at least through the same distribution channels. However, if the mitigating approaches are not available, U.S. patent holders may have to sue foreign entities as the only defendants and thereafter face problems when trying to enforce remedies awarded by U.S. courts.

Cross-border enforcement problems in patent cases have attracted the attention of scholars studying the intersection of intellectual property and private international law; they have proposed that an international instrument be negotiated that would provide for smooth enforcement of judgments across borders⁵ and have identified injunctions as a form of remedy that is likely to cause particular difficulties when those injunctions include requirements that the enforcing court cannot enforce because its law does not permit such a requirement to be imposed by courts.⁶ Scholars have suggested that if the injunction cannot be fully enforced, the enforcing court should either award monetary relief instead of enforcing the injunction⁷ or adjust the injunction to the needs of its own legal system while fulfilling—as closely as possible—the original intent of the issuing court.⁸

This Article complements the scholarship in the area of intellectual property and private international law/conflict of laws by providing an empirical picture of the number and character of cross-border injunctions issued in the United States against foreign entities and surveying the problems of enforcement of such injunctions in the current legal framework—a framework that lacks the support of an international instrument facilitating enforcement across borders. First,

5. AM. LAW INST., INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES (2007) [hereinafter INTELLECTUAL PROPERTY PRINCIPLES]; Rochelle C. Dreyfuss & Jane C. Ginsburg, *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, 77 CHI-KENT L. REV. 1065 (2002); Yoav Oestreicher, *Recognition and Enforcement of Foreign Intellectual Property Judgments: Analysis and Guidelines for a New International Convention* (2004) (unpublished S.J.D. dissertation, Duke University School of Law), available at <http://eprints.law.duke.edu/700/1/oestreicher.pdf>. In Europe, proposals have been developed by CLIP, a group of intellectual property law scholars headed by experts of the Max Planck Institute for Intellectual Property, Competition and Taxation. See CLIP, <http://www.cl-ip.eu/> (last visited Apr. 18, 2009).

6. INTELLECTUAL PROPERTY PRINCIPLES, *supra* note 5, § 412 cmt. b.

7. INTELLECTUAL PROPERTY PRINCIPLES, *supra* note 5, § 412 cmt. d.

8. *But cf.* Oestreicher, *supra* note 5, at 280–81.

this Article presents original data on the frequency with which injunctions against foreign entities are requested and issued in patent cases filed in the United States. Second, it reviews the character of the injunctions against foreign entities and identifies those that are either explicitly aimed at cross-border conduct or implicitly involve such conduct and thus may require enforcement abroad. Third, this Article discusses methods of enforcing injunctions abroad and outlines the difficulties that are inherent in the methods and either common to enforcement of this type of remedy in a variety of types of cases or specific to patent infringement cases. Fourth, it offers a comparative perspective by presenting cases of cross-border injunctions issued in patent cases by European courts; it reviews both the “pan-European injunctions,” which have been at the center of disputes among academics and practitioners for the past two decades, and other types of cross-border injunctions—the types observed in the practice of U.S. courts.

I. CROSS-BORDER INJUNCTIONS IN U.S. COURTS—A QUANTITATIVE VIEW

Injunctions prohibiting future infringement are a classical feature of patent infringement cases and tend to be frequently requested in U.S. courts. Although there were concerns about whether plaintiffs would stand as high a chance of obtaining injunctive relief as they did before the Supreme Court in *eBay Inc. v. MercExchange, L.L.C.*,⁹ in which the Supreme Court rejected a practice of almost automatic awards of such relief in patent cases,¹⁰ injunctions continue to be issued frequently. According to the University of Houston Law Center Institute for Intellectual Property and Information Law, in seventy-one post-*eBay* rulings entered before October 17, 2008, courts awarded permanent injunctions in fifty-four cases, i.e. in 76% of cases where they were requested.¹¹ Since *eBay*, the statistics on injunctive relief have received well-deserved attention as practitioners have attempted to predict the

9. 547 U.S. 388 (2006).

10. Douglas Ellis, John Jarosz, Michael Chapman & L. Scott Oliver, *The Economic Implications (and Uncertainties) of Obtaining Permanent Injunctive Relief After eBay v. MercExchange*, 17 FED. CIR. B.J. 437, 439–40 (2008); Mitchell G. Stockwell, *Implementing eBay: New Problems in Guiding Judicial Discretion and Enforcing Patent Rights*, 88 J. PAT. & TRADEMARK OFF. SOC'Y 747, 747 (2006).

11. Patstats, *Post-eBay Permanent Injunction Rulings by District Courts*, <http://www.patstats.org/Patstats2.html> (follow “Post-eBay Permanent Injunction Rulings in Patent Cases” hyperlink).

chances of obtaining such relief and researchers have aimed to capture the effect of the *eBay* decision on the practice of district courts; however, notwithstanding this increased interest in injunctions, no data has been published that illustrates the cross-border aspect of injunctions requested and issued in U.S. courts in patent infringement cases.

In this Part, I supplement the available literature by providing results that I have compiled as part of a larger project on cross-border enforcement of U.S. patent rights. I was able to arrive at the results by utilizing three data sources: the Stanford Intellectual Property Litigation Clearinghouse (IPLC), the University of Houston Law Center Institute for Intellectual Property and Information Law, and the Bloomberg Law database. Before presenting the results, I should comment on the relatively low number of cases in which injunctions were awarded. Although more than 2,500 patent cases are filed in the United States annually,¹² most result in settlement. According to the Houston Law Center, 85% of patent cases closed in 2005–2007 ended in settlement.¹³ Some settlements result in a consent decree or consent order that may also include an injunction, but most settled cases are dismissed; therefore, in total, very few injunctions are actually issued compared to the number of cases filed.

To obtain a quantitative picture of the potential cross-border issues in patent litigation, I reviewed all patent cases that were filed in U.S. district courts in 2004¹⁴ in order to identify the domicile of the parties involved in the cases. The population available to me through IPLC included not only patent infringement cases but also cases in which plaintiffs sought a declaration of patent invalidity and non-infringement and disputes over inventorship. Because none of the data sources provided coding for the domicile of the parties, I had to extract that information from case files, mostly from complaints or amended complaints, but occasionally from various motions, and in rare instances from the docket information itself. Sometimes, I was able to complement the information on domicile by cross-referencing to another case in the IPLC or Bloomberg Law database.¹⁵ Ultimately, I

12. Since 2001, the number of filed cases remains above 2,500 per year. See Lexmachina—Stanford IP Litigation Clearinghouse, <http://lexmachina.stanford.edu/>.

13. Patstats, Settlement Rates for Patent Cases, <http://www.patstats.org/Patstats2.html> (follow “Settlement Rates” hyperlink).

14. The selection of the specific year was the result of a compromise; it was one of the first years in which electronic filings were widespread, and as a result, most individual case file documents were available through the IPLC.

15. In 2004, not all federal district courts were using Pacer, which reduced the

was able to detect the parties' domicile in 2,146 cases, which represents about 76% of all cases filed in 2004.¹⁶ Although the pool of cases in which I identified domicile is not a random sample from which statistics for the entire population could be inferred, this data set is large enough to provide interesting information about the phenomenon that is the subject of this Article.

In 515 of the cases in the data set, at least one party was a foreign entity, or stated differently, in 24% of the cases observed, there was a foreign-domiciled party on the side of either the plaintiff or the defendant. Of the 515 cases, in 309 cases (14% of the total data set) the foreign entity was a defendant;¹⁷ more specifically, in 200 cases the foreign entity was sued along with a U.S. defendant, and in 109 cases either the foreign entity was the only defendant or all defendants were foreign entities. After declaratory judgment cases were eliminated from the data subset, seventy-eight patent infringement cases against foreign entities were identified. These seventy-eight cases are of particular interest to a study of cross-border problems because plaintiffs in these cases have to rely solely on cross-border enforcement, as opposed to cases in which U.S. entities are sued along with foreign entities allowing some enforcement to be conducted in the United States. In the seventy-eight foreign entity infringement cases, there is no U.S. co-defendant toward whom the enforcement effort can be redirected if cross-border enforcement fails.¹⁸

With one exception, all complaints that were available in the cases against foreign entities included requests for permanent injunctions, but as noted above, due to the high percentage of dismissals, relatively few injunctions were issued. As of November 8, 2008, out of the seventy-

availability of docket documents in electronic format. In addition to Pacer, I also utilized additional complementary data sources, such as the USPTO patent database.

16. The starting point of the data collection was IPLC. The total number of cases filed in 2004 fluctuates slightly with time as IPLC adjusts the number for false positives and other infrequent irregularities.

17. In her study of xenophobia in U.S. courts, Judge Kimberly Moore mentioned that 16.3% of cases filed in 1999–2000 involved a foreign defendant. Kimberly A. Moore, *Xenophobia in American Courts*, 97 NW. U. L. REV. 1497, 1527 tbl.5 (2003). The percentage mentioned by Judge Moore and calculated here cannot be easily compared; her survey included the complete population of all patent cases filed in the period, while I worked with a non-representative, convenience-based sample.

18. I also reviewed cases in which (1) the only plaintiff was a foreign entity or all plaintiffs were foreign, (2) the filings were for a declaration of invalidity or non-infringement, and (3) infringement was counterclaimed. This filter yielded only four cases, which were all settled without an injunction being issued.

eight cases, two were still ongoing before district courts, four were adjudicated at the district court level,¹⁹ and the rest of the cases were either settled or voluntarily dismissed on plaintiff's motion for other reasons (for instance, in six cases the plaintiffs were unable to serve process on the defendants). Interestingly, permanent injunctions were issued in all four adjudicated cases and in eight settled cases that were not concluded by a dismissal but in which courts entered a consent decree or consent judgment.

To obtain additional instances of the phenomenon, I also reviewed the post-*eBay* decisions on injunctions as accumulated by the Houston Law Center.²⁰ Of the fifty-four cases in which injunctions issued after *eBay*, eleven involved foreign defendants along with U.S. co-defendants; in ten of these cases injunctions were awarded against both the U.S. and foreign defendants. In the remaining case, the injunction was issued only against the U.S. defendant. Additionally, in three of the fifty-four cases, foreign entities alone were sued, and in all three cases injunctions were issued. Coincidentally, two of the three injunctions overlapped with those that I detected in the 2004 data set described above. In the fifty-four post-*eBay* cases in which injunctions were requested, the domicile of the defendants seemed to have no particular impact on the court's decision to issue an injunction; plaintiffs successfully obtained injunctions in about the same percentages of cases, regardless of whether the injunction targeted a foreign or domestic entity (injunctions were issued in 78% of cases that involved a foreign defendant compared to 77% of cases in which no foreign defendant was involved).

As the data presented shows, federal district courts have not hesitated to issue injunctions against foreign entities, and in the post-*eBay* perspective, the likelihood that a court will award an injunction against a foreign entity is no less than in cases against domestic entities. This finding necessarily raises the question of whether injunctions against foreign entities actually target acts outside U.S. borders, and if so, what the success rate of the enforcement of such injunctions is.

19. The states of the four cases as of November 10, 2008, were as follows: one case was pending on appeal before the U.S. Court of Appeals for the Federal Circuit, one case was remanded to a district court by a Court of Appeals, one was unsuccessfully appealed by the defendant and the request for certiorari was denied, and in the last case, a default judgment was entered.

20. See *supra* note 11 and accompanying text.

II. CROSS-BORDER INJUNCTIONS IN U.S. COURTS—A QUALITATIVE VIEW

Injunctions issued against foreign entities represent a particularly appropriate pool for a study of the territorial effects of such remedies. Certainly, an injunction against a foreign entity does not automatically implicate acts outside U.S. borders, nor does the fact that a domestic entity is subject to an injunction necessarily exclude that entity's acts outside the United States from the scope of the injunction. However, it seems to be warranted to expect that injunctions against foreign entities—as opposed to U.S. entities—would be much more likely to generate concerns over extraterritorial effects. To study the territorial scope of injunctions, I reviewed the content of injunctions awarded in the thirteen cases that I identified through the quantitative research presented in the previous Part.²¹ Although cases in which U.S. defendants were sued along with foreign entities would offer additional examples of injunctions against foreign entities (the post-*eBay* dataset alone would provide eleven such instances), it seems appropriate to focus on the extreme cases in which the entire potential enforcement effort targets foreign entities.

In all thirteen cases, the injunction follows the typical wording for injunctive relief in patent cases by simply reiterating the statutory language of 35 U.S.C. § 271(a) that prohibits acts of infringement.²² For instance, in *Lumitex, Inc. v. Sheffmed Trade Services Ltd.*, the U.K. defendant was ordered not to “make, have made, use, sell or offer for sale in the United States any illuminated surgical refractor covered by the claims of the [. . .] patent, including but not limited to Sheffmed's ‘Neon’ illuminated surgical retractor.”²³ In two of the cases reviewed, the injunction included acts of inducement. In one of them—issued in the consent decree in *Prima Tek II, L.L.C. v. Oriental Connection Trading Co.*—both inducement and contributory infringement under § 271(b) and (c) were prohibited by the court as it enjoined the Canadian defendants “against, directly or indirectly, making, using, selling, offering for sale or importing, or aiding or encouraging others, directly or indirectly, in the making, using, selling, offering for sale or importing

21. These are twelve cases from the 2004 data set plus one of the three cases from the post-*eBay* data set (the other two cases from the post-*eBay* data set are included in the twelve cases from the 2004 data set).

22. 35 U.S.C. § 271(a) (2006).

23. *Lumitex, Inc. v. Sheffmed Trade Services Ltd.*, No. 1:04-CV-2225, slip op. at 2 (N.D. Ohio June 21, 2005) (order granting permanent injunction).

any [products] that would infringe, [. . .] or induce or contribute to the infringement of any claim of Plaintiff's [valid patents]."²⁴ One injunction targeted infringement under § 271(g). In *3M Company v. Asia Sun (Taiwan), Inc.*, the district court enjoined the Taiwanese defendant from "importing into or selling in the United States its [infringing product] or similar product made by the same method."²⁵ Additionally, in the same injunction, the court used far-sweeping language prohibiting the defendant "from otherwise infringing" the patent.²⁶ The same language also appears in *O2 Micro International Ltd. v. Beyond Innovation Technology Co.*²⁷ despite criticism by the Federal Circuit that such injunctions are contrary to Rule 65(d) of the Federal Rules of Civil Procedure and the relevant U.S. Supreme Court interpretation, which require a higher level of specificity for an injunction.²⁸ One of the thirteen cases concerned infringement under § 271(e), and thus the injunction paralleled the wording in § 271(e)(4)(B).²⁹

In addition to prohibiting acts of infringement, courts may also order defendants to affirmatively act in a certain manner. For instance, in *O2 Micro International*³⁰ the court required a very specific conduct by the Taiwanese defendants who were sued for infringement of two of plaintiff's patents for high efficiency adaptive DC/AC converters. Following a trial in which the jury found that the defendants induced and contributed to the infringement,³¹ the court entered a permanent injunction against the defendants not only prohibiting infringing acts ("manufacturing, using, selling, offering to sell or importing into the United States"), but also ordering the defendants to "label prominently

24. *Prima Tek II, L.L.C. v. Oriental Connection Trading Co.*, No. 04-214-MJR, slip op. at 4-5 (S.D. Ill. May 3, 2004) (order granting permanent injunction); *see also* 35 U.S.C. § 271(b)-(c).

25. *3M Co. v. Asia Sun (Taiwan), Inc.*, No. 2-04CV-417-TJW, slip op. at 3 (E.D. Tex. June 20, 2005) (final judgment); *see also* 35 U.S.C. § 271(g).

26. *3M Co.*, No. 2-04CV-417-TJW at 3.

27. *O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, No. 2-04-CV-32, slip op. at 2 (E.D. Tex. Mar. 21, 2007) (final judgment granting permanent injunction), *vacated*, 521 F.3d 1351 (Fed. Cir. 2008).

28. *KSM Fastening Sys., Inc. v. H.A. Jones Co.*, 776 F.2d 1522, 1526 (Fed. Cir. 1985). On the need for specificity of injunctions, *see also* *Abbott Labs. v. Torpharm, Inc.*, 503 F.3d 1372, 1382 (Fed. Cir. 2007); *see also* FED. R. CIV. P. 65(d).

29. 35 U.S.C. § 271(e)(4)(B).

30. *O2 Micro Int'l*, No. 2-04-CV-32, at 2.

31. *O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, No. 2-04-CV-32, slip op. (E.D. Tex. May 15, 2006) (verdict form), *vacated*, 521 F.3d 1351 (Fed. Cir. 2008).

their respective inverter controller or module products covered by this order and their accompanying product literature ‘Not for Sale in, Use in, or Importation into the United States.’”³²

In this last example, the cross-border nature of the injunction is obvious: the foreign defendants are ordered to act in a certain way when manufacturing their products outside the United States. However, the extraterritorial reach of an injunction may not always be so explicit. For instance, the wording may suggest that only behavior in the United States is governed and expected—the order may impose the obligation “to deliver” infringing products to the plaintiff in the United States and “to buy” original products from the plaintiff in the United States, but in fact such injunction encompasses defendant’s behavior abroad when in order “to deliver” in the United States the defendant has to package and arrange for the delivery from abroad. Similarly, defendant may purchase in the United States, but use assets located abroad to do so.

Even less obvious at first sight might be the extraterritorial ambition of the classical negative injunction that prohibits infringing behavior. In the abstract, to the extent that the text of the injunction parallels the statutory language, one may expect that the extraterritorial potential of the injunction will reach as far as the possible extraterritorial scope of the statute. For instance, if inducement of patent infringement is prohibited by an injunction, the extraterritorial reach of the injunction is derived from the extent to which the statute applies to conduct abroad that induces infringement of a U.S. patent. In the concrete, the injunction should be designed primarily to prevent prior infringing acts from reoccurring; therefore, if the infringing acts or acts of inducement that led to the injunction occurred outside the United States, the injunction should aim at such extraterritorial conduct as long as the conduct would continue to infringe or induce infringement.³³ *Litecubes, L.L.C. v. Northern Light Products, Inc.*, one of the thirteen cases,

32. *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, No. 2-04-CV-32, slip op. at 2 (E.D. Tex. Mar. 21, 2007) (final judgment granting permanent injunction), *vacated*, 521 F.3d 1351 (Fed. Cir. 2008). The injunction was vacated by the Federal Circuit Court, which vacated the jury verdict and the final judgment of infringement and remanded the case to the district court for further proceedings. *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351 (Fed. Cir. 2008).

33. However, it cannot be expected that courts will interpret such injunctions as prohibiting some other extraterritorial conduct that does not represent infringement under U.S. patent law. For instance, in *International Rectifier Corp. v. Samsung Electronics Co.*, 361 F.3d 1355, 1360–62 (Fed. Cir. 2004), the Court refused to extend the scope of a permanent injunction to defendant’s activities outside the United States. *See also* Benson, *supra* note 4, at 15–20.

provides a good example of prior extraterritorial acts that were considered infringing; thus, the resulting negative injunction is extraterritorial because it targets such behavior by the defendant.

The injunction issued in *Litecubes* prohibited the defendant from engaging in certain acts in Canada that the court considered as infringing plaintiff's U.S. patent.³⁴ The defendant, a Canadian company, sold a product to U.S. customers that infringed the plaintiff's U.S. patent for an "illuminatable novelty item that can be placed in beverages."³⁵ After a jury entered a verdict of willful infringement, the defendant moved for dismissal for lack of subject matter jurisdiction claiming that jurisdiction should be limited to acts committed within the United States. The defendant argued that its acts were purely extraterritorial because it had no physical presence in the United States and it shipped the products to its clients "f.o.b." or "free on board" whereby it passed legal title to the goods in Canada and not in the United States.³⁶ However, the Federal Circuit Court disagreed and rejected the notion that an inquiry concerning the place of infringement should have any impact on subject matter jurisdiction.³⁷ Additionally, the court pointed out that when goods are shipped f.o.b., "the sale also occurred at the location of the buyer;"³⁸ therefore, under these circumstances, by enjoining the defendant from "selling in the United States," the Court actually enjoined the defendant from acting in Canada.

The case of direct f.o.b. shipments is not the only scenario in which a patent may be infringed by acts committed abroad or in multiple locations at once; for instance, patents may be infringed by activities on the internet that are initiated from abroad.³⁹ In such cases, even if the injunctions target only the activities that have effects in the territory of the United States, they have to require certain conduct by defendants outside the United States to prevent such effects in the United States.⁴⁰ Naturally, before an inquiry into potentially infringing activities may

34. See *Litecubes, L.L.C. v. N. Light Prods., Inc.*, No. 4:04CV00485, 2006 U.S. Dist. LEXIS 60575, at *65 (E.D. Mo. Aug. 25, 2006).

35. *Litecubes, L.L.C. v. N. Light Prods., Inc.*, 523 F.3d 1353, 1357 (Fed. Cir. 2008).

36. *Id.* at 1359.

37. *Id.* at 1360–68.

38. *Id.* at 1369.

39. Dan L. Burk, *Patents in Cyberspace: Territoriality and Infringement on Global Computer Networks*, 68 TUL. L. REV. 1, 38–39 (1993).

40. Mark A. Lemley & Philip J. Weiser, *Should Property or Liability Rules Govern Information?*, 85 TEX. L. REV. 783, 803, 805 (2007).

begin, additional characteristics of defendants' internet activities must be weighed by courts for purposes of establishing personal jurisdiction,⁴¹ unless other facts warrant the exercise of personal jurisdiction over the defendant.

A simple posting of product information on a website does not automatically constitute an infringing "offer to sell;" however, courts may find that an advertisement presents an infringement if a website, such as the one maintained by the defendant in *Biometrics, L.L.C. v. New Womyn, Inc.*, "contains both (1) the description of the product, and (2) a price at which it can be purchased."⁴² In addition to offers to sell, sale and use of a patented product or method may also occur on the internet and result in liability—either for the direct acts or, at a minimum, for inducement or contributory infringement. For instance, a foreign company offering distance-learning packages on the internet may sell its products to U.S. customers in the form of software downloadable from the internet that operates in conjunction with online services provided by the company. The sale of the software itself and of the related online services may constitute direct infringement of a U.S. patent(s), or the sale of the software and the provision of the services may be deemed acts of inducement or contributory infringement. In all such instances, an injunction aimed at acts committed online impacts a defendant's behavior no matter where his or her activities are initiated; the injunction requires compliance, regardless of the territory in which the defendant must act to achieve it.

The extraterritorial ambitions of U.S. patent law⁴³ explain the practice of issuing cross-border injunctions; when asked to enforce the law in its full geographical scope, courts may prohibit conduct beyond U.S. borders to the same extent that the law prohibits such conduct. Thus, if U.S. patent law views shipping f.o.b. from abroad to U.S.

41. On the issue of establishing personal jurisdiction on the basis of activity on the internet see, for example, *Trintec Industries, Inc. v. Pedre Promotional Products, Inc.*, 395 F.3d 1275, 1281 (Fed. Cir. 2005). For an overview of the development of the U.S. courts' approaches to jurisdiction on the internet, see Michael Geist, *The Shift Toward "Targeting" for Internet Jurisdiction*, in *Who Rules the Net?* 91, 94–105 (Adam Thierer & Clyde Wayne Crew Jr. eds., 2003).

42. *Biometrics, L.L.C. v. New Womyn, Inc.*, 112 F. Supp.2d 869, 873 (E.D. Mo. 2000) (citing *3D Sys., Inc. v. Aarotech Labs., Inc.*, 160 F.3d 1373, 1379 (Fed. Cir. 1998)).

43. In the present context, by using the expression "extraterritorial ambitions," I do not intend to attach any negative connotation to the effort of U.S. law to protect holders of U.S. patents. On the unfortunate "pejorative cast" acquired by the term "extraterritorial jurisdiction," see ANDREAS F. LOWENFELD, *INTERNATIONAL LITIGATION AND THE QUEST FOR REASONABLENESS* 15 (1996).

customers as conduct that infringes a U.S. patent, a U.S. court may prohibit such conduct through an injunction. Even if packaging the products in Canada and handing them over in Canada to a Canadian shipping company for f.o.b. shipment to U.S. customers is completely legal under Canadian law, a U.S.-issued injunction will target such activity as conduct that constitutes infringement under U.S. patent law.

However, when aiming at preventing infringement of a U.S. patent, U.S. courts do not limit their cross-border interventions to conduct which is found to be infringement under U.S. patent law. As the Federal Circuit opined in *Johns Hopkins University v. CellPro, Inc.*, “[a]n injunction [. . .] can reach extraterritorial activities [. . .], even if these activities do not themselves constitute infringement” as long as the injunction is designed to “prevent infringement of a United States patent.”⁴⁴ The order requesting that a Taiwanese company attach certain labels to its products in Taiwan represents an example of such an injunction aimed at conduct abroad that has nothing to do with the infringing activity per se, but the court nevertheless orders the injunction because it considers it an appropriate tool to “prevent infringement of a U.S. patent.”

Whether the cross-border injunction is aimed at conduct actually found to infringe a U.S. patent or at non-infringing conduct from the U.S. patent law perspective but inducing or contributing to infringement of a U.S. patent, the injunction clearly reaches into another state’s sovereign territory. However, outside the United States, the enforcement power of U.S. courts extends *de facto* only if the defendant is a U.S. entity or a foreign entity with some physical presence in the United States or with assets located in the United States that can be reached by U.S. courts through a contempt order. Such defendants may be forced by U.S. courts to act in a certain way abroad, but when a foreign entity with no presence or assets in the United States is enjoined from acting abroad, the success of enforcement depends entirely on the degree to which courts of other countries are willing to lend their power to enforce U.S.-issued (or, in general, foreign-issued) injunctions pertaining to jurisdiction of these courts. The following Part reviews options for enforcement of U.S. injunctions abroad and points out difficulties that these options present.

44. 152 F.3d 1342, 1366–67 (Fed. Cir. 1998).

III. ENFORCEMENT OF U.S. INJUNCTIONS ABROAD

Enforcement by a court is not necessarily required for compliance with injunctions; certainly, there are a number of reasons why parties would want to comply voluntarily with court-ordered injunctions. A party may comply because it wishes to restore a pre-existing business relationship with the adversary or maintain a chance of creating one. A party may be persuaded to comply out of concern for its reputation among its partners or customers. Compliance with an injunction in a particular case might also result from a greater overall litigation strategy concerning multiple cases. Perhaps a party would comply simply because it is a law-abiding entity with respect for the rule of law. Notwithstanding the many reasons for voluntary compliance that may affect a party's behavior without necessitating court intervention, the possibility of court enforcement of an injunction must exist. First, there must be an effective enforcement mechanism to achieve compliance by those who refuse to comply, and second, the threat of an imminent and tangible harm to the non-complying party will serve as an important deterrent that will increase the instance of compliance without judicial intervention.

This Article focuses on the compliance compelled by prospective or actual court action because such enforcement poses particular challenges when injunctions reach across international borders. The fact that the defendant and its assets are not located within the issuing court's country does not automatically negate any of the reasons for voluntary compliance; the reasons do not disappear simply because the defendant is unreachable by the issuing court's enforcement power. For instance, if a party is concerned about its reputation, it may comply with an injunction regardless of the court and country of issuance. However, the reasons for voluntary compliance may be less compelling in a cross-border scenario; merely the greater physical distance from the original litigation may be enough for a party to cease being concerned about damage to its reputation among its domestic customers. Similarly, complying with a foreign court order might be outside the scope of a litigation strategy that concerns purely domestic disputes. If correct, a presumption that the reasons for voluntary compliance arise with less frequency or lower degree of intensity in cross-border scenarios would in fact suggest an increased need for effective enforcement of cross-border injunctions. On the other hand, even if such a presumption is incorrect and parties in fact have just as strong of an incentive to comply voluntarily with foreign court orders as they have with domestic court orders, cross-border enforcement still merits particular attention

because of the difficulties that it poses to a plaintiff when a defendant does not comply voluntarily.

In general, courts should refrain from issuing injunctions that require conduct abroad simply out of respect for other countries' sovereignty. However, as indicated *supra* Part II, patent cases provide an interesting pool of instances in which courts reach defendants' activities outside the United States if they deem it necessary to prevent infringement of a U.S. patent.⁴⁵ Such injunctions could be perceived as unreasonably intrusive by foreign countries; for instance, when a U.S. court prohibits a Canadian company from shipping products f.o.b. from Canada to U.S. customers, it clearly affects the behavior of the company in Canada, and consequently the company's Canadian revenue and tax contribution as a Canadian taxpayer. If a U.S. court prohibits a Canadian company from selling a downloadable internet product to customers located in the United States, again, the company will have to take action in Canada to comply with the injunction, and Canada may lose tax revenue stemming from such cross-border trade. However, any economic interest that Canada or another foreign country has might be outweighed by the desire to follow the principles of international comity that mandate that courts of different countries recognize and enforce each other's decisions unless an exception applies. The principle of comity promotes the notion that the court will enforce the foreign court's decision today with the expectation that the foreign court will reciprocate when the situation reverses in the future.

A plaintiff who seeks enforcement of a cross-border injunction abroad, against a foreign defendant with no presence in the United States, has two options for "exporting" such an injunction: (1) the plaintiff may request recognition and enforcement by a foreign court of the final decision containing the injunction, or (2) the plaintiff may proceed with an enforcement action before a U.S. court, obtain a contempt order and then seek recognition and enforcement of the contempt order abroad. Each might be a possible avenue, and the two can even be utilized in tandem; however, both present certain difficulties that plaintiffs should be aware of and consider not only before seeking enforcement, but also when designing their litigation strategies. In addition to the high cost and complicated logistics, both methods of enforcement are likely to expose plaintiffs to two problems associated with recognition and enforcement: finality and the public

45. *Id.*

policy exception.

A. Enforcement of an Injunction

Principles of private international law require that a foreign decision be final before a country's courts may recognize and enforce such a decision. Although the concept of finality may vary in detail from country to country,⁴⁶ the requirement is likely to eliminate preliminary injunctions or temporary restraining orders from enforcement outside the United States.⁴⁷ The requirement also postpones the enforcement of a permanent injunction abroad until after a non-appealable decision is issued or the statute of limitations for an appeal expires. This may lead to a significant gap in time between when the injunction becomes effective in the United States and when it is enforceable abroad because, unless stayed pending appeal,⁴⁸ the injunction will be effective in the United States as of the date of issue, but be on hold abroad for several years before finality is achieved. Naturally, in this interim period, a U.S. court may attempt to secure compliance by issuing contempt orders against a non-compliant defendant, but since—as is discussed *infra*—the enforcement of such orders is likely to be delayed as well, the plaintiff may be without an effective remedy for a lengthy period.

The time gap in foreign enforceability may be mitigated by a provisional measure granted by a foreign court in support of the U.S. proceeding if the foreign court is willing to award one. For instance, interim relief in support of a foreign proceeding is available in England where Article 25 of the Civil Jurisdiction and Judgments Act 1982,⁴⁹ provides for interim relief in support of not only commenced foreign proceedings but also prospective foreign proceedings.⁵⁰ Where foreign

46. Arthur T. von Mehren & Donald T. Trautman, *Recognition of Foreign Adjudications: A Survey and a Suggested Approach*, 81 HARV. L. REV. 1601, 1656–58 (1968).

47. On enforcement of foreign provisional remedies in the United States, see LAWRENCE W. NEWMAN & MICHAEL BURROWS, *Enforcement of Foreign Provisional Remedies*, in THE PRACTICE OF INTERNATIONAL LITIGATION II-67 (2d ed., release 10 2008); LAWRENCE W. NEWMAN & MICHAEL BURROWS, *Orders in Support of Foreign Proceedings*, in *id.*, at IV-101.

48. On stays of injunctions pending appeal see George M. Sirilla, William P. Atkins & Stephanie F. Goeller, *Will eBay Bring Down the Curtain on Automatic Injunctions in Patent Cases?*, 15 FED. CIR. B.J. 587, 607–14 (2006).

49. Civil Jurisdiction and Judgments Act 1982, c. 27, § 25 (Eng.).

50. The availability of interim relief is not limited to proceedings commenced in a country of the Brussels Regulation, see *infra* note 84; it can also be granted in “proceedings whose subject-matter is within the scope of the Regulation as determined by Article 1 of the

patent infringement proceedings have not yet been brought, the provision of Article 50.6 of the TRIPs Agreement requires that the defendant be allowed to request that the provisional measure “be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within . . . [the required] period.”⁵¹ The issue of provisional measures in support of foreign patent infringement proceedings is another topic that awaits an empirical inquiry.⁵²

In addition to the problem of finality, authors of proposals for an international instrument on the recognition and enforcement of court decisions in intellectual property matters have addressed the problem of the content of an injunction that may be incompatible with a foreign country’s law or the enforcement abilities of that country’s courts.⁵³ Although such a problem may theoretically arise, it does not appear from the injunctions issued in the thirteen cases, surveyed *supra* Part II, that injunctions issued in U.S. patent cases are likely to generate any serious content-related concerns that would require a foreign court to seek alternative remedies. In addition, it does not appear likely that a U.S. injunction issued in a patent infringement case would include requirements that would be found contrary to the public policy of an enforcing country to the degree warranting the application of the public policy exception if the scope of the injunction is strictly limited to conduct infringing the U.S. patent or inducing or contributing to infringement of the U.S. patent. Difficulties connected with injunctions

Regulation (whether or not the Regulation has effect in relation to proceedings),” Civil Jurisdiction and Judgments Act § 25(1)(b). Patent matters are within the scope of the Regulation.

51. Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 50.6, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 33 I.L.M., 1125, 1197 (1994). Defendants may request revocation of such measures if proceedings on the merits are not initiated within twenty working days or thirty-one calendar days, whichever is longer. *Id.*

52. In 2000, Steffen Schwarz commented on the lack of cases concerning one specific type of interim relief: “Though Mareva injunctions have never been issued in cases related to infringement of IPRs there is no reason why this should not be a subject matter in the future.” Steffen Schwarz, *Freezing Orders in the Context of the Lugano Convention and the TRIPS Agreement* 31 (MAS-IP Diploma Papers & Research Reports, Working Paper No. 13, 2001). On provisional measures in support of foreign proceedings in general, see, for example, NEWMAN & BURROWS, *Orders In Support of Foreign Proceedings*, *supra* note 47; David Westin & Peter Chrocziel, *Interim Relief Awarded by U.S. and German Courts in Support of Foreign Proceedings*, 28 COLUM. J. TRANSNAT’L L. 723 (1990); George A. Bermann, *Provisional Relief in Transnational Litigation*, 35 COLUM. J. TRANSNAT’L L. 553 (1997).

53. See *supra* note 5.

targeting behavior on the internet, i.e., conduct occurring simultaneously in multiple countries, should be eliminated by application of mechanisms that can localize the effects of injunctions to the extent comparable to such effects in cases of injunctions concerning other media.⁵⁴

In addition to the problems associated with issues of finality and the public policy exception, there is another major concern to be raised in connection with the enforcement of injunctions in patent cases, a concern that is actually present any time plaintiffs seek to enforce classical negative injunctions—whether cross-border or not—that prohibit further infringement, and a concern that will likely be accentuated in a cross-border scenario. When a plaintiff requests enforcement of a negative injunction, the defendant typically argues a design-around; in other words, the defendant claims that he or she sufficiently modified the originally infringing product or method so that it no longer infringes the patent in the original suit. Since the Federal Circuit's decision in *KSM Fastening Systems, Inc. v. H.A. Jones Co.*, courts must apply a two-step test before they can consider issuing a contempt order for failure to comply with the injunction.⁵⁵ First, they must evaluate whether contempt proceedings are appropriate; any “more than a colorable difference” between the modified product and the original infringing product that raises “substantial open issues with respect to infringement to be tried”⁵⁶ will render the contempt proceedings inadequate because a full trial would be necessary to deal with such issues.⁵⁷ Second, if no such issues are identified, the court may proceed and issue a contempt order if there is clear and convincing evidence that the modified product “falls within the admitted or adjudicated scope of the claims and is, therefore, an infringement;”⁵⁸ the infringement here may be either a literal infringement or infringement by application of the doctrine of equivalents.⁵⁹

54. See, e.g., Dan Jerker B. Svantesson, *Geo-Location Technologies and Other Means of Placing Borders on the “Borderless” Internet*, 23 J. MARSHALL J. COMPUTER & INFO. L. 101 (2004). For a rather skeptical view of currently available technological means, see Kimberlee Weatherall, *Can Substantive Law Harmonisation and Technology Provide Genuine Alternatives to Conflicts Rules in Intellectual Property?*, 11(4) MEDIA & ARTS L. REV. 393 (2006).

55. 776 F.2d 1522, 1526 (Fed. Cir. 1985).

56. *Id.* at 1532, 1535.

57. *Abbott Labs. v. Torpharm, Inc.*, 503 F.3d 1372, 1382 (Fed. Cir. 2007).

58. *KSM Fastening Systems*, 776 F.2d at 1530.

59. *Bass Pro Trademarks, L.L.C. v. Cabela's, Inc.*, 485 F.3d 1364, 1368 (Fed. Cir. 2007).

The *KSM* test has been criticized for making it more difficult for courts to find contempt and for favoring defendants who may easily escape contempt.⁶⁰ Judge Newman, in her *KSM* concurring in part opinion, criticized the rules imposed by the Federal Circuit as an unnecessary curtailment of court discretion in finding contempt, and warned that “harassing litigation will be harder to control” than previously when courts could simply issue a contempt order if they found no more than a “merely colorable difference” between the original infringing product and the modified product.⁶¹ Interestingly, the perception of the significant enforcement difficulties connected with contempt proceedings was reflected in 2003 in the district court’s decision in *MercExchange, L.L.C. v. eBay, Inc.*⁶² The court discussed potential contempt proceedings problems (foreseeable in the case since the parties at that stage had already disagreed on whether a future design-around was feasible or not), factored them into the balance of hardships test, and explained that by issuing an injunction in the case it would “essentially be opening a Pandora’s box of new problems” as “contempt hearing after contempt hearing [would require] the court to essentially conduct separate infringement trials to determine if the changes to the defendants’ systems violates [sic] the injunction.”⁶³ However, and perhaps not surprisingly, the Federal Circuit did not consider the argument of future disputes to constitute “a sufficient basis for denying a permanent injunction.”⁶⁴

Whether current contempt proceedings in the United States in any way favor defendants who are arguing modification is a matter for a separate empirical study.⁶⁵ For the purposes of this Article it should

60. John E. Tsavaris II, Note, *Patent Contempt Proceedings after KSM: Has the Federal Circuit Infringed Patentees’ Rights?*, 54 FORDHAM L. REV. 1005, 1006, 1012–15 (1986) (“This holding places the burden of potentially protracted and expensive relitigation on the patent owner and effectively deprives him of the remedy of the summary contempt proceeding.”); William H. Mandir, John F. Rabena, & Mark C. Davis, *Invited to an ITC Party? Bring Your Redesigns*, MANAGING INTELL. PROP., Sept. 20, 2005, at 21, 22, available at [http://www.sughrue.com/files/Publication/8a6b4a5c-a0ea-4d02-9bde-2c238430233f/Presentation/PublicationAttachment/39268144-b4a2-4b6f-8f00-355357d3c526/InvitedtoanITCArticle\(1\).pdf](http://www.sughrue.com/files/Publication/8a6b4a5c-a0ea-4d02-9bde-2c238430233f/Presentation/PublicationAttachment/39268144-b4a2-4b6f-8f00-355357d3c526/InvitedtoanITCArticle(1).pdf) (“[I]f any factual disputes are raised, or any testimony or significant evidence must be introduced, contempt proceedings are not allowed.”).

61. *KSM Fastening Systems*, 776 F.2d at 1536 (Newman, J., concurring).

62. 275 F. Supp. 2d 695 (E.D. Va. 2003).

63. *Id.* at 714.

64. *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005). The U.S. Supreme Court did not comment on the argument at all when it vacated the Federal Circuit’s judgment.

65. The International Trade Commission (ITC) proceedings appear to offer a

suffice to say that a finding of contempt is a difficult exercise for U.S. courts, and it seems warranted to suggest that foreign courts are likely to have even greater difficulties in deciding contempt when modification is used as a defense. Most importantly, foreign courts may be reluctant to find contempt in such cases; just as they refrain from adjudicating the validity of foreign patents because it is deemed improper for them to second-guess a foreign patent authority, they might also refuse to identify what the foreign patent does and does not cover in the context of contempt proceedings.⁶⁶ The design-around argument may thus be very successful at preventing enforcement of negative injunctions not only in the United States but also abroad.

B. Enforcement of a Contempt Order

The crucial problem of enforcement of a contempt order lies in the public policy concern, as explained below, but the issue of finality also complicates the enforcement of a contempt order in two respects: first, the contempt order itself must be a final (non-appealable or not timely appealed) order for it to be recognized, and second, a foreign court is likely to require that the contempt order follow a recognizable injunction, i.e. there must be a final decision on the merits. This finality requirement leads to the same substantial delay that the plaintiff would face if it had attempted to enforce the injunction instead of the contempt order. The significant public policy problem with enforcement of contempt orders abroad is that foreign courts may consider them to be decisions that are penal in nature and therefore refuse to recognize and enforce them for that reason. Just as courts do not recognize and enforce foreign criminal judgments, they also do not give effect to other courts' decisions that may be interpreted as aiming at defendant's punishment, such as awards of punitive damages.⁶⁷

significantly easier position to patent holders who are fighting off design-arounds than federal district court proceedings. Before the ITC, it is upon the alleged infringer to prove that the design-around does not infringe; until it is held non-infringing it is covered by the exclusion order. Mandir, Rabena & Davis, *supra* note 60, at 21.

66. For a comparison of the rules for interpretation of patent claims in the European Patent Office, Japan and the United States, see Jinseok Park, *Interpretation of Patent Claims in the EPO, USPTO and JPO—In The Context of the Doctrine of Equivalents and Functional Claims*, 27(7) E.I.P.R. 237 (2005). *But cf.* Brief for Law Professors as Amici Curiae Supporting Appellee at 23–25, *Voda v. Cordis Corp.*, 476 F.3d 887 (Fed. Cir. 2007) (No. 05-1238).

67. *See, e.g.*, Symeon C. Symeonides, *Resolving Punitive-Damages Conflicts*, in Y.B. OF PRIVATE INT'L L. 1, 3–4 (Petar Sarcevic & Paul Volken eds., vol. 2003). *But cf.* John Y. Gotanda, *Charting Developments Concerning Punitive Damages: Is the Tide Changing?*, 45

It may not even matter whether the contempt order is issued as a civil or criminal contempt order under U.S. law, as is demonstrated in the decision by the Supreme Court of Canada in *Pro Swing Inc. v. Elta Golf Inc.*⁶⁸ In this case concerning the enforcement of a U.S.-issued judgment and contempt order in a trademark infringement matter, the Canadian Supreme Court found the U.S. contempt order to be “quasi-criminal in nature.” Although the Court observed that U.S. law differentiates between civil and criminal contempt orders, it concluded that a U.S. contempt order, even if considered civil in nature under U.S. law, becomes “quasi-criminal” once it crosses the Canadian border: “[I]t becomes a Canadian contempt order that has a quasi-criminal nature” because “[i]n Canadian law, a contempt order is first and foremost a declaration that a party has acted in defiance of a court order,”⁶⁹ and that such an action “exposes the offender to imprisonment.”⁷⁰ The dissenting justices, led by the Chief Justice, disagreed, pointing out the existence of both civil and criminal contempt under Canadian law, and urged that foreign civil contempt orders be treated as decisions non-criminal in nature and potentially recognizable and enforceable in Canada.⁷¹

In *Pro Swing* the plaintiff submitted both the U.S.-issued injunction and the contempt order but relied primarily on the contempt order because Canadian law does not provide for recognition and enforcement of foreign non-monetary relief. Such is not the case in all other countries; even in common law countries that have traditionally followed the same principle, laws have been adopted that enable “importation” of foreign injunctions, and Canada might soon follow suit.⁷² Allowing plaintiffs to request enforcement of U.S.-issued injunctions directly saves them the effort and time connected with persuading foreign courts of the civil nature of a U.S. contempt order.

C. Alternatives to Injunctions and Their Enforcement Abroad

An alternative to an injunction that existed before *eBay* became

COLUM. J. TRANSNAT'L L. 507, 508–509 (2007).

68. [2006] 2 S.C.R. 612, 2006 SCC 52 (Can.).

69. *Id.*

70. *Id.*

71. For a discussion of the *Pro Swing* case and its implications, see Stephen G.A. Pitel, *Enforcement of Foreign Non-Monetary Judgments in Canada (And Beyond)*, 3 J. OF PRIVATE INT'L L. 241 (2007).

72. On recent trends in Canada and other common law jurisdictions towards enforcement of non-monetary judgments, see *id.*

even more important after *eBay* in cases in which the results of the four-part equity test did not warrant the granting of an injunction. The alternative is an ongoing royalty,⁷³ which—as recently stated by the Federal Circuit in *Paice L.L.C. v. Toyota Motor Corp.*—may “under some circumstances” be awarded “in lieu of an injunction.”⁷⁴ The Court explained that where a permanent injunction is not to be issued, preference should be given to parties negotiating a royalty among themselves; however, if the negotiations fail, the court “could step in to assess a reasonable royalty in light of the ongoing infringement.”⁷⁵ This concept is not limited to cases in which no injunction has been issued; even in cases where permanent injunctions have been granted, courts have sometimes decided to impose a royalty for a transitional period in which they stayed the permanent injunction. The stay was designed to support the strong public interest in having the products at issue available until non-infringing alternatives could be introduced. Such an interest was found to exist in medical patent cases. For instance, in *Shiley, Inc. v. Bentley Laboratories, Inc.*, the court imposed a royalty increasing gradually from 12% to 18% on sales of the infringing bubble blood oxygenators during a six-month transitional period.⁷⁶ In *Schneider (Europe) AG v. SciMed Life Systems, Inc.*, the court set a gradually increasing royalty rate of 15% to 24% for infringing balloon dilatation catheters sold within a one-year transitional period.⁷⁷ Instances of such transitional royalties also exist in cases outside the medical field; for instance, in *Broadcom Corp. v. Qualcomm Inc.*, the court awarded “sunset royalties” to be paid while the injunction was temporarily stayed.⁷⁸

73. The majority in *Paice L.L.C. v. Toyota Motor Corp.* distinguished between the grant of an “ongoing royalty” and a “compulsory license,” arguing that “‘compulsory license’ implies that *anyone* who meets certain criteria has congressional authority to use that which is licensed.” *Paice L.L.C. v. Toyota Motor Corp.*, 504 F.3d 1293, 1313 & n.13 (Fed. Cir. 2007). In agreement with Judge Rader’s position expressed in his concurrence (“calling a compulsory license an ‘ongoing royalty’ does not make it any less a compulsory license”), *id.* at 1316 (Rader, J., concurring), this Article makes no such distinction and uses the term “ongoing royalty” for both. For another theory distinguishing between “ongoing royalty” and “compulsory license,” see George M. Newcombe, Jeffrey E. Ostrow, Patrick E. King & Gabriel N. Rubin, Practitioner Note, *Prospective Relief for Patent Infringement in a Post-eBay World*, 4 N.Y.U. J. L. & BUS. 549 (2008).

74. *Paice*, 504 F.3d at 1314.

75. *Id.* at 1315.

76. 601 F. Supp. 964, 971 (C.D. Cal. 1985).

77. 852 F. Supp. 813, 869 (D. Minn. 1994).

78. *Broadcom Corp. v. Qualcomm Inc. (Broadcom I)*, No. 05-CV-00467-JVS-RNB, slip op. at 3, 5, 7 (C.D. Cal. 2007). Qualcomm made two payments of the “sunset royalties” to

The concept of ongoing royalty is not without its critics; some have suggested that such a remedy has no basis in law⁷⁹ and that it ignores the willfulness of an infringer who continues to infringe after a verdict finding infringement is entered.⁸⁰ It has been argued that such willfulness has not been factored into the ongoing royalty, and thus the plaintiffs have been deprived of the increase for willfulness that would be available to them in the form of treble damages if they had filed another suit for post-verdict infringement. Others have expressed concerns that the ongoing royalty might be in conflict with U.S. obligations stemming from the TRIPs Agreement.⁸¹ However, none of these arguments is likely to prevent a foreign court from enforcing a debt arising from unpaid ongoing royalties. Even if the foreign court doubted the compatibility of the concept of an ongoing royalty with the TRIPs Agreement, it would not warrant non-recognition because recognition and enforcement proceedings are not an avenue for enforcing a country's obligations from international treaties. Thus, although it is difficult to find a positive side of an ongoing royalty for a plaintiff (who either did not want to license his invention to begin with or hoped to use a permanent injunction as powerful leverage in licensing negotiations), the good news for the plaintiff is that such an ongoing royalty should be easily enforceable across borders if enforcement becomes necessary.

IV. CROSS-BORDER INJUNCTIONS IN EUROPE

U.S. courts have not been alone in granting injunctions in patent cases that reach beyond the country's borders; Europe has actually been the hotbed of debates about cross-border relief in patent cases for the past two decades. However, as opposed to the kinds of injunctions

Broadcom before the Federal Circuit found one of the patents in suit invalid. *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 690–91 (Fed Cir. 2008). The matter thus returned to the U.S. District Court for the Central District of California where Qualcomm successfully requested repayment of the royalties paid to Broadcom. *Broadcom Corp. v. Qualcomm Inc. (Broadcom II)*, 585 F. Supp. 2d 1187, 1195 (C.D. Cal. 2008).

79. Bernard H. Chao, *After eBay, Inc. v. MercExchange: The Challenging Landscape for Patent Remedies*, 9 MINN. J.L. SCI. & TECH. 543, 545, 567–68 (2008).

80. Newcombe, Ostrow, King, & Rubin, *supra* note 73; Stockwell, *supra* note 10, at 756; Mark Lemley, Remarks at The Federal Circuit Visits the Valley Discourse and Dinner (Nov. 5, 2008).

81. E.g., Paul M. Schoenhard, *Who Took My IP?—Defending The Availability of Injunctive Relief for Patent Owners*, 16 TEX. INTELL. PROP. L.J. 187 (2008); Charlene A. Stern-Dombal, Note, *Tripping Over TRIPS: Is Compulsory Licensing Under eBay at Odds With U.S. Statutory Requirements And TRIPS?*, 41 SUFFOLK U. L. REV. 249 (2007).

presented *supra*, the injunctions that generated the debates among European patent practitioners, judges and academics were the so-called “pan-European” injunctions, which have been defined by Fawcett and Torremans as injunctions “which operate extra-territorially in respect of the infringement abroad of *foreign* intellectual property rights.”⁸² This Part first reviews the “pan-European” injunctions, which have been covered in detail by recent literature, and second, points out the existence of other types of injunction in Europe—the types reviewed *supra* that do not relate to *foreign* countries’ patents but prohibit or order conduct abroad based on infringement of a domestic patent.

A. Pan-European Injunctions

The great controversy of European patent litigation of the past two decades was instigated by European courts that issued injunctions not only covering the territory of other countries but, more importantly, pertaining to other countries’ patents. In this sense, these European cases were arguably much more intrusive to the sovereignty of foreign countries than were the U.S.-issued cross-border injunctions, discussed *supra*, because these European injunctions were based on the premise that the issuing courts could adjudicate infringement of the foreign countries’ patents.

The bases for issuing cross-border relief concerning multiple patents were certain provisions of the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (Brussels Convention),⁸³ which was replaced in the EU by Council Regulation 44/2001 (Regulation) as of March 1, 2002.⁸⁴ The Regulation provides (as did the Brussels Convention) grounds for jurisdiction allowing courts to adjudicate foreign patent infringements, and it is from this Regulation (and Brussels Convention) that courts derived their power to issue cross-border injunctions concerning foreign patents. The Regulation

82. FAWCETT & TORREMANS, *supra* note 2, at 218 (emphasis added).

83. Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, Sept. 27, 1968, 1998 O.J. (C 27) [hereinafter Brussels Convention].

84. Council Regulation 44/2001, 2001 O.J. (L 12) (EC). Within the larger European Economic Area (EEA), the Lugano Convention of Sept. 16, 1988, revised in 2007, parallels the Brussels Convention. The EEA includes member states of the European Union and Iceland, Liechtenstein and Norway, *see* European Economic Area (EEA), http://ec.europa.eu/external_relations/eea/index_en.htm; however, Liechtenstein is not a party to the Lugano Convention, *see* The Lugano Convention—List of Contracting States, <http://www.bj.admin.ch/etc/medialib/data/wirtschaft/ipr.Par.0015.File.tmp/Ratifikationsliste.pdf>.

includes a provision on exclusive jurisdiction in patent matters (as did the Brussels Convention), but limits exclusive jurisdiction to proceedings concerning the validity of patents;⁸⁵ it does not impose exclusive jurisdiction in matters of infringement. This means that courts may entertain infringement cases concerning foreign patents as long as they find jurisdiction under another provision of the Regulation and as long as they do not have to decide patent invalidity.⁸⁶ Some courts have also utilized Article 31 of the Regulation (Article 24 of the Brussels Convention) to issue cross-border injunctions concerning foreign patents; the provision enables courts to issue provisional measures even if they have no jurisdiction on the merits of the case.⁸⁷ Additionally, the practice of issuing cross-border injunctions has been propelled by the expectation that such injunctions will be recognized and enforced in other countries (members of the European Union or parties to the Brussels Convention) in accordance with Chapter III of the Regulation (Title III of the Convention).⁸⁸

A great contributor to the spread of pan-European injunctions has been the interconnectivity among individual national patents issued in European countries under the European Patent Convention (EPC). Although these patents are in fact parallel patents issued by individual national patent authorities,⁸⁹ they have been viewed by courts in these cases as a bundle of national patents that have a unitary character justifying unitary relief.⁹⁰ The EPC itself contains no jurisdictional provision and provides only that European patents must be enforced

85. Brussels Convention, *supra* note 83, art. 16(4); Council Regulation 44/2001, *supra* note 84, art. 22(4).

86. The enforceability of a cross-border injunction would also be limited to countries in which patents parallel to the patent in issue have not been invalidated. See Philippe de Jong, *The Belgian Torpedo: From Self Propelled Armament to Jaded Sandwich*, 27(2) E.I.P.R. 75, 79 (2005) [hereinafter de Jong, *The Belgian Torpedo*].

87. Brussels Convention, *supra* note 83, art. 24; Council Regulation 44/2001, *supra* note 84, art. 31.

88. Brussels Convention, *supra* note 83, tit. III; Council Regulation 44/2001, *supra* note 84, ch. III.

89. Convention on the Grant of European Patents art. 2(2), Oct. 5, 1973, as amended by the Act Revising the European Patent Convention, Nov. 29, 2000.

90. Mario Franzosi, *Germany: Patents—Unitary Character of a European Patent*, 22(12) E.I.P.R. N173, N173 (2000) (reporting the holding in *Yamanouchi v. Biogen*, Landgericht Düsseldorf [LG] [District Court of Düsseldorf] June 8, 2000). “A European patent possesses a unitary character and has the same scope of protection in all countries. Therefore, if a party is accused of infringing a European patent in one country, that party is automatically accused of infringement in all countries.” *Id.*

according to respective national laws.⁹¹ It should be noted that although the existence of the European patent has provided a strong rationale for cross-border injunctions, it is not the only basis for awarding such relief, and an example exists in which a court actually extended such an injunction to cover not only an EPC patent but also other parallel non-EPC patents.⁹²

The Netherlands has been considered the cradle of European cross-border relief. In 1989, the Dutch Supreme Court in *Interlas v. Lincoln* opined that when illegal acts of a cross-border nature are committed, it is appropriate for Dutch courts to award cross-border relief.⁹³ Although *Interlas* concerned a trademark and not a patent, the concept of cross-border relief was soon utilized in patent cases. Not all cross-border injunctions requested in patent cases after *Interlas* were granted,⁹⁴ but they were issued in a number of cases and together with the speedy *kort geding* proceedings⁹⁵ the availability of cross-border injunctions made the Netherlands the European jurisdiction of choice for patent holders fighting infringement of multiple parallel patents.⁹⁶ One example of

91. Convention on the Grant of European Patents, *supra* note 89, art. 64(3). *But cf.* Joseph Straus, *Patent Litigation in Europe—A Glimmer of Hope? Present Status and Future Perspectives*, 2 WASH. U.J.L. & POL'Y 403, 405 (2000).

92. FAWCETT & TORREMANS, *supra* note 2, at 219.

93. Hoge Raad der Nederlanden [HR] [Supreme Court of the Netherlands], 24 november 1989, [1992] NJ 404 (Neth.); *see also* FAWCETT & TORREMANS, *supra* note 2, at 218; Heleen Bertrams, *The Cross-Border Prohibitory Injunction in Dutch Patent Law*, 26 IIC 618, 619 (1995); Jan Klink, *Cherry Picking in Cross Border Patent Infringement Actions: A Comparative Overview of German and UK Procedure and Practice*, 26(11) E.I.P.R. 493, 493 (2004); Johann Pitz & Wolfgang V. Meibom, *Cross-Border Injunctions in International Patent Infringement Proceedings*, 19(8) E.I.P.R. 469, 469 (1997); Michiel Rijdsdijk, *Patent Cases: 1994 to the Present*, 22(3) E.I.P.R. 120, 120–21 (2000); Pierre Véron, *Thirty Years of Experience with the Brussels Convention in Patent Infringement Litigation*, 84 J. PAT. & TRADEMARK OFF. SOC'Y 431, 435–36 (2002).

94. Rijdsdijk, *supra* note 93, at 120 (referring to research by Jan J. Brinkhof); *see also* Jan. J. Brinkhof, *Between Speed and Thoroughness: The Dutch “Kort Geding” Procedure in Patent Cases*, 18(9) E.I.P.R. 499 (1996); Jochen Bühling, *Cross-Border Injunctions in Patent Infringement Cases: Paradise Lost?*, BUILDING & ENFORCING INTELL. PROP. VALUE 172 (2007); Bart J. Van den Broek, Case Comment, *Netherlands: Patents—Cross-Border Injunctions*, 20(8) E.I.P.R. N132, N134 (1998). For overview of reasons for which cross-border injunctions were not issued *see* Bertrams, *supra* note 93, at 621.

95. For an overview of the *kort geding* proceedings, *see* Bertrams, *supra* note 93, at 626–28; Brinkhof, *supra* note 94, at 500–01.

96. Bertrams, *supra* note 93, at 618–20; Richard Ebbink & Charles Gielen, Case Comment, *First Europe-Wide Biotech Patent Injunction*, 16(6) E.I.P.R. 243 (1994); Remco E.P. De Ranitz, *Jan Brinkhof in Conversation With Remco De Ranitz*, 21(3) E.I.P.R. 142, 142 (1999); Rijdsdijk, *supra* note 93, at 121; Bruno Vandermeulen, *Harmonization of IP Litigation Practice—Still a Long Road Ahead*, 1 J. INTELL. PROP. L. & PRAC. 30, 32 (2005).

Dutch cross-border relief in a patent case is the injunction granted in 1994 by The Hague Court of Appeals in *ARS v. Organon*; the injunction prohibited infringement of plaintiff's patents not only in the Netherlands, but also in Germany, France, Liechtenstein, Luxembourg, Austria, the United Kingdom, Switzerland and Sweden.⁹⁷

In Belgium, courts also issued preliminary injunctions covering the territory of EPC member states; they based their decisions on the presumption of validity of EPC patents and the perception of urgency in protecting these patents.⁹⁸ For instance, in the *Altana Pharma* case, the Brussels District Court extended the effect of an injunction against Brazilian and South Korean defendants to all EPC member states.⁹⁹ The plaintiff claimed that the defendants infringed its EPC patents by offering products for sale at international fairs and requested that the defendants be enjoined from such activity. The court considered the situation urgent and warranting the issuance of a preliminary injunction that was to apply to the territory of all EPC member states because it was "logical and reasonable to say that an order in this case [would] only be effective if it [were] issued with cross-border effect."¹⁰⁰ In Germany, courts have also entertained cross-border injunctions concerning foreign patents; for instance, the Landgericht Düsseldorf in a 1994 decision concluded that the plaintiff would be awarded an injunction based on U.K. patent law.¹⁰¹

The practice of cross-border injunctions attracted significant criticism and there were high expectations that a ruling by the Court of Justice of the European Communities (ECJ) concerning the jurisdictional provisions of the Brussels Convention as applied to patent cases would set a limit on the practice of cross-border injunctions

97. Gerechtshof [Hof] [Ordinary Court of Appeal], 3 februari 1994, [1995] IER 8, [1995] GRUR Int 253; Bertrams, *supra* note 93, at 618.

98. Philippe de Jong, *Patent Infringements at International Fairs—Cross-Border Enforcement Through Belgian Summary Proceedings*, 1 J. INTEL. PROP. L. & PRAC. 13, 14 (2005) [hereinafter de Jong, *Patent Infringements*].

99. Altana Pharma's application, Brussels District Court, 25 March 2005, unreported; de Jong, *Patent Infringements*, *supra* note 98, at 14.

100. de Jong, *Patent Infringements*, *supra* note 98. *But cf.* de Jong, *The Belgian Torpedo*, *supra* note 86, at 78–79 (commenting on *Steps v. D.B. and Franzoni*, an unreported case).

101. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Feb 1, 1994, 4 O 193/87 Entscheidungen der 4. Zivilkammer, 1/1998 (7) (F.R.G.), available at http://www.duesseldorfer-entscheidungen.de/files/4_Kammer/1998-1.pdf. The appeal in the case was dismissed after the plaintiff was acquired by the parent company of the defendant. *Id.* at 1 n.1.

concerning foreign patents.¹⁰² The importance attributed to the link between the jurisdictional rules and cross-border relief was understandable because even though, as noted by Jan Brinkhof, “cross-border injunctions and jurisdiction are two separate issues,”¹⁰³ the feasibility of cross-border relief pertaining to foreign patents was clearly facilitated by the interpretation of the jurisdictional rules. The ECJ finally had an opportunity to bind the courts of the European Union member states in the matter of jurisdiction in patent cases in its rulings in *GAT*¹⁰⁴ and *Roche*.¹⁰⁵ In *GAT*, the ECJ responded to the Oberlandesgericht Düsseldorf’s inquiry as to whether the exclusive jurisdiction provision of Article 16(4) of the Brussels Convention applied only to suits filed for a declaration of invalidity or also to proceedings in which invalidity was raised as a defense against a patent infringement claim.¹⁰⁶ The ECJ adopted a non-restrictive interpretation of Article 16(4) and ruled that it applied in both instances because invalidity can only be adjudicated by the courts of the country where the patent issued.¹⁰⁷ In *Roche*, the ECJ rejected the notion that a court had jurisdiction over foreign defendants for conduct abroad that infringed foreign patents;¹⁰⁸ it also pointed out that the exclusive jurisdiction rule applies whenever patent validity is an issue.¹⁰⁹

GAT and *Roche* commentators have expressed rather skeptical views of the future of cross-border injunctions in patent infringement

102. De Ranitz, *supra* note 96, at 143–44; Franzosi, *supra* note 90; Pitz & Meibom, *supra* note 93, at 478; Véron, *supra* note 93, at 441; Vandermeulen, *supra* note 96, at 34.

103. De Ranitz, *supra* note 96, at 14.

104. Case C-4/03, Gesellschaft für Antriebstechnik mbH & Co. KG (*GAT*) v. Lamellen und Kupplungsbau Beteiligungs KG (LuK), 2006 E.C.R. I-6509.

104 Case C-4/03, Gesellschaft für Antriebstechnik mbH & Co. KG (*GAT*) v. Lamellen und Kupplungsbau Beteiligungs KG (LuK), 2006 E.C.R. I-6509.

105. Case C-539/03, Roche Nederland BV v. Primus, 2006 E.C.R. I-6535.

106. Case C-4/03, Gesellschaft für Antriebstechnik; *see also* Brussels Convention, *supra* note 83 art. 16(4).

107. Case C-4/03, Gesellschaft für Antriebstechnik.

108. Case C-539/03, Roche Nederland. The judgment concerned the “spider in the web doctrine” that was utilized by Dutch and other courts in accordance with Article 6(1) of the Brussels Convention. *See* Van den Broek, *supra* note 94 (commenting on *Palmas v. Boston Scientific BV*, Gerechtshof [Hof] [Ordinary Court of Appeal], 23 april 1998, [1999] F.S.R. 352. In Germany, the possibility of suing under Article 6(1) of the Brussels Convention was confirmed by the Landgericht Düsseldorf. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Jan 16, 1996, 4 O 5/95 Entscheidungen der 4. Zivilkammer, 1/1996 (1) (F.R.G.), available at http://www.duesseldorfer-entscheidungen.de/files/4_Kammer/1996-1.pdf.

109. Case C-539/03, Roche Nederland.

cases; their predictions have ranged from positions that such injunctions will become “much more limited” and possible only “in certain circumstances,”¹¹⁰ because their availability will be “severely curtail[ed],”¹¹¹ to the point that cross-border injunctions will be rendered “effectively dead.”¹¹² Lord Justice Jacob noted that the ECJ “put an end” to the practice of issuing cross-border injunctions “or virtually” did so in *GAT*.¹¹³ The ruling in *GAT* indeed left some limited space for cross-border relief concerning foreign patents in cases in which European courts may exercise jurisdiction for infringement of a foreign patent because the validity of the foreign patent is not disputed. Additionally, even if validity is disputed, courts do not have to dismiss the case, but may instead stay the infringement proceedings pending the decision of the foreign authorities on the validity of the respective patent. The two ECJ rulings did not address existing differences in court interpretations of the effect of the exclusive jurisdiction rule that were reflected in the approaches taken by Dutch, German, and English courts prior to *GAT* and *Roche*. Dutch courts have insisted on their jurisdiction in the *kort geding* proceedings, which enable them to issue a preliminary cross-border injunction as long as the foreign patent is valid.¹¹⁴ The Landgericht Düsseldorf opined that it had discretion to

110. Marc Döring & Francis van Velsen, Note, *Is Cross-Border Relief in European Patent Litigation at An End?*, 1 J. INTEL. PROP. L. & PRAC. 858, 860 (2006); see also Bühling, *supra* note 94, at 174 (“Paradise has not been lost for patentees, but it has become a little shady.”); Jones Day, *The (Cross) Border Is Closed: ECJ Rules on Patent Injunctions* 4 (2006), available at http://www.jonesday.com/pubs/pubs_detail.aspx?pubID=S3557; Simmons & Simmons, *ECJ Ruling Against European Cross-Border Relief Will Provide Further Impetus for a European Patents Court* 9 (2006), available at <http://www.simmons-simmons.com/docs/ipupdateaug06ecjrulingdetailedanalysis.pdf>.

111. Marta Pertigas, Case Comment, *EC: Patents—Cross Border Injunctions*, 28 (10) E.I.P.R. N193, N194 (2006); Steven Warner & Susie Middlemiss, Case Comment, *Patent Litigation in Multiple Jurisdictions: An End to Cross Border Relief in Europe*, 28(11) E.I.P.R. 580, 580 (2006).

112. Paul Joseph, *The Rise and Fall of Cross-Border Jurisdiction and Remedies in IP Disputes*, 1 J. INTEL. PROP. L. & PRAC. 850, 857 (2006); see also Jonathan Radcliffe, *Patent and Trademark Issues in the United Kingdom*, IP LITIGATOR, May–June 2006, at 37, 37 (“[T]his will effectively end cross-border injunctions in patent cases.”).

113. Lord Justice Jacob, Address at EPLA Munich Conference: The Judge’s Perspective (July 2007), available at http://www.ipeg.com/_UPLOAD%20BLOG/LJ%20Jacob%20Is%20there%20a%20single%20Judges%20perspective.pdf.

114. Döring & van Velsen, *supra* note 110, at 858 (commenting on *Fokker v. Parteuropa*, Dutch Court of Appeal, 2005, and other cases concerning the issue of jurisdiction over foreign patent infringements). In *Palmaz v. Boston Scientific BV*, The Hague Court of Appeal asserted jurisdiction over foreign defendants with regard to foreign patents, but rejected a request for an injunction because it decided that “there was a serious chance that the patent in question would be revoked.” Van den Broek, *supra* note 94, at N134.

decide whether or not to stay the infringement proceeding when the invalidity of the foreign patent at issue was raised. The court indicated that it would grant a stay and direct the parties to resolve the validity issue in the country where the patent was granted only if the court considered the invalidity argument to have merit.¹¹⁵ English courts, on the other hand, adopted the position that “once the defendant raises validity the court must hand the proceedings over to the courts having exclusive jurisdiction over that issue” because of the close interrelation of the issues of infringement and validity.¹¹⁶ So far it appears that The Hague District Court has not changed its opinion about the *kort geding* proceedings after the ECJ ruling in *GAT*. In *Bettacare Ltd. v. H3 Products BV*,¹¹⁷ the court stated that *GAT* had no effect on the proceedings, and it issued a preliminary injunction against the Dutch defendants that covered plaintiff’s German patent and thus had an effect in Germany.

As for enforcement of cross-border injunctions outside the issuing court’s country, there has been only one case reported in which recognition and enforcement of a Dutch preliminary cross-border injunction in a patent matter was requested and granted outside of the Netherlands. In 1994, the Court of Appeal of Paris chose to recognize and enforce such an injunction in the territory of France¹¹⁸ even though the opposing party argued that the Dutch injunction was contrary to French public policy because (1) French law did not provide for a preliminary injunction in patent cases, and (2) Dutch rules concerning the burden of proof differed from French rules. The court rejected both arguments and concluded that the recognition of the Dutch order was not contrary to French public policy.¹¹⁹

It seems unlikely that we will see many instances in which the recognition and enforcement of an injunction concerning a foreign patent is sought outside the country of the court that issued such an injunction; injunctions issued in *kort geding* proceedings could be the only exception. If a court grants such an injunction against a domestic

115. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Feb. 1, 1994, 4 O 193/87 Entscheidungen der 4. Zivilkammer, 1/1998 (5) (F.R.G.).

116. *Coin Controls Ltd. v. Suizo Int’l (U.K.) Ltd.*, (1997) 3 All ER 45 (Ch.) (U.K.).

117. *Bettacare Ltd./H3 Products BV*, District Court of the Hague, 21 september 2006, KG ZA 06-694 (Neth.), available at <http://www.book9.nl/getobject.aspx?id=2698>.

118. Tony Huydecoper, Case Comment, *Netherlands: Extra-Territoriality: French Appeal Court Recognises and Enforces Netherlands Decision Having Extra-Territorial Effect*, 17(3) E.I.P.R. D73, D73 (1995); Pitz & Meibom, *supra* note 93, at 476.

119. Huydecoper, *supra* note 118; see also Véron, *supra* note 93, at 439–40.

entity, which is possible by asserting jurisdiction under Article 2 of the Regulation,¹²⁰ the court should always be able to enforce it because of such entity's presence within the court's jurisdiction.¹²¹ Foreign entities by themselves cannot be sued for infringement of foreign patents,¹²² and after *Roche*, Article 6(1) will not be used as a jurisdictional hook to sue foreign entities for infringement of foreign patents along with domestic co-defendants.¹²³ Courts had actually headed in that direction prior to *Roche*. In *Palmaz v. Boston Scientific*, The Hague Court of Appeal limited the application of Article 6(1) by the "spider in the web" doctrine, requiring that the center of operations had to be in the Netherlands for a Dutch court to assert jurisdiction over foreign entities.¹²⁴ This restrictive approach to Article 6(1) was also followed by courts in Düsseldorf and Mannheim.¹²⁵ Although these limitations were guided strictly by interpretations of jurisdictional rules, they were in fact very important for the enforcement potential of cross-border injunctions that were eventually granted because they confined the jurisdiction of courts to defendants over whom the courts were likely to achieve enforcement without assistance from foreign courts.

By affirming a particular interpretation of jurisdictional rules, *GAT* and *Roche* have significantly curtailed the possibility of issuance of cross-border injunctions pertaining to foreign patents; however, neither *Roche* nor *GAT* have limited the jurisdiction of courts over infringements of domestic patents—whether committed by domestic or foreign entities, or by domestic or foreign actions. Injunctions issued in such cases, which are equivalent to the U.S. injunctions reviewed earlier

120. Council Regulation 44/2001, *supra* note 84, art. 2.

121. Ebbink & Gielen, *supra* note 96, at 244 ("[A] breach of the [Dutch] judgment outside the Netherlands would lead to the forfeiture of penal sums in the Netherlands.").

122. For instance, in *Impfstoff II* the Landgericht Düsseldorf declined to assert jurisdiction over an Italian company with regard to infringement of an Italian patent, arguing that Italian courts should be addressed in the matter. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Mar. 25, 1999, 4 O 198/97 Entscheidungen der 4. Zivilkammer, 2/1999 (27) (F.R.G.), available at http://www.duesseldorfer-entscheidungen.de/files/4_Kammer/1999-2.pdf.

123. Case C-539/03, *Roche Nederland BV v. Primus*, 2006 E.C.R. I-6535.

124. Van den Broek, *supra* note 94, at N134 (commenting on *Palmaz v. Boston Scientific BV*, Gerechtshof [Hof] [Ordinary Court of Appeal], 23 april 1998, [1999] F.S.R. 352; see also Bart Van den Broek, Case Comment, *Netherlands: Patents—Preliminary Injunction—Cross Border Relief Refused But Relief Granted in Netherlands*, 22(8) E.I.P.R. N111 (2000) (commenting on *Eka Chemicals AB v. Nalco Chemicals Co.*, May 25, 2000, an unreported case); Matthias Röbler, *The Court of Jurisdiction for Joint Parties in International Patent Disputes*, 38 IIC 380, 395 (2007).

125. Röbler, *supra* note 124, at 394–95.

in this Article, are discussed in the next Section.

B. Other Cross-Border Injunctions in Europe

The pan-European injunctions that stirred the European patent litigation practice for the past two decades differ from the cross-border injunctions issued by U.S. courts in one important respect—they pertain not only to domestic patents but also to foreign patents; U.S. injunctions, although reaching across U.S. borders, do not extend to foreign patents. Although isolated cases have been reported in which considerations of infringement of foreign patents were entertained by U.S. courts,¹²⁶ the current Federal Circuit’s approach outlined in *Voda v. Cordis Corporation* seems to indicate that it is not inclined to agree with the assertion of jurisdiction over foreign patents. The Court’s rejection of jurisdiction over a foreign patent infringement in this case concerned only the supplemental jurisdiction of federal courts¹²⁷ and therefore theoretically still leaves open the possibility of bringing foreign patent infringement claims in federal courts (under diversity jurisdiction) and state courts.¹²⁸ However, it is yet to be tested whether foreign patent infringement claims will be allowed before courts in the United States on such other jurisdictional grounds.

Since *Voda*, three decisions have been issued at the district level that concerned federal jurisdiction over foreign patents. In the first decision, a U.S. district court asserted diversity jurisdiction over infringements of foreign patents,¹²⁹ but the case was not adjudicated on the merits because it settled two months after the decision on jurisdiction was issued. In the second decision, a different U.S. district court rejected claims of foreign patent infringement as frivolous.¹³⁰ The third decision, in *Fairchild Semiconductor Corp. v. Third Dimension (3D) Semiconductor, Inc.*,¹³¹ concerns a case in which the plaintiff contends

126. See Brief for Law Professors as Amici Curiae Supporting Appellee at 12, *Voda v. Cordis Corp.*, 476 F.3d 887 (Fed. Cir. 2007) (No. 05-1238).

127. *Voda v. Cordis Corp.*, 476 F.3d 887, 905 (Fed. Cir. 2007).

128. Eric Chan, *Asserting Foreign Patent Claims in U.S. Federal Courts: What’s Left After Voda v. Cordis?*, 18 ALB. L.J. SCI. & TECH. 1, 45–46 (2008).

129. See *Baker-Bauman v. Walker*, No. 3:06cv017, 2007 WL 1026436, at *2 (S.D. Ohio 2007).

130. *Igbinadolor v. TiVo, Inc.*, No. 1:08-CV-2580, 2008 WL 4925023, at *2 (N.D. Ga. 2008) (“After full review, the Court concludes that Plaintiff’s Complaint includes no special allegations that would overcome the Federal Circuit Court of Appeals’ serious admonition to district courts to decline to exercise jurisdiction over foreign patent infringement claims.”).

131. *Fairchild Semiconductor Corp. v. Third Dimension (3D) Semiconductor Inc.*, 589 F. Supp. 2d 84 (D. Me. 2008).

that its technology does not fall within a licensing agreement previously entered into with the defendant; therefore, the plaintiff filed for declaration of non-infringement of one U.S. and one Chinese patent covered by the agreement. Jurisdiction of the Federal Court for the District of Maine was supported by a forum selection provision contained in the agreement. So far, the court has indicated that it is ready to assess the scope of the Chinese patent and decide whether or not it covers plaintiff's technology, and has refused to dismiss the count of the claim pertaining to the Chinese patent.¹³² If appealed, the case might bring a further important clarification of the Federal Circuit's view of adjudicating cases involving foreign patents; being a case in which patent validity is not contested and both parties are U.S. entities, the case could pave the way for the same narrow exception to foreign patent infringement adjudication that has been established in Europe by *GAT* and *Roche*.¹³³

Injunctions covering foreign activities pertaining to domestic patents have not been specifically discussed in the European literature, although they have been mentioned when issued within the context of pan-European injunctions, which often encompass not only conduct involving foreign patents but also activities that infringe domestic patents. Unfortunately, outside the category of pan-European injunctions, the lack of literature on the point combined with a limited availability of court decisions in patent cases makes the inquiry into the injunction practice in Europe much more difficult than it is in the United States. Almost a decade after Professor Joseph Straus complained that "comprehensive and reliable information on the numbers and nature of cases litigated involving validity or infringement of European patents in the [then] 19 EPC Contracting States [was] not available,"¹³⁴ access to court cases has improved and selected court decisions are now available, even on the internet. However, accessibility is still limited and no project of the Stanford IPLC scale exists in Europe today that would facilitate a detailed empirical analysis like that made possible by the IPLC.

Even from the limited information available in Europe, one can still

132. *See id.* at 99.

133. When considering various factors mentioned by the Federal Circuit in *Voda*, the Maine District Court in *Fairchild* contemplated potential enforcement problems but pointed out that it "will not be asking any other court to enforce" royalties if awarded in the case. *Id.* at 97.

134. Straus, *supra* note 91, at 407.

observe that European courts issue cross-border injunctions similar to those imposed by U.S. courts; certainly, cases in which inducement of patent infringement or contributory infringement is found can lead to the grant of such injunctions. Jurisdiction over foreign companies in such cases was confirmed, for instance, when the Swiss Federal Supreme Court decided that Swiss courts had jurisdiction over a U.S. defendant in an action for a Swiss patent infringement in Switzerland in which the plaintiff requested an injunction against the U.S. defendant who had no physical presence in Switzerland. The court noted that the manufacturing of the products by the U.S. defendant was “of itself not sufficient to establish patent infringement within the territory of Switzerland,” but if the defendant “[took] measures that facilitate[d] the sale of these products in Switzerland, its participation in the infringement ultimately occurring in Switzerland [was] to be upheld.”¹³⁵ Similarly, referring to the quoted decision by the Swiss Court, the Landgericht Mannheim stated that although “the effect of the patent protection is limited to the territory of the protecting country. . . [i]t does not exclude civil liability of the participators (inducers, indirect infringers, joint infringers or contributors) for infringement committed within the country when the participators acted exclusively abroad but from there induced or supported the use of the patent [in the protecting country].”¹³⁶ Neither of the two courts suggested that injunctions could not be issued against the defendants in these cases, and injunctions, even if phrased to target only actions in Switzerland or Germany, would in fact cover defendants’ conduct abroad and theoretically could require enforcement outside the countries of the issuing courts.

An example of an injunction issued against a foreign entity for its actions abroad that resulted in an infringement of a domestic patent is provided in the decision of the Landgericht Düsseldorf in *Elektrisches Steckergehäuse*.¹³⁷ The Italian defendant supplied a Slovenian company with electrical connector housings covered by plaintiff’s German patent¹³⁸ with the understanding that the housings would be installed by the Slovenian company in washing machines destined for the German

135. Bundesgericht [BGer] [Federal Court] Oct. 7, 2002, 35 IIC 206, 208 (2004) (Switz.).

136. Landgericht Mannheim [LG] [District Court of Mannheim] Aug. 26, 2005, 7 O 506/04, 37 (F.R.G.).

137. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Jul. 31, 2007, Az. 4b O 199/06 (F.R.G.).

138. German Patent No. DE3912730 (C1) (published May 23, 1990). The plaintiff held no patents for the invention in countries other than Germany.

market. The court found the defendant to be a participator in infringement under German patent law and enjoined the defendant from “in the Federal Republic of Germany offering, introducing into the stream of commerce, using, or for such purposes importing or owning” the product infringing the German patent at issue.¹³⁹ Again, although formulated as strictly limited to German territory, the injunction clearly targets defendant’s behavior outside Germany.

An injunction with the same wording was issued in *Sohlen für Sportschuhe*,¹⁴⁰ a case involving infringement by a foreign entity on the internet. The Landgericht Düsseldorf granted an injunction against a U.S. entity that advertised athletic shoes that included a “multilayered athletic shoe sole” covered by a German patent on the internet.¹⁴¹ The U.S. entity claimed that it did not sell any shoes directly to German customers, but its website provided a list of distributors in Germany to which the entity supplied its shoes and from which the customers could purchase them. The U.S. entity argued that its website did not target German customers but was oriented only towards the U.S. market (it was apparently available only in English), that not all of its shoe models were sold outside the United States, and that a German customer could not actually order and purchase the shoes at issue from the U.S. entity.¹⁴² Additionally, it noted that it prohibited the retailers to which it linked on its website from selling or shipping any of its products to customers outside the United States. However, the court dismissed these arguments, concluding from the use of the word “worldwide” in defendant’s domain name that the defendant was ready to serve customers anywhere, including in Germany; the court further found that the U.S. defendant targeted the German market by virtue of listing a German distributor on the website.¹⁴³ Additionally, there was proof that a person authorized by the plaintiff actually used the website to order a pair of the shoes at issue and the pair was indeed delivered in Germany. The court therefore agreed with the plaintiff that the U.S. entity offered the shoes for sale in Germany and that it supplied the shoes to Germany

139. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Jul. 31, 2007, Az. 4b O 199/06 (F.R.G.).

140. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Feb. 5, 2002, Az. 4a O 33/01 (F.R.G.).

141. European Patent No. EP0548475 (published Jan. 14, 2008). The plaintiff held no U.S. patent for this invention.

142. Landgericht Düsseldorf [LG] [District Court of Düsseldorf] Feb. 5, 2002, Az. 4a O 33/01 (F.R.G.).

143. *Id.*

or “caused them to be supplied” there, and issued the injunction, which clearly had an extraterritorial aim despite its formulation in purely domestic terms.¹⁴⁴

CONCLUSION

In the past two decades, academics and practitioners have focused on cross-border injunctions as they played out in the context of European patent litigation; these injunctions have sometimes been termed “pan-European injunctions.” What makes these injunctions controversial is that they extend not only to foreign territories, but also target activities that infringe foreign patents. However, there is another set of cross-border injunctions that has not attracted as much attention—injunctions that are based on a finding of infringement of domestic patents but that target infringers’ activities abroad. The existence of such injunctions is not necessarily linked to the territorial expansion of U.S. patent law; as a matter of fact, infringements under § 271(f) and (g)¹⁴⁵—the provisions that reflect the increasing extraterritorial ambitions of U.S. legislators in the patent area—do not lead to most of the cross-border injunctions issued in the United States. In fact, the injunctions reaching across national borders that have been issued in the United States have arisen from cases of direct infringements, contributory infringements and inducements of infringement, and comparable injunctions concerning domestic patents exist in European countries. Though they are not as explosive and controversial as their pan-European relatives, these injunctions also raise significant questions concerning their potential enforcement outside the country of the issuing court.

Negative injunctions that prohibit foreign conduct infringing a domestic patent should create the least controversy abroad when requested to be recognized and enforced; even though they affect activities outside the territory of the country of the issuing court, they are limited to the infringing conduct. However, U.S. courts, in addition to these injunctions, have issued orders requesting or prohibiting behavior abroad that is not infringing per se but is behavior that the courts have decided to target in order to prevent further infringements of U.S. patents. Such injunctions appear to be more intrusive than negative injunctions but may still have a good chance of enforcement

144. *Id.*

145. *See* 35 U.S.C. § 271(f)–(g).

abroad unless found contrary to the public policy of the enforcing country.

Whether they target infringing conduct or some other activity, when exported the injunctions have to overcome the hurdles of recognition and enforcement, meet the requirement of finality, and escape application of the public policy exception. While these hurdles are common to all judicial decisions and are not at all unique to injunction orders, yet another enforcement difficulty that is specific to injunctions in patent infringement cases exists. Just as defendants raise design-around arguments in domestic enforcement proceedings, they may use the same arguments to defend their activities before foreign enforcing courts. Such arguments require courts to decide not only whether the new product diverges to a necessary degree from the original product, but also whether the new product still infringes the patent. Courts may be discouraged from embarking on such an exercise when a foreign patent is at issue to the same degree to which they prefer to refrain from adjudicating infringements of foreign patents; although the exercise does not raise the question of validity of the foreign patent, it does compel courts to interpret foreign patent claims and their scope. Perhaps the problem may be avoided by enforcing the injunction in the United States and “exporting” the resulting U.S.-issued contempt order instead of the injunction; however, this approach requires that the contempt order not be viewed by the foreign court as an instrument that is penal in nature and, therefore, unenforceable in the foreign country.

At present it seems that the courts unifying the patent jurisprudence in the United States and Europe, namely the Federal Circuit and the ECJ, have reinforced the position that preference should be given to the notion that courts should not adjudicate foreign patent infringements. Although all three recent decisions of the courts on the issue—*GAT*, *Roche* and *Voda*—maintain some space for the assertion of jurisdiction in cases in which an infringement of a foreign patent is alleged, they significantly curtail such an option—to the extent that they effectively eliminate it for most cases. In Europe, simply raising an invalidity defense will suffice to achieve a dismissal, or at minimum, a stay, which will cause a significant delay in the proceedings; in the United States, the court’s discussion in *Voda*, although not excluding all grounds of jurisdiction other than supplemental jurisdiction, may still discourage most plaintiffs from filing claims concerning foreign patents. In effect, these decisions mean that patent holders must rely on the courts of the country that issued their patents for adjudication of infringement of such patents, which might not be the country in which the infringing

activity originated and in which an injunction prohibiting such activity needs to be enforced. It is therefore important to study to what extent such injunctions are in fact enforceable, not only in order to evaluate the workings of the recognition and enforcement of foreign court decisions, but also to contribute to the ongoing debate about possible international frameworks that will facilitate a system or platform for more effective enforcement of multiple parallel patents.