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The Internet: A Fourth Procedural Dimension For Patent Infringement Litigation

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1. INTRODUCTION

In a *Festschrift* devoted to an outstanding international patent litigator, it is only natural to address some legal and practical issues raised by patent infringement and the Internet. For it is not only in the world of communications and leisure where the Internet has created a fourth dimension: it is also in the world of patent litigation where Jochen Pagenberg has become famous. The Internet – the network of the networks – is where ever a wire can be connected and a wave can be intercepted; there is no place on earth where, with a suitable receiver and a computer, one cannot plug into the net; there is no longer a place on earth where one can escape from the Internet! As a communication means, the Internet can connect computers located anywhere in the world; and it allows the sending of messages or data to any connected computer. Therefore, the Internet in a nutshell is a borderless world. In contrast thereto, a patent – exclusive right over an invention – has always been granted by a national authority and, as such, does not extend beyond the limits of that country. Therefore, from a legal standpoint, the patent world is a world of national borders. How will national law then apply to a borderless world? This contribution attempts to find an answer to this important question, from which many down-to-earth questions originate. According to the most classical method of lawyers dealing with international matters, one will attempt to properly link some acts committed in the borderless world with one or several domestic laws. Such attempt to localise a tort will naturally be organised around two attributes of the exclusive right conferred by a patent: the right to make and use, on the one hand, and the right to sell and offer for sale, on the other hand.

We will thus analyse in turn:

- the infringement across the Internet, that is to say, the localisation of the means of the invention implemented by the Internet in different jurisdictions (2.);
- the infringement on the Internet, that is to say, the localisation of the offer of the invention on the internet (3.).

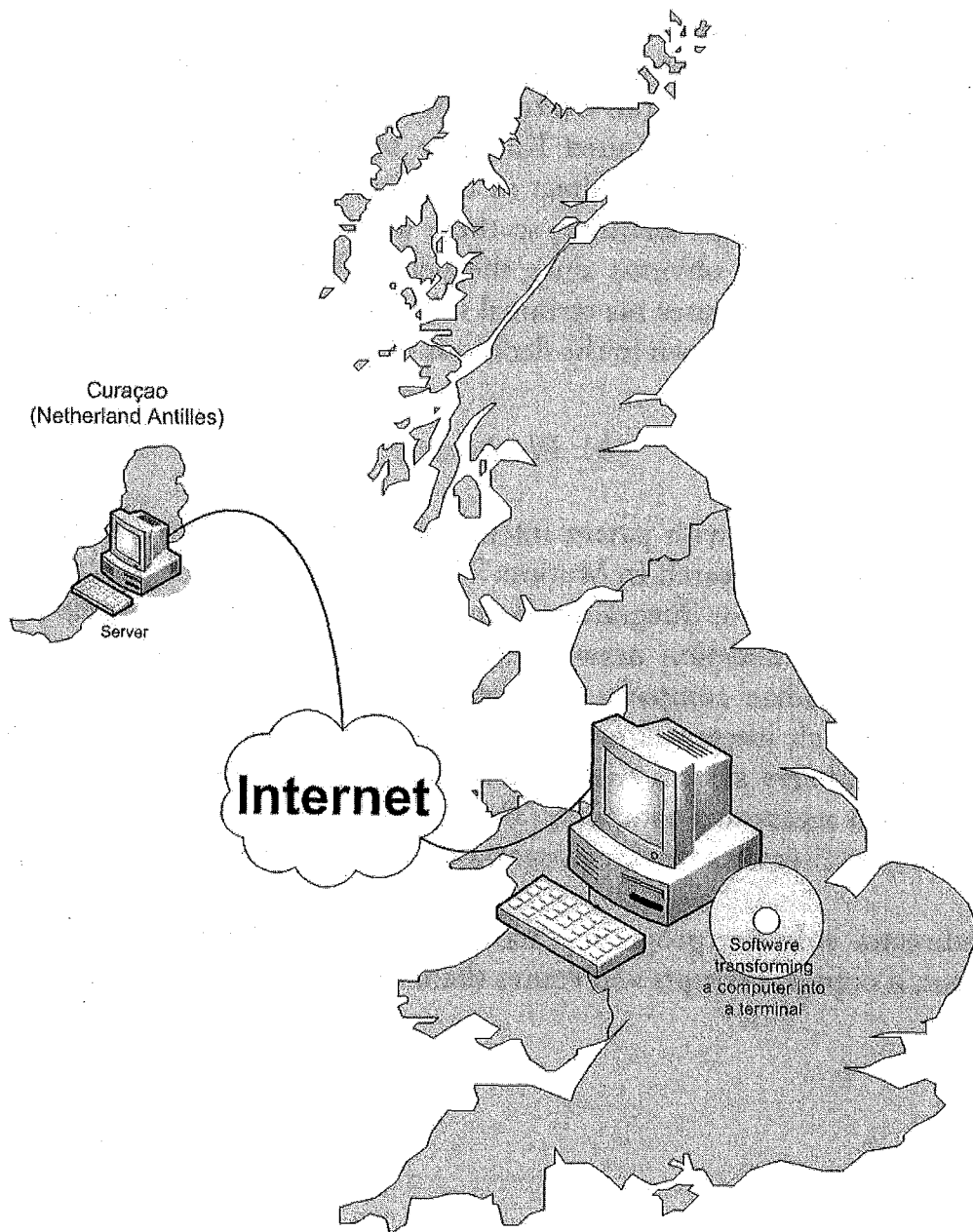
2. PATENT INFRINGEMENT ACROSS THE INTERNET

When a patent claims the cooperation of several integers (such as transmitters/receivers, central processing units/peripherals or clients/servers), does the location of some of them outside the territory covered by a patent preclude infringement? Even if decisions are still rare in this field, two high profile cases have been judged up to now, one in the UK, the other one in the US. In both cases, the patented systems were composed of several integers; of the allegedly infringing systems, one was not located in the territory covered by the patent yet communicated with the others, from a foreign territory, *via* the Internet. The judges had to determine whether the location of one of the patented means outside the territory covered by the patent precluded infringement, as argued by the defendant. Neither in the British Menashe case (*a*) nor in the Blackberry US case (*b*) this defence was successful.

*a) Menashe*¹

In the first dispute, Mr. Menashe was the owner of European patent No. 0 625 760 covering an “interactive, computerised gaming system with remote terminals”. Claim 1 protected “a gaming system for playing an interactive casino game, comprising a host computer, at least one terminal computer forming a player station, communication means for connecting the terminal computer to the host computer, and program means for operating the terminal computer, and program means for operating the terminal computer, the host computer and the communication means [...] characterized in that the terminal computer is situated in a location remote from the host computer”. On 26 October 2001, Mr. Menashe and his company (plaintiffs) started proceedings for infringement of the patent against the bookmaking company William Hill Organization, whose activity is online gaming. The plaintiffs alleged that the defendant had supplied its clients with a software program, either on CD-Rom or by downloading, which turned their computer into a gaming system able to communicate with a server to play online.

1 *Menashe Business Mercantile and Julian Menashe v William Hill Organisation Ltd* [2002] EWHC 397 (Patents) 15 March 2002, [2002] EWCA Civ 1702, 28 November 2002.



The plaintiffs alleged that William Hill had infringed by “*supplying and/or offering to supply in the United Kingdom*” means relating to an essential element of the invention for putting it into effect while the defendant knew that these means were suitable for putting the invention into effect in the United Kingdom. William Hill replied that it could not be held infringing as the host computer it used was located outside the United Kingdom, in Curaçao (Netherlands Antilles). The question was: “*Is it a defence to the claim [...] that the host computer and the part of the communication means of the apparatus claimed in the patent are not present in the United Kingdom, but are connected to the rest of that apparatus?*” On 15 March 2002, the High Court of Justice replied to this question in the negative. William Hill appealed this decision. The judgment in first instance was affirmed by the Court of Appeal

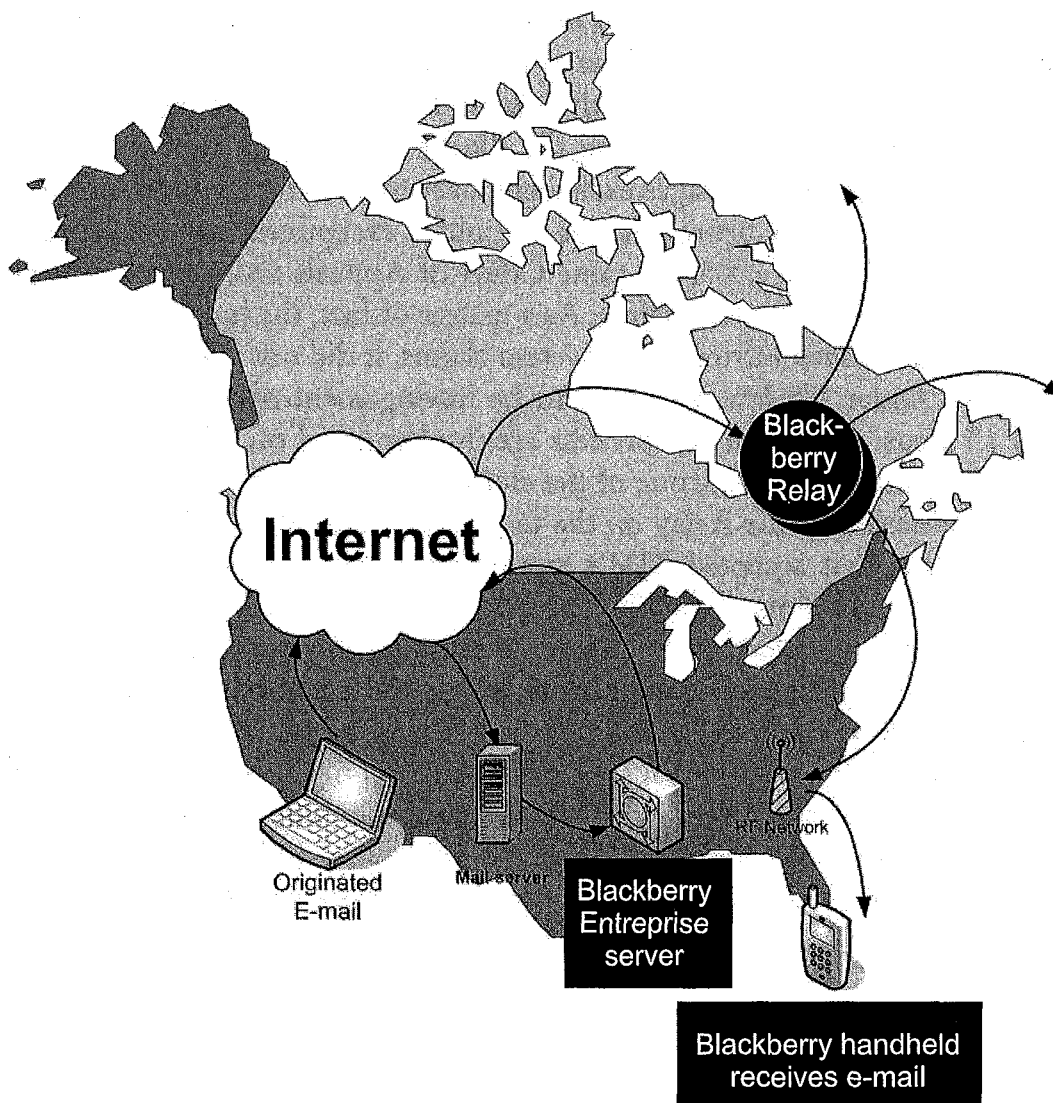
on 28 November 2002 taking a slightly different reasoning. The judges in appeal held that there could be a case of infringement only if the means for implementing the invention were situated in the United Kingdom. But they pointed out that the supply of a CD-Rom in the United Kingdom to English punters was really intended to put the invention into effect in that State. The invention was therefore implemented on the English territory, so there was infringement. For the judges in appeal, the solution was obvious since the person who uses the claimed gaming system is the punter, who uses his terminal in the United Kingdom. The US judges shared this reasoning, as shown in the decisions of the Blackberry case.

b) Blackberry²

The second case dealing with patent infringement *via* the Internet was the Blackberry case of NTP v. Research In Motion. The US company NTP was the owner of five patents on systems for integrating electronic mail systems with radio frequency (RF) wireless communication networks; they claim e-mail messages systems and methods. The Canadian company Research In Motion (RIM) operates the Blackberry system, which integrates e-mail systems with wireless communication networks. The Blackberry system enables users to receive emails on a handheld device without physical access to a computer. The company using the system has to install the Blackberry redirector software program on a computer with access to the e-mail server.

The redirector software program detects new mails in the computer; when notified thereof, it copies, encrypts and routes them to the Blackberry Relay.

2 392 F. 3d 1336 (Fed. Cir. 2004) withdrawn, CAFC, 03-1615, 2 August 2005.



The Relay translates and routes the messages to a partner wireless communication network, which delivers them to the recipient's Blackberry handheld device. The only Blackberry component that behaves like an element of the claimed invention is the Relay. The Blackberry Relay is located in Canada but, for the US users, all the other Blackberry components are located in the United States.

RIM argued that because the Relay is located in Canada, the Blackberry system did not infringe the NTP patents. In first instance, the US Court for the District of Virginia dismissed this argument and held that "*the fact that the Blackberry Relay is located in Canada is not a bar to infringement*". On appeal, the Court of Appeals for the Federal Circuit had to rule whether a system with one of its components located abroad (the Relay) could infringe a US patent. The problem was solved in the light of the localisation of the Blackberry system users and their purchases. By a first decision of 14 December 2004, the Court held that the localisation of the users and of their purchases of Blackberry terminals proved that the Blackberry system was controlled and used in the United States, so that the requirement of territoriality was satisfied.

According to this decision, the localisation of the infringement must essentially take into account “*the beneficial use and function of the whole operable system assembly*”. Besides, the Court of Appeals pointed out that, when two US users communicate *via* their Blackberry apparatuses, they are using the Blackberry system on the US territory, regardless of the fact that messages exchanged between them may be transmitted outside the United States while being sent. As a result of exceptional review proceedings, in a decision of 2 August 2005, the same Court of Appeals changed its position as to the infringement of the process claims. As a matter of fact, the judges held that if the Blackberry system indeed infringed the system claims, it did not infringe the process claims because, under US law, for there to be infringement of such claims, it is necessary that all steps of the claimed process are implemented on the US territory. According to the Court of Appeals, one of the steps of the process occurs in Canada because of the localisation of the Relay on the territory of that State. For this reason, the Court of Appeals, that accepted RIM’s arguments, dismissed the charge for infringement of the process claims of the NTP patents.

It stems from these two cases that, with patents claiming a system, the physical localisation of the different claimed components is not the preponderant factor; the place where the system is used, in its entirety, by the end users, is more important. There is infringement if the end user uses the main function of the patented invention on the territory covered by the patent, whatever the path followed by the information between the input and output computers. Thus, the location of the end user is proved to be decisive for determining the location of the means of the invention put into effect by the Internet.

3. PATENT INFRINGEMENT ON THE INTERNET

The second scenario involving the Internet in acts of patent infringement is when a patented product is on offer for sale on the network. According to recent case law in trade mark infringement, French judges accept jurisdiction to deal with a website provided that said website can be accessed from a computer located on French territory (*a*). Nevertheless, for there to be infringement, a series of clues should be examined in order to establish whether the website hosted abroad is directed to French Internet users or not (*b*).

a) Jurisdiction

The issue of the international jurisdiction of the courts for damages suffered from electronic messages has not arisen in connection with the Internet. In criminal proceedings, it is well-established that “*defamation via television is performed in all places where the broadcasts can be received*”³. As to infringement on the Internet,

³ Cour de cassation (Cass.) Chambre criminelle 5 December 2000, Communication-Commerce Electronique (Com. com. elec.) 2001, comm. 104.

and more particularly in the light of trade mark law, French case law has always been in favour of the territorial jurisdiction of the French courts. For this purpose, French courts have relied upon Article 46 of the New French Code of Civil Procedure⁴ and Article 5 §3 of the EU Regulation No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters⁵, and have considered that if the website on which a trademark is infringed is accessible from France, “*the place where the harmful event occurred*” is the French territory. The first decision to deal with the issue was the decision of the *Tribunal de Grande Instance* of Nanterre dated 13 October 1997 (“*Payline*”⁶) who held that the mere reproduction of a French trade mark in a domain name accessible from France was a harmful event and an infringement although services bearing the trade mark were not marketed in France. Other decisions followed the same lines (“*Intermind*”⁷), applying thus the case law developed in defamation by the written press to intellectual property rights.

Later, it was decided that the accessibility to a Spanish website from France was sufficient to substantiate the jurisdiction of French courts (“*Roederer*”⁸). This decision of the *Cour de cassation* was not, however, above criticism, as Jérôme Passa⁹ rightly pointed out. An act performed in Spain should not be infringing a French trade mark because of the principle of territoriality; in addition, damage cannot be suffered in France from an infringement in Spain. As a result, only an act of infringement of a French trade mark, by hypothesis committed in France, can cause damage in France. Nevertheless, this imperialistic case law was adopted by the judges dealing with the merits of the case, who on several occasions considered that “*when a violation of intellectual property rights is committed by a broadcast on the Internet, the harmful event occurs in all places where the information at issue were*

4 “*The claimant may seize at his choice, in addition to the court in whose province the defendant has established his dwelling: [...] – in matters relating to tort, the court in whose province the wrongful act was occasioned or the one in whose province the damage was suffered; [...]*”

5 “*A person domiciled in a Member State may, in another Member State, be sued: [...] in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur; [...]*”

6 Tribunal de grande instance (TGI) Nanterre, *ordonnance de référé*, 13 October 1997, SG2 v Brokat Informations Systems GmbH, www.juriscom.net.

7 TGI Paris, 3rd Ch., 3rd Sect., 11 February 2003, SARL Intermind v SARL Infratest Burke, NFO Infratest GmbH & Co and M. H., www.legalis.net; www.juriscom.net.

8 Cass. Civ. 1st, 9 December 2003, Castellblanch v Champagne L. Roederer, *Gazette du Palais* 20 July 2004, note *Barbry and Martin*; *Dalloz* (D.) 2004 J 276; *Manara*; *La Semaine Juridique* (JCP) G. 2004, II, 10055; *Chabert*; www.juriscom.net; *Revue trimestrielle de droit commercial* (RTDCom.) 2004, p. 254, obs. *Pollaud-Dulian*; *Bulletin Civil* I No. 254; *Com. com. elec.* 2004 comm. 40, note *Caron*.

9 *Passa*, Territorialité de la marque et protection contre un signe exploité sur un site Internet étranger (Territoriality of the trademark and protection from a sign exploited on a foreign website), www.juriscom.net, 14 March 2005.

made available to possible users of the website¹⁰ (“Smileyworld”¹¹; “Normalu”¹²). As a result, the basic reason for the French courts affirming jurisdiction today lies in the accessibility to the website from France. This way, the French judge has almost always jurisdiction over an action for infringement of a French trade mark by a website hosted abroad. The solution can be perfectly applied to other industrial property rights, and more particularly to patents.

b) Infringement

Once the judge has decided he has jurisdiction, he should scrutinise the acts of infringement. Here again, French case law has evolved through ten or so decisions relating to trade marks. These decisions can be applied by analogy to patent infringement. If patent infringement differs from trade mark infringement in that the mere reproduction of a trade mark, i.e. its appearance on the screen, is an act of infringement whereas the mere reproduction of the image of a patented product is not, it remains that all the acts of marketing, notably the offer for sale, are the same for trade marks as for patents. If today, one of the conditions for infringement is the fact that the website is aimed at French Internet users, it has not always been the case. The first decisions issued in trade mark infringement only compared the signs in order to establish the trade mark reproduction.

In the Payline case, the TGI of Nanterre affirmed infringement on the basis of the mere reproduction of the trade mark, even though the website did not target the French public. Likewise, the Roederer case gave trade marks excessive protection in characterising the infringement by the simple fact that the trade mark reproduction was accessible on the website. As to patents, such case law meant that the offer to use the patented product or process by a foreign company on its website – a lawful offer in that country if no patent had been filed there – was an act of infringement in France, because this offer was visible from the French territory, even though there was no physical use on the French territory. Recently the *Cour de cassation* has been more moderate by preserving, on the one hand, the full jurisdiction of French courts while strictly framing the conditions of French trade mark infringement on the Internet (“Hugo Boss”¹³), on the other hand. Faced with a “passive” foreign website, the French judge will accept jurisdiction, even if he will have to decide that there is no case of infringement, as the trade mark is not used in France. Today, judges generally require that the plaintiff proves that French Internet users were

10 Cour d’Appel (CA) Paris, 6 November 2002, J.M. Le Pen, Association Le Front national v Wilfried W, Comm. Com. Elec. 2003, comm. 32.

11 TGI Créteil, 2 March 2004, Mr. F. L. and Smileyworld Ltd v Yahoo France and Yahoo Inc., www.juriscom.net.

12 TGI Paris, 3rd Ch., 2nd Sect., 7 January 2005, Normalu v ACET, www.juriscom.net.

13 Cass. Com., 11 January 2005, Hugo Boss v Reemtsma Cigarettenfabriken GmbH, D. 2005 p. 428, obs. C. Manara; www.juriscom.net, J. Passa; RLDI 2005/4 No. 109, G. Teissonnière; RLDI 2005/2 p. 57, obs. L. Costes; RLDI 2005/5 No. 140, N. Martin.

targeted, considering that the simple access from France to the contents of a website put online abroad would not be sufficient to affirm trade mark infringement (“*BD Multimédia*”¹⁴, “*Crunch*”¹⁵, “*Smileyworld*”, “*Normalu*”). A number of criteria are used in this respect. It should be noted that the *language* is often used as one, if not *the* relevant issue. For example, it has been held that the use of the French language by itself proves that the website was directed to customers located notably on the French territory (“*Intermind*”). Such a focus on language might have its disadvantages, as is illustrated by the case “*BD Multimédia*”. In that case, the exploitation in France, which, according to the decision, must substantiate the infringement, was not proven because only screen prints in German were exhibited, even though it was quasi certain that the products could be ordered from France. And the criterion of language may be ambiguous: such was the case where the website at issue belonged to a Quebecois company (“*Synergie*”¹⁶)! The language criterion is sometimes given less importance. In the case “*Smileyworld*”, the judges considered that the US website reference to a French website through a hypertext link proved that the US website at issue was not directed to French users. More generally, this criterion seems significant even if it cannot be as decisive as the criterion of availability. In the decision “*Hugo Boss*”, the only mention of a French word (“*Bienvenue*”: Welcome) on a website in English and in German was not sufficient to establish a use in France. The same applies to the presence of a French flag on a Lebanese website that exhibits no other sign of connection with France (“*Normalu*”). The *availability of products* to a consumer situated on the French territory is also decisive. However, opinions are dissenting as to the means for proving the products’ availability. For some judges, the exclusion must be explicit. The decision “*Synergie*” held that the website at issue located in Canada did not exclude the French consumer from the proposed offers for sale. For others, the examination of the website’s contents is most relevant: in the case “*Normalu*”, the lack of precision as to the terms and conditions for being entitled to market the product in France was found decisive. Likewise, according to the decision “*Hugo Boss*”, it resulted from the clear terms on the website itself that the allegedly infringing products were not available in France; as a result, the website could not be deemed as being directed to the French public. Finally, for some other judges, proof of the availability must be certain (“*BD Multimédia*”). It results from the development in case law that there could not be infringement of a trade mark in the absence of an offer for sale of products bearing this trade mark which are destined to the French market. The aforementioned case law can therefore be applied to patents since “*the making, offer for sale, marketing, use or importation or storage for the aforementioned purposes of the product subject-*

14 TGI Paris, 3rd Ch., 3rd Sect., 11 March 2003, SA BD Multimédia v Mr. Joachim H., www.legalis.net; Comm. com. elec. 12-2003, comm. 118, note C. Caron.

15 TGI Paris, 28 March 2003, 3rd Ch., 2nd Sect., SA Produits Nestlé v Mars Inc., Juris-data 2003-226233.

16 TGI Paris, 3rd Ch., 3rd Sect., 14 September 2003, Synergie v ADECCO, D. 2004 J 2647, obs. Manara; Comm. Com. Elec. 2004 comm. 158.

matter of the patent” are acts of patent infringement. French courts have already applied this solution, holding that it is quite possible to infringe a patent on the Internet. That was for example the case in *Waters v Agilent*¹⁷. In that case, Waters had a website on which the allegedly infringing device was offered for sale. Furthermore, the brochures exhibiting the devices Waters 2690 and 2695 printed in the name of Waters Corporation, proved that Waters SA was the reseller on the French territory of the devices manufactured by Waters Corporation. The Court of Appeal moreover pointed out that it did not matter that the devices were shipped *via* the Netherlands before being delivered in France to Waters SA customers, since Waters Corporation, by supplying its French subsidiary, took part in the importation into France. One can then imagine that to determine, in further disputes, whether the allegedly infringing products are offered for sale in France, the judges will check whether the website at issue is directed to the French public by applying the criteria crafted in matters of trade mark law in order to characterise the availability of said products on the French territory.

4. CONCLUSION

It appears from this rapid overview of the first judgments about patent infringement by and through the Internet that patent law has adjusted very well to this new area. Infringers cannot hope to escape from their responsibilities by sheltering their servers in a country where the enforcement of industrial property rights is not guaranteed. As soon as such servers will produce significant functional results in one country that efficiently enforces industrial property rights, or as soon as they will target a message towards such a country that can be interpreted as a commercial offer, these infringers will be under the jurisdiction of the national courts. Patent law, the domestic law of states, is thus able to govern the internet, the borderless world. This is the reason why a lawless world does not exist in patent law.

¹⁷ CA Paris, 4th Ch. Sect. A, 7 April 2004, *Waters Corporation and Waters SA v Agilent Technologies Deutschland GmbH and Hewlett-Packard*.