

IN THE NAME OF HER MAJESTY THE QUEEN!

37/D 17X

Case on the rolls with number: 98/2431

Date of judgment: August 26, 1998

Sub-District Court in The Hague, the Netherlands  
Sector for Civil Law - Single-Judge Chamber

Judgment in the interim proceedings on jurisdiction in the case on the rolls with number 98/2431 concerning:

1. the legal entity under foreign law G.D. SEARLE & CO., established in Skokie, Illinois, United States of America,
2. the legal entity under foreign law THE MONSANTO COMPANY, established in St. Louis, Missouri, United States of America, claimants in the main proceedings by writs of summons dated June 5, 1998, defendants in the interim proceedings, Attorney of record: H.C. Grootveld LL.M. Attorney: Ch. Gielen LL.M. in Amsterdam

versus:

1. the private company with limited liability MERCK SHARP & DOME B.V., established in Haarlem, the Netherlands,
2. the legal entity under foreign law MERCK SHARP & DOME GmbH, established in Wien, Österreich,
3. the legal entity under foreign law MERCK SHARP & DOME-CHIBRET AG, established in Clattbrugg, Schweizerische Eidgenossenschaft,
4. the legal entity under foreign law MERCK SHARP & DOME de ESPAÑA SA, established in Madrid, España,
5. the legal entity under foreign law MERCK SHARP & DOME (IRELAND) LTD., established in Ballydine Kilsheelan Clonmel, Tipperary, Eire,
6. the legal entity under foreign law MERCK SHARP & DOME (ITALIA) SPA, established in Roma, Italia,
7. the legal entity under foreign law MERCK SHARP & DOME LDA, established in Queluz do Baixo, Portugal,
8. the legal entity under foreign law MERCK SHARP & DOME (SWEDEN) AB, established in Sollentuna, Sverige,
9. the legal entity under foreign law MERCK & CO INC., established in Whitehouse Station, New Jersey, United States of America, defendants in the main proceedings, claimants in the interim proceedings, Attorney of record: P.J.M. von Schmidt auf Altenstadt LL.M. Attorney: L. Oosting LL.M. in Amsterdam.

The court has taken cognizance of the documents of the case, which

are the writs of summons and the corresponding complaint in the main proceedings (with exhibits), the motion for the court to decline jurisdiction and transfer the case as well as (subsidiarily) a claim to stay the accelerated main proceedings (with exhibits) and the replication in the interim proceedings (with one exhibit).

At the court session held on August 11, 1998, the parties - further also to be called S&M and MSD respectively - each filed a motion (whereby MSD increased its claim in the interim proceedings) and furthermore, had their standpoints in the interim proceedings argued by their attorneys. The notes for pleading are included in the documents of the case, as are the exhibits which were submitted by the parties.

After the closing speeches of their respective counsels, the parties requested judgment in the interim proceedings on the court registry file.

#### Legal grounds

1. The following has been established between the parties as having been stated on the one hand and acknowledged or not (sufficiently) contradicted on the other hand as well as on the grounds of the contents of the documents submitted:

- 1.1 S&M are the proprietors of the European patent 679.157 B1 granted to them on November 19, 1997 after an application dated January 14, 1994 (in which priority was invoked as from January 15, 1993) for "novel 3,4-diaryl thiopenes and analogs thereof having use as antiinflammatory agents". As designated countries it mentioned Austria, Belgium, Switzerland, Germany, Denmark, Spain, France, the United Kingdom, Greece, Ireland, Italy, Liechtenstein, Luxembourg, the Netherlands, Portugal and Sweden.

- 1.2 In respect of the disputed patent, at the request of the defendants (or of companies affiliated with them) writs of summons were issued for revocation of the patent in the country in question in respect of the following designated countries; Italy (by the defendants scheduled under sub-section 9 and sub-section 6), Austria (on July 31, 1998 by the defendants scheduled under sub-section 9 and sub-section 2), Ireland (on July 30, 1998 by the defendants scheduled under sub-section 9 and sub-section 5), Spain (on July 31, 1998 by the defendants scheduled under sub-section 9 and sub-section 4), Denmark (on July 31, 1998 by Merk & Co., Inc. in Harrow, Essex, England), Sweden (on July 31, 1998 by the defendants scheduled under sub-section 9 and sub-section 8), Belgium (on August 3, 1998 by the defendants scheduled under sub-section 9 and sub-section 1), and the Netherlands (on May 28, 1998 by

**Jurisdiction.**

7. First and foremost, the jurisdiction of this court is not disputed with respect to the defendant scheduled under sub-section 1, to the extent that the case involves claims pertaining to the Netherlands.
8. MSD has, however, disputed the competence of this court with respect to the defendant scheduled under sub-section 1 to the extent that the case involves border-crossing measures against this defendant. MSD bases its premise first of all on article 16 clause 4 and article 19 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX/EVEX). Since the validity of the patent is being disputed, or will be disputed, before the court in the designated countries and an opinion about an infringement of a patent cannot be given until the validity of the patent has been established, the court should adjudge itself to have no jurisdiction for all other countries, according to MSD. The opinion about the validity of the patent in those other countries, after all, comes under the exclusive jurisdiction of the courts of those countries.
9. This premise of MSD is rejected. As was also decided by the Appellate Court in The Hague, the Netherlands in its judgment dated April 23, 1998 (Expandable Grafts / Boston Scientific), the jurisdiction of the court with respect to infringement claims does not cease to exist by law as soon as claims for revocation have been instituted.
10. In this context MSD also invoked the judgment of the Court of Justice dated March 21, 1980 concerning Denilauler / Couchant (March 21, 1980, NJ 1981, 184), arguing that particular caution is required in respect of the issuance of cross-border measures and that the local court is the most appropriate court for issuing such measures.
11. Leaving aside the fact that, in this case, the competence of the court with respect to the defendant scheduled under sub-section 1 is not based on article 24 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX) (on which article the aforementioned judgment of the Court of Justice was based) but on article 2 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX/EVEX), this argument must be rejected because the question whether or not particular caution must be exercised with respect to border-crossing measures is not a matter of jurisdiction and can therefore remain outside of consideration in these interim proceedings.
12. The court therefore considers itself to have jurisdiction on all claims against the defendant scheduled under sub-section 1.

13. In addition, it must be decided whether this court has jurisdiction over the claims against the other defendants. For this to be so - as has been established between the parties - it is necessary that there is sufficient connection present between the claim against the defendant scheduled under sub-section 1 and the claims against the other defendant(s).
14. The court is of the opinion that there is indeed sufficient connection present. Perhaps there is already sufficient connection because one and the same European patent - respectively, identical European sub-patents - is at issue here, and the selfsame product is said to form an infringement of that patent, respectively of those patents. This question is still the subject of discussion by the Court of Justice in Luxembourg.  
To the extent, however, that this in itself does not yield sufficient connection, the connection is also present in this case at any rate since it has been established as undisputed that the defendants are not random purchasers of the contested product, but all belong to a single concern which is centrally managed by the defendant scheduled under sub-section 9. Under these circumstances the assumption must be made that an action by MSD can be considered as a joint action which is based upon a joint plan.
15. If and to the extent that MSD has stated that, even in the event of such connection in respect of defendants who are subject to the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX and/or EVEX), only that court would have jurisdiction which has jurisdiction in respect of the head office of the concern, that condition is met in this present case.  
After all, this court has jurisdiction over the defendant scheduled under sub-section 9 which may be considered as the head office since it commits the alleged infringement in the Netherlands, among other places, on the Dutch part of the European patent.  
Under these circumstances the court considers itself to have jurisdiction on the claims against the defendant scheduled under sub-section 9 to the extent that it involves alleged infringements by this defendant in other designated countries.
16. For the rest, the court is of the opinion that in cases such as the present one - in which the structure of a concern (not only its legal structure but definitely also the relationships of authority that apply) is difficult for third parties to understand, and indeed is something they can never understand with complete certainty - on the grounds of art. 126-7 of the Code of Civil Procedure of the Netherlands and/or art. 6 of Convention on the Jurisdiction and

Enforcement of Judgments in Civil and Commercial Matters (EEX/EVEX), third parties must have the opportunity to summons all defendants who belong to a connected unit which works together jointly before the forum of one of those defendants - naturally, as long as there is no question of improper use of the law. The latter has not appeared, however, in the present case.

Even if the contents of article 6 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX/EVEX) are taken into consideration, under the prevailing circumstances MSD should have and could have been aware that it could become involved in legal proceedings in each of the countries where it acts as a group or concern. Nor can it well be understood what difference it makes to the American MSD concern before which national court in Europe it is summonsed. In this day and age, the procedural splitting up of a concern which operates as a unit into a large number of national companies, each of which would have to be summonsed before its "own" court, is no longer in keeping with economic reality.

17. The court therefore considers itself to have jurisdiction on the claims against all defendants.

#### Stay proceedings?

18. MSD has first of all asked for a stay until an opinion has been handed down in the foreign revocation proceedings which have been instituted.
19. It is clear that the outcome of these revocation proceedings is of importance for the question whether or not a prohibition can be issued, since infringement of a null and void patent is, in a word, impossible. It therefore seems inevitable that any prohibition in the present case for certain countries would have to be suspended until an opinion has been given in the country in question as to the validity of the patent.
20. However, it does not seem desirable to order a stay on this ground at this point. After all, it makes very little sense to suspend entirely all discussion of the question whether or not a certain product of MSD comes under the scope of protection of the patent.  
It would seem in principle more efficient to wind up the discussion about the infringement and only once it has been completed, and if the conclusion should be that an infringement has taken place, to then determine whether the issue of a prohibition should perhaps be stayed for certain countries.
21. When it increased its interim claim, MSD furthermore requested a stay of the proceedings on the grounds of the

the defendants scheduled under sub-section 1 and sub-section 9).

1.3 Prior to the writ of summons in the present proceedings, S&M initiated proceedings intended to obtain an infringement prohibition for the patent in question in Germany (on November 26, 1997 against Merck Sharp & Dome GmbH in Haar, Germany), in France (on November 12, 1997 against the legal entity under French law Laboratoires Merck Sharp & Dome-Chibret in Paris and against the legal entity under Canadian law Merck Frosst, also known by the name of Merck Sharp & Dome, in Quebec, Canada), and England (on March 13, 1998 against the defendants scheduled under sub-section 9 as well as against Merck Sharp & Dohme Limited in Hoddesdon, Hertfordshire, England).

2. In the main proceedings S&M claims - concisely summarized - a prohibition in respect of the defendants from infringing upon its patent in Austria, Belgium, Switzerland, Denmark, Spain, Greece, Ireland, Italy, Liechtenstein, Luxembourg, the Netherlands, Portugal and Sweden, this on pain of penalty payments and with other ancillary claims (a prohibition on the use of data from clinical studies, names of hospitals where investigations took place, destruction/surrender of infringing products, an order to recall products, a list of clients). In addition S&M claim compensation for damages respectively payment of profits. Furthermore, S&M have also claimed the aforementioned infringement prohibition by way of provisional relief.
3. For all the pleas, MSD asked that the court declare itself to have no jurisdiction on the claims (in relation to the defendant scheduled under sub-section 1 to the extent that it extends outside the Netherlands and in relation to the other defendants, entirely and wholly). Subsidiarily they have requested that the main proceedings be stayed.
4. S&M mounted a reasoned defense in the interim proceedings.
5. Ex officio, the consideration is made here that the present case involves a European patent the issuance of which was published after April 1, 1995, so that the Netherlands Patents Act 1995 applies to it.
6. The court is of the opinion that it has jurisdiction on the claims against all the claimants but that it is desirable in this case to stay the present proceedings until a judgment shall have been handed down in one of the infringement actions which were previously initiated by S&M against MSD in France, Germany and/or the United Kingdom.

This is based on the following grounds:

provisions in articles 21 and 22 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX/EVEX).

22. A stay on the grounds of the provisions of article 21 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX) is not possible if it is only for the mere reason that the foreign proceedings do not involve the same parties as do the present proceedings.
23. However, there are connected claims in the sense of article 22 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX), particularly in relation to the infringement proceedings instituted by S&M in Germany, France and England.
24. It does not seem very sensible to hold the infringement discussion in the Netherlands as well alongside those three actions. Quite the opposite, it would seem to save both parties time, energy and costs if the present infringement proceedings were stayed until a decision was given in first instance in at least one of the actions as referred to above under sub-section 1.3.
25. In making this consideration, a role should also be played by the fact that it will not be possible to grant the provisional relief claimed for countries where serious revocation actions are pending, including the Netherlands.
26. Furthermore, it should also be considered that the foreign infringement proceedings were instituted by S&M itself, while they have decided not to claim prohibitions in those cases for all designated countries for reasons that are not clear. The mere circumstance that clinical studies in anticipation of a medicine registration are not seen in all countries as a patent infringement cannot be the reason for this. After all, its own national law must be applied for each designated country in respect of this, and in that respect it makes no difference to which national court the cases are presented for this purpose.
27. The court is of the opinion that, jointly, the factors mentioned yield sufficient reason to stay the present infringement proceedings until a decision has been handed down in one of the foreign cases as referred to under 1.3. After that the party taking the initiative can once again cause the matter to be brought up.
28. Since both parties are being found against in part, the court considers that there are sufficient grounds to set off the costs of the interim proceedings.

**Decision:**

The court:

- declares that it has jurisdiction on all claims;
- stays the case on the basis of art. 22 of the Convention on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (EEX), this until an opinion in first instance shall have been handed down in one of the infringement actions pending in France, Germany and the United Kingdom and the party taking the initiative has once again had the matter placed on the rolls;
- sets off the costs of the interim proceedings in the sense that each party will bear its own costs;
- declares this judgment to be provisionally enforceable.

Thus handed down by J.H.P.J. Willems LL.M. and pronounced at the public session of the court held on August 26, 1998 in the presence of the clerk of court.

Issued as original process server's copy to  
H.C. Grootveld LL.M.  
aforementioned, by me, CLERK OF COURT of the Sub-District Court in  
The Hague, the Netherlands on this twenty eight day of August 1998