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The impact of AI on IP

The latest IP Trend Monitor study looks at where Artificial Intelligence might have an impact on Intellectual Property

IP TrendMonitor

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Neural networks: rethinking IP in the auto industry, plus Canadian patent law – adjusting to new practice, and are partial designs protected in China?

- Not my jurisdiction – or is it?
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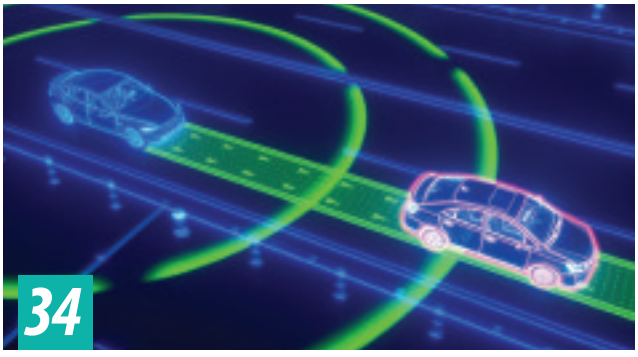

Not my jurisdiction – or is it?

Luke Maunder, Senior Associate at Bristows, looks at the rise of jurisdictional issues in patent cases.

Jurisdictional challenge is a phrase that, until comparatively recently, was relatively alien to a specialist patent litigator. This is not surprising as granted patents are, undoubtedly, national rights that exist within the clear geographical boundaries of the sovereign territory that granted them. However, as a result of developing international trade, it is not unusual now to find a patent litigator studiously reading Part 11 of the Civil Procedure Rules of England & Wales (CPR), which governs the ability of a party to challenge the jurisdiction of the English civil courts to hear a case (or, indeed, European law on the same issue).

The questions therefore arise, is this a new trend and is it likely to endure? Before considering those questions, it is helpful to consider briefly the types of challenge that may be mounted to the jurisdiction of the English courts.

Types of jurisdiction challenge

Part 11 of the CPR is, on its face, deceptively straightforward: a party may dispute the court's jurisdiction to try a claim or argue that the court should not exercise such jurisdiction as it may have. Underlying this rule there is considerable nuance, however, since it covers a number of grounds of challenge, and may involve the English common law, UK Acts of Parliament, European Union law and international treaties. It is impossible to do justice to each of these subjects in a short article, but the below are some of the more common grounds raised:

Justiciability: If a matter is not justiciable, the court lacks the ability to determine it. An example would be a claim that a foreign patent is invalid.

Forum: It is an old principle of English law that a case should only be brought in England (& Wales) if it is the appropriate forum for that case. This is reflected in an entity's ability to ask an English court to declare itself the *forum non conveniens*[1], as well as in the positive requirement to show that England is the appropriate forum where an entity requires the English courts' permission to serve a claim on a foreign defendant out of the jurisdiction.

EU and international law: EU law (for example, the Recast Brussels Regime) and various international treaties also sculpt and limit the jurisdiction of the English courts. A violation of those limits may constitute a ground to challenge the English courts' jurisdiction.

Service: A jurisdiction challenge may be founded on improper service, since until proper service has occurred (or service is dispensed with) jurisdiction is not fully established.

Comity: The precise meaning of "comity" often depends on context, but one might consider it to reflect the mutual recognition between sovereign states of their respective laws, judiciary and executives.

Luke Maunder

> *If a matter is not justiciable, the court lacks the ability to determine it.*

It is important to note that under the English common law (and, separately, under European law) it is possible to submit to the jurisdiction (or enter an appearance before a court) irrespective of the potential to take a jurisdictional objection should such objection not properly be taken at the correct juncture.

A new trend?

Historically, one can identify cases where jurisdictional issues have been raised in patent disputes. In that regard, the answer to this question is no. However, it is accurate to say that their incidence has increased.

This inevitably leads to the question "why". As always with that question, there is no definitive answer (or at least none that can be summarized in a sentence). However, it is notable that the rise in challenges appears commensurate with the development by the English courts of their jurisdiction to grant declaratory relief in cases relating to patents, as well as with the

Résumé

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Luke specializes in intellectual property disputes in the technology sector. He has degrees in both computer science and law. His experience spans all levels of the Court system, as well as a variety of interim applications. He also frequently advises on jurisdiction disputes, particularly in FRAND litigation and was involved in the recent UK Supreme Court hearing on if and when the English Courts have jurisdiction to set global FRAND licenses.

[1] Inconvenient forum

rise in international trade (which brings with it the internationalization of contracts and product/ regulatory standardization).

Declaratory relief

The English courts have a wide jurisdiction to grant declaratory relief, albeit that jurisdiction sits within strict boundaries. The function of the English courts is not to grant declarations as to the law in abstract, but the jurisdiction does permit the English courts to pronounce on contested legal rights of parties before it where it can be shown that there is a real dispute as to the existence or extent of such rights. Declarations must also serve a useful purpose, and ultimately remain within the discretion of the English courts to grant or not on the facts of any particular case.

In patent cases, two particular examples come to mind: the English courts' development of Arrow declarations (a declaration that something was known or obvious at a particular date) and the expansion in the use of declarations of non-infringement (DNIs).

As regards the former, other than the question of the English courts' ability to grant Arrow declarations (a question now effectively resolved in principle), it is difficult to see how jurisdictional issues

are engaged. This is notwithstanding their potential international reach and that an Arrow declaration may be followed or persuasive in foreign jurisdictions (depending upon how foreign jurisdictions treat English judgments). However, perhaps this is understandable given that such a declaration is a determination under English patent law addressing questions of novelty and obviousness.

DNIs seem more obviously anchored to the UK by virtue of the consideration of the claims of a UK patent. However, recent case law shows that the English courts are willing to consider, in certain circumstances where jurisdictional rules do not mandate otherwise, granting DNIs in respect of other designations of European patents. This is perhaps also understandable as it relates to the realm of infringement rather than validity.

This jurisdictional expansionism also seems to tie into the rise of international trade, and the increasing levels of harmonization around certain aspects of intellectual property and (in some circumstances) competition law. This is particularly the case within Europe, where the European Patent Convention and the EU Single Market arguably make such decisions easier, and certainly tip the comity scales in favor of the English courts seeking efficiencies in continental litigation. Subject, of course, to remaining within the letter of the Recast Brussels Regime and European case law.

With the rise of international trade also comes a rise in international contracts (with international coverage and/or effects), which may well concern patents across multiple jurisdictions, as well as international product standardization. The former creates a lever for jurisdiction that may otherwise be absent, since it is difficult to say that the English courts lack jurisdiction over a contract that is governed by English law and that is expressly subject to the jurisdiction of the English courts (though even this scenario remains subject to certain limits, such as a sovereign state's exclusivity over the validity of its own patents). The latter arguably creates a potential lever for jurisdiction as a melting pot into which patent, contract and competition laws are poured.

Standard essential patents

At a high level of generality, standard essential patents (SEPs) are patents that are essential to a particular technology standard. Standards are set by standard setting organizations, which set out a single agreed approach (a standard) to ensure the compatibility of different products and technologies to the benefit of the consumer. Whilst garnering little press or public interest, it is these bodies that ensure your computer can display compressed video, your mobile phone can join the mobile phone network and, if you are so inclined, your kettle can be activated by your voice assistant. With the inexorable rise of technology, and its increasing presence in our lives, comes an unconscious drive for greater integration and interoperability of devices, hence the increasing role of standards.

SEPs are arguably a significant reason for the recent increased level of intrusion by jurisdiction law into patent cases. This is because SEPs need to be licensed and a SEP owner cannot enjoy the normal monopoly afforded to other patent owners (lest the whole standard become inaccessible). Hence, all standards bodies have some form of intellectual property policy that encumbers SEPs inter alia with a requirement to license them on terms that are (F)RAND, that is (fair) reasonable and non-discriminatory (the precise requirements of the FRAND obligation are the subject of much discussion, and much dispute). Accordingly, SEP disputes come not just with patents across multiple jurisdictions, but with multi-jurisdictional questions of inter alia contract and competition law. As the level of SEP litigation rises, so too do the jurisdictional questions.

Is the trend likely to endure?

Patents are a national socio-economic contract and the people who bear the cost of a patent's monopoly power are the citizens of the granting state. As a result, patents come in-built with natural jurisdictional limits, particularly in relation to their validity, but perhaps also, for example, in relation to what should be paid as license fees for their use.

It is for this reason that jurisdictional issues in patent cases tend to arise in specific circumstances, sometimes pertaining to inter alia issues of contract, tort or competition law that form part of the dispute, rather than the patents per se (though this is not always the case, for example, where the validity of foreign patents may have been put in play).

However, irrespective of how the jurisdictional issues arise, it is important to remember that the purpose of jurisdictional law is to regulate the fact there are things the English courts ought not decide, and there are things the English courts ought to leave to the courts of other states to decide. Essentially jurisdictional law governs the bright and fuzzy lines of living in a world of nation states where the lives of people, and trade, are international.

This is important not just because cases should be determined where they ought to be determined, but also because different jurisdictions adopt different approaches. There may be strategic benefits to a party based on existing national case law, or the competition regime of a particular forum. In that regard, it is not just patent law that is relevant, but also how a jurisdiction approaches general questions of tort, damages and other aspects of its law. A defendant will also want to prioritize litigation in its home jurisdiction and significant markets and avoid incurring costs in incidental markets. Indeed, a rise in jurisdictional challenges somewhat inevitably comes with a resurgence in anti-suit injunctions as parties seek to protect their strategic choice(s) insofar as they are entitled to make them.

In that regard, the involvement of patents in a dispute ensures that courts have to operate within certain jurisdictional boundaries. However, recently some of those boundaries have been stretched and it is only natural for challenges to arise to ensure that no boundaries have actually been crossed. Once the limits of new boundaries, if any, have been established, perhaps the recent rapid rise in jurisdictional issues in patent disputes will be matched only by the speed of the fall. Only time will tell.

> *"The English courts have a wide jurisdiction to grant declaratory relief."*

Brexit

At the time of publication of this article, the UK will no doubt still be grappling with the implications of Brexit. This topic is a complex labyrinth and this article does not seek to address its potential ramifications. That said, it is perhaps worth noting that, were the UK to no longer be covered by the Recast Brussels Regime, or an equivalent, the English courts would once again have at their disposal aspects of the English common law that are presently diminished. The extent to which that would impact on patent disputes remains to be seen.

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