

6/13/2001

## INTERNATIONAL UPHEAVAL: PATENT INDEPENDENCE PROTECTIONISTS AND THE HAGUE CONFERENCE

*International lawmakers presently are negotiating a treaty that would not only allow U.S. courts to grant summary judgment in patent infringement suits if a court in Canada or Europe previously found patent infringement, but would actually require it. This paper examines whether courts in the United States should be allowed to find patent infringement based solely upon the fact that foreign courts had previously found patent infringement. The author concludes that changing the law to allow this practice is not sound policy.*

### Introduction

¶ 1 In 1883, the United States and other industrialized nations convened the Paris Convention for the Protection of Industrial Property to discuss and outline the basic principles of international patent law.<sup>1</sup> Although modified slightly through the years, the standards contained in the treaty arising from those negotiations continue today as the touchstone of international patent law.<sup>2</sup>

¶ 2 One important principle of the Paris Convention is that "[p]atents applied for in the various countries... shall be independent of patents obtained for the same invention in other countries...."<sup>3</sup> This standard, known as the "independence of patents," was designed to prevent a country from rejecting a patent application based upon the fact that another country had rejected the application. For example, if the United States received a patent application of an Italian inventor, the principle of independence of patents prohibited the U.S. patent office from denying the application based on the fact that the Italian patent office had previously found the application invalid.<sup>4</sup>

¶ 3 The purpose of the independence of patents was based upon the Convention's recognition that the laws governing patents differ from state to state. Inventions that qualify for a patent according to German law may be different from those that qualify for patenting according to British or French law. Similarly, an application that fails to meet the patent requirements of European law may indeed satisfy all the requirements of United States patent

law.<sup>5</sup> Yet, based upon the fact that the European patent office had rejected the application, the United States may be tempted similarly to deny the application, despite the fact that the application satisfied the requirements of U.S. patent law. Thus, to avoid the unjust result of valid applications being denied simply because they failed to satisfy the requirements of a different patent system, the Convention drafters established the independence of patents.<sup>6</sup>

¶ 4 As the Paris Convention grew and was modified by subsequent treaties, the principle of independence of patents gained greater significance.<sup>7</sup> In fact, the principle was expanded to patent litigation and infringement suits. If one country found the patent invalid, such a finding did not affect the validity of the patent in other countries.<sup>8</sup> Also, if a court in one country found that a competing product had infringed a patent, such a finding had no influence or precedential value for a similar infringement suit in another country.<sup>9</sup>

### **Criticisms of the Principle of Independence of Patents**

¶ 5 Despite the history of the principle of independence, a growing number of people view the principle as outdated and unnecessary. Specifically, these critics want rejection of the independence of patents in infringement suits. They argue that a court's finding of patent infringement in one country should be binding on the courts of other countries. Requiring the parties to go through another round of litigation only wastes time. For these critics, the following two district court cases exemplify the problem.

#### **A. *Cuno Inc. v. Pall Corp.***<sup>10</sup>

¶ 6 Cuno sued Pall in New York alleging that Pall's patent on a nylon filter was invalid. While the parties were gathering evidence for trial, Pall sued Cuno in Great Britain alleging that its patent on the filter was valid, and that Cuno's products had infringed its patent.<sup>11</sup> The British found infringement, and Cuno appealed.<sup>12</sup> Meanwhile, based upon the favorable results of the British trial, Pall moved for summary judgment on grounds that the British judge's opinion was binding on the parties and required that the court find that its patent was valid.<sup>13</sup> After researching the matter, Judge Weinstein concluded that based upon the cases codifying the principle of the independence of patents, a finding of infringement by a foreign court could not be the basis for summary judgment in a United States patent case.<sup>14</sup>

¶ 7 However, to Judge Weinstein the principle of independence of patents "need[ed] to be reconsidered"<sup>15</sup> because it yielded results that were "absurd."<sup>16</sup> Judge Weinstein failed to understand why

... a well and thoroughly reasoned decision reached by a highly skilled and scientifically informed... Patent Court... of Great Britain after four weeks of trial must be ignored and essentially the same issues with the same evidence must now be retried by American jurors with no background in science or patents, whose average formal education will be no more than high school.<sup>17</sup>

¶ 8 In fact, Judge Weinstein was so unconvinced by the result that near the end of his opinion he warned Cuno that "[s]hould the [U.S. trial] jury decide in a way inconsistent with the United Kingdom court's decision ... the court could, after the trial, grant what would be in effect a delayed summary judgment motion."<sup>18</sup>

### **B. Vas-Cath Inc. v. Marhurkar<sup>19</sup>**

¶ 9 The facts of *Vas-Cath* are very similar to those of *Cuno*. Marhurkar was granted a patent to a specific type of catheter both in the United States and in Canada.<sup>20</sup> After its principle competitor, Vas-Cath, began selling similar products, Marhurkar sued for patent infringement in Canada.<sup>21</sup> Vas-Cath argued that Marhurkar's patent was invalid on a variety of grounds, all of which were rejected by the Canadian court, which found that Vas-Cath actions infringed Marhurkar's Canadian patent.<sup>22</sup>

¶ 10 Upset by the results of the Canadian case, Vas-Cath sued Marhurkar in the United States alleging that Marhurkar's U.S. patent was invalid because Marhurkar had stolen the idea for its patent from Vas-Cath.<sup>23</sup> Marhurkar moved for summary judgment based on the results of the Canadian case.<sup>24</sup> Vas-Cath, relying on *Cuno*, responded by arguing that the decision of the Canadian court could have no effect on litigation in the courts of the United States.<sup>25</sup>

¶ 11 Like Judge Weinstein in *Cuno*, Judge Easterbrook did not understand why patent litigation about the same invention should be required to start over simply because the parties moved to a different country.<sup>26</sup> He reasoned that requiring the parties to re-litigate the case only wastes judicial resources and reduces the return on investment the patent system was designed to produce.<sup>27</sup> However, Judge Easterbrook was not willing to accept Judge Weinstein's notion that he was required by prior cases to ignore the foreign court's rulings.<sup>28</sup> Specifically, he stated that:

Judge Weinstein believes that the Federal Circuit is so hostile to preclusion in patent cases that a district court must decline to give effect to a foreign judgment even on questions of fact extensively litigated... I do not read the... cases as compelling courts of the United States to ignore informed decisions rendered abroad.... If a foreign court

renders judgment on a question of fact with significance in each system of law, there is no reason not to take over that decision. Despite Judge Weinstein's omens, I propose to do just that: to examine the Canadian judgments, to learn what has been decided, and to apply those decisions to this litigation to the extent- and only to the extent- they are legally relevant, and the findings are free of influences of legal differences.<sup>29</sup>

¶ 12 To Judge Easterbrook, the fact that patents were identical and the ideals of "cost-saving and decision-expediting devices" outweighed any benefits deriving from the principle of the independence of patents.<sup>30</sup>

### **Proposals to Eliminate the Independence of Patents**

¶ 13 With the increasing criticism of the principle of independence of patents in infringement suits, various treaties have been proposed to limit or eliminate the principle. The Hague Conference of Private International Law currently is negotiating the most recent of these.<sup>31</sup> This proposed treaty would require each country to "recognize[] and enforce[]" judgments rendered by the foreign courts,<sup>32</sup> including judgments regarding patents infringement.<sup>33</sup> The treaty would basically end the independence of patents in infringement suits<sup>34</sup> and require domestic courts to find infringement solely based upon the fact that a prior foreign court had also found infringement.

### **Should the Treaty Be Adopted?**

¶ 14 All of the preceding discussion begs the question: are the critics right? Should courts adopt the Hague Conference or another similar treaty rejecting the principle of independence of patents in infringement suits? While Judge Easterbrook and others may complain, the answer to these questions is a resounding "NO." The principle of the independence of patents is as important today as it was in 1883.

¶ 15 The critics' position fails to resolve the problem that caused countries to adopt the independence of patents in the first place- the fact each country has its own distinct patent law. The critics believe that after the adoption of international treaties patent, world patent systems are exchangeable so that if one country finds infringement, other countries will also find infringement, the second trial amounting to nothing more than a waste of time.<sup>35</sup>

¶ 16 However, such an assertion by the critics is clearly false. While treaties have led to harmonization of patent law, no treaty has established uniform, universal patent laws.<sup>36</sup> No

international treaty has required that countries eliminate the differences between its system and the laws of other countries. Rather, the patent treaties have established patent standards and left the countries free to create and maintain their own distinct patent system.<sup>37</sup> For example, the most important and recent international treaty on patent law, the TRIPs Agreement<sup>38</sup> requires countries to make "patents... available for ... inventions... in all fields of technology... that are new, involve an inventive step [(non-obvious)] and are capable of industrial application [(useful)]"<sup>39</sup> and to police these patents by granting the patent owner access to "fair and equitable" enforcement procedures.<sup>40</sup> TRIPs allows countries to "determine the appropriate method of implementing the provisions of the Agreement *within their own legal system and practice.*"<sup>41</sup> In other words, TRIPs requires countries to protect inventions through patents but allows the countries the freedom to establish patent laws that differ from those of other countries.<sup>42</sup>

¶ 17 Since treaties do not require countries to have uniform patent laws, a finding of infringement in one country does not mean that another country would necessarily also find infringement. In fact, even under international treaties, there are various examples in which a court in the U.S. would find infringement where a foreign court would not and vice versa. For example, U.S. law allows an inventor to disclose the invention to the public prior to filing the patent application,<sup>43</sup> whereas European patent law states that if the invention has been disclosed to the public prior to the filing of the application, the inventor has forfeited all patent rights<sup>44</sup> Thus, in an infringement action involving an invention that was disclosed to the public prior to the filing of the patent application, a U.S. court would be allowed to find infringement whereas a European would be forbidden from finding patent infringement since no valid patent for the invention existed in Europe.

¶ 18 Moreover, even if courts could find a means to avoid those cases where foreign and domestic patent statutes conflict, other differences between the legal systems indicate that a finding of infringement in one country should not require a foreign country also to find infringement. For example, most countries have distinct discovery and evidentiary rules, many of which are stricter than the generous rules of U. S. courts. Evidence discoverable and admissible under foreign rules may be different than the evidence available under U.S. rules. It is unfair to litigants to require that they accept as binding a foreign decision arrived upon by analyzing different evidence than that which would be considered by the domestic trier-of-fact.<sup>45</sup>

## Conclusion

¶ 19 Because significant differences in the patent and legal systems of each country persist, the international patent system is not ready for a rejection of the independence of patent in infringement suits. Thus, the Hague Convention or any other similar treaty proposing the elimination of the independence of patents should be rejected.

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### Footnotes

1. See Abbott, F. et. al. *The International Intellectual Property System: Commentary and Materials*, Kluwer Law International, The Hague 1999, pp 633- 646 (quoting Penrose, E. *The Economics of the International Patent System*, Johns Hopkins University Press, 1951.)

2. See <http://www.wipo.org/treaties/ip/paris/index.html> (visited May 15, 2001).

3. See Paris Convention Article 4bis(1).

4. See *Stein Associates v. Heat and Control, Inc.*, 748 F.2d 653, 658 (Fed. Cir. 1984).

5. See *Cuno Inc. v. Pall Corp.*, 729 F.Supp 234, 238-39 (E.D.N.Y. 1989) (citing cases).

6. It is interesting to note that the protections granted by the principle of independence were deemed so fundamental international intellectual property that similar independence requirements were placed in other treaties. Most notably, the Berne Convention, which protects literary and artistic works (mainly through copyright law), also required countries to accept the principle of independence. See Berne Convention Article 5(2).

7. For example, the Patent Cooperation Treaty ("PCT") was established to make the filing of foreign patent applications easier for inventors. Under the PCT, the applicant files one patent application for the invention to his or her home patent office, which then conducts an international prior art search and issues a non-binding advisory opinion regarding whether the invention is patentable. These materials are distributed to all countries subject to the treaty, which are required to take the application and independently evaluate its merits according to its law. The office cannot reject the application simply on the grounds that another country has

done so. *See* Adelman, M., et. al., *Patent Law*, West Publishing Co., St. Paul, Minnesota 1998, p. 845.

8. *See Stein Associates*, 748 F.2d at 658.

9. *See Cuno*, 729 F.Supp. at 238-39.

10. 729 F.Supp 234 (E.D.N.Y. 1989).

11. *See id.* at 237.

12. *See id.*

13. *See id.* at 237-238.

14. *See id.* at 238-239.

15. *Id.* at 239.

16. *Id.*

17. *Id.*

18. *Id.* at 240.

19. 745 F.Supp 517 (N.D.Ill. 1990), *rev'd on other grounds*, 935 F.2d 1555 (Fed. Cir. 1991).

20. *See id.* at 524.

21. *See id.*

22. *See id.*

23. *See id.*

24. *See id.* at 524- 525.

25. *See id.* at 525.

26. *See id.*

27. *See id.*

28. *See id.* at 525- 526.

29. *Id.*

30. *Id.* at 525.

31. The Hague Conference, of which the United States is a member, is an international organization "whose purpose is to work for the progressive unification of the rules of private international law ... [through] the negotiation and drafting of multilateral *treaties*, which are called Hague Conventions." *See* <http://www.hcch.net/e/faq/faq.html#01> (visited May 15, 2001). Although the United States has not adopted many of the treaties negotiated by this organization, it has accepted agreements regarding international child abduction, the taking of evidence, and service of process. *See* <http://www.hcch.net/e/status/statmtrx.pdf> (visited May 15, 2001).

32. Preliminary Draft of Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters Article 23, found at: <http://www.hcch.net/e/conventions/draft36e.html#text> (visited May 9, 2001).

33. *See* Report of the experts meeting on the intellectual property aspects of the future, Convention on jurisdiction and foreign judgments in civil and commercial matters, Geneva, 1 February 2001, drawn up by the Permanent Bureau found at: <http://www.hcch.net/e/workprog/jdgm.html> (visited May 15, 2001), where the drafters specifically addressed the issue of how the treaty would relate to patents and other forms of intellectual property.

34. Unfortunately, the treaty language is very obscure such that it is hard to comprehend fully the meaning of the treaty. *See Report supra* n. 33 at page 3 (where the US delegation stated that many of the comments received about the proposed treaty stated that the treaty language could not be understood.) However, a very logical and plausible interpretation of the treaty would mean the end of the independence of patents in infringement suits.

35. *See Vas-Cath*, 745 F.Supp at 525-26.

36. *See* Abbott, F. et. al., *supra* n. 1 at p. 643 (stating that during the negotiations of the Paris Convention the goal was not "uniform international legislation," but rather a treaty that would



overcome the "worst difficulties facing patentees with international interests").

37. *See id.*

38. The "Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods" ("TRIPs") was signed on April 15, 1994 as part of the agreement establishing the World Trade Organization ("WTO"). All members of the WTO are required to accept and abide by the procedural and substantive provisions of TRIPs. A copy of the treaty can be downloaded from the WTO website:

[http://www.wto.org/english/docs\\_e/legal\\_e/final\\_e.htm](http://www.wto.org/english/docs_e/legal_e/final_e.htm)(visited June 4, 2001).

39. TRIPs Article 27.1.

40. *Id.* at Article 42.

41. *Id.* at Article 1.3 (emphasis added).

42. For example, TRIPs allows the US and Europe to have different standards of determining novelty when two or more parties claim rights to the invention. Europe has a "first-to-file" system meaning that the patent is granted to the first person to file the patent application, regardless of whether that person was the first to discover the invention. *See* European Patent Convention Article 60. Conversely, the US has a "first-to-invent" system meaning that US law grants the patent to the first person to discover the invention, even if this person was not the first person to file a patent application. *See* 35 U.S.C. §102; *see also* Adelman, M. et. al., *supra* n. 9, p. 380-81.

43. *See* 35 USC §102(b). However, US law does require the inventor to file the patent application within one year from the date of public disclosure.

44. *See* European Patent Convention Article 54 (cited in Adelman, M., et. al., *supra* n. 9, p. 404.

45. Moreover, cultural differences in juries might cause one state to obtain a different outcome than another. For example, with the recent epidemic of Mad Cow Disease in England and Europe, an English court may indeed have different attitudes about the patenting of food products.