

DISCUSSION:

**EXTRATERRITORIAL ENFORCEMENT
OF INTELLECTUAL PROPERTY**

John Thomas, moderator*

I'm delighted that this topic has made its way to the U.S. in such a significant way. I've been talking about this for years myself. I've also done speeches before pretty angry crowds about how extraterritorial jurisdiction should work. It's pretty impressive what's been done in Europe and what could potentially come here. Anyone who has been to a trial that has involved a foreign defendant or a foreign plaintiff can't help but be struggling with this.

I remember going to the "rocket docket" of the Eastern District of Virginia and seeing a major trial between electronics companies from Korea and Japan. I just had to ask myself: "What is the case doing here? Why is the U.S. even involved?" A patent was issued from an agency about two miles down Jefferson Davis Highway. Other than that, the inventors were coming from Tokyo. The manufacturer was in Sendai. All the funds were located in Japan. All the documents had to be translated. What were we doing? Why were we involved? There has to be a better way of addressing these problems.

My principal goal, though, rather than giving a few eloquent remarks, is simply to prompt some discussion before we open up the floor. First, there's been a lot of discussion about forum shopping—and then we propose a regime that would in fact lead to forum shopping. Forum shopping happens a lot now, and I don't think this proposal for a U.S. court to entertain suits under foreign intellectual property rights is going to change forum shopping.

In Europe right now we have situations where people initially bring suits in a Napoleonic Code country in order to obtain seizure proceedings. Then they go to London, file suit in a patent county court to get discovery, and then they go to Dusseldorf to finish things off—now that they can actually build their case.

Forum shopping is happening already, often in hopes simply of bringing an opponent to the negotiating table. I don't think the proposed system is going to have anything better or worse to say about forum shopping. That's

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a constant. I think we have to look to our experience, and I'm glad the Dutch system has been mentioned; the Dusseldorf court has entertained suits over foreign intellectual property rights; and we've even done it ourselves.

It's pretty well-known that after World War I, Congress passed a statute enabling suits on foreign intellectual property rights based on supposed infringement that occurred following World War I in Europe. The Court of Claims was empowered to hear suits over foreign intellectual property rights, and was supposed to save both the government and the patentee the trouble of litigating matters in every jurisdiction abroad.

I would also note that there's been a sort of parade of horrors raised about substance versus procedure, and that some have said, "Oh, if we do this, how can we possibly resolve different procedural elements abroad?" But surely, that's just a straw man, right? I mean, plainly, every court applies its own procedure. That is one constant in choice of law. We need not be concerned about that.

Comity was mentioned by one of our speakers. We have U.S. intellectual property rights litigated abroad already, so where is the outcry? It hasn't happened yet. The bottom line is that patent decisions are hardly a case for great governmental decision-making, quite frankly. Those of you who have read a lot of patent opinions know that, in itself, there is not much in the way of technological decisions being made; these are cases about interpretation of texts and applying it into physical technology.

Are there hard cases on the margin that resolve this kind of policy decision internally? Sure, and those cases should probably be allotted to the local forum. But in most patent cases, I figure that at least comity concerns are very much overstated. Remember that statutes say, and the TRIPS agreement requires, that patents be issued when an inventor meets certain requirements.

Granting a patent is really not a Governmental act. It is a reaction that is mandated by treaty law. We talk a lot about it in the context of the Hague Convention. We don't need The Hague Convention. We can do this right now in the States, complying with principles that are part of the international law, and this should be done. We have done it before under these principles. Is it a race to the bottom in this kind of situation? Perhaps it is, but I think it is one in which the U.S. should try to take the leadership role and not stand aside and see what works out in other jurisdictions.

Mr. Bassuk: One of the things that I was trying to get to when I talked about forum shopping was the problem that we had here in the United States, where we would intend that if you wanted to hold a patent invalid, you would go to a court of certain circuit. If you wanted to have a patent held valid, you would want to go to a different circuit.

The problem that I foresee in forum shopping around the world is that there will not be a Federal Circuit Court of Appeals to which everything goes so that the development of the law can be uniform. That was the major

problem we had here in the United States: different circuits were developing the law in different directions. Yes, we had the Supreme Court to sort of oversee it, but effectively the Supreme Court had abdicated that role because it never decided anything; it stayed away from the cases entirely.

It's the development of the laws, not necessarily each individual case, which leads to forum shopping. So how are the cases going to be developed? How will the law develop if we have the decisions coming out of all the different countries of the world without some kind of central appellate forum?

Prof. Thomas: I think one response to that is to look at the situation globally. You have got parallel national patents in many jurisdictions. What we end up with, again, is a patchwork, a crazy quilt: a patent is invalidated here; it's upheld here. We're in the situation now where we do have this kind of crazy contextualism. So I think a system in which litigation is consolidated would in fact lead to the values you most desire. Really what people want is harmony in intellectual property rights and they want consistency. I think the point that you raised is rather more abstract.

Judge Cohn: I think all of you recognize that we try patent cases to juries in this country because of the Seventh Amendment to our Constitution, and the fact that on December 15, 1751, patent cases in England were tried to juries. That is the basis; and we will never, in my judgment, get away from the Seventh Amendment and the right to try by jury in patent cases.

Prof. Thomas: Well, you may not be able to get away from it here, but you can probably get away from it somewhere else, I think. Professor Straus, you must have something of moment to add.

Prof. Straus: I feel that I should add a few remarks on the European situation. You have been talking about the international scheme and about the prospect that we should stick to the idea of regional method and regional systems. I feel that positive marks have been made in the German situation regarding the split jurisdiction of validity and infringement.

However, in Europe we have something which is not so optimal. We have a quite schizophrenic situation: we have a real common market, and we have fixing patents in place despite the fact that we have a European Patent Office granting those patents. The Brussels Convention, praised here today, has been described by Justice Ellis as something which Kafka could not have dreamed of.

I guess having this split jurisdiction on validity and infringement is an idea which probably will not survive in Europe, because we are now discussing an optional protocol in the European Patent Convention, which will be debated in October in London. What is envisaged is a central patent court of first and second instances for the community, and possibly for the

contracting states through the European Patent Convention. The idea is to have maybe a CFC on both instances in place.

In the first instance, not only one CFC but with some branches being placed in and around Europe. I hope that we are going to have a regional system in place within five or ten years at least, to reduce all those problems which have been addressed here in this conference. But I'm hesitant to believe that it will be successfully in place in the very foreseeable future.

Prof. Thomas: Perhaps it should be mentioned that the Japanese Supreme Court has apparently gotten the Japanese Courts, at least in part, out of the split validity and infringement game.

Mr. Whealan: It seems to me that everyone wants to get to the same result, but, given the obstacles that we are talking about, we'll never get there. Has anybody thought about having two countries try a case before two or three judges of those two or three countries at the same time, or something similar to that? Or perhaps where there's a trial period where a respected judge from our country and another country, or from a panel of them, and maybe even do some telecommunication wise, so everyone is not flying back and forth. It would be interesting to see how it works. Has anyone written or thought about that as a small step along what seems to be a long path?

Prof. Thomas: I'm thinking of a much more informal proceeding. Certainly the Japanese have had a leadership role in this by sending jurists to the Federal Circuit. Judge Rader has entertained several visitors. Judge Ellis recently entertained a visitor from Japan.

Judge Cohn: That could be accomplished if the lawyers or the parties to the case wanted it. That happens frequently and locally where you have a state court judge and a federal judge sitting on a same case because the same issues were involved and the lawyers wanted it. That will not come from the outside, that will come from the Intellectual Property bar, which has surmounted the traditional antagonism displayed in the casing court. That requires cooperation, not adversity. But once you get it, I don't see any reasons why it could not be done.

Prof. Thomas: We should close the session at this point. Let me say that I have attended a number of talks on this topic around the world, and have found that this is one of the most sophisticated I have ever seen. What a wonderful group of panelists—how delightful to have such prestigious jurists, academics, and participants from ministries.