

Judgment date: 29-09-2006
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Branch of law: Civil law, other
Type of procedure: Cassation
Indication of contents: Patent law. Dispute between patent proprietors about the question whether a European patent applicant acts unlawfully by failing to bring all conceivable information known to him to the notice of the EPO and whether the proprietor of a patent examined by the EPO acts unlawfully on account of incorrect pretension towards competitors if the proprietor invokes the patent while it is subsequently revoked or annulled; Supreme Court does not reverse the decision of HR 6 April 1962, NJ 1965, 116; unjust enrichment?

Judgement
29 September 2006
First Division
No. C04/334HR
RM/MK

The Supreme Court of the Netherlands

Judgment

in the case of:

CFS BAKEL B.V., formerly named [A] B.V.,
with registered offices in Bakel, municipality of Gemert-Bakel
APPELLANT in cassation,
respondent in the cross-appeal in cassation,
counsel: E. Grabandt,

v e r s u s

STORK TITAN B.V.,
with registered office in Boxmeer,
RESPONDENT in cassation,
appellant in the cross-appeal in cassation,
counsel: W. Taekema.

1. the proceedings in the lower courts

By writ of 16 September 1997 the respondent in cassation - hereinafter referred to as: Stork - summoned the claimant in cassation - hereinafter referred to as: CFS - to appear in accelerated proceedings before the district court of The Hague. After increasing its claim Stork claimed that the district court annul the Dutch part of EP 0 558 151, give a declaratory judgment that CFS had acted unlawfully towards Stork and condemn CFS to compensate the damage suffered by Stork. CFS defended the action.

After an interlocutory judgment dated 2 February 2000, by which the proceedings were suspended, the district court pronounced a final judgment on 2 October in which it annulled the Dutch part of EP 0 558 151 and dismissed all further or different claims. CFS appealed from the district court judgment to the court of appeal of The Hague. Stork brought a cross-appeal.

By judgment of 15 July 2004 the court of appeal in its decision on the principal appeal confirmed the final judgment of the district court and dismissed the cross-appeal. The judgment of the court of appeal is attached to this judgment.

2. The cassation proceedings

CFS lodged an appeal in cassation against the appeal judgment. Stork lodged a cross-appeal in cassation. The notice of appeal in cassation and the statement of defence on appeal in cassation and notice of cross-appeal in cassation are attached to this judgment and form part hereof.

Each party has submitted that the other party's appeal be disallowed.

The case was explained for the parties by their counsel.

The opinion of Advocate General J.L.R.A. Huydecoper was that both the principal appeal in cassation and the cross-appeal in cassation be dismissed.

Mr W.A. Hoying filed a comment on this opinion on behalf of Stork.

On 24 March 2006 Advocate General J.L.R.A. Huydecoper issued a supplementary opinion to the effect that the cross-appeal in cassation be dismissed (as well).

By letter of 5 April 2006 Mr Hoying filed a comment on this supplementary opinion as well.

3. Basic assumptions in the cassation proceedings

3.1 These cassation proceedings may be based on the following assumptions, as far as still relevant.

(i) CFS is the proprietor of European patent 0 558 151, with priority date 26 February 1992, granted on 31 January 1996 for an "oven" (hereinafter: the patent). The patent is also valid in the Netherlands.

(ii) Both Stork and [B] Machinefabriek B.V. filed an opposition to the patent grant with the European Patent Office (EPO). When this opposition was heard by the Opposition Division of the EPO, CFS filed a number of auxiliary requests.

(iii) By letter of 5 May 1998 the Opposition Division ruled in an interlocutory decision, having regard to the amendments made by the patentee in the opposition proceedings, that the patent and the invention to which it relates meet the requirements of the European Patent Convention.

(iv) Stork and [B] Machinefabriek B.V. appealed from this interlocutory decision to the EPO. By decision of 27 April 2000 the Technical Board of Appeal of the EPO held that claim 1 of the patent was not inventive. The Technical Board did, however, maintain the patent on the basis of the third of five auxiliary requests, filed on 24 March 2000 and amended at the hearing of 27 April 2000. As a result claim 1 of the patent came to read in an amended version.

3.2 In the present proceedings Stork has claimed, briefly stated, that the patent be revoked on account of lack of inventiveness and further because it contains added matter and cannot be repeated. Stork has further claimed a declaratory judgment that CFS acted unlawfully towards Stork; and finally it has claimed that CFS be condemned to pay damages.

In its final judgment the district court annulled the Dutch part of the patent because the invention claimed in the patent lacked inventiveness; the court refused the claim for damages, however. Both parties appealed from this judgment. In the principal appeal CFS contested the annulment of the Dutch part of the patent and in the cross-appeal Stork contested the rejection of its claim for damages. The court of appeal confirmed the district court judgment in both the principal appeal and the cross-appeal.

4. Judgment of the principal appeal in cassation.

The principal appeal in cassation lodged by CFS is directed against the annulment of the Dutch part of the patent. The grievances put forward in the ground for cassation cannot lead to cassation. Having regard to Section 81 of the Dutch Judiciary (Organisation) Act no further reasons need be stated for this finding since the grievances do not compel the court to decide points of law in the interest of unity of law or of the development of law.

5. Judgment of the cross-appeal

5.1 The cross-appeal lodged by Stork is directed against the dismissal of its claim for damages. This claim is founded on three grounds. In the first place, so Stork alleges, CFS acted unlawfully towards Stork by defending the patent in the opposition proceedings on grounds which it knew to be incorrect. In the second place, so Stork alleges, CFS acted unlawfully towards Stork by invoking the patent, which was eventually annulled, vis-a-vis customers of Stork and third parties as a result of which Stork suffered damage, or at any rate by continuing and maintaining such invocation after Stork had commenced opposition proceedings against CFS. In the third place, also having regard to the retroactive effect of the annulment of the patent, CFS would be unjustly enriched if it should be free to retain the profits realized with the patent. The court of appeal held that the first ground was unsound because in itself the fact that additional elements are known need not necessarily result in a proposed claim being rejected and because there is no provision (in the Convention) which compels a European patent applicant to bring all conceivable prior art of which he has knowledge to the notice of the EPO (no. 23 of the appeal judgment). The appeal court rejected the

second ground because CFS neither knew nor had serious reason to suspect that Stork's opposition to the patent would be successful (no. 24). And in the opinion of the court of appeal the claim arising from unjust enrichment could not be successful because prior to the annulment of the patent CFS was free to invoke its patent rights (no. 26). Parts I, II and III of the ground for cassation are directed against these decisions.

5.2 Subparts I.1 and I.3 of the ground for cassation may be examined together. Subpart I.1 argues that the court of appeal omitted answering the question whether the non-disclosure by the patent proprietor "of information known to him as a result of which he obtained a patent " (the Supreme Court understands: of the fact that the additional elements inserted by the auxiliary requests referred to above in 3.1 sub (ii) and (iv) were not new and that CFS was aware of this) is unlawful towards a competitor against whom this patent is used in the competitive warfare, if this patent is annulled on the basis of this information becoming known (subsequently). Subpart I.3 is directed against the grounds taken by the court of appeal that in itself the fact that additional elements are known need not necessarily result in a proposed claim being rejected. According to this subpart the court of appeal failed to recognize (i) that the point is whether CFS acted unlawfully by not disclosing relevant information and (ii) that it is an established fact that the Technical Division would not have granted or maintained the patent if it had been aware of the non-disclosed information.

The subparts fail because the mere fact that the auxiliary requests mentioned above in para. 3.1 contain elements which were not (all of them) new, does not mean that the express disclosure that these elements were known would necessarily have resulted in the proposed claim in question being rejected. The fact is that the combination of elements which in themselves are known may result in an invention which satisfies the requirement of novelty.

The second grievance of subpart I.3 fails, in view of what will be considered below in regard to subpart II.1.

5.3 The other grievances set out in Part I cannot result in cassation either. Having regard to Section 81 of the Dutch Judiciary (Organisation) Act no further reasons need be stated for this finding since the grievances do not compel the court to decide points of law in the interest of unity of law or the development of law.

5.4 Subpart II.1 contests the interpretation of the law stated by the court of appeal in nos. 24 and 25 of its judgment that - briefly stated - the proprietor of a patent examined by the EPO may in principle assume that his patent is valid and that he may invoke his rights attached to this patent against third parties, even if an opposition is lodged against the patent grant, and that is only different if the patent proprietor knows, or has serious reasons to suspect, that the opposition will be successful. In essence the subpart alleges against this interpretation that a patent is an exception to free competition, which exception is justified only if certain requirements (such as novelty and inventiveness) are satisfied. In this light, still according to the subpart, a patent proprietor who continues to invoke the patent against potential customers of his

competitor after opposition and/or revocation proceedings have been instituted, acts unlawfully towards this competitor if subsequently the EPO's decision proves to have been incorrect and the patent is revoked with retroactive effect or declared null and void.

5.5 When assessing this appeal on an issue of law, which essentially invites the Supreme Court to reconsider the doctrine prevailing in the Netherlands, which will be mentioned below, the following two views must be taken into consideration.

On the one hand the patent grant recognizes the achievement which is the basis of the invention embodied in the patent, and the research and investment of time and money made for this purpose. This encourages people to invent things, which also serves the general interest. These considerations argue in favour of not holding the proprietor of an examined patent liable in tort to his competitors on the mere ground that the patent is subsequently revoked or declared null and void. Otherwise, this would discourage the patent proprietor from exercising his rights vis-à-vis the parties contesting his rights, which might diminish the stimulus to invent things.

On the other hand the grant of a patent (or at any rate the invocation of a patent) has a restrictive effect on competition and gives the proprietor a lead over his competitors. Invoking the patent towards third parties is generally an appropriate means to influence the behaviour of these third parties to the benefit of the patent proprietor. In this light the fact that our social system is precisely based partly on the promotion of free competition in the general interest constitutes an argument to make a party invoking a patent which is subsequently revoked or annulled bear the risk of his pretensions being found incorrect.

5.6 The doctrine prevailing in the Netherlands goes back to the Supreme Court judgment of 6 April 1962, NJ 1965, 116, which accepts an interpretation of Section 43(2) of the Dutch Patent Act (1910) to the effect that to make the act of issuing a writ of warning unlawful it is not sufficient that the pretension embodied in the writ proves to be incorrect in retrospect, but also requires that blame for this act can be attributed to the patent proprietor. The substance of the provision has been maintained unchanged in Section 70(3) of the Dutch Patent Act 1995 which is currently in force. It is rather more consistent with this interpretation, which is generally accepted in case law and academic literature (see no. 7 of the supplementary of the Advocate General) to accept - in respect of the Dutch part of a European patent like the one at issue in the present proceedings - that the mere fact that a patent proprietor has invoked the patent does not mean that he is liable to his competitors if subsequently this patent is revoked or annulled, than to place the risk of such revocation or annulment on the patent proprietor.

5.7 In addition to the above, also in view of the open nature of our economy, accepted views in regard to this issue in other European countries are also relevant. The supplementary opinion of the Advocate General shows, briefly summarized, that in Germany and in the United Kingdom (countries with which the Netherlands maintains

intensive trading relations) it is not accepted that a patent proprietor who has invoked his patent is liable to compensate the damage suffered by his competitors or others as a result of this act, on the mere ground that the patent is subsequently revoked or annulled; this also requires that some sort of blame can be attributed to the patent proprietor.

5.8 Taking the foregoing grounds into consideration there is insufficient reason to accept the rule advocated in subpart II.1. Instead, our law, too, should be guided by the view set out above in the second paragraph of no. 5.7. This means that a patent proprietor who invokes a pre-examined patent which is subsequently revoked or annulled acts unlawfully if he knows, or ought to be aware, that there is a serious, not negligible chance that the patent will not be maintained in opposition or revocation proceedings. Consequently, the mere fact that opposition or revocation proceedings are pending constitutes insufficient reason to find unlawful act. The subpart fails on the above grounds.

5.9 The other grievances put forward in Part II cannot result in cassation either. Having regard to Section 81 of the Dutch Judiciary (Organisation) Act no further reasons need be stated for this finding since the grievances do not compel the court to decide points of law in the interest of unity of law or the development of law.

5.10 Part III is directed against the grounds taken by the court of appeal in no. 26 of its judgment, namely that, since CFS was free to invoke its patent rights vis-à-vis third parties, it cannot be held that any sales which CFS may have realized partly by this invocation have resulted in unjust enrichment of CFS within the meaning of Section 6:212 of the Dutch Civil Code (the Part reads: Section 6:162 of the Dutch Civil Code, which however must be considered a manifest clerical error).

The Part fails because the finding of the court of appeal is correct. Even if it should be established that CFS was enriched at the expense of Stork through the fact that it invoked its patent, which was subsequently annulled, towards the latter's (potential) customers and towards third parties, this does not in itself result in a claim based on Section 6:212 of the Dutch Civil Code being allowable, since there is the additional requirement that in the relation with Stork such enrichment is unjust. The finding of the court of appeal - contested in vain by the parts of the ground for cassation discussed above - that CFS was free to invoke its patent rights towards third parties implies that and why this latter requirement is not satisfied. This is not changed by the fact that the annulment of CFS' patent has retroactive effect.

6. Judgment

The Supreme Court:

in the principal appeal in cassation:

dismisses the appeal;

awards the costs of the cassation proceedings against CFS, which costs on the part of Stork are assessed up to this judgment at € 359.34 in disbursements and € 2,200 in fees;

in the cross-appeal in cassation:

dismisses the appeal;

awards the costs of the cassation proceedings against Stork, which costs on the part of CFS are assessed at € 68,07 in disbursements and € 2,200 in fees.

This judgment was given by vice-president D.H. Beukenhorst as president and justices O. de Savornin Lohman, P.C. Kop, F.B. Bakels and W.D.H. Asser, and pronounced in open court by justice E.J. Numann on 29 September 2006.