Jurisdiction and applicable law in the case of cross-border infringement (infringing acts) of intellectual property rights

I. The state of applicable law:

Brussels I Regulation governs the cross-border judiciary and enforcement issues in EEA area, including Finland. There are no national laws concerning the cross-border intellectual property jurisdiction matters. The general rules of International Private Law do apply.

I.1.1 Do the domestic Courts assume jurisdiction to decide on infringements of intellectual property rights which are committed abroad?

There is no explicit provision regarding the issue, and to our knowledge there are also no court cases dealing with the infringements abroad. To our knowledge there is also no legal literature dealing explicitly with the situation in Finland. Thus the situation is unclear (and unsatisfactory).

The situation should, however, be decided in accordance with Finnish national law, Community legislation and international treaties (mainly TRIPS). Primarily this means that the provisions of the Brussels I Regulation should be taken into account. In the light of the Brussels I Regulation Finnish courts might have to assume jurisdiction for the infringement of a foreign intellectual property right (which means that the infringement has been committed abroad), if the defendant or one of the defendants is domiciled in Finland (Article 2.1).

It is also possible that Finnish courts would assume jurisdiction according to Article 6.1, if there are a number of defendants. Also prorogation, which is allowed on the basis of Article 23, is a possible ground for assuming jurisdiction. Lastly, in cases of provisional, including protective, measures Article 31 is a possible ground for jurisdiction. In sum, it seems likely that a Finnish court would have to assume jurisdiction, if the case at hand is within the scope of application of the Brussels I Regulation.

With regard to trademarks, according to Article 4 of the Finnish Trademarks Act, the right to a trade symbol means that no one other than the proprietor of a mark may use any symbol liable to be confused with it for his goods, etc. The provision applies equally regardless of whether the goods are intended to be offered for sale in Finland or abroad, or are imported for business purposes.

The practical ratio of the above referenced rule was to grant Finnish Courts specific jurisdiction in cases that concerned transit traffic with counterfeit goods through Finnish territory. The law was amended in the year 2000, in order to enhance the compliance of
the domestic law with the provisions in Council Regulation (EC) No 3295/94 ("Re-export or entry for a suspensive procedure of counterfeit and pirated goods").

In the preparatory documents (Government proposal 1999/133), the legislator stated that the court practise had in fact acknowledged jurisdiction in transit cases, and that the purpose of the new provision was merely to clarify the text in order to avoid any misinterpretations. Under the provision above, transiting of infringing goods through Finnish territory is considered to form an infringement under Finnish law, even if no intention of sales/import to Finland can be established. Thus, the intention was not to expand the general jurisdiction of Finnish courts to infringements in third countries as such.

The Finnish Trademark Act does not as such grant jurisdiction for the court in a trademark infringement matter without any inherent connection to Finland ("commercial effect").

I.1.2 If the Courts assume jurisdiction to decide on intellectual property infringements committed abroad, what are the criteria which allow jurisdiction to be attributed to the Courts of the country (e.g.: nationality of one of the parties, concomitant existence of IP infringements in the country of the Court, domicile of the defendant, etc.)?

The Supreme Court of Finland made in December 2002 a decision (Supreme Court decision 2002:119) concerning counterfeit products in transit from South Korea to Russia via Finland. In the case an owner of a trademark (in this case adidas-Salomon) demanded that the counterfeit products infringing its trademarks shall be destroyed and that the defendants shall be ordered to cover its legal costs. The defendants were two forwarding agents, who were indicated as the consignees in the freight documents. One of the forwarding agents was a Finnish company and the other a Swedish company.

The Supreme Court found that the forwarding agents had not infringed the plaintiff's trademark rights in their business activities and thus they had not violated the Finnish trademark law. Nevertheless the Supreme Court found that the goods were counterfeit and ordered the counterfeit goods to be destroyed as claimed. It based its decision to the Council Regulation (EC) 3295/94 laying down measures concerning the entry into the Community and the export and re-export from the Community of goods infringing certain intellectual property right. The Supreme Court stated that in a situation were the real owner of the goods is not known (like in this case) it is natural and justifiable to summon the consignees of the products to answer in the court.

In 3-2 vote it decided that the consignees were not to be responsible to cover the legal costs of the plaintiff, but they still had to suffer their own costs.

This decision has cross border influence. If a foreign entity is taking care of or is the consignee in a transit of infringing goods via Finland, they can be summoned to court in Finland and the goods in their control or possession can be ordered to be destroyed even without them being guilty of trademark infringement in Finland. It is enough that the goods infringe a trademark that is valid in Finland.

As a conclusion we may state, that the Finnish courts have in this case taken jurisdiction over national borders to make decisions concerning counterfeit goods, which are within the jurisdiction of Finnish customs, even if they are only in transit to a third country and controlled by a non-Finnish entity, which may not have any other connection to Finland.

I.1.3 Is this assumption of international jurisdiction specific to the civil law courts, or does it also apply to the criminal law courts?

There are no separate civil and criminal law courts. Even in criminal cases the courts may impose civil law remedies. Brussels Regulation applies to these situations as well.
I.2.1 If the domestic Courts may assume jurisdiction to judge IP infringements committed in
another country (cross-border infringements), what are the sanctions imposed by the do-
mestic Courts?

No case law exists. It would be natural that the same sanctions are always applied in in-
tellectual property matters, i.e. compensation, damages and injunctions (first and fore-
most). Sanctions are substantive law, determined by the law of the infringement country.

I.2.2 Can the domestic Courts only award compensation for loss (damages) or do they also
assume jurisdiction to impose injunction with effects abroad?

There are no court cases on the issue. In the light of the Brussels I Regulation, the Com-

munity Trade Mark Regulation and the Community Design Regulation, it would seem a
natural starting point that injunctions would be possible if the jurisdiction of the court is
based on Article 2 BR (the defendant's domicile). If, however, jurisdiction is based on Ar-
ticle 5.3 BR (place of infringement), the injunction would not reach outside the territory of
the country of the court.

I.2.3 Is there a difference between final sanctions and provisional sanctions from the point of
view of international territorial jurisdiction?

No case law exists. There can be a difference, but it is dependant on the type of provi-
sional sanction. If the provisional sanction is a preliminary injunction with the same aim
as with a final sanction, then it would be natural to require that there is no difference be-
tween international jurisdiction. If, however, the provisional "sanction" is a seizure of
property or of evidence, we find it rational to be able to seek such provisional remedy at
the place of the property (forum rei sitae).

I.3.1 Which law is applied by a court, which assumes jurisdiction to judge IP infringements
committed in another country?

There is no provisions on the matter and there are no court cases either. The situation is
thus unclear. In the light of International Private Law, infringements should be governed
by the law in the country of infringement (which is also the country of existence). With re-
gard to trademarks, the law of the country where the trademark is registered or estab-
lished.

I.3.2 Is it the law of the forum, or is it the law of the country in which the infringement has been
committed?

There are no provisions or case law. The law of the country in which the infringement has
been committed.

I.3.3 What is the scope of the foreign law: defining infringing acts, proof of infringement or
sanctions for infringement?

There are no provisions. Foreign substantive law in its entirety should govern infringing
acts, proof of infringement and sanctions.

I.3.4 What is the role of the parties in determining the content of the foreign law: does the bur-
den of proof of the content of this law lie with the parties or is it for the Court, ex officio,
to seek the content of the foreign law?

It is up to the parties to present evidence as to the content of foreign law. Only if it re-
mains unclear, what the contents of foreign law are, the national lex fori is to be applied.
Burden of proof mainly lies with the invoking party.
I.3.5 **Does the international public order exception, which allows some countries to exclude the application of foreign law, apply for the infringement of intellectual property rights?**

Yes, the international public order (ordre public) is applied to the extent it is applied in general.

In 1969, an artwork called Pig Messiah (Harro Koskinen 1969) led to charges of blasphemy that ended in criminal court proceedings where the author of the artwork was imposed for a fine.

I.4.1 **What are the conditions for the enforcement of a foreign judgement against an infringing party for IP infringement committed in another country?**

The conditions for the enforcement of a foreign judgement are in accordance with the provisions of the Brussels I Regulation.

With regard to non-EEA countries, judgments are probably not recognized in Finland since there is no international convention at the moment.

I.4.2 **Are there specific procedures?**

Yes. Brussels I Regulation.

I.4.3 **What are the practical difficulties, which complicate the enforcement of foreign court decisions in intellectual property infringement matters?**

The practical difficulties include declaration of enforceability by the courts and the fact that actual enforcement carried out by separate executory authorities judgment must meet specific criteria for its execution.

I.5.1 **Are there rules governing lis pendens and related actions for cases where infringement proceedings are pending in parallel before the courts of different countries?**

Yes, in accordance with the Articles 27 and 28 of Brussels I Regulation.

I.5.2 **Do the rules on lis pendens and related actions require the court to decline jurisdiction in favour of another court, or do they merely allow it to stay proceedings while awaiting the result of the pending dispute in another country?**

In accordance with Brussels I Regulation. In case of similar actions; a court other than the court first seized must stay proceedings of its own motion related actions. The court may stay proceedings and also decline jurisdiction.

II. **Proposals for the future:**

II.1.1 **Do the Groups think that it is possible and desirable to seek a harmonised system for cross-border litigation, while intellectual property rights are currently, in the majority of cases, solely of national scope?**

Yes, a harmonised system for cross-border litigation would be beneficial from the point of view of jurisdiction. Such a system could in some cases lower the costs of litigation (i.e. of enforcing one's rights) and hopefully also speed up litigation. Especially in cases concerning infringements reaching over the territory of several countries, for instance, in cases of infringement over the Internet, a harmonised system would be something worth striving for. Otherwise there are gaps and multiple litigation. For example a harmonized litigation seeking one forum to judge in infringements in various countries would lead to many difficult questions relating to the proving the infringement in each country and pro-
ving the damage occurred in each of these countries. In these matters the could be a need to bring witnesses from all of these countries.

However, as has been seen from the discussions and draft statute proposals of European Patent Litigation Agreement and European Patent Court, finding a harmonized and functional system for cross border litigation is very complex task because of the different interests involved.

II.1.2 Do the Groups think that such a harmonised system requires the existence of intellectual property rights which have the same effect in various countries (e.g. at least a regional right)?

It would be optimal if there were rights that have the same effect in various countries. It is, however, not necessary. We think a harmonised system of jurisdiction could function also without harmonised rights.

II.2.1 If the Groups consider that it is desirable to seek a harmonised system of litigation in cases of cross-border infringement, it would thus be necessary to organise such litigation.

Please rf. to the answers in Sections II.1.2 and II.2.1 above.

II.2.2 What should be the preferred criteria for choice of forum?

The preferred criteria for choice of forum should be the defendant's domicile (or place of habitual residence). This rule would be in line with the Brussels Regulation (Article 2). The other preferred criterion is the country of infringement (registration).

II.2.3 What then should be the applicable law to organise the infringement proceedings?

Lex fori, i.e. the law of the country where the court is governs the proceedings.

II.2.4 What extent would the power of the judge have: merely assessing the infringement, or also assessing the validity of the foreign right with the possibility of invalidating it?

As a rule, only the courts in the country of registration (or where the right is deemed to have been registered) should have the right of invalidation. This would also mean that other courts would not have the right to assess the validity of "foreign" rights. However, the validity could also be assessed in other countries inter partes.

II.3.1 What is the applicable law for judging infringement and sanctions applicable to it?

Lex loci delicti, i.e. the law of the country where the infringement has taken place, should govern the substantive issues. As for sanctions (e.g. the amount of damages) it could be, maybe, be possible to let lex fori govern the issue, but only insofar there are no major differences between lex fori and lex loci delicti (as there is for instance between USA and Europe as for treble damages).

II.3.2 And what scope should the application of this law have (defining infringing acts, proof of infringement or sanctions for infringement)?

Lex loci delicti should, at least as a main principle, govern all substantive issues.

II.4.1 Should the rules on lis pendens and related actions apply in the event of infringement proceedings, which are pending before the courts of the various countries?

Yes, in the way they are applied under the Brussels I Regulation. This is the only way to avoid unnecessary parallel litigation in many countries.
II.4.2 Should it be provided that it is mandatory for courts to decline jurisdiction in favour of the court first seized of the case, or should there be a rule for a stay of proceedings?

Decline jurisdiction. It is unnecessary with another court if the first court seized has jurisdiction. Situation differs if the first court seized clearly does not have jurisdiction.

II.5.1 Should there be provisions for the automatic enforcement of court decisions which are made in such a system or should these decisions always be the object of a procedure for exequatur as normally used to give effect to foreign judgements?

The decisions should always be object of a procedure for exequatur, which should follow the rules of the Brussels I Regulation.

II.6.1 What is the scope of sanctions which may be imposed by a Court deciding on infringement committed in various countries: can the Court be empowered to judge on the validity of intellectual property rights existing in each of these countries?

No. Validity issues are to be exclusively decided by the courts in the country of registration (or where a right is deemed to have been registered).

II.6.2 Can the Court impose measures of prohibition applicable wherever this right is valid?

If by “measures of prohibition” is meant injunction, then the question is yes, if it is a court in the country of the defendant's domicile that rules on the injunction issue. If some other court enjoins, the reach of jurisdiction should be limited to the territory of that country. This is in line with the CTMR and CDR.

II.6.3 Could the Court order the infringing party to compensate for loss suffered in all countries?

Yes, at least if the courts in country of the defendant's domicile makes the order. Other courts should limit their jurisdiction to the territory of their country.

II.7.1 Should the search for a system, making it possible to organise the progress of proceedings against cross-border acts of infringement, pass through the conclusion of a multilateral agreement or is it necessary, according to the Groups, to favour bilateral or regional solutions.

A multilateral agreement would be the best solution, if that would lead to a higher degree of harmonisation than bilateral or regional solutions. However, reaching global multilateral agreements has proven to be very difficult due to the differences between legal systems. Thus regional and bilateral solutions should be favoured, if such agreements could be linked with each other and later lead to multilateral agreements.

II.8.1 The Groups are invited to formulate all other observations on this question, based in particular on their national experience.

The Group emphasizes the importance of having qualified national professionals of intellectual property in all systems, whether they are national, regional or multinational or harmonized systems. In all countries only qualified local IP-judges, attorneys-at-law and patent and trademark attorneys can give the IP services to both companies and individuals of their own country in their own languages and ensure the legal protection of the right holders.
Summary

The report answers to questions concerning the cross-border questions in Intellectual Property Rights in Finland. There is neither explicit provision nor legal literature regarding the issue in Finland. Therefore the situation is unclear and unsatisfactory as for the national provisions. Anyhow the provisions of the Brussels I Regulation are applicable and therefore many of the Group’s answers relate to the Regulation, e.g. in questions relating to the forum and enforcement in cross-border matters. The report discusses also of the Finnish approach to Council Regulation (EC) No 3295/94 ("Re-export or entry for a suspensive procedure of counterfeit and pirated goods"). Regarding injunctions with effects abroad the report differentiates the matters with defendant's domicile (Art 2 BR) and the place of infringement (Art 5.3 BR). The Group finds that a court of defendant's domicile can issue such an injunction, but a court of place of infringement cannot. The issues relating to non-EEA countries are more complex due to the fact that the rules of International Private Law are applied.

The report accepts the benefits of a harmonized system of jurisdiction for cross-border litigation, which would follow the Brussels I Regulation. Anyhow the Group finds that it is difficult to discuss of actual proposals for the future. The Group recognizes the difficulties of these issues, which can clearly be seen e.g. from the recent discussion and the draft statutes regarding the European Patent Litigation Agreement and the European Patent Court. It is clearly seen how difficult it is to form not only a unified patent litigation system but also a harmonized Intellectual Property jurisdiction and litigation that would have effect on various legal fields, like Intellectual Property, procedural rules and also material laws (relating to damages etc.).

The Group emphasizes the necessity of ensuring the rights of the Intellectual Properties right holders with the services of expert national judges and attorneys at law as well patent and trademark attorneys.

Résumé

Ce rapport vise à répondre aux questions transfrontalières en matière de propriété intellectuelle en Finlande. Il n'existe pas de règle explicite, ni d'opinion de doctrine sur la question en Finlande. C'est pourquoi la situation n'est ni claire ni satisfaissante au regard des règles nationales. Le règlement Bruxelles I est toutefois appliqué et c'est pourquoi plusieurs réponses apportées par le groupe se réfèrent à ce règlement, notamment en ce qui concerne les questions de forum et l'exécution dans les affaires transfrontalières. Est discutée également l'approche de la Finlande vis-à-vis du règlement du Conseil (EC) No 3295/94 ("la réexportation et le placement sous un régime suspensif des marchandises de contrefaçon et des marchandises pirates"). En ce qui concerne les injonctions ayant des effets à l'étranger, le rapport opère une distinction entre les dossiers examinés au domicile du défendant (règlement Bruxelles art. 2) et au lieu du fait dommageable (règlement Bruxelles art 5.3). Le Groupe considère que le tribunal du domicile du défendeur peut ordonner une telle injonction mais le tribunal du lieu du fait dommageable ne le peut pas. Les questions concernant les états non-membres de l'EEE sont plus complexes parce que les règles de droit international privé sont appliquées.

Le Groupe reconnaît les bénéfices d'un système de juridiction harmonisé pour le contentieux transfrontalier comme celui qui résulte du règlement Bruxelles I. Le Groupe considère cependant qu'il est difficile de discuter des propositions d'avenir concrètes. Le Groupe reconnaît la difficulté de tels sujets, comme l'a démontré par exemple la discussion qui a eu lieu récemment concernant l'accord sur le règlement des litiges sur les brevets européens et la cour européenne des brevets. On peut voir à quel point il est difficile de créer non seulement un système de contentieux unifié pour les brevets, mais également une juridiction de propriété intellectuelle harmonisée et une procédure de contentieux qui aurait des effets sur des domaines juridiques dif-
Zusammenfassung


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