

ORDER OF THE COURT OF FIRST INSTANCE (First Chamber)

5 September 2007\*

In Case T-295/05,

**Document Security Systems, Inc.**, established in Rochester, New York (United States), represented L. Cohen, H. Sheraton and B. Uphoff, Solicitors, and by C. Stanbrook QC,

applicant,

v

**European Central Bank (ECB)**, represented by C. Zilioli and P. Machado, acting as Agents, and by E. Garayar Gutiérrez and G. de Ulloa y Suelves, lawyers,

defendant,

**ACTION** for a declaration that the ECB has infringed the applicant's rights conferred by a European patent and for compensation for the resulting loss and damage which the applicant claims to have suffered,

\* Language of the case: English.

THE COURT OF FIRST INSTANCE  
OF THE EUROPEAN COMMUNITIES (First Chamber),

composed of J.D. Cooke, President, R. García-Valdecasas and V. Ciucă, Judges,

Registrar: E. Coulon,

makes the following

**Order**

**Legal context**

*Community legislation*

<sup>1</sup> Article 235 EC states:

‘The Court of Justice shall have jurisdiction in disputes relating to compensation for damage provided for in the second paragraph of Article 288.’

2 The second and third paragraphs of Article 288 EC provide:

‘In the case of non-contractual liability, the Community shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its institutions or by its servants in the performance of their duties.

The preceding paragraph shall apply under the same conditions to damage caused by the [European Central Bank] or by its servants in the performance of their duties.’

3 Article 35.3 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank annexed to the Treaty establishing the European Community (OJ 1992 C 191, p. 68; ‘the Statute of the ECB’), as revised and amended, states:

‘The ECB shall be subject to the liability regime provided for in Article 288 of this Treaty ...’

*European Patent Convention*

4 The Convention on the Grant of European Patents of 5 October 1973 (also known as ‘the European Patent Convention’ or ‘the Munich Convention’, hereinafter referred to as ‘the EPC’), as amended by the act revising Article 63 EPC of

17 December 1991 and by decisions of the Administrative Council of the European Patent Organisation of 21 December 1978, 13 December 1994, 20 October 1995, 5 December 1996, 10 December 1998 and 27 October 2005 and comprising the provisionally applicable provisions of the act revising the EPC of 29 November 2000, is an international multilateral treaty that is not part of Community law, the purpose of which is to establish a simplified procedure for obtaining patent protection in Europe for a certain number of countries. The EPC entered into force on 7 October 1977 and has been ratified to date by 32 States, including all the Member States of the European Union.

5 Article 4 of the EPC established the European Patent Organisation, the task of which is to issue European patents. That task is carried out by one of its constituent bodies, the European Patent Office ('the Office').

6 Article 2(2) of the EPC provides that, '[t]he European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless otherwise provided in this Convention.'

7 Article 64 of the EPC provides:

'(1) A European patent shall, subject to the provisions of paragraph 2, confer on its proprietor from the date of publication of the mention of its grant, in each Contracting State in respect of which it is granted, the same rights as would be conferred by a national patent granted in that State.

(2) If the subject-matter of the European patent is a process, the protection conferred by the patent shall extend to the products directly obtained by such process.

(3) Any infringement of a European patent shall be dealt with by national law.’

- 8 The EPC contains some rules which apply in all the Contracting States. The common rules are those which relate to patentability criteria (Articles 52 to 57 of the EPC), the grounds for revocation of a Community patent (Article 138 of the EPC, see below) and the extent and term of patent protection (Article 63, Article 64(2) and Article 69 of the EPC).
- 9 Article 138 of the EPC prescribes the conditions in which a European patent may be revoked under the law of a Contracting State, with effect for its territory.

### **Facts of the case**

- 10 The applicant is a company incorporated under the laws of the United States which, in 2004, became the proprietor of a European patent relating to security features designed to protect banknotes against counterfeiting, invented by Ralph C. Wicker. The invention consists of a method of producing original documents in such a way that copies made using scanning technology (scanners) are exposed as counterfeits.
- 11 On 18 January 1989, Mr Wicker applied for a United States patent for that production method. On 16 January 1990, he applied to the Office for a European patent.

- 12 Mr Wicker's application for a European patent was published in the *European Patent Bulletin* on 13 November 1991. On 18 July 1995, that application was rejected for lack of inventive step over cited prior art. On 5 February 1999, an appeal against that decision was heard by one of the Office's Technical Boards of Appeal, which allowed the patent applied for to go to grant; it was finally granted on 24 November 1999, as European Patent No 0 455 750 B1 entitled 'Method of Making a Nonreplicable Document' ('the patent at issue').
- 13 The applicant maintains that the patent at issue was validated and subsists in France, Austria, the United Kingdom, Germany, Belgium, Spain, Italy, Luxembourg and the Netherlands ('the States concerned'). Mr Wicker designated the States concerned when lodging his application for the patent at issue. The applicant claims that the patent also subsists in Liechtenstein, Denmark, Sweden and Switzerland, States which are outside the territory in which the euro is the official currency (the euro area), which do not print euro banknotes and which are not considered in the application.
- 14 According to the applicant, the patent at issue remained vested in Mr Wicker until his death in 1997, after which it passed to his personal representatives under the laws of the State of New York, until it was assigned by them to the applicant on 22 December 2004. The assignment included the right to bring proceedings and to recover damages in respect of acts taking place prior to the assignment.
- 15 According to the applicant, the ECB has committed or has authorised the commission of three acts which infringe the rights conferred by the patent at issue. First, the ECB designed (or had designed on its behalf) euro banknotes using the method covered by the patent at issue. Secondly, the ECB had those banknotes printed on its behalf. Thirdly, the ECB authorised their issue and use as legal tender in the euro area.

## Procedure

- 16 By application lodged at the Registry of the Court of First Instance on 1 August 2005, the applicant brought the present action.
- 17 By the action, the applicant, first, asks the Court to declare that the ECB has infringed the rights conferred by the patent at issue by designing, printing and issuing the euro banknotes. Secondly, it asks the Court for compensation for the loss that it considers it has suffered, in the form of a reasonable royalty in respect of the infringing acts of the ECB.
- 18 By document lodged on 21 October 2005, the ECB raised a plea of inadmissibility pursuant to Article 114(1) of the Rules of Procedure of the Court of First Instance. On 29 December 2005, the applicant submitted its observations on that plea of inadmissibility.
- 19 By letter of 6 April 2006, the ECB informed the Court that, on 23 March 2006, it had lodged revocation actions against the patent at issue in all the States concerned except Italy, where revocation proceedings had been brought on 27 March, and in Spain. The ECB maintains in those actions that the patent at issue is invalid because: (i) it manifestly exceeds the subject-matter of the original application, (ii) the invention to which it relates lacks novelty and (iii) the invention does not imply any inventive step.

- 20 By letter of 7 July 2006, the ECB informed the Court that, on 12 May 2006, it had lodged a revocation action against the patent at issue in Spain.
- 21 On 18 October 2006, the applicant lodged its observations on the two letters of the ECB concerning the lodging of the revocation actions. It submits that the bringing of the various actions for revocation before the national courts has no effect on the present application and that the Court should dismiss the ECB's plea of inadmissibility and give judgment on the substance.
- 22 By letter of 11 April 2007, the ECB informed the Court that judgment had been given at first instance in the revocation actions brought in the United Kingdom and Germany.
- 23 As regards the revocation action brought in the United Kingdom, the ECB indicated that, by judgment of 26 March 2007, the High Court of Justice (England & Wales), Chancery Division (Patent Court) had held the patent at issue invalid because it exceeded the subject-matter of the original application. The ECB informed the Court of First Instance that the applicant had obtained leave to appeal to the Court of Appeal (England & Wales) and that the ECB had obtained permission to cross-appeal.
- 24 As regards the revocation action brought in Germany, the ECB indicated that, by judgment of 27 March 2007, the Bundespatentgericht (Federal Patent Court, Germany) had held that the patent at issue was valid. The ECB also informed the Court of First Instance of its intention to appeal against that judgment.

## **Forms of order sought**

25 In its application, the applicant claims that the Court should:

- declare that the ECB has infringed the rights conferred by the patent;
  
- order the ECB to pay damages and interest for its infringement of the rights conferred by the patent, the amount of which to be determined at a later date;
  
- order the ECB to pay the costs.

26 In its plea of inadmissibility, the ECB claims that the Court of First Instance should:

- declare the action inadmissible;
  
- order the applicant to pay the costs.

27 In its observations on the plea of inadmissibility, the applicant contends that the Court should:

- dismiss the plea of inadmissibility;
- declare the application admissible;
- give the declaratory judgment sought by the application.

## **Patent infringement proceedings**

### *Admissibility*

28 Under Article 114(1) of the Rules of Procedure, the Court may, on the application of a party, rule on admissibility without considering the substance of the case. Under Article 114(3), unless the Court otherwise decides, the remainder of the proceedings is to be oral. In the present case, the Court considers that it has sufficient information from the documents on the court file and that it is not necessary to open the oral procedure.

29 The ECB's plea of inadmissibility is based on three grounds: first, that the applicant lacks *locus standi*; second, that the Court of First Instance does not have jurisdiction to hear and determine the present case; and, third, that the application does not comply with procedural requirements.

30 It is necessary, first, to consider the plea that this Court lacks jurisdiction.

### Arguments of the parties

31 The ECB submits that, although the application is founded on Articles 235 EC and 288 EC, the applicant does not only claim damages but seeks first and foremost a declaration that the ECB has infringed the patent at issue; only subsequently does it seek compensation for loss and damage.

32 The ECB considers that the Court of First Instance does not have the jurisdiction to rule on patent infringement. It maintains that only the national courts have jurisdiction to declare that the patent at issue has been infringed.

33 The ECB is of the view that, in order to declare the action admissible, the Court of First Instance would have to assume the exclusive jurisdiction conferred on national courts by their respective national laws on patent infringement. That would be contrary to the EPC, according to which European patent disputes fall under the jurisdiction of the national courts of the Contracting States.

34 In support of that argument, the ECB submits that, once a European patent has been granted and validated in each of the designated Contracting States, a 'bundle' of independent, national patents arises. The ECB is therefore of the view that it is the national law of each State which determines both the effect which the patents will have in its territory and the procedural rules applicable in case of dispute. According to the ECB, as the question of infringement is governed exclusively by national law, the Court of First Instance does not have jurisdiction to decide the case.

35 The ECB states that each Member State's national patent law:

- lays down different requirements in order for a patent to enjoy national protection;
  
- confers exclusive jurisdiction upon certain courts, which are often specialised, to deal with patent infringement and invalidity matters;
  
- lays down different procedural rules, including, inter alia, restrictions on *locus standi*;
  
- lays down different requirements for the award of damages;
  
- lays down different limitation periods as regards recovery of damages and infringement proceedings.

36 The ECB maintains that nothing precludes the applicant from bringing an action before the competent national courts in order to obtain judgment on the existence of the alleged infringements. The ECB observes that, under Article 35.2 of the Statute of the ECB, disputes between the ECB, on the one hand, and any other person, on the other, are to be decided by the competent national courts, save where jurisdiction has been conferred upon the Court of Justice.

37 The applicant submits, first, that the Court of First Instance has jurisdiction to hear the action under the combined provisions of Article 235 EC and the second paragraph of Article 288 EC, which confer jurisdiction on the Community judicature in disputes relating to compensation for damage caused by the Community institutions involving non-contractual liability in accordance with the general principles common to the laws of the Member States. The applicant states that the ECB is a Community institution and that the third paragraph of Article 288 EC expressly states that the Community is to make good any damage caused by its institutions or by its servants in the performance of their duties.

38 The applicant considers that the jurisdiction of the Court of First Instance is governed solely by the Treaty and is not affected by any national or secondary Community legislation. In particular, the applicant states that the jurisdiction of the Court of First Instance cannot be governed by Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ 2001 L 12, p. 1) (regulation determining the jurisdiction of the national courts in civil and commercial matters).

39 The applicant points out, in particular, that Article 67 of Regulation No 44/2001 excludes the regulation's application to jurisdiction conferred by Community instruments such as the Treaty.

40 The applicant considers, conversely, that the jurisdiction of national courts in patent infringement cases is governed by Regulation No 44/2001. In principle, the courts of the Member State in which the defendant is domiciled will have jurisdiction even though the infringement occurred in another State.

- 41 The applicant also considers that, under Article 27 of Regulation No 44/2001, the court first seised for the purpose of resolving a dispute between two parties concerning the infringement of a patent has exclusive jurisdiction to resolve any infringement dispute between the same parties and involving the same patent.
- 42 In addition, the applicant submits that case-law has confirmed that the courts of the State in which a patent has been registered have exclusive jurisdiction only as regards disputes relating to the validity of the patent itself, or the existence of the deposit or registration (Case 288/82 *Duijnste* [1983] ECR 3663, paragraph 22). Consequently, the ECB's assertion that the courts of each State concerned have exclusive jurisdiction as regards infringement of the patent at issue in their territory, applying their respective national laws, is incorrect.
- 43 The applicant states, moreover, that numerous international conventions provide that patent infringement is a civil wrong for which damages are available as a remedy; that principle has been adopted by all the major trading nations of the world and through the activities of the World Trade Organisation (WTO). According to the applicant, this is, therefore, a fundamental principle of both Community and national law. The applicant points out that the Community has been a member of the WTO since 1 January 1995 and, accordingly, is required to observe the provisions of the Agreement on Trade-Related Aspects of Intellectual Property ('TRIPS'). The applicant submits that, according to well-established case-law, the provisions of international agreements concluded by the European Union, such as TRIPS, are an integral part of the Community legal structure (Case 181/73 *Haegeman* [1974] ECR 449). The applicant maintains that, in any event, the Member States of the European Union are also members of the WTO and bound by TRIPS. The latter's principles therefore form part of the national law of each of the Member States.

- 44 The applicant maintains, in that respect, that the difficulty which the ECB claims the Court of First Instance would have in applying various national laws in order to ascertain whether the ECB had infringed the patent at issue is not relevant in the present case. The applicant considers that the fact that it might be necessary for the Court to ascertain and apply national law does not affect its jurisdiction. In fact, the applicant considers that, according to the case-law (Joined Cases 169/83 and 136/84 *Leussink and Others v Commission* [1986] ECR 2801 and Case C-308/87 *Grifoni v Commission* [1990] ECR I-1203) breaches of obligations established under national law give rise to liability on the part of the Community institutions for the damage caused to individuals and the Court of First Instance has jurisdiction in such cases.
- 45 The applicant maintains, moreover, that, under Article 288 EC, the law applicable to actions in respect of damage caused by the Community institutions is that which results from the principles of law common to the Member States. Consequently, the ECB's observations concerning the differences between the national laws in relation to the calculation of damages for patent infringement are, according to the applicant, misplaced.
- 46 The applicant maintains that it was not required to exhaust national remedies before bringing the present action. It submits that the case-law relied on by the ECB in order to support that proposition concerns cases in which the Member States incorrectly enforce or implement Community law. According to the applicant, it is only in such circumstances that the question arises as to whether an applicant is required, first, to exhaust national remedies against the Member State itself before commencing an action for damages against the Community. The applicant submits that it is not alleging wrongdoing on the part of a Member State in the present case, the ECB alone being responsible for the patent infringement at issue
- 47 Similarly, the applicant states that the proposition advanced by the ECB that national proceedings should be brought simultaneously in the courts of numerous Member States could lead to unnecessary complication and costs and entail

unwarranted delays, owing to the difficulties to which Regulation No 44/2001 gives rise with regard to questions of competing jurisdiction. The Community would therefore be in breach of its obligations under Article 41 of TRIPS, which requires that the procedures for the enforcement of intellectual property rights be equitable, without unnecessary complications or unwarranted delays.

48 In addition, the applicant submits that if it had to initiate simultaneous proceedings before the national courts, there would be a risk that the action before the Court of First Instance might become time-barred.

49 Lastly, the applicant considers that the Court of First Instance has jurisdiction to declare that the ECB has infringed the patent at issue, since such a declaration has no greater or lesser effect than a finding by the Court that the Community is liable to pay damages. The capacity to make such a finding is conferred on the Court of First Instance by Article 288 EC. Moreover, the applicant considers that it is established case-law that the Court may make declaratory judgments in relation to claims for damages, if either past damage cannot yet be calculated or imminent damage is foreseeable (Joined Cases 56/74 to 60/74 *Kampffmeyer v Council and Commission* [1976] ECR 711). Finally, the applicant considers that the Community is required by TRIPS to provide 'declaratory judgments and adequate compensation' for patent infringement.

## Findings of the Court

50 It must be stated at the outset that the Court of First Instance can exercise only the jurisdiction conferred upon it by Community law. That principle is clear from

Article 7 EC, according to which the Community judicature is to act within the limits of the powers conferred upon it by the Treaty. Article 220 EC provides also that the Court of Justice and the Court of First Instance, each within its respective jurisdiction, are to ensure that in the interpretation and application of the Treaty, the law is observed.

- 51 In the absence of such conferral of jurisdiction, the Court of First Instance cannot give judgment in an action without extending its jurisdiction to disputes to which the Community is a party but in respect of which the national courts have jurisdiction under Article 240 EC (see, to that effect, Joined Cases 133/85 to 136/85 *Rau and Others* [1987] ECR 2289, paragraph 10, and the orders in Case T-186/96 *Mutual Aid Administration Services v Commission* [1997] ECR II-1633, paragraph 47, Case T-360/05 *Natexis Banques Populaires v RoboBAT*, not published in the ECR, paragraph 12, and Case T-91/06 *Theofilopoulos v Commission*, not published in the ECR, paragraph 16). Article 35.2 of the Statute of the ECB also provides that disputes between the ECB and any other person are to be decided by the competent national courts, save where jurisdiction has been conferred upon the Court of Justice.
- 52 In the present case, the applicant claims that the Court of First Instance should itself find that the ECB infringed the applicant's various national patents.
- 53 As the ECB states, a European patent is merely a bundle of identical national patents, issued by each of the States designated by the person applying for the patent in the application. Articles 2 and 64(1) of the EPC state, in that respect, that the European patent is to have the same legal effect as a national patent in each State designated by the applicant and that it is subject to the same conditions as a national patent. Article 64(3) of the EPC also provides that any infringement of a European patent is to be dealt with by national law.

- 54 Since the applicant is claiming that the ECB infringed the patent at issue in nine of the States in respect of which it was granted, that amounts to a claim that the ECB infringed nine national patents.
- 55 The law of each of the nine States concerned prohibits a third party from taking advantage of inventions covered by a patent without the consent of the proprietor and gives the latter the right to bring proceedings against such use. The ECB does not dispute that it is under an obligation to respect the rules on patents of the States concerned and admits that the applicant could bring infringement proceedings against it before the national courts.
- 56 No provision of Community law confers on the Court of First Instance jurisdiction to give judgment on patent infringements. Patent infringement proceedings do not appear amongst the type of actions in respect of which jurisdiction is conferred upon the Community courts by Articles 220 to 241 EC.
- 57 Moreover, national patent law, unlike other intellectual property rights, such as nation trade mark law, has not been subject to Community harmonisation. Since it is a field in respect of which the Community has not yet legislated and which consequently falls within the competence of the Member States, the protection of certain intellectual property rights, such as patents, and measures adopted for that purpose by the judicial authorities, do not fall within the scope of Community law (see Joined Cases C-300/98 and C-392/98 *Dior and Others* [2000] ECR I-11307, paragraph 48).
- 58 The applicant maintains, however, that the combined provisions of Article 235 EC and the second paragraph of Article 288 EC enable the Court of First Instance to make any finding necessary in order to determine whether a Community institution

has acted unlawfully in a way that renders the Community liable, and that there are no limits as regards national rules which may be found to have been infringed or assessments concerning national law which may be made for the purpose of such a finding.

59 The applicant thus submits that, since patent infringement falls under the heading of non-contractual liability, the Court of First Instance must, in any event, be capable of determining whether it did in fact occur. *Leussink and Others* and *Grifoni v Commission* have established that the Community judicature has jurisdiction to give judgment in actions for damages in which compensation is sought for damage caused by the breach, on the part of the Community institutions, of obligations established under national law, such as the non-infringement of existing patents.

60 The applicant's argument cannot, however, be upheld.

61 First, the applicant fails to take account of the fact that it has brought an action for patent infringement which is conceptually different from the action to establish non-contractual liability which it has also brought. The Court of First Instance must necessarily deal with the patent infringement claim as an independent action and on the basis of the rules governing the actions which fall within the jurisdiction of the Community judicature.

62 Secondly, the applicant's argument would mean that the Court of First Instance could be required to give judgment on any question subject to national law, provided that it would be doing so in order to assess whether a Community institution had acted unlawfully for the purpose of an action for damages. The Court of First Instance would thus be led to give judgment on questions which are outside its jurisdiction, thereby assuming powers which belong exclusively to the national

courts. It is not for the Court of First Instance to treat an alleged infringement of national legislation as a question of law for which unlimited judicial review is available, review of that kind being a matter exclusively for the national authorities (see, to that effect, Case T-139/99 *AICS v Parliament* [2000] ECR II-2849, paragraph 40, confirmed by the order in Case C-330/00 P *AICS v Parliament* [2001] ECR I-4809).

63 The applicant is not entitled to rely on the case-law which it cites in support of its arguments.

64 As regards the case which gave rise to the judgment in *Leussink and Others v Commission*, concerning an action for damages brought by a Commission official injured in a traffic accident in Germany whilst on mission and travelling in a Commission car driven by one of that institution's drivers, it must be pointed out that, contrary to the applicant's submissions, the judgment in question did not establish that the Community judicature had jurisdiction to determine whether a Community institution had infringed a rule of national law. On the contrary, the Court of Justice, holding against the Commission, expressly excluded the possibility of its liability being examined with regard to national law in that case (paragraph 15 of that judgment).

65 As regards *Grifoni v Commission*, which concerned an action for damages brought by a contractor who was injured in an accident whilst inspecting the roof of the Commission building in Ispra (Italy) for the purpose of carrying out repair work, it should be noted that, contrary to the applicant's submissions, the Court of Justice did not itself assess whether the conduct alleged against the Commission — a failure to implement the safety measures required by the law of the State in which the building was situated — complied with the relevant national legislation. The Commission's breach of the national accident prevention legislation had previously been established by the national body competent to monitor compliance with the national rules, which found that the Commission had not taken any safety measures at all (Opinion of Advocate General Tesouro in *Grifoni v Commission* [1990] ECR I-1203, point 26). In those circumstances, the Court of Justice considered that

the negligent conduct of the Commission, which had failed to show due diligence with regard to the safety measures necessary to prevent the accident, had been established and constituted unlawfulness that gave rise to Community liability (paragraph 13 and 14 of the judgment), since the other preconditions for Community liability were satisfied, namely, actual damage suffered and the existence of a causal link between that damage and the alleged unlawful conduct of the institution concerned. That situation is, however, the converse of that in the present case, because the competent national courts have not established the infringement by the ECB of the various national patents concerned.

- 66 The Court of First Instance followed the same approach in the two cases that gave rise to the judgments in Case T-139/99 *AICS v Parliament* and Case T-365/00 *AICS v Parliament* [2002] ECR II-2719), both of which concerned the award by the European Parliament of a public contract for the transport of passengers connected to that institution in unmarked vehicles, with drivers, in Strasbourg. One of the tenderers whose bid was unsuccessful brought an action for annulment against the Parliament's decision awarding the contract, which it alleged was unlawful, together with an action for damages against that institution. In the action for annulment, the applicant submitted that the contract signed between the Parliament and the successful undertaking breached the French legislation applicable to taxi business. In its judgment in Case T-139/99 *AICS v Parliament*, the Court of First Instance dismissed both the claim for annulment and the claim for damages on the ground that the applicant had not demonstrated that the Parliament manifestly misdirected itself in its interpretation of the French legislation (paragraph 43). Conversely, in its judgment in Case T-365/00 *AICS v Parliament*, the Court of First Instance took into account the fact that, in the meantime, on 7 April 2000, the Criminal Court, Strasbourg, had delivered a judgment in which it stated that the French legislation precluded the Parliament's interpretation (paragraphs 65 to 71). Accordingly, the Court of First Instance annulled the decision awarding the contract but rejected the claim for compensation for lack of evidence of the injury alleged (paragraph 79).

- 67 For the sake of completeness, account must be taken of the fact that Article 138 of the EPC provides that a European patent may be revoked under the legislation of a Contracting State with effect for the territory of that State and that Article 22(4) of

Regulation No 44/2001 confers exclusive jurisdiction in respect of the validity of patents on the courts of the Member State in which registration has taken place, the Court of Justice having pointed out that the exclusive nature of that jurisdiction should apply whatever the form of proceedings in which the issue of a patent's validity is raised, be it by way of an action or a plea in objection (see, by analogy, Case C-4/03 *GAT* [2006] ECR I-6509, paragraph 25).

- 68 The question of a patent's validity is, in the majority of cases, decisive in an action for infringement, because the person accused of infringement is entitled to raise the invalidity of the patent indirectly, for the purpose of retroactively depriving the patent proprietor of the right on which he relies with the consequence that the infringement proceedings instituted against him will be dismissed. This is the situation in the present case, the ECB having already brought revocation proceedings against the patent at issue before the courts of all the States concerned.
- 69 This raises the possibility that the patents alleged to have been infringed by the ECB may be void and, therefore, non-existent. This is not a hypothetical risk in the present case, given that, by its judgment of 26 March 2007, the High Court of Justice held that the patent at issue was not valid within its territory.
- 70 Finally, the Court of First Instance cannot call into question the legitimacy of a national industrial property right without undermining the principle of cooperation in good faith which must govern the relationship between the Member States and the Community institutions and which, in accordance with settled case-law, not only obliges the Member States to take all the measures necessary to guarantee the application and effectiveness of Community law but also imposes on the Member States and the Community institutions mutual duties to cooperate in good faith (order in Case C-2/88 *Zwartveld and Others* [1990] ECR I-3365, paragraph 17, and judgment in Case C-339/00 *Ireland v Commission* [2003] ECR I-11757, paragraphs 71 and 72).

- 71 In view of the foregoing, it is clear that jurisdiction to decide whether a national patent has been infringed falls not to the Court of First Instance but to the national courts. Accordingly, the patent infringement proceedings must be dismissed as inadmissible on the ground that the Court of First Instance does not have jurisdiction.
- 72 That conclusion is not affected by the applicant's argument that it is not obliged to exhaust national remedies before bringing an action for damages before the Court of First Instance, since it is not alleged in this case that a Member State is jointly responsible for the patent infringement. The applicant also maintains that the fact of commencing simultaneous proceedings before the national courts of several Member States could lead to complications and unwarranted delays.
- 73 First, the requirement that the applicant commence simultaneous proceedings before national courts in order to assert its rights does not follow from the fact that the authorities of the Member States are jointly responsible for the alleged infringement but solely from the fact that the Court of First Instance does not have jurisdiction to determine whether the ECB has infringed a national patent.
- 74 Secondly, the complications and delays which the applicant could suffer as a result of the need to commence simultaneous proceedings in order to assert its rights are solely the consequence of the lack of a Community-wide patent and that situation is common to all the proprietors of an invention protected by different national patents in the Community.
- 75 Finally, as regards the applicant's argument that the action for damages against the ECB before the Court of First Instance may become time-barred while it waits for the competent national courts to deliver their judgments, it must be stated that the period of limitation which applies to proceedings in matters arising from the non-contractual liability of the Community cannot begin to run until all the

requirements governing an obligation to make reparation are satisfied (Joined Cases 256/80, 257/80, 265/80, 267/80 and 5/81 *Birra Wührer and Others v Council and Commission* [1982] ECR 85, paragraph 10, order in Case C-136/01 P *Autosalone Ispra dei Fratelli Rossi v Commission* [2002] ECR I-6565, paragraph 30). In the present case, the limitation period applicable to the applicant's action to establish the Community's liability can only begin to run once the competent national courts have ascertained the existence of the patent infringement of which it accuses the ECB.

### **The action for damages**

- 76 The Court considers that, as the applicant submitted, it does have jurisdiction to give judgment in the action for damages under the combined provisions of Article 235 EC and the second paragraph of Article 288 EC, which confer jurisdiction on the Community judicature to hear disputes relating to compensation by the Community for damage caused involving the non-contractual liability of the Community institutions. The third paragraph of Article 288 EC provides that the Community is to make good any damage caused by the ECB.
- 77 The ECB has also raised a plea of inadmissibility regarding the application for compensation. The Court considers, however, that that application must be dismissed as devoid of any legal basis.
- 78 In that respect, the ECB submits that, in accordance with well-established case-law, a right to compensation is recognised where the following three conditions are met: there is infringement by the institution concerned of a rule of law conferring rights on individuals; actual damage is caused; and there is a causal link between the

infringement committed and the damage sustained. The ECB adds that if any one of those conditions is not satisfied, the Court of First instance must dismiss the action in its entirety without examining whether the other conditions are met.

79 Under Article 111 of the Rules of Procedure, where the action is manifestly inadmissible or manifestly lacking any foundation in law, the Court may, by reasoned order and without taking further steps in the proceedings, give a decision on the action. In the present case, the Court considers that it has sufficient information from the documents in the file and has decided to take no further steps in the proceedings pursuant to that article.

80 It must be pointed out that for the Community to incur non-contractual liability, within the meaning of the second paragraph of Article 288 EC, as a result of the unlawful conduct of its bodies, a set of conditions must be satisfied, namely, the unlawfulness of the alleged conduct of the institutions, the reality of the damage and the existence of a causal link between the alleged conduct and the damage complained of (Case 26/81 *Oleifici Mediterranei v EEC* [1982] ECR 3057, paragraph 16; Case T-175/94 *International Procurement Services v Commission* [1996] ECR II-729, paragraph 44, and Case T-336/94 *Efisol v Commission* [1996] ECR II-1343, paragraph 30).

81 In the present case, the first of those requirements, namely the unlawfulness of the alleged conduct of the ECB — which consists in the infringement of the patent at issue — has not been established. As the Court has already stated, the existence of the infringement must be established by the competent national authorities. The applicant has not submitted any proof in that respect but has, on the contrary, asked the Court to make such a finding itself. Only on the basis of a decision by a competent national authority finding a patent infringement on the part of the ECB could the Court be in a position, however, to decide whether that patent infringement could give rise to Community liability.

82 In these circumstances, it is clear that the action for damages is manifestly lacking any foundation in law and, pursuant to Article 111 of the Rules of Procedure, must be dismissed.

### **Costs**

83 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since the applicant has been unsuccessful, it must be ordered to pay the costs, in accordance with the form of order sought by the ECB.

On those grounds,

THE COURT OF FIRST INSTANCE (First Chamber)

hereby orders:

- 1. The action for patent infringement is dismissed as inadmissible.**
- 2. The action for damages is dismissed.**

- 3. Document Security Systems, Inc. is ordered to bear its own costs and to pay those of the European Central Bank.**

Luxembourg, 5 September 2007.

E. Coulon

Registrar

J.D. Cooke

President