

STANDING TO LITIGATE AND EFFECT ON REMEDIES

DRAFT REPORT on AIPPI 2020 STUDY QUESTION of the DUTCH STUDY GROUP

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Questions

I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

- 1) Who has standing to bring a claim of infringement of an IP right? Please also address whether co-owners and exclusive, non-exclusive and/or sole licensees, or authorised persons may bring a claim of infringement of an IP right.

A PRELIMINARY REMARK ON AUTHORISED PERSONS

In Dutch proceedings, a distinction can be made between the party (claimant/plaintiff) in the "*formal*" sense, and a party in the "*material*" sense.¹

A person in whose name legal proceedings are conducted is considered to be the *formal* party to the proceedings. The *material* party is the person that is actually subject to the material legal relationship in the dispute. In most cases, a person litigates in order to defend its own interests. This person is then regarded as both the *material* and *formal* party.

When a person ("A") authorises another person ("B") to conduct the proceedings on his behalf, then the current view is that all effects of B's procedural acts and the court's decisions are attributed to A as the *material* party in the proceedings).² Therefore, in proceedings conducted by authorised person B on behalf of IP right holder A against defendant C (usually party allegedly infringing), C will have standing to bring an action for the invalidity of the underlying IP right (in counterclaim). In such case, the IP right will indeed be invalidated (*erga omnes*) without the IP right holder formally being involved in those proceedings.

¹ HR 26-11-2004, ECLI:NL:HR:2004:AP9665, NJ 2005, 41, par. 2.23: "*In dagvaardingsprocedures wordt traditioneel een onderscheid gemaakt tussen de partij in formele zin en de partij in materiële zin. Als formele procespartij wordt aangemerkt degene op wiens naam als eiser of gedaagde het proces wordt gevoerd. Materiële procespartij is het rechtssubject van de materiële rechtsbetrekking in geschil. Een procespartij zal in de meeste gevallen procederen teneinde op te komen voor zijn eigen belangen. Deze (rechts)persoon wordt dan aangemerkt als materiële en formele procespartij. Het is echter ook mogelijk dat de ene persoon opkomt voor de belangen van een andere persoon. Is de materiële procespartij handelingsonbekwaam (bijv. een minderjarige of een curandus), dan treedt zijn wettelijke vertegenwoordiger op als formele procespartij. Alle processuele en materiële rechtsgevolgen van proceshandelingen en rechterlijke uitspraken worden dan aan de vertegenwoordigde minderjarige toegerekend als materiële procespartij in het geding en het is deze materiële partij die aldus aan de proceshandelingen en door de uitspraak is gebonden.*"

² JBPR 2013/903, n.v.t., 24-07-2013, red.art. (annotatie): "*Wel ligt het volgens de Hoge Raad voor de hand dat een eventueel oordeel (bijvoorbeeld over de onrechtmatigheid) tot uitgangspunt wordt genomen in afzonderlijke vervolgproudures van de individuele belanghebbenden. Op de regel dat een vonnis bindend is voor de materiële procespartij lijkt hier dus een uitzondering te bestaan.*"

COPYRIGHTS

In general, the copyright holder has standing to bring a claim of infringement. An exception to this rule is the exercise of the cable retransmission rights: the right to grant or refuse authorization to a cable operator for a cable retransmission may be exercised only through a collecting society.³

A copyright holder also has standing to bring a claim for monetary compensation of damage or surrender of profits on behalf of his licensee(s).⁴

Furthermore, the maker of a work can bring a claim for monetary compensation of damage even after transfer of his copyright.⁵

Co-owners

If two or more persons are entitled to a joint copyright in the same work, either of them enforce this right, unless otherwise agreed.⁶

Licensees

In general, a licensee has no standing to bring an action for an injunction in his own name, independently from the copyright holder. Nevertheless, in principle a licensee *does* have standing to attach/seize infringing goods, unless agreed otherwise by the IP right holder and the licensee.⁷ The Dutch Copyright Act does not make a distinction between exclusive, non-exclusive and/or sole licensees in this respect. After such attachment/seizure, it is up to the copyright holder to bring a follow-up action for the recall and definitive removal from the channels of commerce, or destruction, of the attached/seized infringing goods and, in appropriate cases, of materials and implements principally used in the creation or manufacture of these goods.

A licensee has the right to intervene in an action brought by the copyright holder, in order to obtain compensation for damage directly incurred by him or to be allocated a proportion of the profit made by the defendant. A licensee may also bring such action independently but only if he has obtained the permission of the holder for that purpose.⁸ Again, the Dutch Copyright Act does not make a distinction between exclusive, non-exclusive and/or sole licensees in this respect.

Authorised persons

³ Article 26a Dutch Copyright Act.
⁴ Article 27a Dutch Copyright Act.
⁵ Article 27 Dutch Copyright Act.
⁶ Article 26 Dutch Copyright Act.
⁷ Article 28 Dutch Copyright Act
⁸ Article 27a par. 2 Dutch Copyright Act.

An authorised person may bring a claim of copyright infringement in the name of the copyright owner if the copyright owner supplied the authorised person with a power of attorney.

TRADEMARKS

In general, only the holder of the trademark has standing to bring a claim of infringement.⁹

Co-owners

Co-ownership of a trademark is somewhat atypical because the purpose of a trademark is to distinguish the goods and services of a company from those of another company. The Benelux Convention on Intellectual Property is silent on the possibility of joint ownership of a trademark. Nevertheless, it is assumed that the Benelux Convention on Intellectual Property does not preclude the registration of a trademark in the name of more than one holder¹⁰ and in practice, the Benelux Office for Intellectual Property allows a trademark to be registered in the name of more than one holder.

Licensees

A non-exclusive licensee may only bring a claim for infringement of a trademark with the consent of the holder of that trademark. An exclusive licensee may also bring a claim for infringement of a trademark if the holder of the trademark, after having been given notice to do so, does not himself bring a claim for infringement within a reasonable period of time.¹¹

A licensee also has the right to intervene in an action brought by the holder of the trademark, in order to obtain compensation for damage directly incurred by him or to be allocated a proportion of the profit made by the defendant.¹² A licensee may also bring such action independently but only if he has obtained the permission of the holder for that purpose.¹³

Finally, a licensee may only bring the ancillary claims (eg the recall and definitive removal from the channels of commerce, or destruction, of infringing goods and, in appropriate cases, of materials and implements principally used in the creation or manufacture of these goods), if he has obtained permission from the holder of the trademark therefor.¹⁴

Authorised persons

It is assumed that an authorised person can bring any action in the name of the trademark holder.

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⁹ Article 2.20 par. 1 BCIP.
¹⁰ PG.F.A Geerts & A.M.E. Verschuur (red.), *Kort begrip van het intellectuele eigendomsrecht* 2018, §. 325
¹¹ Article 2.32 par. 4 BCIP.
¹² Article 2.32 par. 5 BCIP.
¹³ Article 2.32 par. 6 BCIP.
¹⁴ Article 2.32 par. 7 BCIP.

Co-owners

If a patent is jointly owned, the relationship between the co-owners is in principle governed by agreement.¹⁵ In case there is no such agreement or if the agreement does not provide otherwise, each co-owner has the right to (amongst other things) bring a claim of infringement against a possible infringing party.¹⁶

Licensees

Under Dutch patent law, licensees (both exclusive and non-exclusive) may only bring a claim of infringement if they have expressly obtained the right to do so from the patentee.¹⁷ Such right can be obtained per (licence) agreement, and may also be obtained on a case-by-case basis by means of representation, as long as legal proceedings are not (yet) pending.¹⁸

This is also true with respect to claims of damages (and payments of profit). In addition, Dutch patent law states that the patentee may bring such claims also on behalf of its licensees. The licensees may furthermore intervene in pending legal proceedings (brought to the court by the patentee) in order to claim their own damages (or proportional share of the profits); all provided that the licensee has obtained the right to institute such a claim.

Authorised persons

The potential problems for an (exclusive) licensee that arise from a lack of authority can be solved by the Dutch legal concept of "*representation*" (i.e. a power of attorney). Please see also the above paragraph about different forms of representation.

2) For each class of person identified under 1) above, please explain:

a) Whether the permission of anyone else is needed, in order to bring the claim?

COPYRIGHTS & PATENTS

See under Question 1.

¹⁵ Article 66 par. 1 DPA reads (in English): "*If the patent is jointly owned by several persons, their relationship between them shall be governed by that which is established by agreement between them.*"

¹⁶ Article 66 par. 2 DPA reads (in English): "*In the absence of an agreement or if the agreement does not provide otherwise, each right holder shall have the power to ... [bring a claim of infringement].*"

¹⁷ Article 70 par. 6 DPA.

¹⁸ HR 02-04-1993, ECLI:NL:HR:1993:ZC0919, NJ 1993, 573, par. 4.3: "Het hof heeft echter met zijn hiervoor omschreven oordeel tot uitdrukking gebracht dat een eisende partij die niet reeds bij dagvaarding heeft gesteld (mede) op te treden als gevolmachtigde van een met name genoemde volmachtgever, niet hangende de procedure die hoedanigheid alsnog kan aannemen door op de voet van art. 134 Rv haar eis te veranderen. Dit oordeel is juist, nu in het onderhavige geval de volmachtgevers niet behoorden tot de groep van niet met name genoemde belanghebbenden — de leden van de vereniging — te wier behoefte de vordering is ingesteld. De eisende partij die in de loop van een procedure alsnog mede als gevolmachtigde van een derde wenst op te treden, zal zich in die hoedanigheid wél in die procedure kunnen voegen. Op het vorenstaande klachten af."

PATENTS

Co-owners: no permission of anyone is needed for individual co-owners in order to bring a claim of infringement (if no agreement exists that prevents such an independent action)

Licensees: the patentee's permission is needed for individual licensees and individual authorised persons in order for them to be able to bring a claim of infringement and/or damage claim.

b) Whether any other person is required to be joined into the claim, in order to bring the claim?

Copyrights, trademarks and patents: if the person¹⁹ is authorised to bring a claim of infringement, no other person is required to be joined into the claim.

c) Whether there are any other conditions that are required to be satisfied, in order to bring the claim?

Copyrights, trademarks and patents: there is no specific requirement of standing to bring a claim. Any person that shows to be having sufficient interest ("voldoende belang") will have standing to bring claims in court proceedings in the Netherlands.²⁰ Sufficient interest (e.g. damages suffered) is typically not difficult to prove and generally presumed to be present in Dutch legal proceedings.

Furthermore, an authorised person must be able to prove his power of attorney as soon as the defendant's defence gives cause thereto.

3) Does the relief available to a claimant for infringement depend on the standing of the claimant, and if so, how?

It follows from the answers to Question 1 that the relief available can depend on the standing of the claimant. For example, a copyright licensee cannot bring an action for an injunction in his own name: he can only claim compensation of damage or surrender of profits, either by intervening in an action brought by the copyright holder or, provided he obtained the power to do so from the copyright holder, independently. For more details, see the answers to Question 1.

Furthermore, as a general requirement that all claims must meet, there are two formal requirements relevant: admissibility ("ontvankelijkheid") and a sufficient interest ("belang"). As said before, a sufficient interest (e.g. damages suffered) is typically not difficult to prove and generally presumed in Dutch legal proceedings. In intermin injunction proceedings sufficient (urgent) interest may indeed be a material issue; however, in infringement cases,

¹⁹ Natural persons and legal persons.
²⁰ article 3:303 DCC

urgent interest is assumed due to the continuation of the infringement (and the continuing accrual of damages because of it).

4) Who could a claim for an *inter partes* declaration of invalidity and/or declaration of non-infringement be brought against (please refer to paragraph 33)?

In principle, all persons²¹ can claim for such an *inter partes* declaration, as long as there is a sufficient interest (as explained here above). Such a claim can be brought against the right holder ("rechthebbende"), as well as anyone who is invoking the IP rights. If the IP right is decided invalid in proceedings to which the IP right holder is not a party, this will have *inter partes* effects only – i.e. between the two parties it will be held that the IP right concerned is invalid – and no *in rem* effects, i.e. the IP right will not be invalid *erga omnes* and have no legal effect for (public) registries ("*registergevolgen*").

5) Who could a claim for *in rem* revocation/nullity be brought against (please refer to paragraph 35)?

Revocation/nullity actions can be brought against the IP right holder. Such actions can be brought against the IP right holder as a main claim ("*conventie*") and as a counterclaim ("*reconventie*"). As explained in the preliminary remark on authorised persons, a distinction must be made between the party in the "*formal*" sense and a party in the "*material*" sense. The IP right holder is thus probably not required to be a *formal* party to the proceedings, in order to bring a claim for *in rem* revocation/nullity. In such case, the IP right holder is deemed to be a *material* party in the proceedings.²² *In rem* proceedings have a legal effect for (public) registries ("*registergevolgen*").

6) Are there any standing requirements to bring a claim:

- a) under 4) above; and/or
- b) under 5) above.

There are no further standing requirements than the ones here above (under question 2c and 3).

II. Policy considerations and proposals for improvements of your Group's current law

7) Are there aspects of your Group's current law or practice relating to standing to litigate IP rights that could be improved? If YES, please explain.

Yes.

²¹
²²

Natural persons and legal persons.

In dagvaardingsprocedures wordt traditioneel een onderscheid gemaakt tussen de partij in formele zin en de partij in materiële zin. Als formele procespartij wordt aangemerkt degene op wiens naam als eiser of gedaagde het proces wordt gevoerd.

1. Currently, the position of licensees differs per IP right (patent, copyright, trademark). To the extent this could be harmonised, we believe it would benefit all parties involved.

2. Under Dutch law, there are two forms of outsourcing: proxy ("volmacht") and mandate ("lastgeving"). These two forms are difficult to distinguish from each other, which does at least not contribute to legal certainty for the IP rightholder. The distinction between these two forms of outsourcing could be clarified.

3. Under Dutch procedural law, it is possible to initiate proceedings as an authorised person without disclosing the identity of the person or persons authorising the action. An authorised person must prove his power of attorney only if the defendant's defence gives cause thereto. It could be an improvement to Dutch procedural law relating to litigation of IP rights, if claimants are obliged to disclose the legal relationship between the plaintiff and the entitled party, at the start of the legal proceedings.

8) Should the standing of a person to litigate an IP right depend on whether that person suffers loss caused by the infringement, or has any other interest in the claim?

Loss caused by the infringement should indeed not be a condition to allow litigation of an IP right (as is the current position); admissibility and sufficient interest should suffice. Please see also the answer under question 3. In addition, in principle the claimant just has to argue that there is an (alleged) infringement. As IP rights are considered to be *absolute rights*, it should not thus depend on whether the person suffered any loss or any other harm. In short, if the IP right holder (or authorised person) argues that any infringement has occurred at any time or at least there is sufficient threat of it occurring, the plaintiff is considered to have standing to litigate.

9) Should it be possible to 'outsource' enforcement of IP rights by authorising third parties, who suffer no loss from any infringement, to litigate?

We strongly feel that the possibility to outsource enforcement of IP rights should be maintained in The Netherlands. If this would not be possible, we believe it could harm the interests that IP rights aim to protect. For example, an innovator should not be burdened by an obligation to enforce his IP rights himself, but should be able to outsource enforcement so as to focus on further innovation. Also, it can be in the interest of a financially weaker IP rights holder to be able to outsource the enforcement of his IP rights to a third party, *eg* a litigation funding party or a collecting society. This may deter others from 'playing the odds', *i.e.* wilfully committing IP infringement on the probability that the IP right holder will not be able to litigate the matter himself. However, certain safeguards could prevent that undesirable variants of "patent trolls" occur. Enhanced discretion in awarding of the costs of litigation ("*volledige proceskostenveroordeling*") that involves undesired variants of patent trolls could be considered as such a safeguard. See also the answer to question 7 regarding the different forms of outsourcing.

10) If it is possible to 'outsource' enforcement of IP rights to third parties, should the quantification of damages in such an outsourced action depend on the loss suffered by the third party claimant, or the loss suffered by the owner of the IP right?

Quantification of damages should not depend on either the loss suffered by the third party claimant (eg, a licensee), or the owner of the IP right. We concur with the current status that it can depend on loss suffered by both.

In addition, the claim (relating to the loss suffered) by the owner of the IP right can also be assigned ("cederen") to a third party claimant.

In short, all actual loss that is made sufficiently plausible to the court, can be claimed by the claimants.

11) Should IP right owners always be joined into a case if there is an *in rem* determination of validity?

The Dutch Group considers that for *in rem* determinations of validity, the IP right owner should always be a material party to the proceedings: either he must be joined himself or he must be joined by proxy, through a person authorised by the IP right owner to litigate on his behalf.

12) Should a declaration of non-infringement only be available in relation to an existing product, or should such a declaration also be available for proposed products that have not been made or sold yet?

A declaration of non-infringement should be available for existing products, provided that the IP right holder has refused to confirm that he will not bring an action for IP infringement.

A declaration of non-infringement should also be available for proposed products that have not been made or sold yet, as long as the products are i) sufficiently determinable in order to determine a possible infringement, and ii) the party seeking the declaration of non-infringement made demonstrable preparations to actually make the proposed product, as it should not be possible to burden the IP right holder with litigation on hypothetical products. Also the description of the proposed product needs to be sufficiently complete in order to be able to determine whether the proposed product actually will infringe or not.

13) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No considerations and/or proposals in addition to the answer under question 7.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

14) Do you believe that there should be harmonisation in relation to standing to litigate IP rights?

If YES, please respond to the following questions without regard to your Group's current law or practice.

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

Yes. The Dutch Group is of the opinion that harmonisation of standing to litigate IP rights is generally desirable, in order to increase predictability and legal certainty for international businesses.

15) Who should have standing to bring a claim of infringement of an IP right, and subject to what (if any) conditions?

We believe that anyone who is authorised in writing by the IP right holder should have standing to bring a claim of infringement of an IP right. This kind of deformalisation is desirable because standing issues always lead to a delay of the proceedings.

The exclusive licensee should in principle have standing to bring a claim of infringement of an IP right, if the IP right holder, after having been given notice to do so, does not himself bring a claim for infringement within a reasonable period of time, unless the parties agreed otherwise.

16) Should the remedies available, including the quantification of damages, depend on who brings claim of infringement of an IP right, and if so, how?

The Dutch Group is of the opinion that injunctive relief should not be available to a non-exclusive licensee unless the IP right holder and the licensee agreed otherwise.

17) Who could a claim for an inter partes declaration of invalidity or a declaration of non-infringement be brought against?

It should be possible to bring a claim for an inter partes declaration of invalidity or a declaration of non-infringement against the IP right holder, an authorised person representing the IP right holder and/or any licensee that is entitled to bring an action of infringement. In any case, the party bringing the for an inter partes declaration of invalidity or a declaration of non-infringement must have sufficient legal interest in his claim. If a claim for an inter partes declaration of invalidity or a declaration of non-infringement is brought against a licensee, it must in no way be binding on the IP right holder.

18) Who could a claim for in rem revocation/nullity be brought against?

We believe that it should be the standard that revocation/nullity actions can be brought against the the IP right holder and an authorised person representing the IP right holder.

19) What conditions / standing requirements should be satisfied by a claimant before a claim for a declaration of invalidity and/or non-infringement can be brought?

There should be no standing requirement for a declaration of invalidity. Anyone has the right to file invalidity actions. This is coherent with our vision that no invalid IP rights should exist, while the registers should not be 'polluted' with invalid IP rights.

As regards standing in declarations of non-infringement, any party that has a sufficiently concrete action has standing. Sufficiently concrete means that it must address proposed actions, formulated in such a manner that in all situations/variants as described, no infringement can be established. Also, the party bringing a claim for non-infringement must demonstrate a genuine intent to manufacture the proposed products, as the IP right owner should not be burdened with proceedings relating to hypothetical products. If the proposed actions are not formulated in such a manner that no infringement can be established in all situations/variants, the declaration sought will be denied.

20) Should there be any difference, in terms of requirements for standing, between actions in courts and actions in administrative tribunals (such as patent offices)?

While recognising that the actions possible in administrative tribunals are generally more limited than in court (for example, administrative tribunals do not decide on infringement and primarily on the validity of the IP right in question), the Dutch Group is of the opinion that there should be no differences in standing requirements. We are of the opinion that it is positive that the requirements for standing are relatively easily met before the Dutch courts, and see no reason to put higher or lower requirements before administrative tribunals.

With respect to patents, we note that currently, the Dutch patent office is set up to issue advice on the validity of Dutch registration patents without legal consequence. The authority to nullify patents is reserved for the Dutch court, and we are of the opinion that this arrangement works well in practice. To lower the threshold for nullification it could be considered to grant Dutch patent attorneys the right to conduct nullity cases before the Dutch court.

21) Please comment on any additional issues concerning any aspect of standing to litigate IP rights you consider relevant to this Study Question.

We think the questionnaire covers all relevant aspects of standing from a Dutch perspective, and do not see any additional issues that need to be commented on.

22) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

In house counsel have not provided views.