

# International Dispute Resolution

September 2005 - Issue 12

Welcome to the September 2005 edition of the Bird & Bird Dispute Resolution Newsletter.

This edition of our international newsletter features some interesting judicial decisions across Europe. In particular, we report on an important French decision about recognition of foreign judgments flowing from the collapse of MG Rover in the UK and a successful outcome for one of our clients, an award winning games-maker, in Germany.

Following recent cases in the ECJ, one of our Partners in London has also provided an annotated article, which appears in full in PLC Magazine, about the enforceability of exclusive jurisdiction clauses. Similarly, we feature a decision by the Swedish courts about choice of law clauses in arbitration proceedings.

The Bird & Bird Disputes Around The World Seminar is due to take place on 11 November 2005 and we would be delighted if you would join us. Please contact Christina Vizareli at [events@twobirds.com](mailto:events@twobirds.com) for more details.

Finally, we are delighted to inform you that the firm has further expanded its presence in Europe with the opening of an office in Rome, our second in Italy. We will also be opening an office in Frankfurt next month, our third in Germany and most recently we have opened an office in Madrid, Spain. This brings the total number of offices to 13 in 9 countries across Europe and Asia.

**Jane Player**

**International Dispute Resolution Group**

## Articles

### Exclusive jurisdiction clauses: can they be relied upon?

In any agreement with an international element, certainty as to which courts are to have jurisdiction in the event of a dispute, is a key issue for the parties to address at the contract drafting stage. Typically the issue is dealt with by including in the agreement a clause which confers exclusive jurisdiction on the courts of a particular country. However, recent case law developments have highlighted an important loophole that can enable parties to frustrate the operation of such a clause for tactical and other reasons.

#### The position under EC law

Where one or more of the parties is domiciled in an EC Member State, regard must be had to EC Regulation No 44/2001 on Jurisdiction and the Recognition and Enforcement of Judgments (the Regulation). Under Article 23 of the Regulation, where the parties have agreed that the courts of a Member State are to have jurisdiction to settle disputes, then those courts have exclusive jurisdiction.

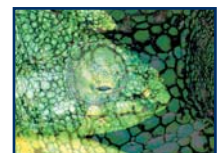
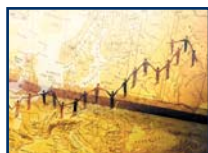
However, Article 27 of the Regulation provides that, where proceedings involving the same cause of action are brought in the courts of different Member States, it is the courts of the country in which the proceedings are

first brought which must decide whether they have jurisdiction. Until those courts have decided whether they have jurisdiction, the courts of any other Member State in which proceedings have also been brought must stay their proceedings.

The wording of Articles 23 and 27 therefore creates the potential for conflict.

#### Recent case law

In *Erich Gasser GmbH v MISAT Srl* (Case C-116/02), the ECJ held that the equivalent provision to Article 27 of the Regulation (Article 21 of the Brussels Convention) prevailed over an exclusive choice of jurisdiction made by the parties. As a result, the



party that sued first was entitled to have any other proceedings stayed while the court before which it had commenced proceedings determined whether it had jurisdiction, even where the proceedings issued were in breach of an exclusive jurisdiction clause. The ECJ held that this principle applied even though the courts where proceedings were first brought might take an excessively long time to determine whether they had jurisdiction.

The justification of the ECJ for its decision in *Gasser* was that it was important to ensure that parallel proceedings in respect of the same cause of action did not take place before the courts of different Member States with the possibility that those proceedings might give rise to conflicting decisions.

The difficulties caused by *Gasser* are well illustrated by a recent decision of the Commercial Court in London. In *JP Morgan Europe Ltd v Primacom AG and others* [2005] EWHC 508, Primacom, a German company, issued proceedings in Germany, regarding (among other things) the enforceability of the interest provisions in a loan agreement, in breach of an exclusive jurisdiction clause in favour of the English courts.

JP Morgan issued separate proceedings in the English courts seeking declarations as to the validity and enforceability of the interest provisions. The judge stayed the English proceedings holding that, as the proceedings were in respect of the same cause of action as the German proceedings, he had no option but to apply Article 27. As a result, the English proceedings could not go ahead until the German courts had determined whether they had jurisdiction. This was so in spite of evidence that Primacom had commenced proceedings in Germany primarily to frustrate JP Morgan and the other banks from exercising their contractual rights.

### Practical impact

Given that the courts of Member States are meant to give effect to the parties' choice of jurisdiction under Article 23, one might expect that any attempt by a party to use Article 27 to gain an advantage could be quickly overcome. However, the reality may be very different, in particular:

(a) Delay: There may be significant delay while the courts where proceedings have been first commenced decide whether they have jurisdiction. What is relevant here is not just the time that it takes the first

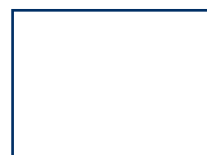
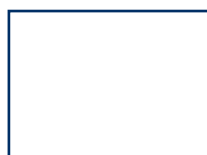
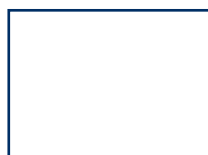
instance court to come to a decision but whether there is a right of appeal and, if so, the time frame for such an appeal. In Spain, for example, it can take three or more years from the issue of a claim to the completion of the appeal process.

(b) Costs: The legal costs that a party may incur in contesting jurisdiction may well be considerable and difficult to recover.

(c) Uncertainty: Whilst the courts of Member States should give effect to the choice of jurisdiction clause, there is always the possibility that the party in breach will argue that the requirements of local law mean that the relevant agreement, including the jurisdiction clause, should not be enforced (this happened in *JP Morgan*). Until the particular court has given its judgment, the outcome may be uncertain.

### Options available

To avoid the problem arising, the obvious course of action where a dispute is looming is for a party to issue proceedings in the agreed jurisdiction before the other party has time to issue its own domestic or other proceedings. If appropriate, a stay of the proceedings can then be put in place while the parties try to resolve



their dispute through negotiation. Where a party has been caught by the problem, it can either fight on the jurisdiction issue or resign itself to losing the benefit of the exclusive jurisdiction clause and pursue the proceedings (including any counterclaims that it may have) in the courts where proceedings were first issued. Neither is likely to be an attractive option as the former will involve accepting a potentially lengthy period of delay and the latter will mean the party accepting a judicial system which, in all likelihood, it has previously rejected as unfamiliar and/or because it is perceived to favour the other party.

Where proceedings have been brought in breach of a jurisdiction clause another option which will need to be considered by the party not in breach is whether it has claims which, although arising out of the same background facts, do not involve the same cause of action and, as a result, do not fall within the mandatory stay provisions under Article 27. If such claims exist then the court with exclusive jurisdiction has discretion on whether or not to hear them. In addition, in an appropriate case, the court with exclusive jurisdiction can order interim protective measures to

preserve the status quo pending resolution of the jurisdiction dispute. In *JP Morgan* although the English court stayed proceedings which involved the same cause of action that was before the German courts, it allowed the claimants to pursue related proceedings. It also granted an interim injunction restraining Primacom from disposing of certain assets.

### The need for reform?

While it is desirable to have certainty as to which courts have jurisdiction where there are parallel proceedings in different countries, that certainty should be achieved by the parties' choice of jurisdiction rather than the date when proceedings were first commenced. Parties involved in international trade and finance are entitled to be certain, when they enter into an agreement, where their disputes will be resolved. If the loophole created by Article 27 of the Regulation becomes widely exploited, there must be strong arguments for changing the law.

*This article is an edited version of Jeremy Sharman's article published by PLC Cross-border.*



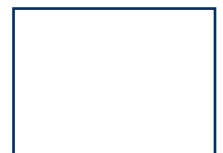
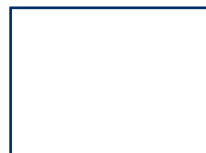
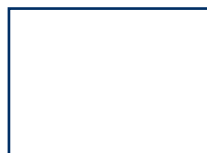
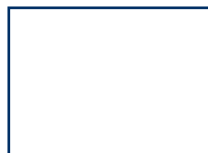
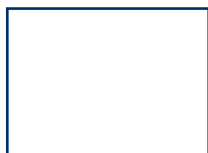
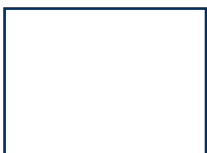
Jeremy Sharman, UK

## Misleading advertising for "Game of the Year 2004"

On 8 December 2004, the District Court of Cologne handed down a judgment based on preliminary injunction proceedings issued by Days of Wonder Inc, a client of Bird & Bird, against an international toy store chain. Days of Wonder produces and sells board-games and has a big presence in the German market.

In 2004, Days of Wonder received the German "Game of the Year" award (the Oscar of the game and toy business!) for a board-game called "Ticket to Ride". Toy stores all over Germany wanted to add "Ticket to Ride" to their product lines and sales boomed but Days of Wonder did, at all times, pay careful attention to the types of toy stores it entered into supply arrangements with because it was keen to maintain exclusivity.

In November 2004, Days of Wonder became aware that "Ticket to Ride" was being advertised by a German toy store chain with which Days of Wonder had no direct relationship. In the run up to Christmas, the toy store chain



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intensively advertised the game on its website, even though it did not have enough copies of the game to meet the consequential demand. The inability to meet demand was proved through test shopping in several of the chains stores throughout Germany. Further, the toy store was advertising the game at a reduced price (below purchase price). Clearly, Days of Wonder was concerned that this would negatively affect its sales levels and its reputation.

The crucial question was whether the toy store chain was permitted to advertise the game on its website bearing in mind that they could not meet demand for the product in any of the stores.

The Court of Cologne agreed that consumers would expect a product to be available if advertised online by such a big store chain and granted injunctive relief to Days of Wonder (represented by Richard Dissmann and Dr. Marc WeBling of Bird & Bird) on the basis of misleading advertising as to the availability of the game.

The store filed an objection on the basis that it was not necessary for every store to hold many copies of the game as it was always possible to transport copies from store to store upon request. The store also claimed that the feature on its website was information and not an advertisement. This was rejected by the court at a subsequent hearing. The court also held that the advertisement constituted unfair competition with the result that the objection was withdrawn and the injunction was accepted as a final and binding ruling.



Marc WeBling, Germany

## Reform of minority shareholders' rights in Hong Kong

The Companies (Amendment) Ordinance 2004 (the "Amendment Ordinance") passed by the Legislative Council in July 2004 contains provisions that significantly enhance minority shareholders' rights. The provisions in schedule 3 of the Amendment Ordinance, took effect on 15 July 2005.

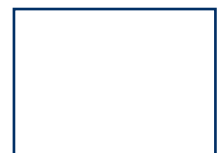
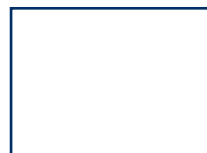
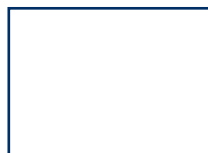
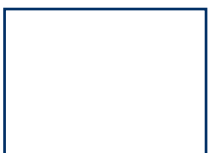
### What is the current position?

The "rule in *Foss v Harbottle*" encapsulates two distinct common law principles: (a) the normal course of events is for internal company matters to be determined by majority vote; and (b) if a wrong is done to a company then only the company itself, and not individual members, may sue for redress.

The rationale for this rule is that it would serve no purpose to involve the courts in internal disputes in relation to irregularities when these can be ratified easily by the majority.

This can result in unfairness to minority shareholders and certain exceptions to the rule have therefore arisen.

Minority shareholders are offered some protection at common law through their right to commence a derivative action and by statute, in respect of unfairly prejudicial conduct (section 168A of the Companies Ordinance (Cap 32)). Further, the minority may apply to have the company wound up on "just and equitable grounds".



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### *Common law right to commence a derivative action*

In certain circumstances, a minority shareholder may bring a common law derivative action against third parties, the directors or majority shareholders themselves. This is an action on behalf of the company to redress a wrong done to the company. The action does not require the support of the directors, in which the power to initiate proceedings on behalf of the company is generally vested, nor the support of the majority of the shareholders who control the composition of the board. The fruits of a derivative action belong to the company.

In order to succeed with a derivative action at common law, the minority shareholders must persuade the court that the company's (that is the majority's) decision not to pursue a remedy for the wrong done to the company constitutes a 'fraud on the minority', i.e. the court must conclude that the decision was not made independently, in good faith and for the benefit of the members as a whole.

### *Statutory remedy in respect of unfairly prejudicial conduct under section 168A of the Companies Ordinance*

Currently, section 168A(1) of the Companies Ordinance provides that '*any member of a company who complains that the affairs of the company are being or have been conducted in a manner unfairly prejudicial to the interest of the members generally or some part of the members (including himself).....may make an application to the court by petition for an order under this section*'.

If the court determines that the company's affairs are being or have been conducted in a manner unfairly prejudicial to the interests of the members it may:

- (a) make an order to restrain the commission of any such act or the continuance of such conduct
- (b) make an order that proceedings be brought in the name of the company
- (c) appoint a receiver or manager of the whole or part of a company's property or business

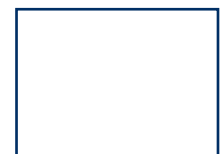
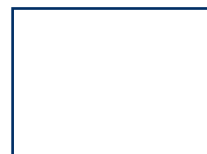
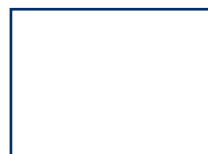
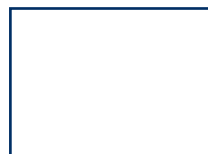
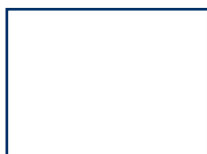
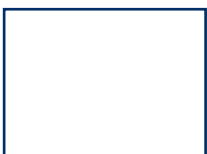
(d) make orders for regulating the conduct of the company's affairs in the future, or for the purchase of the shares of any members of the company by other members of the company or by the company itself

The first three remedies existed, in a broad sense, at common law before section 168A came into force. The novel element is (d) which provides the court with the power to order the majority to purchase the shares of the complaining minority. This provides the minority with a remedy in respect of the prejudicial conduct, yet preserves the company as a going concern.

### **What is the effect of the Amendment Ordinance?**

The Amendment Ordinance expands the types of company and members who will be able to obtain a remedy under section 168A.

Most importantly, the term 'company' is replaced by the words 'specific corporation' which covers both Hong Kong and non Hong Kong companies. Much business in Hong Kong is done through the use of offshore vehicles but to date, section 168A has not been applicable to non Hong Kong companies.



The court is empowered to grant damages and interest where it finds that the member has been unfairly prejudiced. For the first time, the injured party will be able to receive monetary compensation as opposed to only procuring restraining orders or buy out orders or the appointment of receivers. This is likely to prove an attractive remedy in many cases and may lead to an increase in minority shareholders' litigation.

However, the scope of damages which may be awarded is limited to any loss suffered by the member personally in line with the common law position that a member may not recover compensation for economic loss to the value of his shareholding which is merely "reflective" of the company loss in respect of a wrong done to the company.

The Amendment Ordinance also introduces a new statutory right for a member of a Hong Kong or non Hong Kong company to commence a derivative action for 'misfeasance' committed against the company. 'Misfeasance' is defined as fraud, negligence, default in complying with any statutory provision or rule of law or breach of duty. Although the new

statutory right echoes the common law position, it provides greater clarity as the right to bring a derivative action is more clearly defined.

In tandem with this, is the new right to apply for an injunction against an individual or a director for any breach of the Companies Ordinance. This wide-ranging new right does not just apply to minority shareholders' grievances but extends to any breach of the Companies Ordinance. Further, in contrast to the common law position (where an injunction is only available when damages would not be an adequate remedy), the remedy of damages is available in addition to or instead of an injunction. This is likely to prove a valuable new weapon in the movement towards better corporate governance in Hong Kong.

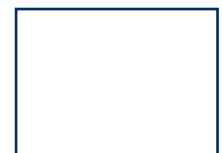
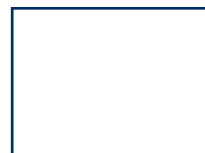
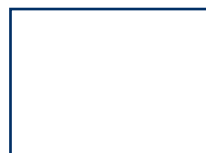
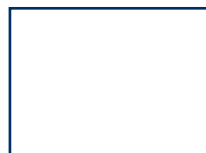
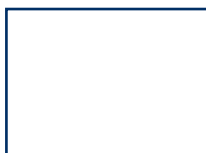
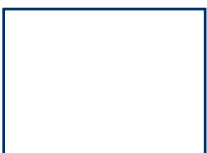
**Edward Alder & Rosamund Cresswell,**  
 **China & Hong Kong**

## European Regulation 1346/2000: French Tribunal recognises decision of English Court in declaring a French company insolvent

This interesting decision has arisen from the car manufacturer and distributor Rover going into administration.

On 8 April 2005, the Birmingham High Court initiated a group administration with regard to the English company, MG Rover Group Limited. On 18 April 2005, the court decided to extend the insolvency proceedings to its French subsidiary SAS Rover France stating that "*the centre of SAS Rover France's principal interests was located in England*".

However, as the French prosecutor opposed recognition of the English court's decision, the Nanterre Commercial Tribunal had to decide on the conditions for recognition of an English decision which initiates a group administration in respect of a French company.



The prosecutor criticised the English judge for not having taken into account the fact that the registered office was located in France and was also concerned that the employees would not be as well protected under English insolvency law as they would be under French law.

The Tribunal strictly applied the "mutual confidence" principle which appears in the preamble to European Regulation 1346/2000 (29 May 2000), deciding that under Article 16 of the Regulation, the decision did not impact on internal public order. 'Confidence' requires that insolvency proceedings taken by a court of one Member State are recognised by all the other Member States, as the other States are not empowered to control the competencies of the Member State that initiated the procedure.

This was reflected in the way in which the Nanterre Commercial Tribunal reached its decision. The Tribunal did not assess or vary the criteria employed by the English court in determining the location of the actual registered office of the company, stating that "*the English judge, in order to negate the presumption that*

*the centre of principal interests of SAS Rover France was located in France rather than its statutory registered office, identified in respect of Rover France all the significant actions that it carried out in Longbridge, England, and was thereby convinced that the centre of principal interests of Rover France was located in Longbridge*".

Further, the Commercial Tribunal noted that the consequences of the decision were not "*manifestly contrary to public order*", after having considered in a simple and pragmatic fashion the situation of the employees (notably that they would receive the same sum as that which they would have received under a French insolvency proceedings, which in fact the English administrators had undertaken to respect) and that of the concession holders (noting mainly that agreements had been reached allowing them to continue any commercial activity and guaranteeing that they could retain any stock).

This decision was only made possible by the fact that the English administrators had understood and respected the requirements of the French public order.

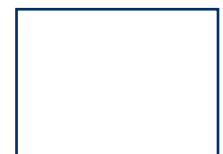
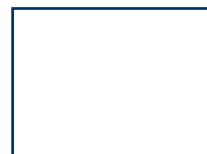
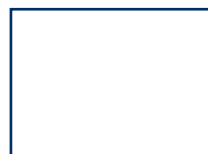
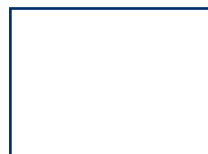
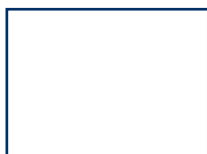
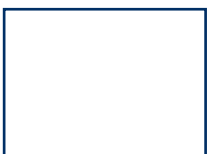
One can only congratulate the approach of the Nanterre Commercial Tribunal, along with that of the English administrators, for respecting and giving priority to the mutual confidence principle. This decision bodes well for the development of European insolvency law and one hopes that this is only the first decision in a line of developing jurisprudence.



**Mathilde Parent, France**

### Challenge of an arbitral award on the basis of the Arbitral Tribunal's interpretation of the parties choice of law

A challenge was brought before the Svea Court of Appeal by the Respondent (a Russian company) against an arbitral award rendered in Stockholm in favour of the Claimants (two US companies). The main argument advanced by the Respondent was that the Arbitral Tribunal had exceeded its jurisdiction by applying a conflict of laws provision rather than the law chosen by the parties. The Claimants' case was that the Arbitral



Tribunal's application of the conflict of laws provision was a consequence of the parties' choice of law and that the Arbitral Tribunal had therefore acted within its mandate.

The arbitration was handled by the Arbitration Institute of the Stockholm Chamber of Commerce.

The parties had agreed that both Russian law and New York law would apply to the contract. However, there was a conflict between Russian and New York law in relation to a specific issue which arose in the arbitration. The Arbitral Tribunal therefore applied both Russian and New York conflict of laws principles and determined that New York law should apply. Under the Swedish Arbitration Act, an award may be challenged only on formal grounds, for example, if:

- there was no valid arbitration agreement;
- the arbitrators have exceeded their jurisdiction; or
- if there has been an irregularity in the proceedings which has influenced the outcome of the case.

The Svea Court of Appeal found that when the parties' choice of law leads to conflicting results, the Arbitral Tribunal does have jurisdiction to apply such conflict of laws principles as it deems appropriate. The Court of Appeal indicated that the Arbitral Tribunal would be deemed to have exceeded its jurisdiction only if it had deliberately disregarded the parties' choice of law. In this case, The Court of Appeal found that the Arbitral Tribunal had applied the correct substantive law, i.e. New York law, in accordance with conflict of laws principles. Further, the Svea Court of Appeal ruled that an incorrect interpretation of law would constitute a substantive error and not a procedural error, so would not be capable of challenge in any event. The Respondent's application to set the award aside was refused.



Hanna Larsson, Sweden

## The Enforcement Directive and German law: recognised methods for preserving evidence regarding copyright infringement

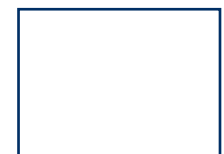
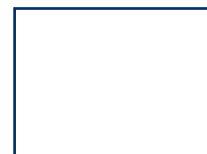
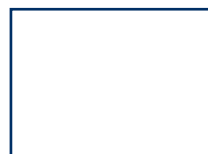
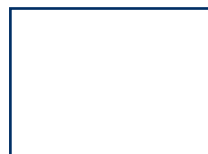
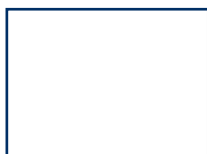
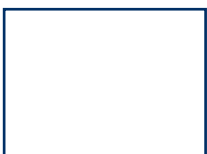
### Introduction

In response to the increase in copyright counterfeiting and piracy cases, the EU has stepped-up its efforts with the Directive 2004/48/EC April 2004 ("Enforcement Directive"). The Enforcement Directive focuses on the preservation of evidence and requires Member States to bring the necessary laws and regulations into force by the end of April 2006. Germany has not yet implemented the Enforcement Directive. However, case law shows that the preservation of evidence in intellectual property cases is already catered for under German law to a reasonable degree.

### Court ruling on "Faxkarte"

#### General

In the leading copyright case, "Faxkarte" (2 May 2002) (cf. "Faxkarte" BGH NJW-RR 2002, p. 1617 seq.), the Federal Supreme Court ("BGH") defined the scope of



inspection in relation to the source code of allegedly infringing software even before the main proceedings commenced. In this case, the Claimant asserted that its software (which is used to control facsimile transmissions) had been illegally copied by the Defendant. The Claimant alleged that the Defendant was producing a practically identical user interface. Further, the employee who had been responsible for the development of the software for the Claimant was now employed by the Defendant.

The lower courts had ruled that the Claimant had failed to prove copyright infringement because he was not able to show that the underlying source codes were identical (at least in part). The BGH overruled this decision. The BGH established that the law must enable the copyright-holder to preserve and demonstrate evidence of possible copyright infringement by suitable procedural measures (including disclosure of the Defendant's source code).

### *"In-camera procedure"*

The BGH suggested that the lower courts should hold a special interlocutory proceeding (so called "in-camera procedure") to balance the interests of all parties involved. Firstly, a neutral expert (bound by

confidentiality) should be instructed to inspect and prepare a report on the source code in question. Secondly, after considering the expert's report, the court should decide on whether it is necessary for the source code to be disclosed. On the one hand, this procedure ensured that the Defendant's trade secrets are protected. On the other hand, the Defendant cannot negate access to the source code by relying on trade secret protection.

### *Legal basis of Section 809 German Civil Code*

The BGH's judgment is based on an extensive interpretation of Section 809 of the German Civil Code ("BGB"). This provision provides for inspection of material objects but not source code. However, the BGH allowed inspection of such a component of an object (even if not a material object, but rather source code) where it was essential to determine an alleged infringement. The BGH found that the Claimant therefore has a right to have the Defendant's source code inspected, provided that there was no other means of establishing whether or not his copyright had been infringed.

This approach is in line with Art. 7 para. 1 Enforcement Directive where the *"inspection may include detailed*

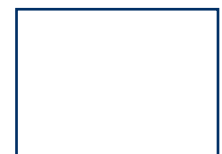
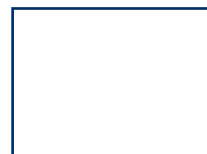
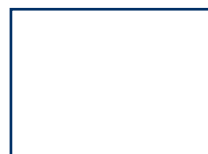
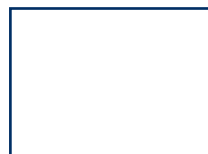
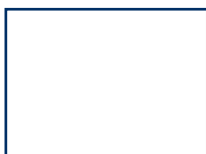
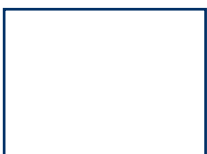
*descriptions, the seizure of the infringing goods, and in appropriate cases, materials and implements used in the production and/or distribution of these goods and the documents relating thereto"*.

Notably, in previous German cases the BGH had elected to interpret Section 809 much more narrowly. Whilst the BGH's decision in the *Faxkarte* case has generally lowered the requirements for the inspection of source codes, the BGH still stressed that the Defendant's right to have his trade secrets protected must be treated with the utmost respect, see also Art. 3 para. 2 Enforcement Directive which addresses the Defendant's protective interests.

### **Conclusion**

German law already goes some way towards compliance with the Enforcement Directive. Nevertheless, it is clear - and this has been confirmed by the Ministry of Justice on an informal basis - that the German legislator will still need to take additional measures to implement the Enforcement Directive by the end of the April 2006.

**Alexander Duisberg &  
Robert Berengeno, Germany**



### Trade mark licenses and contributory infringement of patents in Italy: a general overview

Unlike many other jurisdictions<sup>1</sup>, Italian law does not define "contributory infringement". To obtain an overview of contributory infringement, it is necessary to examine Italian common law.

The foreign systems distinguish between staple and non-staple articles. Staple articles are devices which may be used for several purposes. In certain situations, a supplier's liability for third parties' unlawful use of staple products may be dependent upon the commercialisation of such products. Non-staple articles are devices with a specific use and which could only be reasonably used to implement an invention.

The relationship between staple and non-staple articles and contributory infringement, was considered at length in the case of *Leeds and Northrup Italy v Sidermes* (GADI no.

3383/1996) (the "*Sidermes* case"), which was heard before the Court of Milan in the first instance.

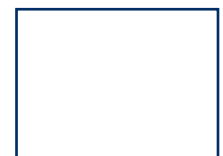
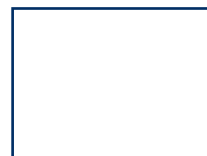
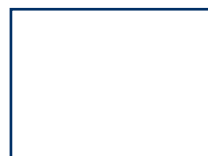
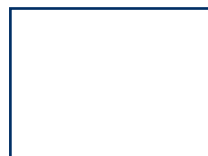
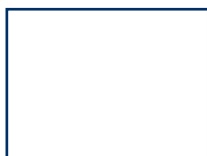
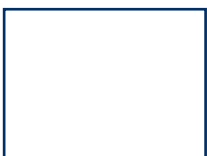
The case was appealed to the Court of Appeal which established that the following acts would constitute contributory infringement:

- (i) the production and/or sale of non-patented goods which are to be used by purchasers for infringing purposes, and which do not have any other possible lawful use (i.e. non staple articles); or
- (ii) the production of goods capable of several functions (i.e. staple articles) for the sole purpose of, and with the intention of, infringing a patent.

The *Sidermes* case went to the Supreme Court which further held that, for contributory infringement to exist, all that must be shown is that the supplier knew that the goods he sold would be used by the purchasers for a purpose that would unlawfully infringe the patent. Therefore, the further condition imposed by the Court of Appeal that the goods should be univocally destined for an infringing purpose, seems not to be required.

This raises the question of what the situation would be if a trade mark, rather than a staple or non-staple article, is involved in the infringement of a patent. For instance, would the licensor of a trade mark be liable for contributory infringement where a licensee used the trade mark to distinguish infringing products?

Currently there is only one reported decision on this point, given by the Court of Naples in a preliminary injunction proceeding in 1999 (Court of Naples, 16 July 1999 in GADI no. 4090). The decision states that the licensor of a trade mark can be liable for patent infringement where a licensee uses the trade mark to distinguish infringing products. In deciding this point, the court interpreted article 1 *bis* of the Italian Patents Law (now article 66 of the Italian Industrial Property Code<sup>2</sup>) widely. It stated that the patent holder has a right of action against anyone who produces, uses or commercialises the alleged infringing product, including the licensor of the trade mark distinguishing them. This is because the use of a licensed trade mark (especially when well known) favours the "accreditation" on the market of the infringing product distinguished by it.



# Events

The court's decision has been criticised as inconsistent with the *Sidermes* case. According to some commentators, a supplier should not be guilty of contributory infringement where he is not aware of the purchaser's intention to use his product for an infringing purpose where the product could be used for other lawful purposes. Thus, there is no reason why the granting of a trade mark license, used to distinguish such infringing products, should itself leave a licensor liable for contributory infringement if he has no knowledge of the infringing activities.

The decision of the Court of Naples has raised further issues not discussed in this article on the already complex area of contributory infringement. However, to date, the decision has not been upheld by the courts or by commentators on the subject.

 **Rahul Kakkar, Italy**

<sup>1</sup> For instance England and Sweden.

<sup>2</sup> Article 66 states that:

1. The patent right for industrial invention consists in the exclusive faculty to exploit the invention and to profit thereof within the territory of the State, in the limits and under the conditions provided for under the present code.
2. In particular, a patent confers on its owner the following exclusive rights:
  - a) if the subject matter of the patent is a product, the right to prevent third parties from producing, using, commercialising, selling or importing for such purposes the product at stake, save with the consent of the owner; and
  - b) if the subject matter of the patent is a process, the right to prevent third parties from applying the process, as well as from using, commercialising, selling or importing for such purpose the product directly obtained with the process at stake.

If you have any comments for us, we would love to hear from you by post or email ([duncan.quinan@twobirds.com](mailto:duncan.quinan@twobirds.com) or [marion.barbier@twobirds.com](mailto:marion.barbier@twobirds.com)).

## Events

Bird & Bird regularly hosts seminars for its clients and contacts. Please refer to the list below for details of these events.

### Privacy & Data Protection update

11 October  
London

### Breakfast seminar - dispute resolution

14 October  
Bird & Bird, Düsseldorf

### China investment seminar

19 October  
Bird & Bird, Düsseldorf

### Monitoring employees

20 October  
Bird & Bird, Brussels

### International outsourcing/ employment seminar

28 October  
Bird & Bird, Stockholm

### Disputes around the world

11 November  
The Lincoln Centre, London

### Borders between pharmaceutical products and neutraceuticals / cosmetics

17 November  
Bird & Bird, Paris

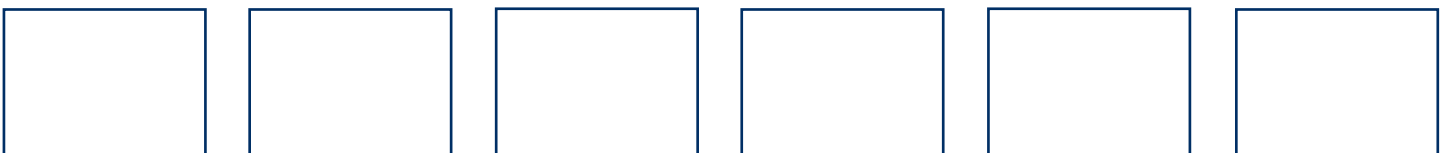
### Trade mark seminar

18 November  
Bird & Bird, Düsseldorf

### Electronics seminar

24 November  
The Lincoln Centre, London

If you would like further information regarding any of these events, please contact Christina Vizareli by email at [christina.vizareli@twobirds.com](mailto:christina.vizareli@twobirds.com) or phone on +44 (0)20 7415 6082.



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Paul Hermant (Belgium)  
Edward Alder (China and Hong Kong)  
Marion Barbier (France)  
Klaus-Jürgen Michaeli (Germany)  
Massimiliano Mostardini (Italy)  
Wouter Pors (The Netherlands)  
Michael Frie (Sweden)  
Jane Player (UK)  
  
Sarah Bishop (Editor)

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