Extraterritoriality in Patent Law: A Comparative Analysis of Extraterritorial Application of Patent Law in the United States and Europe, and a Proposal for Global Guidelines for Resolving Future Cases
Research project

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Abstract:

For more than a century the territoriality of intellectual property rights (IPRs) seemed to be an axiom, with patent law as its most prominent example. As a matter of fact, however, the respective laws never were applied strictly territorially. From the outset, the territorial restriction imposed on IPRs created loopholes for possible infringers, thereby leading legislators and courts to extend the reach of IP laws beyond their national borders every now and then. With the realities of global commerce and borderless high-technology as exemplified in particular by the Internet, telecommunications and distributed computing, the number of cases raising the issue of extraterritoriality in IP law has skyrocketed. The occurrence of domestic IP rights infringing behaviour outside of the respective national boundaries has become the rule and increasingly contrasts with the territorial view of domestic IP laws. Not only the increased number of cases involving foreign conduct but also the frequent intangibility of foreign based infringing elements has made it more and more difficult to make domestic IPRs reach activities outside their territorial boundaries without definitely abandoning the territorial confinements of national infringement laws. Under such circumstances, it is no longer possible to correct the shortcomings of the territoriality principle by applying national IP laws on a case-by-case basis to conduct occurring in foreign countries. Rather, a systematic analysis of the possible responses to the conflict between transnational commerce and territorial IP rights is critical in order to adapt the world's IP sytems to the demands of a global high-technology market place.

As opposed to other forms of IP such as trademarks and copyright, legislators and scholars have so far mostly shied away from looking into extraterritoriality in patent law. The myth of the strict territoriality of patent law still leads many to ignore that patented software and business methods are as easily discernable on the Internet as copyright protected works and trademark-labeled merchandise and that protected elements of transborder telecommunication and computer systems themselves can be subject to patent infringement. Not least two recent cases from the U.S. – *in re NTP, Inc. v. Research in Motion, Ltd*. and *in re Microsoft Corp. v. AT&T Corp.* – bear testimony of the issue's topicality and importance.

The objective of the present research project is to fill this gap by developing overarching principles on how to adapt *a priori* territorially limited patent rights to transnational business transactions and modern network computing technologies in a way that is accordable with the interests of the actors involved (States, rightholders and competitors). Based on a comparative analysis of extraterritorial application of patent law in the U.S. and Europe, the study not only investigates into the feasibility and appropriateness of different methodological approaches (conflict of laws level, including the relevance of jurisdictional rules, substantive patent law harmonisation etc.) but also aims at identifying the role of national and international lawmakers, courts as well as right holders and competitors in dealing with extraterritoriality issues in the field of patents.