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Enforcement of Patents on Geographically Divisible Inventions

An Inquiry into the Standard
of Substantive Patent Law Infringement
in Cross-Border Constellations

1. Introduction

The development of the Internet¹ and Internet-based technologies has confronted legal academic community and policy makers with several issues. These range from cyberspace² being declared an independent sphere of no national interests³ to prolific pirating of music.⁴ The Internet triggered, affected and accelerated the formation of new interactions, new technologies, new behavior and new thinking. Over the past three decades, many of these issues have been pointed out and several have been addressed. Governments and researchers worked on creating approaches dealing with the ephemeral, globally-spread and interconnected nature of the Internet.

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- 1 According to the Web community, the differentiation between “internet” and “the Internet” is being made to distinguish a technical term from the particular system. “The Internet” denotes the whole web of IP networks spread globally, while “internet” is a short form of internetwork, which is a technical term denoting a set of networks connected via routers and gates. Source: Wikipedia, Internet, Available at: <http://en.wikipedia.org/wiki/Internet> [Last accessed on 15.09.2013].
 - 2 Cyberspace, as differentiated from “the Internet,” is understood as the digital and virtual environment enabled by the global penetration of the Internet. While commonly both terms are used interchangeably, cyberspace emphasizes the technology-enabled environment in which virtual reality is *experienced*, regardless of one’s location. Wikipedia, Cyberspace, Available at: <http://en.wikipedia.org/wiki/Cyberspace> [Last accessed on 15.09.2013].
 - 3 Johnson and Post propose that the global network of computers is such a different dimension from the physical world that it creates a distinct sphere – the cyberspace, which is supposed to create its own laws of virtual reality and is not supposed to be subject to territorially delimited laws of nation-states. Johnson, David R., Post, David G., Law and Borders – The Rise of Law in Cyberspace, 48 Stanford Law Review, 1367, 1996.
 - 4 International Federation of the Phonographic Industry (IFPI) provides estimates, in its widely cited report, that by 2015 1,2 million jobs will be lost in Europe due to piracy in the music sector and retail sales of music will lose 240 billion of Euros between 2008 and 2015 due to piracy. International Federation of the Phonographic Industry (IFPI), IFPI Digital Music Report 2011, Music at the touch of a button, 2011, pg. 5. Available at: <http://www.ifpi.org/content/library/DMR2011.pdf> [Last accessed on 15.09.2013]. Estimates based on Tera Consultants’ report. TERA Consultants, Building a Digital Economy: The Importance of Saving Jobs in the EU’s Creative Industries, 2010, Pg. 5. Available at: http://www.teraconsultants.fr/assets/publications/PDF/2010-Mars-Etude_Piratage_TERA_full-report-En.pdf [Last accessed on 15.09.2013].

Despite the continued efforts, certain topics remain unresolved today and some of them may require major shifts in the accepted and established structures of legal, political, and economic international order. This research aims at addressing one of such issues – lying at the nexus of patent law and the Internet – namely the challenge in enforcement of patents on inventions enabled to function without geographical integration. The analysis focuses on the substantive patent law infringement provisions, which are applied in infringement proceedings, involving such patents. The specific inquiry into geographically divisible inventions is justified by nature of the applied technological solution, as such inventions pose an unprecedented challenge to the territorially-based system of patent protection, as will be explained below. The focus on geographically divisible inventions is justified as their nature ultimately challenges the underlying principle of patent law, namely its territorial dimension. Courts faced with patent infringement proceedings involving geographically divisible inventions underlined their being different from other types of inventions⁵ and their decisions have raised broad interest in the scientific literature⁶ as well as in the involved community.⁷ The developments and views in the field demonstrate lack of consensus⁸ on how to approach enforcement of these types of inventions and it leads to lack of clarity on the side of the parties as to how the law approaches the issues of remotely integrated inventions. This introduces uncertainty as to the result of the litigation and may, in the long run, inhibit inventive effort if right holders are convinced that they cannot be sure of protection against infringement.⁹

5 *Menashe Business Mercantile Ltd v William Hill Organization Ltd*, [2002] EWCA Civ 1702, 28.11.2002, [2003] R.P.C. 31, 575-586. [*Menashe v William Hill*]

6 A proof of such interest may be seen in a large amount of papers and law journal case reviews devoted particularly to one of the decisions: *NTP Inc. v. Research in Motion Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005), cert denied, 126 S.Ct.1174 (2006). Exemplary for the field stand the following: Dinges, Jason R., Extraterritorial Patent Infringement Liability after *NTP, Inc. v. Research in Motion*, 32 J. Corp. L. 217-236, 2006; Lane, Jennifer, *NTP, Inc. v. Research in Motion, Ltd.: Inventions Are Global, but Politics Are Still Local - An Examination of the Blackberry Case*, 21 Berkeley Tech. L.J. 59-77, 2006 and the literature reviewed in section 4.1.

7 There was quite a bit of interest and coverage in patent blogs, such as *patently-o*. *Patently-o* blog. Available at: http://www.patentlyo.com/patent/2006/01/ntp_v_rim_black.html [Last accessed on 15.09.2013].

8 Refer to sections 6.1 and 6.2 as well as chapter 7 below for a detailed discussion.

9 Refer to section 2.2 for an elaborated explanation of this argument.