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# The jurisdiction of European courts in patent disputes



European Patent Academy

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## Introduction

There is no single European court to deal with patent infringement and revocation disputes relating to European patents validated in the contracting states to the European Patent Convention. It is often the case that each national part of a European patent is separately litigated. The Unitary Patent package will create a single patent for up to 26 EU member states, as well as a single court – the Unified Patent Court - competent to deal with infringement and revocation disputes concerning Unitary Patents as well as classical European patents.

The Brussels Regime sets out the rules determining the jurisdiction of national courts to adjudicate disputes on civil and commercial matters, including patents. The Brussels Ia Regulation was updated in 2014 to include the jurisdiction of the Unified Patent Court as a court common to the contracting member states.

This manual seeks to explain the regime provided in the Brussels Ia Regulation and the Lugano Convention as they apply to patent infringement and revocation disputes, and to present the various jurisdictional options available to plaintiffs. In doing so, it takes account of the relevant case law of the Court of Justice of the European Union.

Together with the author and expert European patent judges and lawyers, the European Patent Academy has developed this manual, using a combination of theory, charts and scenarios, to present the jurisdictional landscape in the European patent litigation system.

We hope you find it useful.

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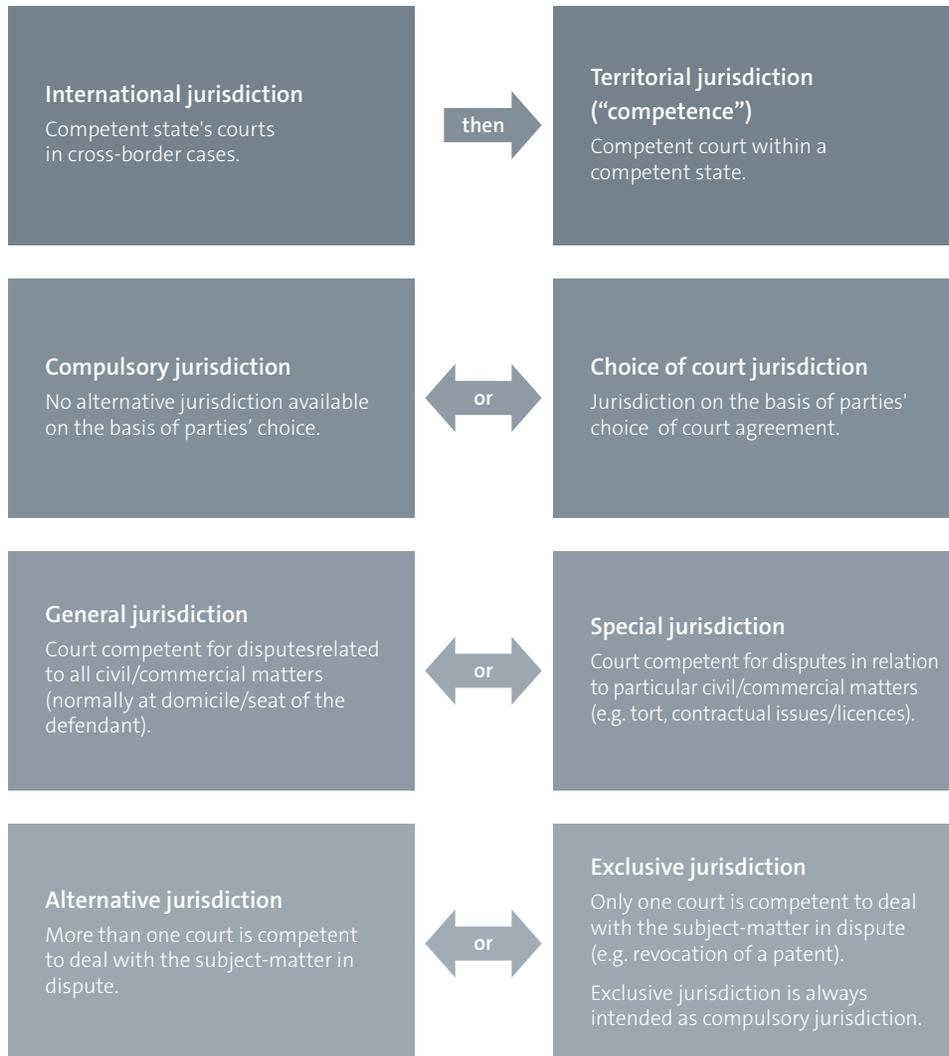
## Basic concepts and principles

### Jurisdiction

1. A court has jurisdiction when it has the power to adjudicate a dispute. The rules of jurisdiction must be predictable in order to guarantee legal certainty and enable claimants to easily identify the court in which they may sue and defendants to reasonably foresee before which court they may be sued.
2. There is a traditional distinction between international and territorial jurisdiction, the latter being referred to in the Agreement on a Unified Patent Court (hereinafter: UPCA) as “competence”. When the parties have their domiciles or seats in different countries, the rules on international jurisdiction determine which state’s courts have the power to hear and decide on cross-border disputes. The rules on territorial jurisdiction govern which court within the state having international jurisdiction is competent.
3. A further distinction is commonly made between the concepts of choice-of-court jurisdiction and compulsory jurisdiction. The former allows the parties to agree jointly on the rules governing the choice of the court competent to decide the dispute. In the case of compulsory jurisdiction, no such agreement on the choice of court is possible.
4. The general principle of jurisdiction is based on the understanding that defendants are sued at their domicile or seat. This general jurisdiction rule is complemented by a few defined grounds of special jurisdiction that may be available to the claimant for particular subject-matter (e.g. the place where the harmful event occurred or may occur). These alternative grounds of jurisdiction are generally justified due to a close link between the court and the action.
5. Furthermore, there are rules that confer exclusive jurisdiction on a specific court of a state in specific circumstances where, having regard to the matter at issue, this court is best placed to adjudicate upon the dispute (e.g. court located in the place where an IP right is registered). Exclusive jurisdiction is always intended as compulsory jurisdiction, so there is no scope for a choice of court by the parties. Equally, exclusive rules of jurisdiction are generally exhaustively listed as a strict exception to the principle of the defendant’s domicile.

Chart 1

## Overview of jurisdictional concepts



## The Brussels system

6. In the EU, the rules governing international jurisdiction in civil and commercial matters were first harmonised by the Brussels Convention on jurisdiction and the enforcement of judgments in civil and commercial matters of 1968, which was later replaced by Regulation (EC) No 44/2001. The Regulation of 2001 was recast in 2012. Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), also referred to as the Brussels I<sup>a</sup> or I<sup>bis</sup> Regulation, applies to all legal proceedings instituted after 10 January 2015.

In February 2013, 25 EU member states signed the UPCA,<sup>1</sup> which will establish a common court for all the member states party to the UPCA and thus will be part of their judicial system. Against this background, in 2014, specific provisions for the Unified Patent Court (UPC) and the Benelux Court of Justice (Arts. 71a to 71d) were added to Regulation (EU) No 1215/2012 (hereinafter: BR) by virtue of Regulation 542/2014.

7. In relation to the EFTA states, a similar system was established by the Lugano Convention (hereinafter: LC), to which all the EU member states, as well as Iceland, Norway and Switzerland (but not Liechtenstein), are contracting states. The LC was modelled on the Brussels Convention, which was the predecessor of the BR (see para. 6). Issues concerning the application of the LC will be discussed below at paras. 51 et seq.
8. In relation to Denmark, the BR applies by virtue of an agreement between the EU and Denmark. According to Art. 3 of this agreement, amendments to the BR are not automatically binding upon or applicable in Denmark: Denmark has the option to implement the content of such amendments. On this basis, Denmark has notified the EU Commission of its intention to implement the BR. For the purposes of this manual, Denmark will therefore be treated as a participating member state of the BR.
9. The international jurisdiction of the UPC is governed by the BR and the LC (Art. 31 UPCA). This is consistent with the classification of the UPC as a court common to the UPCA contracting member states, which is subject to the same obligations as any national court of a member state (Art. 1(2) UPCA). Pursuant to Art. 71b(1) BR (see also para. 24), the UPC has international jurisdiction *inter alia* in relation to infringement and validity concerning European patents and European patents with unitary effect (hereinafter: Unitary Patents). The competence of each of the different UPC court of first instance divisions is governed by Art. 33 UPCA (see para. 22). The national courts of the UPCA contracting member states have jurisdiction under the BR and LC in areas of law which fall outside the ambit of the UPC's jurisdiction.
10. The decisive factor under the BR is the domicile of the defendant. Persons domiciled in a member state may only be sued in the fora specified in Chapter II BR (Arts. 4 ff BR). Similar rules apply under the LC. The international jurisdiction in disputes involving defendants domiciled in neither a BR nor an LC state is determined by the national law of the forum state (Art. 6(1) BR), although with respect to the UPC this rule is subject to an important exception (Art. 71b(2) BR), which will be discussed below.

<sup>1</sup> Agreement on a Unified Patent Court, OJ EU C 175/1 of 20.6.2013; OJ EPO 2013, 287 et seq. All EU member states except Croatia, Poland and Spain have signed the UPCA. It is currently open for accession to all EU member states.

11. Companies, other legal persons or associations of natural or legal persons are domiciled at the place of their statutory seat, their central administration or their principal place of business (Art. 63 BR).
12. The nationality of the defendant is irrelevant (Art. 4(2) BR). So, as a rule, is the domicile or seat of the claimant (although it may play a role for the application of Art. 71b(3) BR, on which see below). Thus, the BR rules on jurisdiction apply regardless of whether the claimant is, for example, a French, US or Chinese company.

## Groups of states

13. For the purposes of determining jurisdiction in cases concerning European patents, five groups of states can be distinguished.

**Group 1:** Member states of the UPCA, the EU and the EPC. So far, the UPCA has been ratified by 16 states.<sup>2</sup> The UPCA will enter into force once the three major signatory states (at present DE, FR, GB) have ratified. At the time of writing, ratification by Germany is still awaited.

**Group 2:** Member states of the EU which are not UPCA contracting member states. Three states (ES, HR, PL) have not signed or acceded to the UPCA. In the other EU member states, the UPCA will only take effect if and when it is ratified by that state. For the purposes of the examples in this manual, it will be assumed that the states that have signed the UPCA will have also ratified it.

**Group 3:** Contracting states to the EPC outside the EU which are member states of the LC (CH, IS, NO).

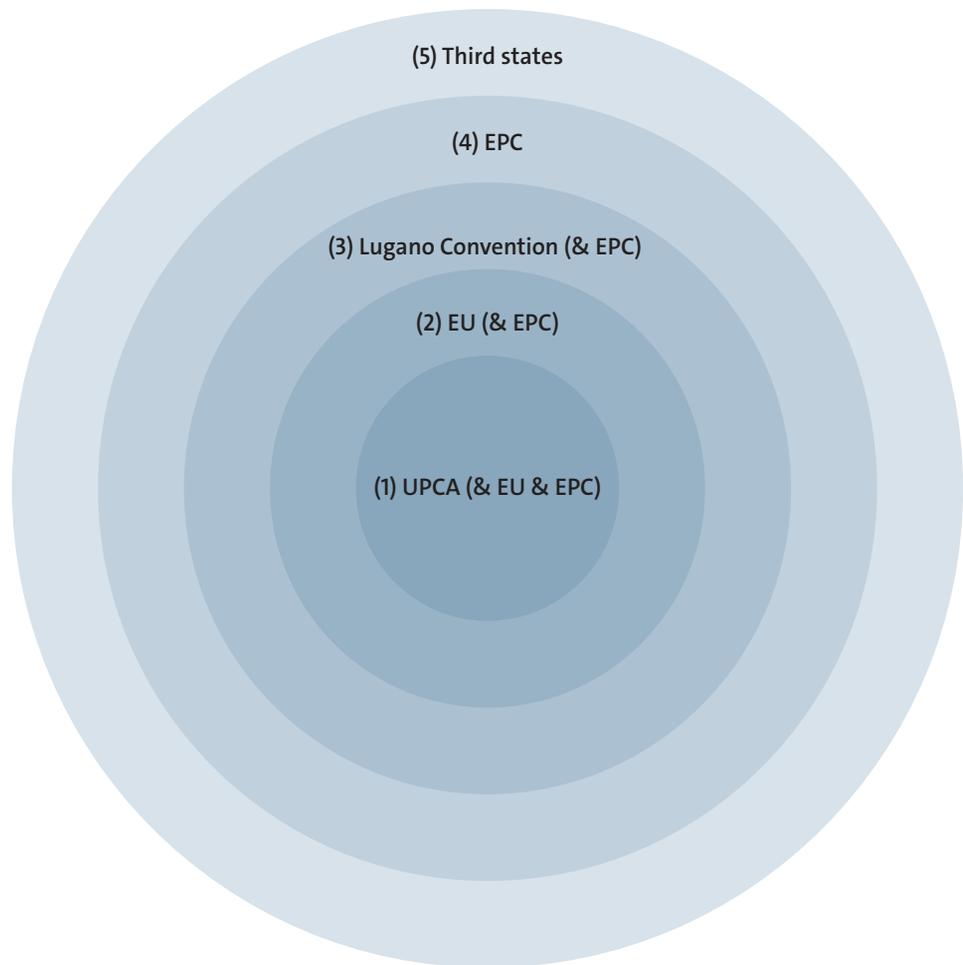
**Group 4:** All other EPC states (AL, LI, MC, MK, RS, SM, TR).

**Group 5:** All other states (examples: Japan, PR of China, US).

For the purposes of jurisdiction, there are no differences between the states in groups (4) and (5). They are “third states” within the meaning of the Brussels system and the LC. But the distinction may be relevant for scope of damages claims in relation to long-arm jurisdiction (see para. 60 et seq).

<sup>2</sup> <https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2013001&DocLanguage=en>

The relationship between these five groups can be visualised using a set of concentric circles:



14. Denmark, Ireland and the UK do not participate in the judicial co-operation between the EU member states, but they can opt in to any specific instrument of judicial co-operation by notifying the Commission and the Council of their intention to participate. The UK and Ireland have done so with respect to the BR, which is why (for the time being) it applies in relation to both states. For Denmark, see para. 8.
15. The position of the UK may be changed by its withdrawal from the EU. Once “Brexit” becomes effective, the BR will cease to apply as a matter of EU law (Art. 50(3) Treaty on European Union). It is open to discussion whether the UK could in the future participate in the LC or whether a similar bilateral agreement as that concluded between the EU and Denmark (see para. 8) could be envisaged. At the moment, it is still open whether the BR will continue to remain in force as “retained EU law” or what the position of the UK will be with respect to the LC.

16. The issues of whether the UK can remain a member state of the UPCA after it leaves the EU and what, if any, modifications to the BR or the LC would be necessary will not be discussed here. For the purposes of the following scenarios, the UK will be treated as an EU and UPCA contracting member state. Depending on the future regime, the UK may fall into group (3) or (4), or it may be in a *sui generis* position of being a UPCA contracting member state without being part of the EU.

### UPC structure and internal competence of UPC divisions

17. The UPC is a single court composed of several divisions: the Court of First Instance, the Court of Appeal and the Registry. All the UPC panels will sit in a multinational composition and will normally consist of both legally and technically qualified patent judges.
18. The Court of First Instance will be decentralised. It will comprise a central division, as well as local and regional divisions set up in the contracting states at their request.<sup>3</sup> The central division will have its seat in Paris, with sections in London and Munich<sup>4</sup> dealing with disputes in specific technical areas.<sup>5</sup>
19. The Court of Appeal will be centralised and located in Luxembourg.<sup>6</sup> The Registry will be set up at the Court of Appeal, with sub-registries at all of the Court of First Instance's divisions.<sup>7</sup>
20. It is essential to stress here that, although the divisions of the UPC will be located in different states, they will not be courts of different EU member states; rather, they will be sections of a single supranational court and will have a mere organisational function which will not affect the unity of that court itself.
21. The plaintiff may select the competent division of the UPC on the basis of predetermined rules drafted along the lines of the BR. Consequently, once it has been decided whether a particular cross-border patent dispute will be heard under the international jurisdiction of a UPCA contracting member state or under the local jurisdiction of the UPC, the competence of a particular division will be seized in accordance with purely internal rules.
22. Art. 33 UPCA sets out which division is competent internally within the UPC for dealing with which actions as an entry court. This rule was introduced to guarantee the UPC's "local presence" and to ensure that cases are distributed as efficiently as possible within it. The internal rules on the competence of the various divisions of UPC are as follows:

<sup>3</sup> Art. 7(1) UPCA.

<sup>4</sup> Art. 7(2) UPCA.

<sup>5</sup> See Art. 7(2) and Annex II UPCA.

<sup>6</sup> Art. 9 UPCA.

<sup>7</sup> Art. 10 UPCA.

- (i) Actions for or relating to infringement, provisional and protective measures and injunctions, damages or compensation derived from provisional protection and/or prior use are to be brought before the local/regional division where the infringement has occurred or where the defendant has its residence or place of business. In these cases, claimants can choose between the division of the place of infringement and the division of the defendant's residence or place of business. If the alleged infringement occurred in the territories of multiple local or regional divisions of the UPC, the claimant may be able choose between different divisions relating to the place of infringement. Lastly, if the defendant does not have a residence or place of business in one of the UPCA contracting member states, actions are to be brought before the local/regional division where the infringement occurred or before the central division.
- (ii) Actions for revocation or declaration of non-infringement are to be brought before the central division unless an action for infringement has already been brought before a local or regional division. In the latter case, actions may only be brought before the same local or regional division.
- (iii) In the case of a counterclaim for revocation in infringement proceedings, the local or regional division dealing with the infringement will have three different options:
  - proceed with both the infringement and the counterclaim for revocation and ask the president of the Court of First Instance to allocate from the pool of judges a technically qualified judge with qualifications and experience in the field of technology concerned;
  - refer the counterclaim for decision to the central division and, depending on the circumstances, suspend or proceed with the infringement proceedings (known as bifurcation of the proceedings);
  - with the agreement of the parties, refer both the infringement action and the counterclaim for revocation to the central division for decision.
- (iv) Actions concerning decisions taken by the EPO when carrying out administrative tasks regarding Unitary Patents, such as keeping the pertinent register, collecting and administering renewal fees or ensuring compliance with the transitional translation requirements for the Unitary Patent, must always be brought before the central division.

## The jurisdiction of the UPC and national courts in general

23. This section concerns actions brought before the UPC and national courts in relation to Unitary Patents and European patents which have not been opted out under Art. 83(3) UPCA. The specific issues of the transitional period (Art. 83 UPCA) will be discussed in para. 72 et seq.

### Defendant domiciled in an EU member state

#### Defendant's domicile (general jurisdiction)

24. If the defendant is domiciled in an EU and UPCA member state, jurisdiction is determined according to Chapter II BR. Art. 71b(1) BR states that the UPC has jurisdiction where, under the rules of Chapter II, the courts of an EU member state would have jurisdiction. The competence of the local divisions of the UPC is not determined by the BR, but by Art. 33 UPCA (see para. 22 above).
25. Persons domiciled in an EU member state can be sued in the courts of that member state (Art. 4(1) BR). For persons domiciled in a UPC member state, Art. 4(1) BR in conjunction with Art. 71b(1) BR states that the UPC has jurisdiction, whereas persons domiciled in an EU member state that is not an UPCA member state (ES, HR, PL) can be sued in the courts of their respective states.
26. *Example 1a: US company U owns a European patent validated in all EPC member states. U sues French company F, which is domiciled in France (see Art. 63 BR), in the Paris local division of the UPC for acts of infringement committed in all the UPCA contracting member states. According to Art. 4 BR, F can be sued in the courts of the member state where it is domiciled. According to Art. 71b(1) BR, the UPC has the jurisdiction of the French national courts. Hence U can sue in the UPC. The seat of the US company is immaterial. Whether F can be sued in the Paris local division only or in other local divisions as well is a matter of competence rather than jurisdiction. It is determined by Art. 33 UPCA.*
27. The jurisdiction under Art. 4(1) BR is general. The courts in the defendant's country of domicile can hear and determine disputes concerning patent infringements in all countries and can award all remedies, including injunctions and damages, accordingly (as regards jurisdiction in relation to the validity of a patent, see below, para. 47 et seq.).
28. The jurisdiction of the UPC as regards the subject-matter is limited by Arts. 1, 3 and 32 UPCA. For example, it has jurisdiction with respect to the infringement of European patents, Unitary Patents, SPCs issued for products protected by such patents and European patent applications, but not with respect to the infringement of national patents.
29. *Example 1b: In example 1a, the UPC would also have jurisdiction over infringements of European patents in non-UPCA contracting member states which are contracting states to the EPC (groups 2, 3 and 4 in the scheme set out above at para. 13), for example Spain, Switzerland or Turkey, as European patents validated for these states can be infringed there. The UPC could also award damages accordingly. If, however, U also intends to sue F for the infringement of a US patent, it will have to do so in the competent national courts. The UPC would have no jurisdiction in this case.*

## Special jurisdiction

30. The most important grounds of special jurisdiction are:
- The place where the harmful event occurred (Art. 7(2) BR; Art. 5(3) LC)
  - Multiple defendants and close connection (Art. 8(1) BR; Art. 6(1) LC)
  - Disputes arising out of the operation of a branch, subsidiary or other establishment (Art. 7(5) BR; Art. 5(5) LC)
  - Counterclaims (Art. 8(3) BR; Art. 6(3) LC)
31. Apart from Art. 71b(1) BR, according to which the UPC takes the place of the national courts of the UPCA contracting member states, the same provisions (as interpreted by the CJEU) apply which currently govern jurisdiction in the EU member states in cases involving European patents.
32. The following explanations are restricted to some basic principles of jurisdiction under Chapter II BR. They cannot replace a full commentary on Arts. 7 et seq. BR.

### Place where harmful event occurred (Art. 7(2) BR)

33. Apart from Art. 4(1) BR, the most important ground of jurisdiction in patent infringement cases is Art. 7(2) BR. It states that courts of the country in which the harmful event occurred have jurisdiction. As the CJEU has repeatedly held, these courts “are usually the most appropriate for deciding the case, in particular on grounds of proximity and ease of taking evidence”.<sup>8</sup>
34. Under Art. 7(2) BR, the CJEU distinguishes between the place where the damage occurred (“place of damage”) and the place where the event giving rise to the damage occurred (“place of action”). In patent cases, the “place of damage” is the state where the right is registered<sup>9</sup> or, in the case of a European patent, the state of validation. Unlike in general tort law, the distinction between the state of action and the “place of damage” is impossible in legal terms, because patent rights prohibit acts done without the consent of the right owner, whereas a distinct damage is not a requirement of infringement. Due to the principle of territoriality, infringing acts can only be committed in the state of registration. Factually, however, there are cross-border cases, in which the infringer acts in one country and the effects are felt in another. Examples of this include advertisements posted on a website in one country which are accessible in other countries,<sup>10</sup> or infringing goods sent from one country to recipients in another country. In these cases, the CJEU considers the place of the infringer’s activities as the “place of action”, although, in terms of patent law, there are distinct infringing acts which infringe different national patents.
35. According to the rule in *Fiona Shevill v Presse Alliance*,<sup>11</sup> which the CJEU later also applied to trade marks and copyright,<sup>12</sup> the courts at the place where damage occurs have jurisdiction only with respect to harm caused in that state (“mosaic approach”), whereas the courts in the country of the “place of action” have jurisdiction to deal with all the consequences of the infringer’s act. According to the prevailing, but not undisputed, view among academic authors, this approach is also applicable to patents, although the CJEU will still need to confirm that this is the case.

<sup>8</sup> CJEU, case C-133/11, *Folien Fischer v Ritrama*, ECLI:EU:C:2012:664, para. 38.

<sup>9</sup> CJEU, case C-523/10, *Wintersteiger v Products 4U*, ECLI:EU:C:2012:220, paras. 25, 28. Although *Wintersteiger* is a trade mark case, its reasoning applies to all registered intellectual property rights.

<sup>10</sup> See the *Wintersteiger* case, *ibid*.

<sup>11</sup> CJEU, case C-68/93, [1995] ECR I-450, paras. 24-33.

<sup>12</sup> CJEU, case C-170/12, *Pinckney v KDH Mediatech*, ECLI:EU:C:2013:635, paras. 45, 46; case C-441/13, *Pez Hajduk v EnergieAgentur.NRW*, ECLI:EU:C:2015:28, paras. 36, 37.

36. *Example 2a: Austrian company A is the owner of a European patent validated in all the EPC contracting states. Spanish company E produces goods which allegedly infringe A's patent. It advertises these goods for sale on its website and offers to ship them to all EPC contracting states. E only acted in Spain, but the offer infringes the European patent in all the EPC contracting states. A can choose between bringing the action before the Spanish courts, the UPC or the national courts of the non-EU or non-LC contracting states. Spain is the defendant's forum of domicile (Art. 4(1) BR) and the place where the events which gave rise to the damage occurred (Art. 7(2) BR) ("place of action"). Hence the Spanish courts could award damages with regard to sales in all the EPC contracting states. The UPC has jurisdiction under Arts. 7(2) and 71b(1) BR, because the patent was infringed in several UPC member states ("place of damage"). But the UPC could only grant damages with respect to sales in UPCA contracting member states. National courts in non-EU or non-LC contracting states can grant damages with respect to sales in their respective territories.*
37. *Within the UPC system, all local divisions would be competent to hear the case (Art. 33(1) (a) UPCA). The judgment of the local division first seized would be valid throughout the territories of all the UPCA contracting member states (Art. 34 UPCA), but it could also be enforced in Spain under the enforcement rules of the BR (Art. 71d(a) BR).*

Chart 2

Example 2a – options for patent owner A with regard to general and special jurisdiction (Arts. 4(1), 7(2) and 71(b) BR and Art. 5(3) LC) for infringement only. For validity, see para. 47 et seq.

Options to sue for patent owner A	Domicile or place of tort	Jurisdiction	Damages awarded
<b>Domicile of defendant E</b> <i>General jurisdiction</i>	ES	ES	All EPC states
<b>Place of action</b> <i>Special jurisdiction</i>	ES	ES	All EPC states
<b>Place where damage occurred</b> <i>Special jurisdiction</i>	UPCA state (no opt-out)	UPC	All UPCA states
	– UPCA state (European patent opted-out) – EU, LC state (Groups 2 and 3)	National court of place of damage suffered	Territory of national court
	Other EPC contracting states (Group 4)	National court Depends on bilateral agreement or private int'l law (national law)	Territory of national court

**Multiple defendants in related actions (Art. 8(1) BR)**

38. Multiple defendants can be sued in the country where only one of them (the “anchor defendant”) is domiciled, “provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings” (Art. 8(1) BR). This is the case when multiple defendants allegedly infringe the same national part of a European patent.<sup>13</sup>
39. According to the judgment of the CJEU in *Roche v Primus*,<sup>14</sup> Art. 8(1) BR does not apply when different defendants infringe different parts of European patents. As the CJEU argued, European patents are - subject to certain exceptions - treated like national patents of the states for which they have been granted (Art. 64(1) EPC), and any infringement of a European patent is dealt with by national law (Art. 64(3) EPC). Hence, infringements of different parts of a European patent in different countries can be dealt with separately without the risk of conflicting judgments. Thus, actions against a parent and its subsidiaries cannot be joined under Art. 8(1) UPCA, even if the parent, which determines the actions of its subsidiaries (the “spider in the web”), is sued in its forum of domicile.<sup>15</sup>
40. *Example 2b: If, in example 2a, E only distributes its goods in local shops in Spain, whereas the website is operated and goods are distributed outside Spain by its legally independent subsidiary X, which is based in Portugal, A cannot sue E in the UPC. E has not acted in the territory of the UPC member states. Following Roche v Primus, Art. 8(1) BR does not apply: the infringement of the Spanish part of the European patent is independent from the infringement of the other parts. Hence there is no risk of irreconcilable judgments.*

**Parallel proceedings (*lis pendens*)**

41. If an action is brought before both the UPC and the national court of a non-UPC member state, the *lis pendens* rules (Arts. 29-32 BR; Arts. 27-30 LC) apply. They apply directly, not by virtue of Art. 71b(1) BR. Hence, the court subsequently seized must stay its proceedings where “proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States”. Art. 29 BR sets out two conditions for a stay of proceedings.
42. First, the parties in both proceedings must be identical. Whether they are so must be determined according to autonomous criteria of EU law, not by reference to national law.<sup>16</sup> A licensor and a licensee are not identical: they are different legal entities and they may have diverging interests. Whether a parent company and its wholly owned subsidiary are identical has not been decided by the CJEU yet. On a strict legal analysis, they are different companies and hence not identical. But, in economic terms, this might be seen as artificial. They might be regarded as one entity, which is why a parent and a wholly owned subsidiary are not treated as distinct undertakings in EU competition law.

<sup>13</sup> CJEU, case C-616/19, *Solvay v Honeywell*, ECLI:EU:C:2012:445, para. 30.

<sup>14</sup> CJEU, case C-539/03, *Roche Nederland v Primus*, ECLI:EU:C:2006:458, paras. 28-32.

<sup>15</sup> The CJEU later mitigated its position in the copyright case C-145/10, *Painer v Standard*, [2011] ECR I-12533, paras. 80-82: actions may be related where the national provisions on which the action is based are largely the same. It remains to be seen what this means for patent cases in which the applicable domestic provisions resemble Arts. 25-27 UPCA.

<sup>16</sup> CJEU, case C-406/92, *The Tatry and The Maciej Rataj*, [1994] ECR I-5460, paras. 30 and 47.

43. Second, the cause of action must be the same. The action must concern the same patent and the same acts of infringement. Infringement actions concerning different national parts of a European patent are not identical.
44. *Example 2c: In example 2a, A could start an action concerning the infringements in Spain in a Spanish court and another action in the UPC concerning the infringements in the UPC member states. The lis pendens rules (Arts. 29-32 BR) do not apply, because the two proceedings do not involve the same cause of action.*
45. An infringement action and a corresponding action for a declaration of non-infringement involve the same cause of action, as the CJEU held in *The Tatry*.<sup>17</sup> This allows “torpedo” actions: when an action for declarations of non-infringement is started in a country whose courts have a reputation for being slow, the “torpedo” action blocks a subsequent infringement action in another country. Declarations for non-infringement can be brought before the court where the patent owner is domiciled (Art. 4(1) BR), although Art. 7(2) BR (jurisdiction at the place where the harmful event occurred) is also applicable, as the CJEU held in *Folien Fischer*.<sup>18</sup> At the time of writing, the CJEU had not had the opportunity to clarify whether, when the jurisdiction is based on Art. 7(2) BR and the forum state is not the “place of action”,<sup>19</sup> it is restricted to the infringement of the part of the European patent protected in the forum state or whether it also extends to all other EPC contracting states. The first approach has been applied by national courts in, for example, Italy<sup>20</sup> and Germany.<sup>21</sup> The main argument for this view is that the jurisdiction with respect to declarations of non-infringement is the mirror image of jurisdiction in infringement actions.
46. *Example 2d: For a declaration of non-infringement in example 2a, E could choose between the forum of general jurisdiction under Art. 4(1) BR and the forum of specific jurisdiction under Art. 7(2) BR. Patent owner A is domiciled in Austria, hence the UPC has jurisdiction under Arts. 4(1), 71b(1) BR. If E wished to avoid the jurisdiction of the UPC, it could also sue in Spain, Croatia or Poland, because infringing acts also occurred in these countries (Art. 7(2) BR). But the jurisdiction of the courts in these countries would arguably be restricted to granting declarations of non-infringement with respect to their own territories only. If this view is correct, the blocking potential of these torpedo actions is limited.*

### Exclusive jurisdiction to determine validity (Art. 24(4) BR)

47. According to Art. 24(4) BR, each member state has exclusive jurisdiction to determine the validity of a (European) patent granted for its member state. In the 2014 recast, Art. 24(4) BR was amended to implement the judgment handed down by the CJEU in *GAT v LUK*.<sup>22</sup>

<sup>17</sup> CJEU, case C-406/92, [1994] ECR I-5460, paras. 43-45.

<sup>18</sup> CJEU, case C-133/11, *Folien Fischer v Ritrama*, ECLI:EU:C:2012:664, paras. 42-54.

<sup>19</sup> See para. 34.

<sup>20</sup> Enterprises Court of Milan (IP Division), judgment No. 1143/2014 of 21/1/2014.

<sup>21</sup> Court of Appeal Düsseldorf, case I-2 U 67/03, judgment of 12/5/2005.

<sup>22</sup> CJEU, case 4/03, *Gesellschaft für Antriebstechnik mbH v Lamellen- und Kupplungsbau Beteiligungs KG*, ECLI:EU:C:2006:457, para. 31.

48. Art. 24(4) BR applies if the validity of the patent is raised as a counterclaim for revocation in infringement proceedings. Exclusive jurisdiction is also applicable if the invalidity of the patent is only raised as a defence. This latter option, however, is not available in the UPC.
49. *Example 3: Swedish company S owns a European patent validated in all EPC member states. Estonian company E commits acts of infringement in Estonia (a UPC country) and Poland (a non-UPC country). S may sue E in the Polish courts, but they will have jurisdiction only for acts of infringement committed in Poland (place of harmful event), not for acts of infringement committed in Estonia. S may also sue E in the UPC, where the Swedish-Baltic regional division would be competent. Because E has its domicile in Estonia, the UPC would have jurisdiction for all acts of infringement (Estonia and Poland). If E argues that the patent is invalid, it may counterclaim for invalidity before the UPC for Estonia and the other UPC member states. But E cannot counterclaim before the UPC for invalidity for Poland because the Polish courts will have exclusive jurisdiction for the action concerning invalidity in Poland. If E starts a parallel invalidity action for Poland before the Polish courts, the UPC will have to stay the infringement proceedings regarding Poland until a final decision of the Polish courts on the validity has been reached. The UPC will have jurisdiction to declare the patent invalid for all UPC member states (not only for Estonia; Art. 34 UPCA), but can make no decision about validity for non-UPC member states.*

#### Provisional measures (Art. 35 BR)

50. Provisional measures can be granted under the law of a member state, even if it does not have jurisdiction as to the substance of the matter (Art. 35 BR; Art. 31 LC). Again, in the case of the UPC, the words “law of a Member State” must be read as “under the UPCA” according to Art. 71b(1). Hence the UPC can grant interim measures according to Art. 62 UPCA even with respect to infringement in countries for which the defendant, in the main proceedings, could prevent jurisdiction of the UPC by raising the issue of invalidity.<sup>23</sup> Hence, in example 3, the UPC could grant an interim injunction with respect to the acts of infringement occurring in Poland as well.

#### Defendant domiciled in Lugano member state

51. The position of persons domiciled in Iceland, Norway and Switzerland (Group 3) is largely similar to that of persons domiciled in EU member states which are not contracting states of the UPCA (Group 2, see para. 13). In particular, persons domiciled in the LC states will not be exposed to the broad jurisdiction under Art. 71b(2) and (3) BR, which is analysed below at para. 55 et seq.
52. *If the defendants in examples 2 and 3 were Swiss rather than Spanish or Polish companies, the provisions of the LC would apply mutatis mutandis, and the results would not be different.*

<sup>23</sup> CJEU, case C-616/19, *Solvay v Honeywell*, ECLI:EU:C:2012:445, paras. 34-51.

53. The clarifications provided by Arts. 71a-d BR are missing in the LC. In the case of the BR, the Commission considered them to be necessary, because under Art. 33 UPCA defendants could be exposed to litigation in a state whose courts would not have had jurisdiction under Chapter II BR. One example is the competence of the central division under Art. 33(4) UPCA, which does not have a parallel in the BR. Since there is no provision in the LC for the UPC to take the place of the national courts of the UPCA member states, defendants domiciled in Switzerland, Norway or Iceland who are sued in a division located in a state whose courts would not have jurisdiction under the LC could argue that they were denied protection granted to them under the Convention. On the other hand, according to the UPCA, the UPC is a court common to all member states, regardless of where its divisions are located.
54. *Example 4: C, seated in Switzerland, is the owner of a European chemical patent validated inter alia in Germany. Its competitor X starts invalidity proceedings. According to Art. 22(4) LC, the courts of the state bound by this Convention in which the register is kept have exclusive jurisdiction. In the case of a German national patent, this would be the Federal Patent Court. But under the UPCA, the UPC has the exclusive competence to adjudicate invalidity actions concerning European patents (Art. 32(1)(d) UPCA) and, according to Art. 33(4) UPCA, the central division has competence. Cases concerning chemical patents are dealt with by the London section of the central division. So C will have to defend its patent in London rather than in Munich. Although it must be admitted that a clarification in the LC would be helpful, it may be argued that C is not denied its right to access to a jurisdiction determined by the LC, since according to the UPCA, the UPC, including the London section of the central division, is a court common to the member states (including Germany), not an English court.*

## Defendant domiciled in a third state

### Jurisdiction in general

55. The general rule with regard to defendants domiciled outside the EU and the Lugano area is that, subject to some narrow exceptions, jurisdiction is determined under the rules of national law (Art. 6(1) BR), for example the traditional English law rules on jurisdiction or Sections 12 et seq. of the German Code of Civil Procedure. The exceptions relevant to patent cases are Art. 24(4) BR (exclusive jurisdiction of the state of registration or designation in validity proceedings) and Art. 25 BR (prorogation).
56. The general rule is inappropriate for the UPC, because the UPCA derogates from the rules of the national law of the member states. In order to avoid the application of different national jurisdiction regimes, Art. 71b(2) BR states that Chapter II “shall apply as appropriate regardless of the defendant’s domicile”. Art. 71(2) BR refers to all fora listed in Chapter II, with two exceptions. First, while Art. 71(2) BR also seems to refer to Art. 4 (defendant’s domicile), Chapter II BR applies to defendants domiciled in the EU anyway. Art. 71(2) BR only derogates from Art. 6(1) BR, which applies to persons not domiciled in the EU. Secondly, Arts. 24 and 25 BR apply irrespective of the defendant’s domicile. So the UPC already has exclusive jurisdiction to determine the validity of European patents validated in UPC member states by virtue of Art. 24(4) BR, regardless of where the patent owner is domiciled. In this case there is no need to apply Art. 71(2) BR.

57. In particular, the UPC has jurisdiction over defendants domiciled outside the EU and the Lugano Area (e.g. in Japan, the PR of China or the US) in the following cases:
- Infringing acts in the UPC area (Art. 7(2) BR)
  - Disputes arising out of the branch, agency or establishment (Art. 7(5) BR)
  - Joined defendants (Art. 8(1) BR)
  - Counterclaims (Art. 8(3) BR)
58. Arts. 33 and 34 BR concern parallel proceedings in third states. Unlike Art. 29 BR, they grant the EU courts discretion as to whether to stay proceedings. In the case of parallel proceedings before the UPC and the courts of non-EU member states, Arts. 33 and 34 BR apply directly, but the UPC takes the place of the national courts by virtue of Art. 71b(1) BR.
59. The UPC can also grant interim measures, even if the courts of a third state have jurisdiction as to the substance of the matter. In this respect, Art. 71b(2) BR mirrors Art. 35 BR.

#### Jurisdiction concerning damages arising in third states ("long-arm jurisdiction")

60. The most significant extension compared with Chapter II BR is made by Art. 71b(3), which states:

[W]here a common court has jurisdiction over a defendant under point 2 in a dispute relating to an infringement of a European patent giving rise to damage within the Union, that court may also exercise jurisdiction in relation to damage arising outside the Union from such an infringement.

Such jurisdiction may only be established if property belonging to the defendant is located in any Member State party to the instrument establishing the common court and the dispute has a sufficient connection with any such Member State.

61. This rule derogates from the mosaic approach (see above, para. 35), according to which, when jurisdiction is based on Art. 7(2) BR, the jurisdiction of the courts at the "place of damage" is restricted to damages which have occurred within their territory. In the case of defendants domiciled outside the EU and the Lugano area, the "place of action" is usually outside the EU, and only the "place of damage" is within the UPC area. Hence, without the specific jurisdiction granted by Art. 71b(3) BR, the UPC could normally not take damages outside the UPC area into consideration. It is clear from the wording of Art. 71b(3) BR that jurisdiction is limited to infringement and does not extend to validity.
62. Art. 71b(3) BR has been modelled on some national laws which confer jurisdiction on national courts when property is located within the country, even if the defendant is domiciled elsewhere. The idea behind this rule is that foreign defendants should not be able to avoid jurisdiction even though they have property within the country which could be the object of execution. It seems possible that third states may not be prepared to execute judgments where the jurisdiction of the UPC is based on Art. 71b(3). But, of course, the idea of the provision is to allow execution against the property located in the UPC area.

63. There are four cumulative conditions for the application of Art. 71b(3)BR.
64. First, the dispute must be about the infringement of a European patent giving rise to damage within the EU.
65. Second, property belonging to the defendant must be located in one of the UPC member states. It is unclear whether this term also includes intangible assets, in particular intellectual property. The broad term “property”, which encompasses intellectual property,<sup>24</sup> and the fact that the *travaux préparatoires* refer to “assets”, seem to imply that “property” within the meaning of Art. 71b(3) BR can also be intellectual property.
66. A third requirement, which could also be regarded as an element of the second condition, is not stated in Art. 71b(3) itself, but in Recital (7):

In establishing its jurisdiction, the common court should have regard to the value of the property in question, which should not be insignificant and which should be such as to make it possible to enforce the judgment, at least in part, in the Member States parties to the instrument establishing the common court.

This consideration mirrors the idea that there the sum claimed should be proportionate to the value of the property into which execution can take place.

67. Fourth, the dispute must have a sufficient connection to the state where the property is located. According to Recital (7) of Regulation 542/2014, this may be the case when the claimant is domiciled there or the evidence relating to the dispute is available there. This list of examples is not exhaustive, and at the time of writing it is unclear which further factors could give reason to assume a “sufficient connection”.
68. Once these conditions are met, the UPC may also take all damages arising outside the EU into account. It is clear from the *travaux préparatoires* that Art. 71b(3) BR encompasses cases where not only the damage, but also the infringement, occurred outside the EU. The word “may” suggests that the UPC will have discretion as to whether it will exercise its “long-arm jurisdiction”.
69. *Example 5a: D, a company registered in Delaware (USA), owns a building in Dublin, in which its business headquarters for Europe are located. D produces goods in Mexico which come within the claims of a European patent owned by claimant C, which is a Swiss company, and validated in all EPC member states. The goods are sold by D inter alia in Ireland, Spain, Switzerland and Turkey. If the general rule of Art. 6(1) BR applied, jurisdiction would have to be determined under national law, because the defendant has its domicile (see Art. 63 BR) in the USA. But Art. 71b(2) allows the application of Chapter II: infringing acts were committed in at least one UPC member state (Art. 7(2)). Thus, the UPC has jurisdiction to hear and decide the dispute, and it has jurisdiction to award damages with respect to the infringements which occurred in Ireland (and, potentially, in other UPC member states). Whether the UPC also has jurisdiction to award damages for the infringements which occurred in non-EU member states (such as Switzerland or Turkey) depends on the application of Art. 71b(3). D is the owner of a building in Ireland, and it can be assumed that the value of D's assets is not insignificant when compared with the*

<sup>24</sup> This is confirmed by the German language version, in which the broad term “Vermögen” is used.

*amount of damages. The UPC must establish whether there is a sufficient connection to Ireland. This may be the case if the Dublin headquarters were involved in the infringement. In this case, relevant evidence might be found in Ireland. Art. 71b(3) BR only extends the UPC's jurisdiction with respect to damages outside the EU. It is unclear if the UPC can also award damages with respect to the infringing acts in Spain. The wording of Art. 71b(3) only refers to "damage arising outside the Union". Since the infringing acts in Spain caused damage inside the EU, Art. 71b(3) does not apply. This seems to mean that the "mosaic approach" (see above at para. 35) is applicable in relation to Spain and that the UPC cannot award damages with respect to Spain. But the UPC court might consider applying Art. 71b(3) to this case by analogy.*

70. Art. 71b(3) BR will usually be relied on to extend the jurisdiction based on Art. 7(2) BR, but may apply to the other specific grounds of jurisdiction to which Art. 71c(2) BR refers, for example Art. 8(1) BR.
71. *Example 5b: In example 5a the goods are offered for sale on D's website, but the goods are sold by D's subsidiary I, which is a limited company under Irish law. The UPC has jurisdiction over I according to the general rules (Arts 4(1) and 71b(1) BR), but it can also hear and decide an action against D. Both actions are closely connected, and since they concern the same parts of the European patent, there would be the risk of irreconcilable judgments if the two actions were not decided together. Although D acted outside the EU, the UPC has jurisdiction, and it can take account of the damage which was caused in all the EPC states.*

## Jurisdiction issues during the transitional period (Art. 83 UPCA)

### Overview

#### Options during the transitional period

72. Art. 83(1) UPCA provides for a transitional period of seven years after the entry into force of the UPCA, which can be extended to 14 years. During this period, there are two exceptions from the exclusive jurisdiction of the UPC (Art. 32 UPCA) with respect to European patents (but not Unitary Patents).
73. First, an action for infringement or for the revocation of a European patent or an action for infringement or for declaration of invalidity of a supplementary protection certificate issued for a product protected by a European patent may still be brought before national courts or other competent national authorities (Art. 83(1) UPCA). This provision does not expressly refer to actions for declarations of non-infringement. However, since such actions are the mirror image of infringement actions and since restricting the choice of forum for just one party would result in unjustified unequal treatment, Art. 83(1) UPCA also applies to actions for declarations of non-infringement, as well as to protective and provisional measures (see also para. 81 et seq.).
74. Second, the owner of a European patent can “opt out of the exclusive competence of the UPC” (Art. 83(3) UPCA). Despite the slightly unclear wording, which seems to suggest that the UPC retains a concurrent competence, an opt-out excludes the competence of the UPC altogether and for all the actions mentioned in Art. 32 UPCA. The opt-out has effect for the entire term of the patent, and not just for the duration of the transitional period. This is clear from the second sentence of Art. 83(3) UPCA, according to which the opt-out must be declared at the latest one month before the end of the transitional period. It cannot be assumed that the drafters of the UPCA meant to provide for an opt-out period which has effect for only one month or less.
75. The opt-out does not raise any issues of jurisdiction. In the case of an opt-out, only the national courts have jurisdiction, which is determined in accordance with the BR.

#### Applicable law

76. It is not clear from the wording of Art. 83 UPCA whether the national courts, when they have jurisdiction during the transitional period, should apply the substantive law provisions of the UPCA or the applicable national law (excluding the UPCA). While the Preparatory Committee is of the view that the national courts should only apply national law (as determined by its own rules of conflict), eminent authors have argued in favour of the application of the UPCA. Both sides agree, however, that the national courts will have to apply their own procedural law.
77. The question of the applicable substantive law is, strictly speaking, beyond the ambit of the present manual, as it does not concern jurisdiction but the applicable law. Nevertheless, it seems appropriate in this context to give an overview of the main arguments for both sides.

78. Since Art. 83 UPCA is silent on this issue, the question must be resolved by interpretation according to Arts. 31 and 32 of the Vienna Convention on the Law of Treaties (VCLT). Under these provisions, a treaty must be interpreted “in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose” (Art. 31(1) VCLT). Supplementary means of interpretation are the preparatory works and the circumstances of conclusion (Art. 32 VCLT).
79. The wording of the UPCA is inconclusive. On the one hand, Art. 83(1) and (3) UPCA only addresses the issue of jurisdiction, not that of applicable law. It could be concluded that only the jurisdiction of the UPC can be avoided, not the substantive provisions of the UPCA. On the other hand, the UPCA only applies “without prejudice to Art. 83 [UPCA]” (Art. 3(c), (d)), hence the application of the entire agreement could be seen as subject to the exceptions allowed by Art. 83.
80. The object and purpose of the UPCA are not conclusive either. On the one hand, it should arguably create legal certainty about the law applicable to the infringement of European patents. Certainty would be undermined if it only became clear after the commencement of litigation which set of provisions – UPCA or national law – applied and if the claimant, by choosing between the UPC and the national court, could also, contrary to the principles of private international law, choose the substantive law applicable to patent infringement. In cases of parallel litigation (see paras. 81 et seq., below), this could even result in a territorially split application of law, i.e. in different infringement provisions applying to the same European patent. On the other hand, the agreement does not aim at harmonising national law. It is an agreement establishing a court and deals only with the powers and procedures of this court. Especially in the part of the UPCA which deals with the “powers of the court”, procedural law and substantive law are inextricably intertwined. It can be argued that it is impossible to separate the two and to combine the substantive law of the UPCA with the procedural law of the member states, which the national courts will definitely apply. Also, Art. 83 UPCA reflects the EU law principle of protection of reliance. Owners of a European patent are given the possibility to retain the law they considered as applicable when they applied for the patent.

### **Parallel proceedings (*lis pendens*): the framework**

81. Whereas Art. 83(3) UPCA does not raise any jurisdiction issues, Art. 83(1) UPCA opens the door to parallel proceedings. Infringement actions concerning the same patent can be started before either the UPC or the national courts, and the same applies to revocation actions for declarations of invalidity and to actions for declarations of non-infringement. Thus, there is a need for rules on conflicting proceedings which decide when parallel actions can be entertained and when the court which was seized at a later stage should stay proceedings. For this purpose, Art. 71c(2) BR refers to the Brussels rules on conflicting proceedings (Arts. 29-32 BR).

82. Actions pending before national courts at the end of the transitional period will not be affected (Art. 83(2) UPCA). Although, according to its wording, Art. 71c(2) BR only seems to apply “during the transitional period”, it follows from Art. 83(2) UPCA that the application of Arts 29-32 BR is not affected either. This result is consistent with the rule of “*perpetuatio fori*”, which, according to the prevailing view, applies in the Brussels system: once jurisdiction is established, it persists.
83. *Example 6: G, a manufacturer of generic drugs, starts revocation actions in the national courts of all the UPC member states with respect to a pharmaceutical patent held by P. The jurisdiction of the UPC is blocked by Arts. 71c(2) and 29 BR. While the action is still pending, the transitional period ends. The jurisdiction of the UPC does not “resurrect”.*
84. The basic rule, already explained above at paras. 41 et seq., is stated in Art. 29(1) and (3) BR:
- (1) [...W]here proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.
  - (2) [...]
  - (3) Where the jurisdiction of the court first seised is established, any court other than the court first seised shall decline jurisdiction in favour of that court.
85. Infringement proceedings and revocation actions do not relate to the same cause of action, although they are frequently combined in practice when the defendant in the infringement action counterclaims for revocation. The UPCA does not provide for an all-or-nothing rule according to which, once litigation has started before a national court under Art. 83(1) UPCA, a European patent would be taken out of the UPC system entirely. By referring to Arts. 29-32 BR, infringement and revocation actions may go separate ways.
86. When the conditions of Art. 29 BR are not met, Art. 30 still allows a court other than the one first seised to stay proceedings where related actions are pending before different courts. According to Art. 30(3) BR, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings. The CJEU has interpreted the concept of “related actions” narrowly for the purposes of Art. 8(1) BR: infringement actions concerning different designations of a European patent were not regarded as related. It is difficult to say how the CJEU will interpret Art. 30 BR in the context of Art. 71c(2) BR. Art. 30 BR might allow the UPC and national courts to resolve intricate conflicts that arise out of the conflicting jurisdictions during the transitional period.
87. In the general Brussels system, courts may grant provisional measures even if they do not have jurisdiction as to the substance of the claim (Art. 35 BR). It is not entirely clear if this rule also applies to the relation between the UPC and national courts during the transitional period. On the one hand, Art. 71c(2) BR does not refer to Art. 35 BR, which could mean that Art. 35 BR is not applicable. On the other hand, Art. 71c(2) BR only concerns related actions, i.e. Chapter II, Section 9 BR, whereas Art. 35 BR is in Section 10 and hence beyond the ambit of Art. 71c(2) BR.

### Scenario 1: First action before the UPC

88. In scenario 1, the claimant brings an action before the UPC. This blocks the jurisdiction of all national courts for proceedings between the same parties and concerning the same cause of action.
89. When the owner of a European patent sues for infringement in the UPC, Art. 29 BR prevents national courts from hearing the dispute.
90. *Example 7a: Patent owner P brings an infringement action against the alleged infringer I before a local division of the UPC (it is immaterial for the purposes of Art. 29 BR which local division this is). If P brings the same action on the (non-opted out) European patent before the District Court The Hague, the Dutch court will stay proceedings and/or decline jurisdiction under Art. 29(1), (3) BR.*
91. According to the case law of the CJEU, an infringement action and an action for a declaration of non-infringement between the same parties are “the same action” within the meaning of Art. 29(1) BR (see above at para. 45). Thus, an action for a declaration of non-infringement brought before the UPC will block a subsequent infringement action in a national court.
92. *Example 7b: If the alleged infringer I in example 7a applies to the central division of the UPC (see Art. 33(4) UPCA) for a declaration of non-infringement and patent owner P brings an infringement action before the District Court The Hague, the Dutch court will also stay proceedings and/or decline jurisdiction under Art. 29(1) and (3) BR.*
93. A revocation action started in the UPC will block revocation actions in the national courts between the same parties. If another claimant starts invalidity proceedings, Art. 29 BR does not apply, because the parties are not identical. However, the national court can stay revocation proceedings initiated by another claimant according to Art. 30(1) BR: the UPC will decide on the validity of the European patent for all the UPC member states. Hence, divergent national decisions would be irreconcilable with the UPC judgment (Art. 30(3) BR).
94. Infringement actions and revocation actions are, however, different causes of action. Thus, an infringement action raised in the UPC will not block a revocation action brought before the national court of a member state. But the jurisdiction of the national court is restricted to determining the validity of the patent for its own territory (Art. 24(4) BR).
95. *Example 7c: The fact that an infringement action is pending before the UPC in example 7a does not prevent the alleged infringer I from starting revocation proceedings before the Rechtbank in The Hague. But the jurisdiction of the Dutch court is restricted to declaring the patent invalid for the Netherlands (see Art. 24(4) BR).*
96. When the infringement action and the revocation action go separate ways, intricate issues of jurisdiction may arise. They will be explored in scenario 3 (combination of actions in the UPC and the national courts) (see below at paras. 108 et seq).

## Scenario 2: First action before a national court

97. When an action is first brought before a national court under Art. 83(1) UPCA, the jurisdiction of the UPC is blocked to the extent that the national court has jurisdiction according to Chapter II BR and to the extent that the national court is seized.
98. With respect to all other UPCA contracting member states, the UPC retains its jurisdiction. This begs the question of whether the claimant can restrict its claims territorially by “carving out” the contracting member state where the jurisdiction of the UPC is blocked. At first, this seems to be inconsistent with Art. 34 UPCA, which states that the judgments of the UPCA have effect for the territories of all the UPCA contracting member states. On the other hand, according to Art. 79 UPCA, the Court decides in accordance with the requests submitted by the parties, which could give the claimant the possibility to restrict its claim territorially. There may also be a practical need for the claimant to “carve out” some member states. This need may arise when the jurisdiction of the UPC is blocked with respect to one contracting member state only, but also when the UPC is prevented from handing down a judgment valid for all UPCA contracting member states for reasons of substantive law. Prior user rights, for example, remain territorially restricted according to Art. 28 UPCA. When a defendant can only rely on a prior user right in France,<sup>25</sup> the UPC will find infringement in all the UPCA contracting member states except France. A parallel can be found in trade mark law. The EU trade mark (EUTM) is a unitary right, and EU trade mark courts usually grant injunctions which are valid throughout the EU. But in some cases, the EUTM may not have been infringed everywhere. For example, a likelihood of confusion between word marks may exist in some languages but not in others. The CJEU has held in *DHL v Chronopost*<sup>26</sup> that in such cases the EU trade mark courts will grant injunctions which are restricted to the area where the EUTM has been infringed. Thus it appears to be possible for the claimant to “carve out” at least the UPCA contracting member states for which the jurisdiction of the UPC is blocked under Art. 83(1) UPCA.
99. Where a defendant is sued for infringement in the country of his domicile (Art. 4(1) BR), the national court can decide the dispute with respect to all the UPC contracting member states. The jurisdiction of the UPC for infringement proceedings between the same parties and relating to the same patent and the same infringing acts is blocked entirely. According to the national rules of civil procedure,<sup>27</sup> however, the claimant may be able to restrict its claim territorially. If this is the case, the UPC can still hear the dispute for all the other UPC member states.
100. *Example 8a: D, a German limited company with its seat in the German city of Essen, is sued for infringement by US patent owner P in the Landgericht (Regional Court) Düsseldorf. The infringing acts took place in several UPC member states. The Düsseldorf court can decide the dispute with respect to all countries. A parallel action before the UPC would be blocked. But under the German law of civil procedure, a claimant can limit its claims. P could restrict the action to the infringement in Germany. If it does, P can still commence an action in the UPC with regard to the other states.*

<sup>25</sup> This may be the case because some European jurisdictions, such as Germany, only grant prior user rights to inventors who have already used or started using the invention, whereas under French law a prior user right can emerge where the inventor has deposited an “enveloppe Soleau”, a sealed envelope which serves as proof of priority.

<sup>26</sup> CJEU, case C-235/09, *DHL v Chronopost*, [2011] ECR I-02801, paras. 46-48.

<sup>27</sup> The owner of an EU trade mark also has this option; see CJEU, case C-235/09, *DHL v Chronopost*, [2011] ECR I-02801, para. 48.

101. When the jurisdiction of the national court is based on any other provision of Chapter II BR, the restrictions on this forum apply. Under Art. 7(2) BR, for example, the jurisdiction of the courts at the “place of damage” is restricted to damage within this country (see above at para. 22). Accordingly, the UPC still has jurisdiction for actions concerning other infringing acts.
102. *Example 8b: In this case D is a Danish (not German) limited company. It shipped infringing goods to all the UPC member states from Copenhagen. P sues D for infringement before the Landgericht (District Court) Düsseldorf. The Düsseldorf court only has jurisdiction under Art. 7(2) BR for infringements which happened in Germany (the BR applies in relation to Denmark by virtue of a treaty). P can still bring an infringement action against D before the UPC with respect to goods sold in all the UPC contracting member states except Germany.*
103. As explained above (at para. 45), Art. 7(2) BR also applies to actions for declarations of non-infringement, but this jurisdiction is arguably restricted in the same way as it would be in the case of an infringement action. The courts of the country where the defendant (in this case the patent owner!) is domiciled can grant a declaration of non-infringement for all countries. Under Art. 7(2) BR, only the courts in the country at the “place of action” can grant a declaration of non-infringement for all countries where this act has effect. In all other cases, the jurisdiction under Art. 7(2) BR is restricted to the forum state. The blocking effect is equally restricted.
104. *Example 8c: If D applies for a declaration of non-infringement, D is the claimant and P is the defendant. The jurisdiction of European courts can only be based on Art. 7(2) BR, because P is not domiciled in the EU. D can bring an action before the Danish courts. Since Denmark is the country from where D acts, the Danish courts could grant the declaration for all EU states, thereby blocking an infringement action in the UPC entirely. But if D brought its action before the competent court in Milan, the Milan court’s jurisdiction would be restricted to infringing acts in Italy. P could sue D for infringement in the UPC with respect to all countries except Italy.*
105. Art. 24(4) BR states that all states have exclusive jurisdiction for revocation actions for national patents and European patents registered in each relevant state. This also applies when the issue of invalidity is raised by means of a counterclaim or a defence. Thus, while revocation actions before national courts remain possible under Art. 83(1) UPCA, the jurisdiction of the national court is restricted to determining the validity of the patent in that particular territory. A revocation action before the UPC remains possible with respect to all the other UPCA contracting member states.
106. *Example 8d: If D wishes to challenge the validity of P’s patent in a German court, it can do so before the German Federal Patent Court (not before the Düsseldorf District Court, because of bifurcation in Germany). The jurisdiction of the German court is restricted to the German part of P’s patent. With respect to all other parts of the patent, the UPC retains its jurisdiction.*
107. The UPC could declare the patent invalid for all member states apart from the one where revocation proceedings are already pending. It retains jurisdiction for these countries and, as explained above at para. 98, the claimant can restrict its claims accordingly.

### Scenario 3: Infringement and revocation actions going separate ways

108. Infringement and revocation actions are commenced in different courts. This may affect the defendant's possibility of challenging the validity by means of a counterclaim.
109. When revocation proceedings are commenced before the UPC, the national courts lose the jurisdiction to declare the patent invalid. Consequently, when an alleged infringer is sued before a national court, he loses the possibility of counterclaiming for revocation if he started invalidity proceedings before the UPC beforehand.
110. *Example 9a: A Plc. and B Ltd. are English companies. A is the owner of a European patent on a drug which is successfully used in the treatment of schizophrenia. B, a manufacturer of generics, challenges the patent in the UPC. A brings an infringement action against B before the High Court of England and Wales. The High Court can still decide the infringement issue, but it is blocked from hearing and determining B's counterclaim for revocation.*
111. A possible solution to this dilemma is provided by Art. 30 BR. Any court other than the court first seized may stay its proceedings if both actions are related. Actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings (Art. 30(3) BR). A judgment against an alleged infringer and a finding that the patent is invalid are irreconcilable. But when deciding about a stay of proceedings, the court has discretion. The court may take into account the likelihood of revocation and other circumstances of the case, such as unconscionable behaviour on the part of one of the parties.
112. *Example 9a (continued): B can apply to the High Court for a stay of proceedings, which the High Court would be entitled to grant by virtue of Art. 30 BR.*
113. The mirror image arises when invalidity proceedings are instituted in a national court and, subsequently, an infringement action is brought before the UPC. The only difference compared with the scenario discussed above is that the UPC retains jurisdiction to revoke the patent for all the other UPCA contracting member states. The defendant of the UPC infringement action can counterclaim for invalidity with respect to all states in which no revocation action is pending.
114. *Example 9b: If B starts revocation proceedings in the High Court and A sues B for infringement in the UPC, B will still be able to counterclaim for revocation with respect to all countries except the UK.*
115. In this case, the UPC can stay the infringement proceedings. But, in addition to the likelihood of invalidity, it may also take other factors into account relating to the state where the European patent that is being attacked in the national forum takes effect. A revocation action pending before the national courts of a country the market of which is insignificant for both parties may not justify a stay of proceedings, even if revocation is likely.
116. It seems possible that the UPC will grant remedies for infringement and that, subsequently, the national court first seized will declare the patent invalid for its territory. In German law, where, due to bifurcation, patents are not infrequently declared invalid after successful infringement actions, the defendant can bring an action for restitution under the German law of civil procedure. The UPCA is silent on this issue. The solution will have to be found in national law.

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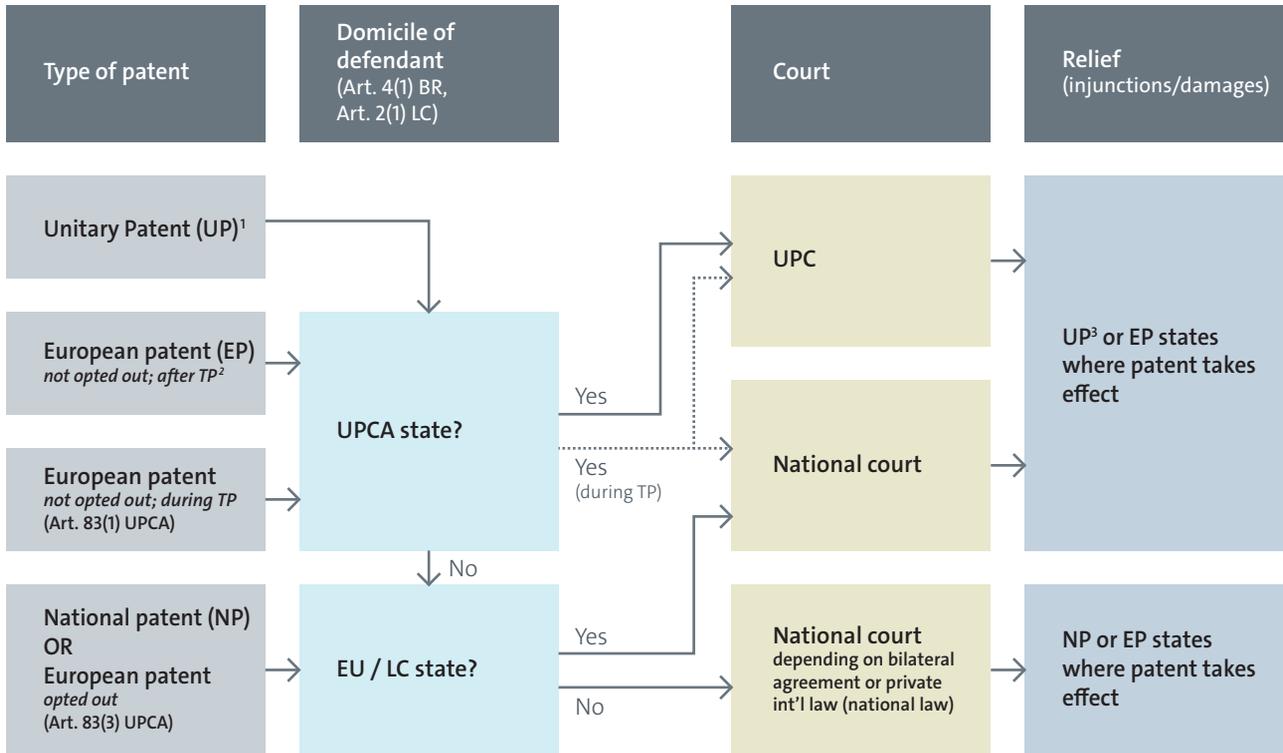
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## Annex

Chart 3

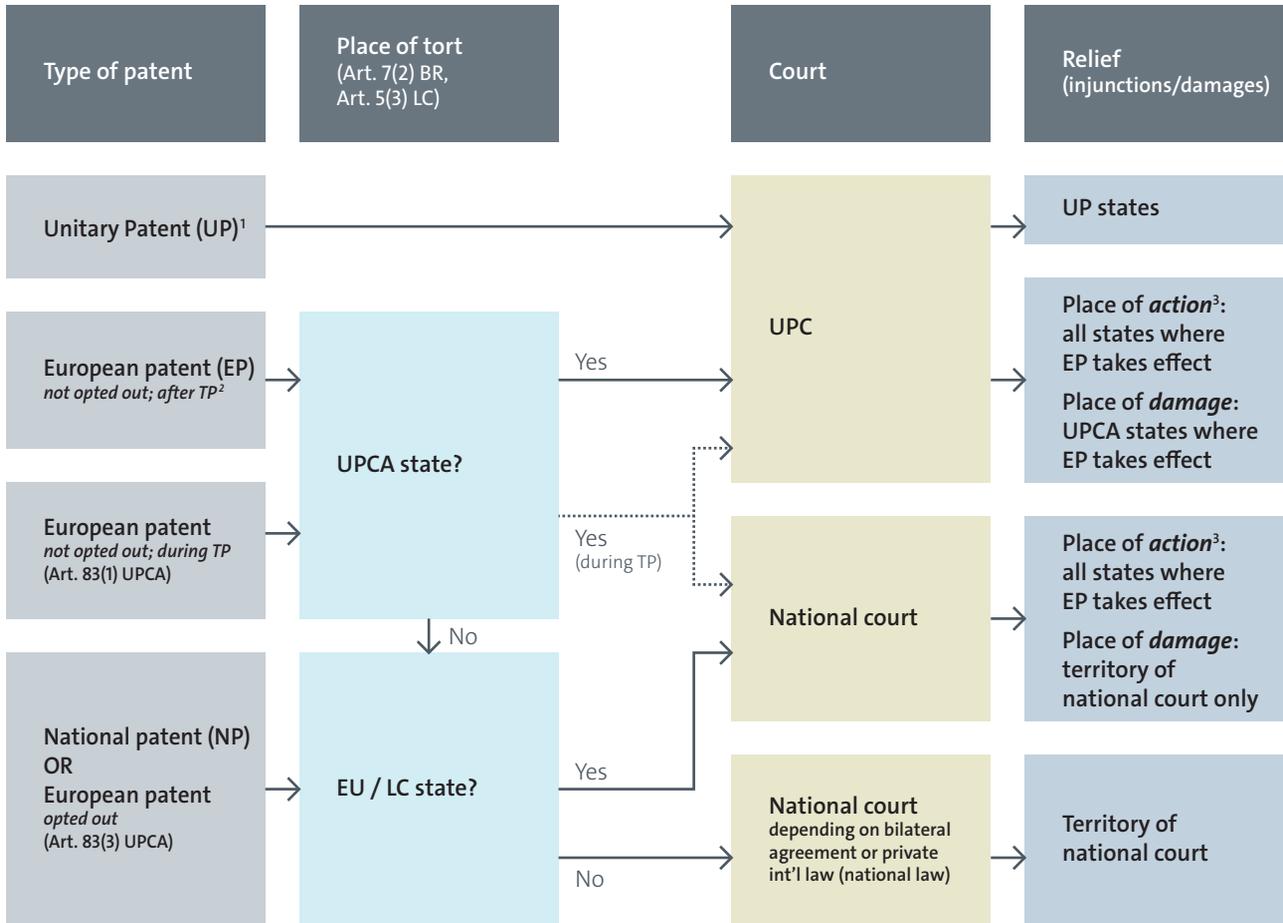
### General jurisdiction (Single patent holder, single defendant)



1 European patent with unitary effect  
 2 Transitional period  
 3 See para 27

Chart 4

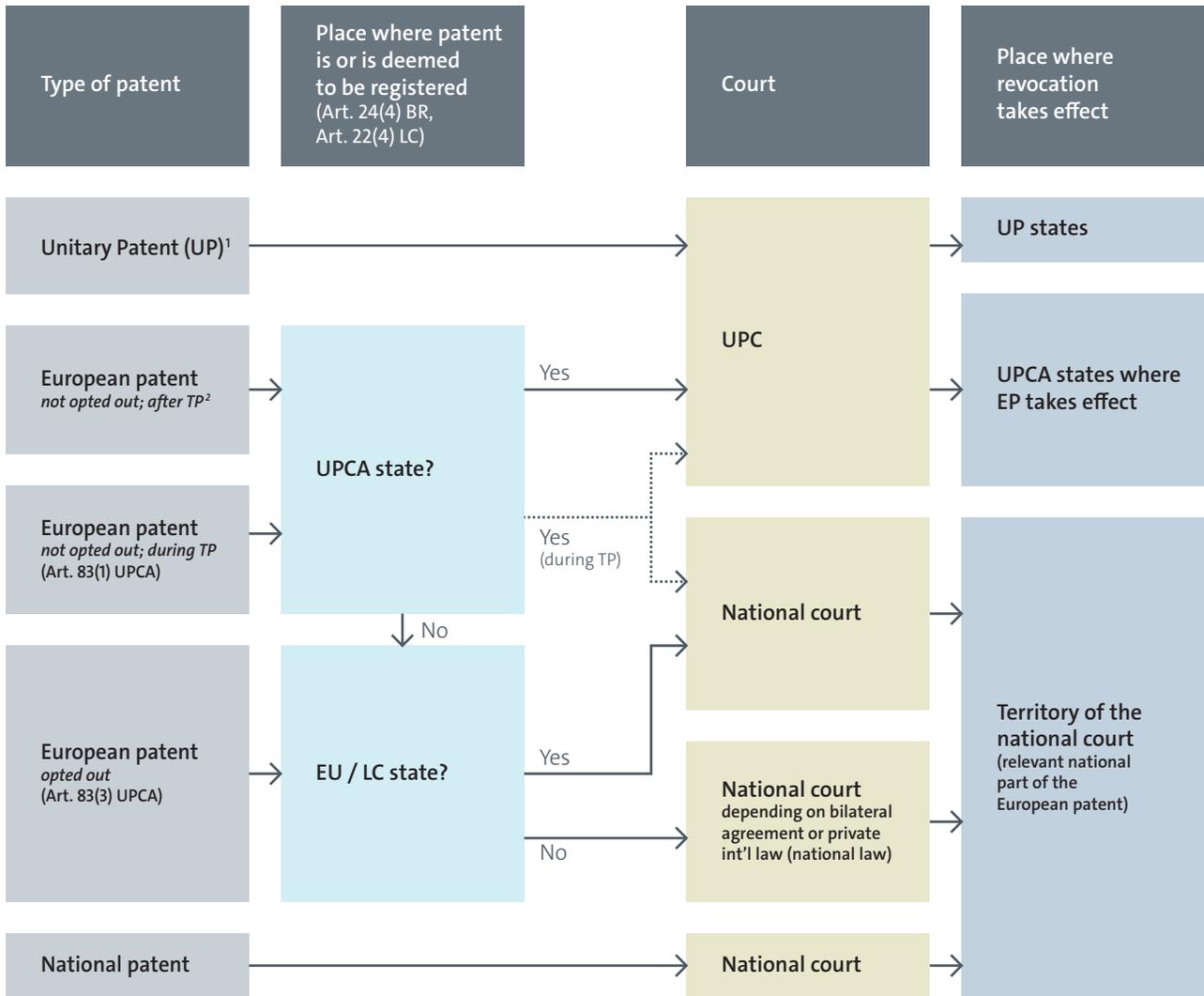
Special jurisdiction (Single patent holder, single defendant)



1 European patent with unitary effect  
 2 Transitional period  
 3 See para. 35

Chart 5

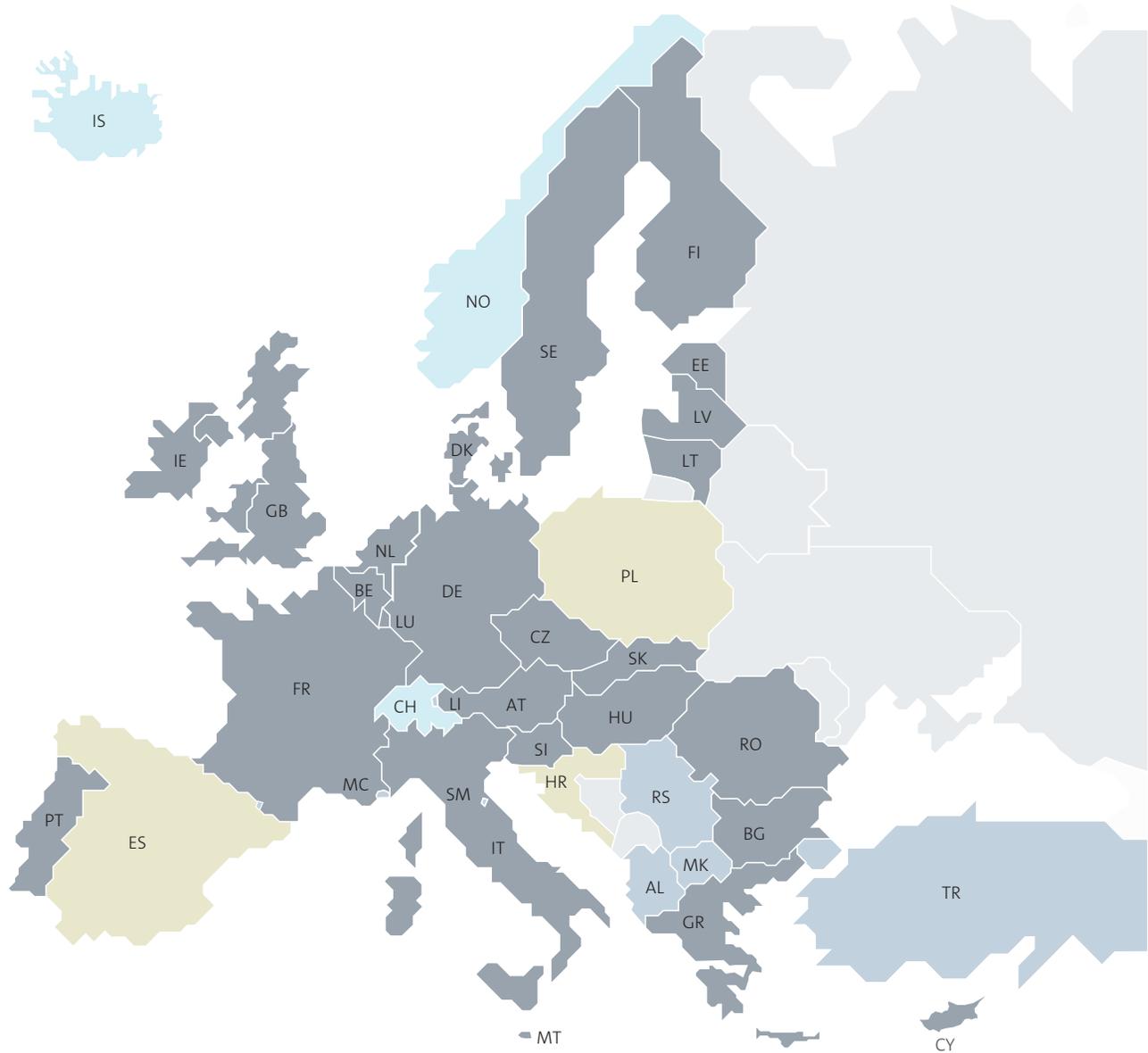
Jurisdiction for revocation actions (including counterclaim for revocation)



1 European patent with unitary effect  
 2 Transitional period

Chart 6

## The UPC's long-arm jurisdiction



● **Group 1**

The jurisdiction of the UPC will extend to the UPCA contracting member states.

● **Group 2**

The long-arm jurisdiction does not extend to Spain, Croatia and Poland.

● **Group 3**

The long-arm jurisdiction extends to Lugano Convention contracting states (Iceland, Norway, Switzerland), except where defendants are domiciled in these states.

● **Group 4**

It also extends to EPC contracting states not in Groups 1, 2 and 3 (Albania, Liechtenstein, Monaco, FYROM, San Marino, Serbia, Turkey).



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