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## European Intellectual Property Review

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# Extent of the Long-Arm Jurisdiction Conferred upon the Unified Patent Court by Art.71(b)(3) of the Brussels I Regulation as Amended by Regulation 542/2014 of May 15, 2014: Turkish Delight and a bit of Swiss Chocolate for the Unified Patent Court

Pierre Véron\*

☞ Allocation of jurisdiction; EU law; Unified Patent Court

*Regulation 542/2014 of May 15, 2014 amending Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice is not only a piece of mechanics technically needed for the entry into force of the Unified*

*Patent Court Agreement signed on February 19, 2013. It also creates rules giving jurisdiction to the new court vis-à-vis defendants domiciled outside the EU for acts of infringement committed within the EU. Finally it creates in the Brussels I Regulation an entirely new long-arm jurisdiction that deserves attention.*

Regulation 542/2014 amending Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice has not received great attention thus far.

Most specialists simply see it as a piece of mechanics technically needed for the entry into force of the Unified Patent Court Agreement signed on February 19, 2013: this is, of course, absolutely true, as art.89 of the Agreement provides that the Agreement will not enter into force before the date of entry into force of the amendments to Regulation 1215/2012.

Indeed, Regulation 542/2014 creates rules giving jurisdiction to the new court vis-à-vis defendants domiciled outside the EU for acts of infringement committed within the EU. But it goes further: it creates in the Brussels I Regulation an entirely new long-arm jurisdiction<sup>1</sup> that deserves attention.

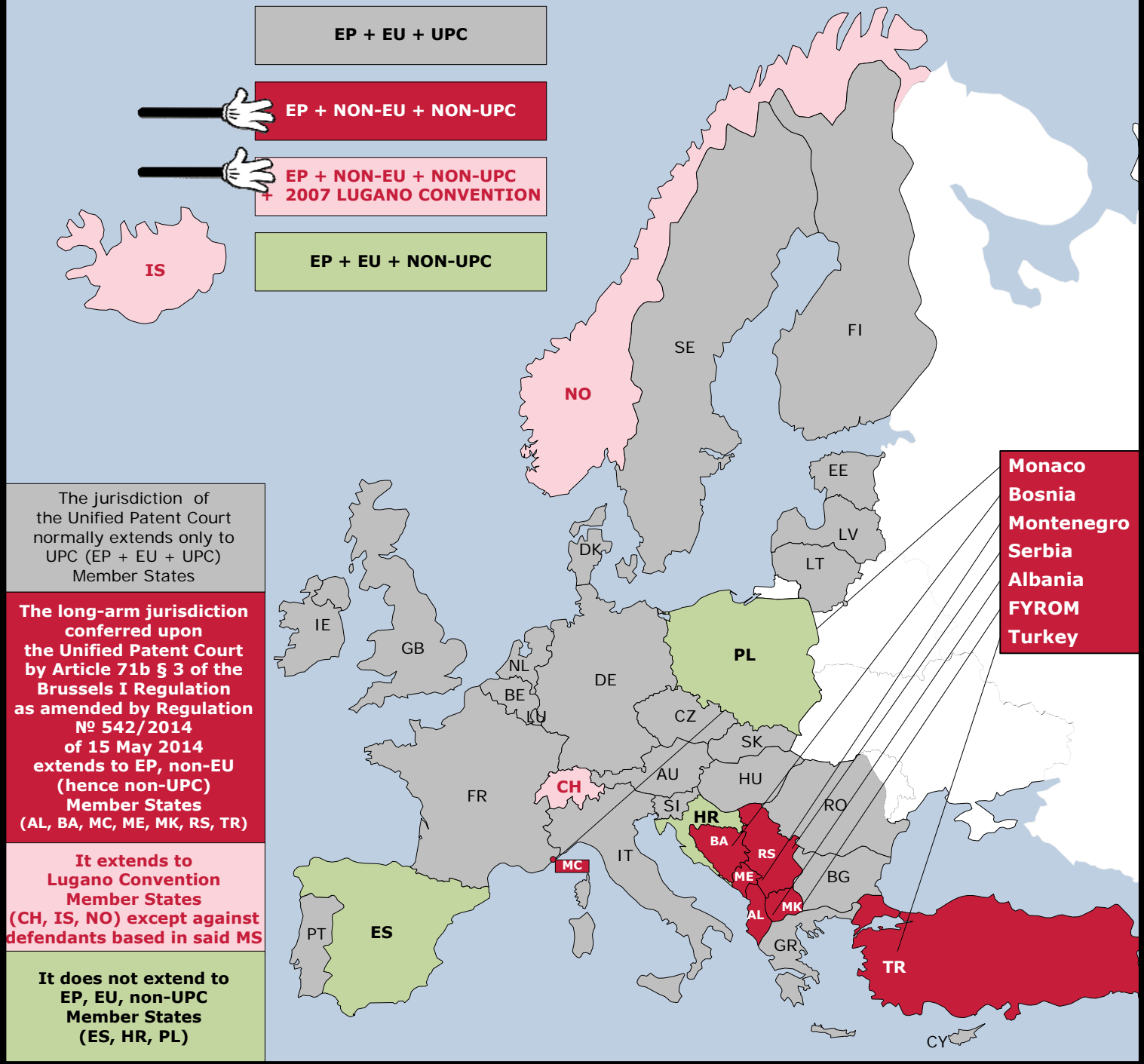
This is the result of the new art.71(b)(3) of the Brussels I Regulation as amended by Regulation 542/2014 giving (limited) jurisdiction to this court for acts of infringement of a European patent committed in countries that are signatories to the European Patent Convention but not Member States of the EU (currently Albania, Bosnia, the Former Yugoslav Republic of Macedonia, Iceland, Monaco, Montenegro, Norway, Serbia, Switzerland and Turkey).

However, this long-arm jurisdiction is limited by the 2007 Lugano Convention and cannot extend to defendants domiciled in Iceland, Norway and Switzerland (the long-arm jurisdiction extends to the infringement of a European patent in these three countries only against defendants domiciled outside these three countries):

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<sup>1</sup> "Long-arm jurisdiction refers to the ability of local courts to exercise jurisdiction over foreign defendants ("foreign" meaning out of jurisdiction, whether a state, province, or nation), whether on a statutory basis or through a court's inherent jurisdiction (depending on the jurisdiction). This jurisdiction permits a court to hear a case against a defendant and enter a binding judgment against a defendant residing outside the concerned jurisdiction." See [http://en.wikipedia.org/wiki/Long\\_arm\\_jurisdiction](http://en.wikipedia.org/wiki/Long_arm_jurisdiction) [Accessed July 1, 2015].

# The Unified Patent Court's long-arm jurisdiction





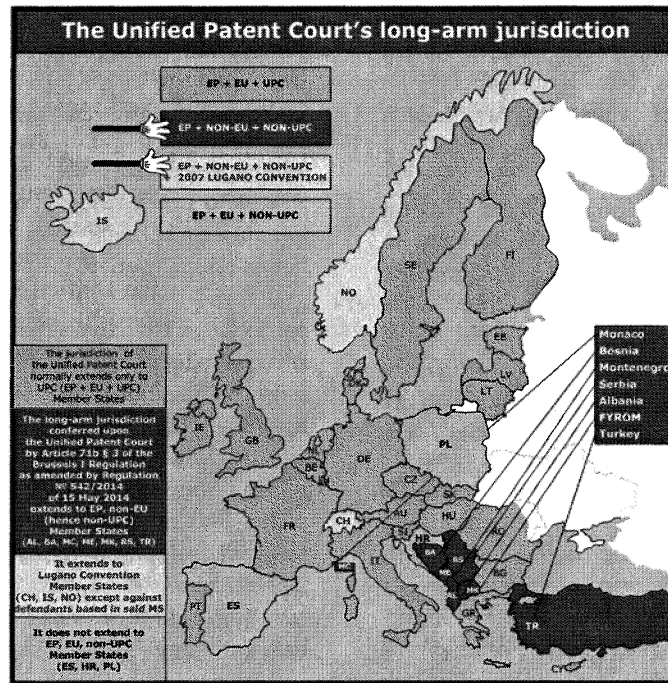


Figure 1

This article will briefly describe the legal purpose of Regulation 542/2014 before examining in greater detail this long-arm jurisdiction.

**The main legal purpose of Regulation 542/2014: to ensure compliance with the Brussels I Regulation of the Unified Patent Court Agreement as well as the Protocol to the 1965 Benelux Treaty on the Benelux Court of Justice**

A number of technicalities were needed to insert the courts “common to several Member States” into the mechanics of the Brussels I Regulation, by:

- clarifying that such courts are “courts” within the meaning of the Regulation;
- laying down rules on *lis pendens* and related actions in relation with such courts;
- clarifying the operation of the rules on the recognition and enforcement of the judgements given by these courts.

*The Unified Patent Court and the Benelux Court of Justice are “courts” within the meaning of the Brussels I Regulation*

It was first necessary to clarify in the text of the Brussels I Regulation that the Unified Patent Court and the Benelux Court of Justice, which are the two species of “court common to several Member States” currently known, are indeed “courts” within the meaning of this Regulation.

Such a clarification was needed to ensure that the Unified Patent Court Agreement complied with the Brussels I Regulation.

Otherwise, a legal problem would have arisen in cases in which a defendant was sued before a court competent under the Unified Patent Court Agreement but not competent under the Brussels I Regulation.

For example, an Italian company being accused of infringement of a European patent by importing allegedly infringing products from China into Latvia, may currently expect to be sued in an Italian court (domicile) or before a Latvian court (place of infringement): this stems from arts 4 and 7(3) of the Brussels I Regulation.

Once the Unified Patent Court Agreement is in force and if, as planned, Latvia takes part in the creation of a regional division of the Unified Patent Court having its seat in Stockholm, known as the Nordic Division, this company might be sued before the Italian division of the Unified Patent Court (domicile) or before the Nordic Division, in Stockholm (as the alleged infringement took place in the jurisdiction of this regional division).

This last option would not comply with the current content of the Brussels I Regulation because the accused infringer cannot be sued anywhere other than in the country of his domicile or the country of the infringement.

To put it simply, the jurisdiction rules set forth by the Unified Patent Court Agreement do not comply with those of the Brussels I Regulation, a pillar of EU law for the judiciary. Therefore, to ensure primacy of EU law, it was necessary to change EU law.

This is the purpose of a new art.71(a) added to the Brussels I Regulation by Regulation 542/2014:

- “1. For the purposes of this Regulation, a court common to several Member States as specified in paragraph 2 (a ‘common court’) shall be deemed to be a court of a Member State when, pursuant to the instrument

establishing it, such a common court exercises jurisdiction in matters falling within the scope of this Regulation.

2. For the purposes of this Regulation, each of the following courts shall be a common court:
  - (a) the Unified Patent Court established by the Agreement on a Unified Patent Court signed on 19 February 2013 (the ‘UPC Agreement’); and
  - (b) the Benelux Court of Justice established by the Treaty of 31 March 1965 concerning the establishment and statute of a Benelux Court of Justice (the ‘Benelux Court of Justice Treaty’).”

With such a provision, the Italian defendant sued before the Nordic division of the Unified Patent Court, in Stockholm, because he is accused of infringement in Latvia, cannot contend that he is not sued before a court competent under the Brussels I Regulation.

Such an adjustment was indeed necessary for bringing the Brussels I Regulation into line with the Unified Patent Court Agreement, but it is not much more than housekeeping.

The amendments brought about *lis pendens* and related actions are of the same nature.

### ***Rules on lis pendens and related actions with respect to courts common to several Member States***

The second purpose of Regulation 542/2014 was to define the application of the rules on *lis pendens* and related actions:

- during the transitional period referred to in art.83(1) of the Unified Patent Court Agreement, between the Unified Patent Court, on the one hand, and national courts, on the other hand;
- with respect to the Unified Patent Court and the Benelux Court of Justice, on the one hand, and the national courts of Member States, which are not Contracting Parties to the respective international agreements, on the other hand.

Rules on *lis pendens* and related actions between the Unified Patent Court and national courts during the transitional period

Under art.83(1) of the Unified Patent Court Agreement, an action for infringement (by the patentee) or for revocation (by a third party) may still be brought before national courts during a period of seven years after the date of entry into force of the Unified Patent Court Agreement.

This article thus creates a period of concurrent jurisdiction: during this seven-year transitional period, both sides are entirely free to choose between national courts and the Unified Patent Court:

- the patentee may bring his action for infringement either before a national court (the court of the domicile of the defendant or of the place of infringement) or before the Unified Patent Court (division of the domicile of the defendant or of the place of infringement);
- the competitor may bring his revocation action either before the national court of the country for which he seeks the revocation (e.g. the German Bundespatentgericht) or before the central division of the Unified Patent Court, which has exclusive jurisdiction under art.33(4) of the Agreement for a main action for revocation (with the advantage for the competitor that the Unified Patent Court may revoke the patent for all the participating Member States designated).

This has been provided to allow those who filed a patent application before the Unified Patent Court Agreement to be in a position to continue practising a litigation system to which they signed up when they applied for their patent.

However, in patent disputes, the claimant may be either the patent holder (or his licensee) or a third party, often a competitor who has an interest in the revocation of the patent (like a pharmaceutical company planning the launch of a generic version of a successful drug).

Therefore, once the Agreement is in force, it will rapidly occur that:

- a patent holder sues a competitor for infringement before a national court of a state where the alleged infringement takes place (because the patent holder is familiar with this court);
- the competitor in return starts a revocation action before the Unified Patent Court (with a view to obtaining through a single action the revocation of the patent for all the participating Member States designated).

It may also happen that the competitor begins a revocation action because he fears an imminent action for infringement: the actions remain the same, but the order is inverted.

Such actions are undoubtedly “related actions” in the sense of arts 28-30 of the Brussels I Regulation: if the patent is eventually revoked, the infringement action will fail.

This is why Regulation 542/2014 creates a new art.71(d) in the Brussels I Regulation to specify that arts 29 to 32 thereof shall apply to such parallel actions before national courts, on the one hand, and before the Unified Patent Court, on the other hand.

Rules on *lis pendens* and related actions between the Unified Patent Court and the Benelux Court of Justice and the national courts of Member States, which are not contracting parties to the respective international agreements

New art.71(d) also provides that arts 29 to 32 of the Brussels I Regulation shall apply to parallel actions brought before the Unified Patent Court and before a court of a Member State not party to the Unified Patent Court Agreement (e.g. Spain and Poland), but also the Member States that signed the Agreement but will not yet have ratified it when it enters into force.<sup>2</sup>

Such parallel actions will be, of course, less frequent than those of the transitional period between Unified Patent Courts and national courts of Member States having ratified the Agreement. But, in theory, they may exist.

In particular, an action for revocation of a patent before the Unified Patent Court and an action for infringement of the same patent before a Spanish court should not be

deemed to be “related actions” in view of the judgment of the CJEU of July 13, 2006 in *Roche Nederland BV v Primus and (C-539/03)*.<sup>3</sup>

All the above relates to *lis pendens* and related actions between the Unified Patent Court, on the one hand, and national courts, on the other hand.

It should be noted, for the sake of completeness, that *lis pendens* and related actions in the various divisions of the Unified Patent Court are dealt with at length in art.33 of the Unified Patent Court Agreement: this Article, one of the longest of the Agreement, deals in great detail with the various situations that may occur.<sup>4</sup>

Again, this adjustment to the Brussels I Regulation was indeed necessary for allowing the specific mechanism for *lis pendens* and related actions provided by arts 29 to 32 of the Regulation to apply to actions pending, on the one hand, before national courts and, on the other hand, before the Unified Patent Court.

But it is not much more than housekeeping.

### Rules on recognition and enforcement

The third purpose of Regulation 542/2014 was to clarify the operation of the rules on recognition and enforcement in the relations between Member States which are contracting parties to the international agreements

<sup>2</sup> The Unified Patent Court Agreement will enter into force when 13 of the 25 contracting Member States ratify it (these 13 Member States should include France, Germany and the UK): therefore, it may well be that the Agreement will operate while several contracting Member States have not ratified it.

<sup>3</sup> *Roche Nederland BV v Primus and (C-539/03)* [2006] E.C.R. I-6535; [2007] I.L.Pr. 9.

<sup>4</sup>

#### “Article 33. Competence of the divisions of the Court of First Instance

- (1) Without prejudice to paragraph 7 of this Article, actions referred to in Article 32(1)(a), (c), (f) and (g) shall be brought before:
  - (a) the local division hosted by the Contracting Member State where the actual or threatened infringement has occurred or may occur, or the regional division in which that Contracting Member State participates; or
  - (b) the local division hosted by the Contracting Member State where the defendant or, in the case of multiple defendants, one of the defendants has its residence, or principal place of business, or in the absence of residence or principal place of business, its place of business, or the regional division in which that Contracting Member State participates. An action may be brought against multiple defendants only where the defendants have a commercial relationship and where the action relates to the same alleged infringement.

Actions referred to in Article 32(1)(h) shall be brought before the local or regional division in accordance with point (b) of the first subparagraph. Actions against defendants having their residence, or principal place of business or, in the absence of residence or principal place of business, their place of business, outside the territory of the Contracting Member States shall be brought before the local or regional division in accordance with point (a) of the first subparagraph or before the central division.

If the Contracting Member State concerned does not host a local division and does not participate in a regional division, actions shall be brought before the central division.
- (2) If an action referred to in Article 32(1)(a), (c), (f), (g) or (h) is pending before a division of the Court of First Instance, any action referred to in Article 32(1)(a), (c), (f), (g) or (h) between the same parties on the same patent may not be brought before any other division.
 

If an action referred to in Article 32(1)(a) is pending before a regional division and the infringement has occurred in the territories of three or more regional divisions, the regional division concerned shall, at the request of the defendant, refer the case to the central division.

In case an action between the same parties on the same patent is brought before several different divisions, the division first seized shall be competent for the whole case and any division seized later shall declare the action inadmissible in accordance with the Rules of Procedure.
- (3) A counterclaim for revocation as referred to in Article 32(1)(e) may be brought in the case of an action for infringement as referred to in Article 32(1)(a). The local or regional division concerned shall, after having heard the parties, have the discretion either to:
  - (a) proceed with both the action for infringement and with the counterclaim for revocation and request the President of the Court of First Instance to allocate from the Pool of Judges in accordance with Article 18(3) a technically qualified judge with qualifications and experience in the field of technology concerned.
  - (b) refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement; or
  - (c) with the agreement of the parties, refer the case for decision to the central division.
- (4) Actions referred to in Article 32(1)(b) and (d) shall be brought before the central division. If, however, an action for infringement as referred to in Article 32(1)(a) between the same parties relating to the same patent has been brought before a local or a regional division, these actions may only be brought before the same local or regional division.
- (5) If an action for revocation as referred to in Article 32(1)(d) is pending before the central division, an action for infringement as referred to in Article 32(1)(a) between the same parties relating to the same patent may be brought before any division in accordance with paragraph 1 of this Article or before the central division. The local or regional division concerned shall have the discretion to proceed in accordance with paragraph 3 of this Article.
- (6) An action for declaration of non-infringement as referred to in Article 32(1)(b) pending before the central division shall be stayed once an infringement action as referred to in Article 32(1)(a) between the same parties or between the holder of an exclusive licence and the party requesting a declaration of non-infringement relating to the same patent is brought before a local or regional division within three months of the date on which the action was initiated before the central division.
- (7) Parties may agree to bring actions referred to in Article 32(1)(a) to (h) before the division of their choice, including the central division.
- (8) Actions referred to in Article 32(1)(d) and (e) can be brought without the applicant having to file notice of opposition with the European Patent Office.
- (9) Actions referred to in Article 32(1)(i) shall be brought before the central division.
- (10) A party shall inform the Court of any pending revocation, limitation or opposition proceedings before the European Patent Office, and of any request for accelerated processing before the European Patent Office. The Court may stay its proceedings when a rapid decision may be expected from the European Patent Office.”

instituting, respectively, the Unified Patent Court and the Benelux Court of Justice, on the one hand, and Member States which are not, on the other hand.

There was no need to alter the Brussels I Regulation to provide for the recognition and enforcement of the decisions of the Unified Patent Court in the Member States that are contracting parties to the Unified Patent Court Agreement.

Article 82 of the Unified Patent Court Agreement already provides for the automatic recognition and enforceability of the Unified Patent Court's decisions: "Decisions and orders of the Court shall be enforceable in any Contracting Member State."

The situation is, however, different for the recognition and enforcement of the decisions of the Unified Patent Court in those Member States which are not Contracting Parties to the Unified Patent Court Agreement.

This is the purpose of new art.71(d) of the Brussels I Regulation:

"This Regulation shall apply to the recognition and enforcement of:

- (a) judgments given by a common court which are to be recognised and enforced in a Member State not party to the instrument establishing the common court; and
- (b) judgments given by the courts of a Member State not party to the instrument establishing the common court which are to be recognised and enforced in a Member State party to that instrument.

However, where recognition and enforcement of a judgment given by a common court is sought in a Member State party to the instrument establishing the common court, any rules of that instrument on recognition and enforcement shall apply instead of the rules of this Regulation."

Again, this was a necessary adjustment, but it does not carry much consequence. The second purpose of Regulation 542/2014 is far more exciting.

### **The long-arm jurisdiction created by Regulation 542/2014**

The second major change to be incorporated into the Brussels I Regulation was in respect of international jurisdiction of the Unified Patent Court, i.e. jurisdiction of this court vis-à-vis defendants domiciled outside the EU.

It covers two different issues: the first one, again, is rather trivial as it essentially concerns not taking into account the domicile of the defendant when this domicile is outside the EU; the second deserves much more attention because it creates an entirely new long-arm jurisdiction.

### **General rule of jurisdiction vis-à-vis non-EU defendants**

In the Brussels I Regulation the issue of the general rule of jurisdiction vis-à-vis non-EU defendants is addressed in art.6, which reads:

- "1. If the defendant is not domiciled in a Member State, the jurisdiction of the courts of each Member State shall, subject to Article 18(1), Article 21(2) and Articles 24 and 25, be determined by the law of that Member State."

Accordingly, when a Chinese company is being sued in a Dutch court, the jurisdiction of this court shall be determined by Dutch law.

But this provision is not appropriate for a court common to several states, such as the Unified Patent Court:

- even the Dutch division of the Unified Patent Court is not plainly a court of the Netherlands: it is a court common to the 25 signatory states; it cannot be taken for granted that it should apply Dutch law to determine its jurisdiction;
- the problem is much more difficult for a regional division of the Unified Patent Court: to which national law should the Nordic division (comprising Estonia, Latvia, Lithuania and Sweden) seating in Stockholm refer?

To provide a solution for this problem, Regulation 542/2014 creates a new, simple, and uniform jurisdiction rule.

The new art.71(b)(2) of the Brussels I Regulation extends the Regulation's jurisdiction rules to disputes involving defendants domiciled in third states:

"The jurisdiction of a common court shall be determined as follows:

- (1) a common court shall have jurisdiction where, under this Regulation, the courts of a Member State party to the instrument establishing the common court would have jurisdiction in a matter governed by that instrument;
- (2) where the defendant is not domiciled in a Member State, and this Regulation does not otherwise confer jurisdiction over him, Chapter II shall apply as appropriate regardless of the defendant's domicile.

Application may be made to a common court for provisional, including protective, measures even if the courts of a third State have jurisdiction as to the substance of the matter."



Therefore, the new art.71(b)(2) of the Brussels I Regulation confers jurisdiction over the Unified Patent Court whenever a national court would have jurisdiction, when applying the rules of the Unified Patent Court Agreement.

It further provides that Ch.II, “Jurisdiction”, of the Brussels I Regulation shall apply regardless of the defendant’s domicile.

Under this new rule, a US company holding a European patent with unitary effect or a European patent designating contracting parties of the Unified Patent Court Agreement may be sued before the Unified Patent Court’s central division for a declaration of non-infringement of the patent (for the revocation action of the patent, art.24(4) of the Brussels I Regulation already provides for a basis for jurisdiction of the Unified Patent Court regardless of the defendant’s domicile).

For an infringement action, the new rule of art.71(c)(2) of the Brussels I Regulation may not bring much practical change, as such an action may already be brought before a court of the place of infringement under art.7(2) of the Brussels I Regulation.

The new rule, however, provides for a legal basis in the Brussels I Regulation for the infringement action that the patent holder decides not to start before a court of the place of infringement.

Such a legal basis was not needed in the case of an action for infringement against defendants having their residence, or principal place of business or, in the absence of residence or principal place of business, their place of business, outside the territory of the contracting Member States: in such a case art.33(1)(b) third subparagraph provides enough legal basis for the Unified Patent Court’s jurisdiction.

In other words, a Chinese, Japanese, or US defendant may be sued for infringement of a European patent before the local division of the place of infringement or before the central division on the sole basis of art.33(1)(b) third subparagraph of the Unified Patent Court Agreement.

However, art.33(1)(b) third subparagraph would have been in conflict with the Brussels I Regulation for defendants having their residence in EU Member States, which are not contracting parties to the Unified Patent Court Agreement, like Spain, and for defendants having their residence in EU Member States, which are contracting parties to the Unified Patent Court Agreement before the completion of their ratification process.

### *Long-arm jurisdiction*

Regulation 542/2014 creates in the Brussels I Regulation an entirely new “long-arm” jurisdiction in that it provides a legal basis for the Unified Patent Court to decide over the infringement of a patent in force in a territory that is not the territory of the contracting Member States.

To put it simply, it confers jurisdiction over the Unified Patent Court, under certain conditions, to decide on the infringement of, for example, a Turkish patent.

The new rule is laid down in new art.71(b)(3) of the Brussels I Regulation as amended by Regulation 542/2014:

“The jurisdiction of a common court shall be determined as follows:

- (1) a common court shall have jurisdiction where, under this Regulation, the courts of a Member State party to the instrument establishing the common court would have jurisdiction in a matter governed by that instrument;
- (2) where the defendant is not domiciled in a Member State, and this Regulation does not otherwise confer jurisdiction over him, Chapter II shall apply as appropriate regardless of the defendant’s domicile. Application may be made to a common court for provisional, including protective, measures even if the courts of a third State have jurisdiction as to the substance of the matter;
- (3) where 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.”(Emphasis added.)

According to this new provision, when the Unified Patent Court has jurisdiction over a defendant because it is accused of having infringed a European patent, for example, in Germany, this court may also exercise jurisdiction “in relation to damage arising outside the Union from such an infringement”.

Such wording raises several questions.

The first question is: what is the “damage arising outside the Union” from the infringement?

The second question refers to the condition of “property belonging to the defendant ... located in any Member State”: what is the reason for this asset-based jurisdiction?

The third question is to determine to what extent this new provision differs from the current law.

The fourth and last question is to determine the limits of this provision in view of the 2007 Lugano Convention.

The object of the long-arm jurisdiction—the “damage arising outside the Union” from the infringement

The first question revolves around the interpretation to be given to the words “damage arising outside the Union” in new art.71(b)(3) of the Brussels I Regulation as amended by Regulation 542/2014:

- do those words refer to “damage arising outside the Union” as a result of an infringement committed *within* the territory of the Union?; or
- do they refer to “damage arising outside the Union” as a result of an infringement committed *outside* the territory of the Union?

The *travaux préparatoires* make it clear that the second option was intended by the law-makers.

The initial Proposal 12974/13 submitted on August 6, 2013 by the Commission to the Council<sup>5</sup> was ambitious.

At that time, the Commission was thinking of creating a specific and autonomous “in rem” or “asset-based” ground of competence (which currently exists in some EU jurisdictions) for the courts common to several states: a common court would have had jurisdiction against a defendant having property in one of the EU Member States whether or not those assets have a link with the case, whether or not there was an infringement in the Union.

The August 6, 2013 Proposal reads as follows (the end of (2) and (3) being very different from the final text):

**“Article 71b**

The jurisdiction of a common court shall be determined as follows:

1. The common court shall have jurisdiction where, under this Regulation, the courts of a Member State party to an agreement establishing a common court have jurisdiction in a matter governed by that agreement.
2. Where the defendant is not domiciled in a Member State, and this Regulation does not otherwise confer jurisdiction over him, the provisions of Chapter II shall apply as if the defendant was domiciled in a Member State. Article 35 shall apply even if the courts of non-Member States have jurisdiction as to the substance of the matter.
3. Where the defendant is not domiciled in a Member State and no court of a Member State has jurisdiction under this Regulation, the defendant may be sued in the common court if:
  - a) property belonging to the defendant is located in a Member State party to the agreement establishing the common court;
  - b) the value of the property is not insignificant compared to the value of the claim;

- c) the dispute has a sufficient connection with any Member State party to the agreement establishing the common court.”

The August 6, 2013 Proposal explained:

“For instance, with respect to the Unified Patent Court, the asset-based jurisdiction would ensure that the Court would have jurisdiction vis-à-vis a Turkish defendant infringing a European patent covering several Member States and Turkey.”

The clear intention was to give the Unified Patent Court a long-arm jurisdiction for acts of infringement committed outside the EU territory (not only to rule on the damage arising outside the Union from the infringement committed in the Union).

This was not accepted, but new art.71(b)(3) of the Brussels I Regulation as amended by Regulation 542/2014 should be read with this background in mind:

**“Article 71b**

The jurisdiction of a common court shall be determined as follows:

- ...  
(3) where 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.”(Emphasis added.)

The final wording of para.3 creates an *annex* extraterritorial jurisdiction for the Unified Patent Court. It arises only when the Unified Patent Court already has *principal* jurisdiction against a defendant for the infringement of a European patent committed within the territory of the Union.

When this prerequisite is met, the Unified Patent Court “may” also exercise additional jurisdiction for the acts of infringement committed outside the European Union, provided that

“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”.

<sup>5</sup> See <http://data.consilium.europa.eu/doc/doc/document/?ST-12974-2013-INIT/?en/> [Accessed July 2, 2015].

The verb “may” means probably that the Unified Patent Court shall have the discretion to refuse this additional jurisdiction when it feels it appropriate: therefore, there might be room for discussion about “forum non conveniens”.

Needless to say, art.71(b)(3) does not apply to defendants from a Member State of the EU which does not take part in the Unified Patent Court Agreement. This is because para.3 refers to “damage arising outside the Union”.

It would not be permitted to sue a Spanish infringer before the Unified Patent Court for not only infringement committed within the Unified Patent Court territory, but also for infringement committed in Spain (in such a case, the patent owner should bring two suits: one before the Unified Patent Court, one before a Spanish court).

The asset condition for the long-arm jurisdiction—property belonging to the defendant located in a contracting Member State

Article 71(b)(3) *in fine* provides that the long-arm 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.

This condition, taken from the August 6, 2013 draft, does not make much sense as there is always a connection with the Union in the case of *additional* jurisdiction.

Under this condition, the Unified Patent Court may exercise jurisdiction over the infringement of a European patent covering, for example, Turkey, if property belonging to the defendant is located in any Member State party to the instrument establishing the common court and if the dispute has a sufficient connection with any such Member State.

This asset condition is twofold:

1. there should be a defendant’s asset in a Member State;
2. there should be a connection between the dispute and the Member State where the asset is located.

Imagine a US based company which allegedly infringes a European patent throughout most of the European countries where it applies, from Ireland to Turkey and from Finland to Malta. Let us assume that this US company is being sued for infringement in the French local division of the Unified Patent Court (because the alleged infringement takes place in France). Let us also assume that this US company has assets in France, at least its shares in its French subsidiary. Such a dispute indeed has a connection with France.

Therefore, it should be possible for the claimant to seek damages not only for the infringement committed in France and in the other countries participating in the Unified Patent Court Agreement, but also damages for the infringement committed in countries that are

signatories of the European Patent Convention but not Member States of the EU (currently Albania, Bosnia, the Former Yugoslav Republic of Macedonia, Iceland, Monaco, Montenegro, Norway, Serbia, Switzerland and Turkey).

This is a clear-cut case. But more difficult questions may arise.

Would art.71(b)(3) of the Brussels I Regulation as amended by Regulation 542/2014 apply in a scenario in which a major Turkish company, with a Western European subsidiary in Luxembourg, sells allegedly infringing products throughout Europe from Istanbul to Dublin and from Helsinki to Lisbon?

Would it be possible, if this company is sued before a German division of the Unified Patent Court because it is selling allegedly infringing products in Germany, to request that the German division exercise jurisdiction over the damage arising in Turkey?

Will it be enough that the allegedly infringing product is sold in Turkey?

Will it be enough that the claimant has sought from the German local division of the Unified Patent Court a freezing order under art.61 of the Unified Patent Court Agreement ordering the Turkish company “not to remove” from Luxembourg its assets located in that country?

The Unified Patent Court will have to build a case law on this difficult topic.

What is the difference between the long-arm jurisdiction and the current law?

The final wording of art.71(b)(3) of the Brussels I Regulation creates an exception to the principle laid down by the Court of Justice of the European Union in *Shevill v Presse Alliance* (C-68/93), March 7, 1995.<sup>6</sup>

According to this principle, when the court is seised of a tort case (including an infringement case) on the basis of art.7(3) of the Brussels I Regulation as being the court where the harmful event took place, its jurisdiction is limited to the damage arising within the Member State where it sits: in contrast with the situation of a court seised on the basis of art.4 of the Regulation as being the court of the domicile, residence or principal place of business of the defendant, which may rule on the damage wherever it took place, it may not rule on damages arising outside its jurisdiction.

The new art.71(b)(3) of the Brussels I Regulation does not comply with this principle as it empowers the Unified Patent Court, under certain conditions, to rule on the damage caused outside its jurisdiction even when the defendant has no domicile, residence or place of business in the jurisdiction of the division of this court seised with the case.

Under this article, the Unified Patent Court seised with a principal case of infringement within the Unified Patent Court territory may exercise additional jurisdiction for infringement committed outside the Unified Patent Court territory provided that the defendant has property within the Unified Patent Court’s territory.

<sup>6</sup> *Shevill v Presse Alliance* (C-68/93) [1995] E.C.R. I-415; [1995] All E.R. (E.C.) 289.

Whether this article confers the power over the Unified Patent Court to rule on the validity of the patent at issue for any territory outside the EU is another story.

In the author's view, this is not the case because the jurisdiction of the Unified Patent Court is limited to "damage arising ... from ... infringement", which does not include the power to revoke the patent: it is submitted that, if the validity of the patent is disputed and if the Unified Patent Court considers that there are serious doubts about the validity of the patent, it should either refuse to exercise its jurisdiction on these damages, or stay the proceedings until a judgment has been given by the competent court on the validity of the patent.

The legal basis for denying jurisdiction to the Unified Patent Court to determine the validity of a patent for a territory outside its jurisdiction would not be art.24(4) of the Brussels I Regulation about exclusive jurisdiction for patent validity (because this article applies only within the EU), but instead the new art.71(b)(3) of the Regulation.

However, the consequences drawn by the European Court of Justice in *Honeywell v Solvay* (C-616/10)<sup>7</sup> would be applicable: although the Unified Patent Court could not make a decision about the validity of the Turkish designation of the European patent at issue, it should not be prevented from issuing a preliminary injunction for Turkey. The possible influence of the 2007 Lugano Convention remains to be seen.

The limits of the long-arm jurisdiction in view of the 2007 Lugano Convention

The Brussels I Regulation applies only to EU countries. Another instrument applies between the EU Member States and their neighbours, Iceland, Norway and Switzerland, members of the European Free Trade Association (EFTA): the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, done at Lugano on October 30, 2007 (the 2007 Lugano Convention).

It remains to be seen how the long-arm provision applies with respect to these three states covered by the 2007 Lugano Convention but not by the Brussels I Regulation.

As explained above, it will be possible to sue a non-European (e.g. US, Chinese, Japanese or Korean) defendant accused of infringing a European patent throughout Europe before the Unified Patent Court for all the acts of alleged infringement committed within the Unified Patent Court's territory, but also within the non-UPC European territory, even the 2007 Lugano Convention territories (provided that the asset condition is met).

But it will not be possible to do the same against a defendant domiciled in Iceland, Norway or Switzerland. This results from the sophisticated relation between the Brussels I Regulation and the 2007 Lugano Convention.

Article 73 of the Brussels I Regulation provides that: "This Regulation shall not affect the application of the 2007 Lugano Convention". Article 64 (1) of the 2007 Lugano Convention provides a symmetric deference:

"This Convention shall not prejudice the application by the Member States of the European Community of the Council Regulation (EC) № 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters."

But art.64(2) of the 2007 Lugano Convention provides for a superior strength of this Convention vis-à-vis defendants domiciled in the territory of the non-EU contracting states (Iceland, Norway, Switzerland):

"However, this Convention shall in any event be applied:

- (a) in matters of jurisdiction, where the defendant is domiciled in the territory of a State where this Convention but not an instrument referred to in paragraph 1 of this Article applies, or where Articles 22 or 23 of this Convention confer jurisdiction on the courts of such a State."

This provision of the 2007 Lugano Convention provides a shield against the long-arm jurisdiction of the Unified Patent Court for the defendants domiciled in Iceland, Norway and Switzerland.

In gourmet terms, the incidence of the 2007 Lugano Convention is that the Unified Patent Court may potentially savour the taste of Turkish delight, but it may be allowed only a small amount of Swiss chocolate.

## General conclusion

Regulation 542/2014 amending Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice makes the Brussels I Regulation comply with the Unified Patent Court Agreement and provides a legal basis for the jurisdiction of this court vis-à-vis non-European defendants: the only adjustments required were technical.

The creation, in the Brussels I Regulation, of an entirely new long-arm jurisdiction is much more exciting, as it may allow the Unified Patent Court to expand its powers beyond the borders of its home territory, notably to Turkey and Switzerland (although in the latter case not against Swiss-based defendants).

<sup>7</sup> *Honeywell v Solvay* (C-616/10) EU:C:2012:445.