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# Jurisdiction and Competence of the Unified Patent Court

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The Unified Patent Court (the ‘Court’) will be the biggest thing to happen in the field of patent litigation in Europe for a very long time and, eventually, it will happen next year. Much has been said about preparing for when the doors of the Court open. This chapter looks at one of the important issues in that mix, that is the jurisdiction and competence of the Court.

## 1 What Stage Are We at Now?

It has been a long and winding road for the Court and the Unitary patent, but at long last, it can be confidently said that the system will be up and running next year. The official website states that “the start of operations of the Court can reasonably be expected to occur in early 2023”. The whisper on the street is that the aim is for March 2023.

Brexit and the complaints to the German Federal Constitutional Court disrupted preparations and in 2017 they stalled. However, following the dismissal of the constitutional complaints made against the Unified Patent Court Agreement (the ‘UPCA’), the German Federal President signed the bill ratifying the UPCA in the Autumn of 2021; and in January 2022, Austria deposited its ratification of the Protocol on Provisional Application which allowed the provisional application phase to start and marked the birth of the Court as an international organisation. The Administrative Committee was then able to start the all-important work of finalising the recruitment of judges and the successful candidates will be announced very soon. The Administrative Committee has also adopted the Court’s Rules of Procedure (‘RoP’) and Table of Fees which entered into force on 1 September 2022. The list of local and regional divisions of the Court of First Instance has been confirmed<sup>1</sup> and the Organisational Rules of the Patent Mediation and Arbitration Centre<sup>2</sup> have been published.

As to the all-important electronic case management system, an announcement was made in late August 2022 on a new authentication scheme to ensure security in accessing the system. This was trumpeted as an important milestone; the case management system will be crucial to the smooth running of the Court and users’ experience of the system.

One of the big undecided points is which, if any, city will replace London as the seat of the central division dealing with chemistry and pharmaceutical cases given that, following Brexit, the United Kingdom (‘UK’) has announced that it will no longer be participating in the UPCA. At one stage, The Hague was competing with Milan for the seat; but the former has now dropped out of the running. However, there is, as yet, no done deal and the distribution of the remaining cases between Paris and Munich is still being discussed as a viable plan.

Once the preparations are complete and the participating Member States are confident that the Court can start in an

orderly manner, Germany will deposit its instrument of ratification, and the grand opening will take place on the first day of the fourth month following such deposit.

## 2 What Patent Type to Choose?

The Unitary patent will be a new intellectual property right sitting alongside the present system of European patents and national patents. The Unitary patent will, in all respects, be a European patent for purposes of filing and prosecution, but within 30 days after grant by the European Patent Office (the ‘EPO’), the patentee will have the option to designate it as having unitary effect. In such a case the Unitary patent will provide uniform patent protection and equal legal effect in all the 17 EU Member States which have, to date, ratified the UPCA (the ‘Contracting Member States’).<sup>3</sup>

A clear advantage of the Unitary patent is that it will cover all Contracting Member States in terms of infringement including injunctive relief, but this central enforcement must be balanced against its vulnerability to central revocation. This is in contrast to the current system for litigating European patents; patentees must enforce their patents on a country-by-country basis with all the associated costs, time delays and potentially conflicting decisions inherent in taking such piecemeal action. On the other hand, depending on the facts, the current system allows patentees to choose where they want to take action, that is, it allows for a certain amount of forum shopping. It also means that, unless an opposition is brought in the EPO within nine months of the grant of the European patent, each designation has to be invalidated country-by-country.

An important consideration to bear in mind is that Unitary patents will be subject to the mandatory exclusive jurisdiction of the Court and cannot be opted out. European patents will also be subject to the jurisdiction of the Court but, during a transitional period (see section 3), they can be opted out of the Court’s jurisdiction and litigated in the national courts. When an action is brought before the Court in respect of a bundle of European patents, one single judgment will cover all designated patents in Contracting Member States which are joined in the action. It can therefore be much more efficient for a patentee with a European patent granted in a number of Contracting Member States to obtain a judgment through the Court.

National patents will continue to exist and should still form part of a company’s strategy. They can also be used in tandem with Unitary patents in countries such as Germany and France where, from the date that the UPCA comes into force, the prohibition on double patenting will be amended so that it only applies to European patents that have been opted out. For European patents which have not been opted out and for Unitary patents, the new rules will allow patentees to maintain a national patent

in parallel. This will allow patentees to test the waters in the German or French national court system, allowing them to flush out prior art and judge the strength of potential attacks on the patent before venturing into the arena of the Court where there is a risk of central revocation. If the patent survives any validity challenges, the patentee can follow up the national action by filing an action based on the Unitary patent in the local division of the Court which will allow much wider enforcement.

With all these options, companies should be making decisions now about whether to choose Unitary patent protection versus the traditional European patent or national patent route and whether to opt their current European patents out or leave them in the system. There are many points to bear in mind; this chapter concentrates on one of the important and difficult issues, that of the international and internal jurisdiction of the Court.

### 3 Opting In and Opting Out

#### a. Opt-outs of existing European patents and applications

Unless a European patent or an application for a European patent is opted out of the system, both the Court and the national courts of the Contracting Member States will have jurisdiction under Article 83 of the UPCA. This concurrent jurisdiction will last for the first seven years after the entry into force of the UPCA and can be extended by another seven years after consultation with the users of the system. Opting out means that the Court no longer has jurisdiction; rather the national court of the state where the European patent is designated has exclusive jurisdiction. Consequently, the European patent is protected from a central invalidity attack. Unless an action has been commenced before a national court in the interim, a patentee can always opt the European patent back in and then commence an infringement action before the Court for a multi-territory injunction.

In 2017, a three-month sunrise period was being planned to allow patentees to file their opt-out requests ahead of time. If the same period is allowed, and there is no reason to think it will not be, and the plan is that the Court opens in March 2023, opt-outs could be filed as early as the end of December 2022.

Under a recent amendment to the RoP, opt-out requests must be made in respect of all of the states for which the European patent has been granted or which have been designated in the application, not just as had previously been stated, in respect of the Contracting Member States. The reason was that the Administrative Committee considered that the previous wording was inconsistent with the indivisibility of the opt-out application. This in turn indicates that the Administrative Committee has considered and is of the view that the jurisdiction of the Court is wider than the territory of the Contracting Member States (see section 4(f)).

Opt-outs will be filed through the case management system which requires some time to get used to. Time will also be needed to put in place the necessary mandates. Opt-outs are only valid when performed by all the actual proprietors of the European patents (and all holders of existing supplementary protection certificates since an opt-out extends to any supplementary protection certificate based on a European patent<sup>4</sup>), not the proprietors according to the register, nor exclusive licensees. So not only will proprietors and licensees have to consider which European patents to opt out, if any, but work may also need to be done to identify the rights holder or, if different designations of the European patent are owned by more than one person, the rights holders.

#### b. Opt-ins for European patent applications

A request must be made for unitary effect before a bundle of national European patents is effectively turned into a Unitary patent. Such request can only be made where there is a granted European patent and must be filed one month after the date of publication of the mention of grant in the European Patent Bulletin. In 2017, the EPO was preparing its own sunrise period to allow patent applicants to file applications for unitary effect ahead of time so that they had the opportunity to designate their European patents as Unitary patents as the UPCA came into effect. Assuming this system will be adopted, patent applicants should consider which of their applications are nearing grant and whether they want them granted as bundles of European patents or Unitary patents. If the latter, it may be possible to delay grant now in order to apply for a Unitary patent at the start of the sunrise period.

### 4 The International Jurisdiction of the Court

#### a. Introduction

The international jurisdiction of the Court is wider than might at first appear. In certain circumstances, a claimant can seek relief in more than just the Contracting Member States of the UPCA (i.e. those EU Member States which have signed and ratified the UPCA). However, the rules are not straightforward and will probably be the subject of early litigation before the Court.

#### b. Basis of the Court's international jurisdiction

The UPCA does not lay down its own rules on international jurisdiction. Instead, the international jurisdiction of the Court is established in accordance with the Regulation (EU) No 1215/2012 (the 'Brussels I *bis* Regulation') or, where applicable, the Lugano Convention.<sup>5</sup> During the drafting of the UPCA, the European Commission advised that, without amendment, the application of the Brussels I *bis* Regulation in relation to non-Contracting EU Member States could give rise to legal challenges. Therefore, before the UPCA could enter into force, the Brussels I *bis* Regulation was amended, or rather supplemented, by implementing Regulation (EU) No 542/2014, which inserted Articles 71a to 71d into the original.

Article 71a defines the Court. It states that, as a court common to the Contracting Member States, it is deemed to be "a court of a Member State" when exercising jurisdiction in matters falling within the scope of the Brussels I *bis* Regulation. As a "common court", the Court is subject to the same obligations under EU law as any national court of the Contracting Member States.

Article 71b(1) to 71b(3) sets out the jurisdiction of the Court over defendants domiciled in the EU and in third countries. Article 71c provides rules on *lis pendens* and related actions,<sup>6</sup> including in the transitional period, and Article 71d deals with the issue of recognition and enforcement of judgments as between the Court and EU Member States which are not a party to the UPCA.

#### c. Division of jurisdiction between the Court and national courts of EU Member States

Article 71b(1) provides that the Court has jurisdiction where, under the Brussels I *bis* Regulation, the courts of one of the Contracting Member States would have jurisdiction and, where

the subject-matter is governed by the UPCA. The UPCA provides that the Court has exclusive jurisdiction over actions involving Unitary patents and European patents for:

- actual or threatened infringement;
- declarations of non-infringement (“DNI”);
- provisional and protective measures and injunctions;
- revocation; and
- damages.

The amendments made to the Brussels I *bis* Regulation make it clear that in such matters, the Contracting Member States have transferred their jurisdiction to the Court, thus replacing their national courts. Subject to the rules in Article 83 of the UPCA giving concurrent jurisdiction during the transitional period, those national courts no longer have jurisdiction over European patents.

The types of actions over which the Court has jurisdiction is listed exhaustively,<sup>7</sup> but does not include issues such as termination of a patent licence agreement, entitlement to a patent, compensation payable to an employee inventor or misuse of trade secrets. Such matters will continue to be heard by national courts which could possibly lead to the future fragmentation of cases.

#### d. The Court’s jurisdiction under Article 71b(1) of the Brussels I *bis* Regulation

For defendants domiciled in the EU, the familiar rules in Chapter II of the Brussels I *bis* Regulation will apply. Thus, the Court will have jurisdiction under the general rule in Article 4 over any defendant domiciled in any of the (currently 17) Contracting Member States.

In relation to defendants domiciled in the remaining 10 EU Member States,<sup>8</sup> the Court will have jurisdiction if an act of infringement of a Unitary patent or a non-opted out European patent has occurred in its territory under Article 7(2) (as the court of the place where the harmful event occurred). Alternatively, the Court may have jurisdiction under Article 8(1). Thus, provided one of the defendants is domiciled in a Contracting Member State, the Court will have jurisdiction over co-defendants domiciled in any of the other EU Member States (for example Spain) provided that “the claims are so closely connected that it is expedient to hear and determine them together to avoid irreconcilable judgments resulting from separate proceedings”.

There are two exceptions to these rules which are relevant to patent litigation. Firstly, under Article 24(4) only the court of the EU Member State in which a patent is registered can judge the issue of validity. In other words, the Court cannot decide the issue of validity in, for example, Spain as it has not signed the UPCA, or until it ratifies the UPCA, Ireland.

Secondly, Article 35 provides that a court of an EU Member State can award provisional, including protective, measures as may be available under the law of that Member State, even if a court of another Member State has jurisdiction over the substance of the matter. As to the interaction between Article 35 and Article 24(4), provided that the issue of patent validity is not engaged, Article 24(4) will not prevent the Court from awarding cross-border provisional measures extending to other EU Member States. In *Solvay SA v Honeywell Fluorine Products Europe BV & others* (C-616/10), the European Court of Justice accepted that although the Dutch court, in interim proceedings, would make an assessment as to how the court having jurisdiction under Article 24(4) would rule on validity, it did not make a final decision on the validity of the patent and would refuse to adopt provisional relief if it considered that there was a reasonable, non-negligible possibility that the patent would be declared

invalid by the competent court. In such circumstances, Article 24(4) did not preclude the grant of provisional measures.

In this case, Solvay sued three Honeywell companies, two based in Belgium and one in the Netherlands. It was alleged that all three companies were active in a number of countries where European patents were granted with their activities overlapping. Thus, unless the Dutch court could seize jurisdiction over the Belgian companies under Article 8(1), there would be a risk of contradictory judgments. The Dutch court could, for instance, find that the activities of the Dutch company in the Netherlands (or for instance in Finland, the example the Court of Justice used) would be infringing, whereas the Belgian court could find that the same activities of the Belgian company in the Netherlands (or in Finland) would not. Thus, where the Dutch court had cross-border jurisdiction over the defendant because of its domicile, the Belgian companies could be involved as co-defendants.

The decision in *Solvay v Honeywell* is the basis for the Dutch courts granting cross-border relief in patent actions. The question is whether the Court can and, if so, will follow the Dutch court’s lead?

The definition of European patents in the UPCA is not restricted to patents designating only Contracting Member States and therefore the Court’s jurisdiction would appear to extend to all designations of European patents. The only provision which might restrict the Court’s jurisdiction is Article 34 of the UPCA which provides that “decisions of the Court shall cover, in the case of a European patent, the territory of those Contracting Member States for which the European patent has effect”.

However, if Article 34 of the UPCA were to limit the Court’s decisions, the Court would be in the odd position of being “a court of a Member State” where it has more limited jurisdiction than the national courts of the EU Member States. Such a limitation cannot be right. Further, the UPCA provides that Union law, including the Brussels I *bis* Regulation, takes precedence over the UPCA under Article 24(1) of the UPCA.

Therefore, the Court will be able to grant provisional and protective measures, including injunctions, under Article 62 of the UPCA against co-defendants from non-Contracting EU Member States brought into the proceedings under Article 8(1). If the Court does so, the other EU Member States must recognise and enforce such judgment under Article 71d of the Brussels I *bis* Regulation.

#### e. *Lis pendens* between the Court and national courts of EU Member States

Article 71c provides that the rules on *lis pendens* and related actions in Articles 29 to 32 of the Brussels I *bis* Regulation are extended to cover proceedings, firstly, before the Court and the courts of EU Member States that are not a party to the UPCA and, secondly, the Court and the courts of Contracting Member States during the transitional period.

There has been some speculation as to whether torpedo actions, cross-border DNI actions, could be used, for example, by the courts of non-Contracting EU Member States to stay actions before the Court. Torpedo actions have been used as a strategic judicial tool in European patent litigation for exploiting the nature of European patents as a bundle of patents. The main aim of a torpedo action is to pre-empt and prevent injunctions grounded on patent infringement in jurisdictions where such measures are swiftly granted. To achieve this, the torpedo action is filed in jurisdictions known to issue decisions in a longer time-frame. This was the reason for the development of the so called “Italian torpedo”, which has proved useful for potential defendants seeking to protect themselves from provisional injunctions



in Germany. However, the national court would have to be willing to grant such jurisdiction and certainly, for example, the Spanish and Polish courts have not shown any enthusiasm to do so.

Of particular interest when planning European patent litigation during the transitional period in actions relating to non-opted out European patents will be the interaction between the Court and the national courts of the Contracting Member States. Below are some examples as to how the rules on *lis pendens* and related actions might be applied.

#### i. Two infringement actions

When the Court is first seized with an infringement action against a product in relation to all designations of a European patent and a national court is subsequently seized with an infringement or DNI action against the same product on the basis of a national designation of that same European patent, there is *lis pendens* under Article 29 of the Brussels I *bis* Regulation and the national court must decline jurisdiction.

If the same scenario is repeated, but the products are different, the actions are not considered to be the same cause of action for the purpose of Article 29, even where the parties to the two actions remain the same. This is because, following *Roche Nederland BV & others v Frederick Primus & another* (C-539/03), infringement decisions that bear on different products can be expected to be different in outcome, and are therefore reconcilable under Article 8(1). Of course, the actions are related and therefore the court second seized may stay its proceedings under Article 30.

However, if the order in which the actions are started is reversed and the first infringement action is in the national court of a Contracting Member State, the analysis is made more complicated by the wording of Article 34 of the UPCA (see section 4(d)), which it has been suggested unifies the bundle of rights comprising a European patent so that any action before the Court must involve all designations of the European patent granted in Contracting Member States. However, the better view is that it does not and a European patent remains a bundle of different designations with the ability to “carve out” one designation to be heard in a national court whilst an action over other designations can be heard by the Court.

Thus, going back to the example, if the national action is based on an act of infringement under Article 7(2), the blocking effect of the *lis pendens* rules will only relate to that particular Contracting Member State. If an action is started subsequently before the Court involving the same parties and products, but only claiming infringement over European patents designating other Contracting Member States, the action will not be blocked by the rules on *lis pendens*. However, as the two actions would be considered related, the Court has the discretion to stay the proceedings before it under Article 30.

#### ii. Infringement and revocation actions

If, in order to resolve what is perceived as merely a local issue, a potential infringer applies to revoke a European patent before the national court of a Contracting Member State, the patentee might choose to retaliate by issuing infringement proceedings before the Court on the basis of all designations of the same European patent. This second action is not the same cause of action as the first and it is likely that infringement proceedings will proceed, the two actions being unlikely to be considered related in the sense of Article 30 of the Brussels I *bis* Regulation, even if the parties to the actions are the same.

The alleged infringer will now be unable to challenge the relevant designation of the European patent by way of counterclaim because of *lis pendens* under Article 29. The alleged infringer would have been wiser to file not only a revocation action but

also an application for a DNI before the national court. There would then be *lis pendens* in the relevant Contracting Member State if the patentee subsequently filed an infringement action before the Court against the same product. If the alleged infringer files not only an application for a national DNI, but also an application for a DNI covering all other Contracting Member States, the whole infringement action before the Court could be subject to *lis pendens*.

#### f. The Court's jurisdiction under Article 71b(2) of the Brussels I *bis* Regulation

Without further amendment to the Brussels I *bis* Regulation, the Court would not have uniform jurisdiction over proceedings relating to non-EU domiciled defendants. This is because the Brussels I *bis* Regulation does not contain jurisdiction rules for such defendants, instead jurisdiction is, with a few exceptions, determined by the law of the Member State. As the Court is a court common to a number of Member States, the question of which national law would apply would arise.

To solve this problem, Article 71b(2) provides for the Court to have jurisdiction over non-EU defendants, regardless of their country of domicile (with the exception of Lugano Convention states i.e. Switzerland, Norway and Iceland). The approach has the effect of removing, where appropriate, the requirement for domicile in a Member State from the whole of Chapter II of the Brussels I *bis* Regulation (i.e. from Articles 4 to 35). This means that Article 4(1) (domicile) becomes redundant and the special jurisdiction found in Article 7(2) (matters relating to tort i.e. patent infringement) and Article 8(1) (joinder of co-defendants) becomes the basis for the Court's jurisdiction. This introduces jurisdiction based on subject-matter; a concept which, although familiar to patent litigators, is alien to the Brussels I *bis* system.

Article 71b(2)'s second sentence also provides that the Court can grant provisional, including protective, measures even if the courts of a third state have jurisdiction over the substance of the matter. This addition is intended to ensure that the Court has similar jurisdiction over defendants domiciled outside the EU as over those domiciled within the EU. The difference is that Article 35 refers to the court of the Member State awarding what provisional measures are available in that Member State, whereas Article 71b(2) is silent as to the basis of any award. However, Article 62 of the UPCA provides for the award of provisional and protective measures and this will, in practice, be the reference point for the Court.

Putting these points together, it has been suggested that, in a situation similar to that in *Solvay v Honeywell*, the Court would have jurisdiction to grant provisional measures, including a preliminary injunction, covering all European Patent Convention (‘EPC’) member states. It is this argument that has persuaded the Administrative Committee to change Rule 5 of the RoP on opt-outs so that now all European patents, not just those in Contracting Member States, must be opted out (see section 3(a)).

The argument runs that with an anchor defendant domiciled in a Contracting Member State, there would be a sufficiently close connecting link between the subject-matter of the measures sought and the territorial jurisdiction of the Court<sup>9</sup> such that the Court could grant a preliminary injunction over a Unitary patent (or a bundle of European patents in Contracting Member States) and, given that the definition of a European patent is not restricted by the UPCA, it could also cover other countries where a European patent is granted. Defendants in non-Contracting EU Member States can be joined under Article 8(1) (see section 4(d)), and defendants in non-EU EPC member states can be joined under Article 8(1) as amended by Article

71b(2), provided that “the claims are so closely connected that it is expedient to hear and determine them together to avoid irreconcilable judgments resulting from separate proceedings”.

In other words, the Court is not limited to granting interim measures in relation to European patents designating the 27 EU Member States (section 4(d)), but it can also cover European patents granted in the other EPC member states (excepting the three Lugano member states).<sup>10</sup> Indeed, the Court of Appeal of The Hague has recently held that a cross-border preliminary injunction should be granted against a company domiciled in the Netherlands, even though the European patent was not in force in the Netherlands (*LONGi (Netherlands) Trading B.V. v Hamma Solutions Corporation* (C-200.309.190/01)). The injunction covered the EU Member States of Belgium, Bulgaria, Germany, France, Hungary, Austria, Portugal and Spain, the Lugano Convention state of Switzerland and the non-EU EPC states of Liechtenstein and the UK.

It remains to be seen whether the Court will follow the line taken by the Dutch courts. Article 71b(2) second sentence has been criticised as giving rise to exorbitant jurisdiction in the sense that the rules are unfair to defendants because of the lack of significant connection between the Court and the parties or the dispute. The non-EU EPC member states would be at liberty to refuse to give effect to such measures, particularly if their courts would have jurisdiction as to the substance of the case, and even more so if their jurisdiction would be exclusive in nature.<sup>11</sup> However, the Court has the ability under Article 82(4) of the UPCA to sanction defendants with a recurring penalty payment levied against those assets. Therefore, where there are assets in the jurisdiction, it would not matter whether the courts (for example, in the UK) would recognise and enforce the Court’s injunction; the penalty payment could be sufficient to ensure compliance. If the Court were to make such orders, we may well see a flurry of anti-suit injunctions and/or revocation actions being commenced in the UK.

As noted above, the argument hinges on Article 8(1). In relation to non-EU EPC-based defendants (for example in the UK), the only judgments which could possibly be irreconcilable are going to be those of the UK court and the Court since no other countries’ courts have jurisdiction. Only the Court has jurisdiction extending to non-EU domiciled defendants under Article 71b(2). In that respect, any future dispute will not be like that in the *Solvay* case where there were numerous countries where potentially irreconcilable judgments could be given. Furthermore, the European Court of Justice stated in the *Solvay* case that “in order for judgments to be regarded as at risk of being irreconcilable... it is not sufficient that there be a divergence in the outcome of the dispute, but that divergence must also arise in the same situation of fact and law”. Although Article 69 of the EPC applies in the UK, other laws will, now the UK has left the EU, slowly over time diverge from that of the EU. Therefore, there may well be arguments to defeat a *Solvay*-like preliminary injunction even if the Court is inclined to grant them.

#### g. The Court’s jurisdiction under Article 71b(3) Brussels I bis Regulation

Where the Court already has jurisdiction under Article 71b(2) (see section 4(f)) over a non-EU defendant for infringement of a European or Unitary patent giving rise to damage within the EU, it can also exercise jurisdiction in relation to damage arising outside the EU from such an infringement under Article 71b(3). Such jurisdiction may only be established if property belonging to the defendant is located in a Contracting Member State and the dispute has a sufficient connection with such Member State.

The original intention behind this so-called “long-arm jurisdiction” was to provide a free-standing, asset-based jurisdiction in instances where no court of a Member State had jurisdiction under Article 71b(2). The Commission stated that it would, for example, ensure that the Court would have jurisdiction *vis-à-vis* a Turkish defendant infringing a European patent covering several Member States and Turkey.<sup>12</sup> However, the proposal was rejected by the Council and Parliament in favour of the present wording.

What remains is not easy to interpret and it may well prove difficult for claimants to comply with all the requirements. It has been described as exorbitant and inappropriate<sup>13</sup> since it is based on the presence in the forum of property belonging to the defendant unrelated to the dispute. Regulation (EU) No. 542/2014 seeks to fill the gap by providing sufficient connection between the asset-based forum and the dispute by stating, in Recital 7, that a dispute has a sufficient connection with a Member State if the claimant is domiciled there or the evidence relating to the dispute is available there.

Recital 7 also states that when exercising jurisdiction under Article 71b(3), the Court should have regard to the value of the property belonging to the defendant. It should not be insignificant and should be such as to make it possible to enforce the judgment, at least in part, in a Contracting Member State. Having assets (which could include patents and trade marks) in the jurisdiction of the Court means that issues of enforcement in third states is avoided if those states choose not to recognise the jurisdiction of the Court or if enforcement proves difficult in practice.

## Internal Competence of the Court

### a. Introduction

Once the international jurisdiction of the Court has been established, the internal distribution of cases between the divisions becomes relevant.

The rules on the Court’s internal competence mean that the claimant will often have a wide choice of divisions in which to launch the action. This in turn, allows them some choice in the language of proceedings and the possibility, at least at the start of the system, to take advantage of what has been called the “*couleur locale*”. Time, training and the Court of Appeal will inevitably diminish this last point, but to begin with, where the RoP allow for some latitude in their interpretation, it is felt that some divisions may be influenced by the local national law and practice. This is because, in countries where there are currently more than 50 patent cases a year (such as Germany, France, the Netherlands and Italy), two of the three legal judges sitting on the panel in each division will be from the local country.

Depending on the factual circumstances of the case, a claimant has a choice under Article 33(1) of the UPCA as to where to commence an action for infringement or threatened infringement between (a) the local or regional division where the infringing act took place, or (b) where the defendant, or in the case of multiple defendants, one of them, is resident, or has its principal place of business or, in the absence of either, has a place of business. 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. In this respect, it differs from the scheme in the Brussels I bis Regulation.

A “place of business” is a somewhat vague term and may be understood to include a branch or a place from which trade is carried out, and is not limited to a location in which products are sold or made available on the market. This rule may in certain circumstances give a claimant a wide choice as to where to bring an action.

In the event that the defendant has no place of business in a Contracting Member State, the claimant's choice is restricted to the regional or local division based where the infringement took place or the central division.

#### b. The Court's internal rules on dealing with multiple actions

Article 33 of the UPCA provides a set of rules for what will happen where there is more than one action pending before different divisions of the Court. As can be seen from the brief descriptions below, the rules have been designed so that the forum shopping under the Brussels I *bis* Regulation will not be carried on between divisions; after all, the divisions are all part of the same Court and it would be quite wrong to play one division off against another.

#### i. Infringement action followed by revocation action

The issue of bifurcation of infringement and validity actions has been a highly controversial topic. This is because, under the UPCA, a patentee has ample options for shopping between the divisions and remains in control even when a revocation action is first filed. Article 33(3) of the UPCA deliberately leaves it to the local or regional division of the Court in an infringement action to proceed as it deems fit following a counterclaim for revocation. One of the options open to the division is to refer the counterclaim for revocation to the central division and proceed with the action for infringement i.e. bifurcate the action.<sup>14</sup>

The RoP have made commendable attempts to limit the risk of abuse or at least to build in additional checks, but there are no prescriptive rules as to what should happen in all scenarios. So, in theory at least, the risk, or opportunity, for bifurcation and of an “injunction gap” (which refers to the concern that weaker patents could be pushed through the infringement divisions quickly, leading to injunctions that benefit from presumed patent validity) still exists.

Despite this, the possible impact and frequency of bifurcation should not be overstated. Since the Court should act as a single court, there is a structural guarantee against inconsistent claim construction in those rare instances where infringement and validity cases are argued separately. Prof. Fransozi's popular analogy of the “Angora cat”<sup>15</sup> is an example of a situation that should, and can, be avoided if panels from different divisions rule with a single voice. Furthermore, most courts in Europe are used to dealing with infringement and validity together and the judges from such countries are unlikely to change their stance, and although judges from jurisdictions with a national system of bifurcation such as Austria, Germany and Hungary may be more open to bifurcating actions, it has been said that the divisions in Germany at least are expected to proceed with both actions.

#### ii. Revocation action followed by infringement action

Revocation actions and actions for a DNI must be brought in the central division, provided that a claim for infringement relating to the same patent between the same parties has not been brought in a local or regional division, in which case, these actions must be brought in that local or regional division. Both revocation actions and counterclaims for revocation can be brought without having to file notice of opposition with the EPO.

The rules in Article 33 of the UPCA are extremely patentee friendly. Where a revocation action is filed first, a patentee can still bring an infringement action against that same party in relation to the same patent before any local or regional division of its choice under Article 33(1) (see section 5(a)). Where there is identity of parties, the central division is obliged to stay all further

proceedings pending a decision of the panel hearing the infringement action as to how to proceed and whether to bifurcate.

#### iii. DNI followed by infringement action

An action for a DNI must also be commenced in the central division, but that action will be stayed once an infringement action relating to the same patent is brought before a local or regional division within three months of the date on which the DNI action was initiated, so, again, the patentee is in control. If the date falls outside of this three-month period, there is no automatic stay, but one will be granted if the proper administration of justice so requires.

## Conclusion

The rules on the international jurisdiction of the Court are complicated, but no doubt there will be some litigants who, early on, will want to test the limits of the Court's jurisdiction; this will, hopefully, bring certainty to some of the difficult issues discussed. However, in the meantime, a company must do its best to understand them not only when preparing to litigate over a Unitary or European patent, but also when considering whether to opt in or opt out of the system.

## Endnotes

1. These divisions will be located in Austria (Vienna), Belgium (Brussels), Denmark (Copenhagen), Finland (Helsinki), France (Paris), Germany (Düsseldorf, Hamburg, Mannheim, Munich), Italy (Milan), the Netherlands (The Hague), Slovenia (Ljubljana) and Portugal (Lisbon). The regional Nordic-Baltic division will be mainly located in Sweden (Stockholm).
2. The Patent Mediation and Arbitration Centre will have its seats in Ljubljana and Lisbon.
3. Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia and Sweden.
4. The Court has competence over supplementary protection certificates issued for a product protected by a European or Unitary patent, but for ease of reading, this chapter does not refer any further to them.
5. This Convention will regulate actions involving defendants domiciled in Switzerland, Norway and Iceland as between the Court and the national courts of those countries. The Lugano Convention is very similar to the original Brussels I Regulation.
6. The rules on *lis pendens* are found in Article 29 of the Brussels I *bis* Regulation and state that where a court of an EU Member State is seized of an action, it will decline jurisdiction where proceedings involving the same cause of action between the same parties have already been brought before a court of a different EU Member State. Under Article 30, where the actions are merely related, any court other than the court first seized may stay its proceedings.
7. The full list is set out in Article 32(1)(a) to (i) of the UPCA.
8. The seven that have signed but not ratified the UPCA are Cyprus, Czech Republic, Greece, Hungary, Ireland, Romania and Slovakia, and the three that have not ratified the UPCA are Croatia, Poland and Spain.
9. *Van Uden Maritime BV v Kommanditgesellschaft in Firma Deco-Line* (C-391/95).
10. Eight (soon to be nine) countries being Albania, Liechtenstein, Monaco, North Macedonia, San Marino, Serbia, Turkey, the United Kingdom and, from 1 October 2022, Montenegro.

11. Fabrizio Marongiu Buonaiuti “The agreement establishing a unified patent court and its impact on the Brussels I Recast Regulation, the new rules introduced under Regulation (EU) 542/2014 in respect of the Unified Patent Court and the Benelux Court of Justice” *Cuadernos de Derecho Transnacional* (March 2016), Vol.8, No.1, pp208–222.
12. COM(2013) 554 final dated 6 August 2013.
13. Pedro A. De Miguel Asensio “Regulation 542/2014 and the international jurisdiction of the Unified Patent Court” *IIC* 2014, 45(8), pp868–888.
14. The full list of options under Article 33(3) of the UPCA is: (1) keep both aspects of the case; (2) bifurcate the action, referring the counterclaim to the central division and proceeding with the infringement claim; (3) bifurcate the action, referring the counterclaim to the central division and suspend the infringement claim; and (4) if the parties agree, refer the entire case to the central division.
15. Jacob LJ commented in *European Central Bank v Document Security Systems Inc* (2008) EWCA Civ 192 at (5): “Prof. Mario Franzosi likens a patentee to an Angora cat. When validity is challenged, the patentee says his patent is very small: the cat with its fur smoothed down, cuddly and sleepy. But when the patentee goes on the attack, the fur bristles, the cat is twice the size with teeth bared and eyes ablaze.”





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