

**THE UNIFIED PATENT COURT AGREEMENT  
AND THE AMENDMENT TO THE  
BRUSSELS I REGULATION (RECAST)**

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Published in:

*Luci e ombre del nuovo sistema UE di tutela brevettuale  
(The EU Patent Protection Lights and Shades of the New System)*

a cura di Costanza Honorati  
G. Giappichelli Editore - Torino, 2014

pp. 153-170

ISBN/EAN 978-88-348-4793-0

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## The Unified Patent Court Agreement and the Amendment to the Brussels I Regulation (Recast)

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### 1. Introduction\*

Article 89 of the Agreement on a Unified Patent Court (UPC Agreement) makes the entry into force of the Agreement dependent upon, among other conditions, the entry into force of the amendments to Regulation (EU) No 1215/2012 or Brussels I Regulation (recast)<sup>1</sup> concerning its relationship with the Agreement. The Brussels I Regulation (recast) was adopted on 12 December 2012 to replace Regulation (EC) No 44/2001, and its provisions shall apply from 10 January 2015 (Article 81 Regulation No 1215/2012)<sup>2</sup>. On 26 July 2013 the European Commission adopted its Proposal for a Regulation amending Regulation No 1215/2012 to deal with the relationship between both instruments<sup>3</sup>. The proposed amendment is based on Article 81(2) of the Treaty on the Functioning of the European Union and is subject to the ordinary legislative procedure. The goal of the current review process is that the amendments to Regulation No 1215/2012 shall also apply from 10 January 2015 (Article 2 of the Proposal).

The basic goal of the UPC Agreement is the establishment of a unified court «for the settlement of disputes relating to European patents and European pa-

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<sup>1</sup> Regulation No 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast).

<sup>2</sup> For an overview of the new Brussels I Regulation (recast), see P.A. DE MIGUEL ASENSIO, *El nuevo Reglamento sobre competencia judicial y reconocimiento y ejecución de resoluciones*, in *La Ley*, XXXIV, No 8013, 31.01.2013, p. 1-4.

<sup>3</sup> COM(2013) 554 final of 26 July 2013. Reproduced at the end of this volume, p. 227 ss.

tents with unitary effect» (Article 1), that shall replace the national courts of the Contracting Members States for the disputes falling within its exclusive competence. Pursuant to Article 32 UPC Agreement, the actions falling within the exclusive competence of the UPC include, among others, actions for actual or threatened infringements; actions for declarations of non-infringement; actions for provisional and protective measures and injunctions; actions and counterclaims for revocation of patents and for declaration of invalidity of supplementary protection certificates; actions for damages or compensation derived from the provisional protection conferred by a published European patent application; actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention. National courts remain competent for actions relating to patents and supplementary protection certificates which do not come within the exclusive competence of the UPC (Article 32 of the UPC Agreement).

The UPC is a court common to the Contracting Member States and subject to EU law as any national court (Article 1 of the UPC Agreement), but not all EU Member States participate in the UPC Agreement. In particular, Spain and Poland have not signed the Agreement, while most of the signatories have not yet ratified it. Article 89(1) requires only the ratification or accession by thirteen Member States (including Germany, France and the United Kingdom) as one of the conditions for the entry into force of the Agreement<sup>4</sup>, and Article 83 establishes a transitional period of seven years<sup>5</sup>. Since the rules on international jurisdiction and recognition and enforcement of judgments concerning the disputes falling within the competence of the UPC had previously been unified within the EU – and the EU had also concluded a parallel international convention covering such disputes<sup>6</sup> –, the UPC Agreement does not lay down its own rules on international jurisdiction. Furthermore, under Article 71 of Regulation No 44/2001, Member States are prevented from concluding any new conventions that, in relation to particular matters, govern jurisdiction or the recognition or enforcement of judgments. Therefore, pursuant to Article 31 of the UPC Agreement, the international jurisdiction of the UPC shall be established in accordance with Regulation No 1215/2012 or, where applicable, on the basis of the Lugano Convention<sup>7</sup>.

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<sup>4</sup> M. DESANTES REAL, *Hacia un Tribunal unificado y un efecto unitario para las patentes europeas en casi todos los Estados miembros de la Unión Europea. Consecuencias de la autoexclusión de España*, in *REDI*, 2013(2), p. 51.

<sup>5</sup> Pursuant to Article 83(1) of the UPC Agreement, during a transitional period of seven years after the date of entry into force of the Agreement, an action for infringement or for revocation of a European patent may still be brought before national courts or authorities.

<sup>6</sup> K. GRABINSKI, *Zur Bedeutung des Europäischen Gerichtsstands – und Vollstreckungsübereinkommens (Brüsseler Übereinkommens) und des Lugano-Übereinkommens in Rechtsstreitigkeiten über Patentverletzungen*, in *GRUR Int.*, 2001, p. 199.

<sup>7</sup> Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, done at Lugano on 30 October 2007.

In order to ensure the proper coordination between the Brussels I Regulation (recast) and the UPC Agreement, the latter assumed that certain amendments were needed in Regulation No 1215/2012, as it was made explicit in Article 89 UPC Agreement. The present contribution discusses the amendments to the Brussels I Regulation (recast) envisaged in the Commission Proposal of 26 July 2013 and the text approved «in record time»<sup>8</sup> by the Council on 6<sup>th</sup> December 2013<sup>9</sup>.

## 2. Scope and limitations of the proposed amendments

As stated in its Explanatory Memorandum, the Commission proposal amending Regulation No 1215/2012 covers several issues deemed necessary to ensure the combined and coherent application of the Brussels I Regulation (recast), the UPC Agreement and a Protocol of 2012 to the Treaty establishing a Benelux Court of Justice, which is a court common to the Benelux countries having jurisdiction over certain subject matters such as intellectual property. This Protocol falls outside the scope of this contribution and hence the specific issues concerning the Benelux Court of Justice will not be discussed here.

In particular, the envisaged reform addresses the following four issues. The clarification in the text of the Regulation that the UPC is a ‘court’ within the meaning of the Brussels I Regulation. Since the UPC replaces national courts for certain disputes and the Brussels I Regulation (recast) does not include a complete set of rules on international jurisdiction *vis-à-vis* defendants domiciled in third States, but merely refers to national laws (Article 6), the reform establishes uniform rules with respect to international jurisdiction in proceedings against such defendants brought in the UPC. Additionally, the reform deals with the application of the rules on *lis pendens* and related actions of the Brussels I Regulation (recast) when proceedings are brought before the UPC and a court of a Member State to which the UPC Agreement does not apply. Finally, the reform ensures that the provisions of the Brussels I Regulation (recast) govern also the recognition and enforcement of judgments given by the UPC in Member States which are not Contracting Parties to the UPC Agreement<sup>10</sup>.

The scope of the jurisdiction of the UPC with respect to patent disputes concerning States that do not participate in the UPC Agreement raises further considerations that are not addressed in the amendment to the Brussels I Regulation

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<sup>8</sup> See press note by the European Commission, European Commission proposal to pave way for unitary patent backed by Ministers, 6 December 2013, <[http://europa.eu/rapid/press-release\\_MEMO-13-1109\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-1109_en.htm)>.

<sup>9</sup> Council of the European Union, 16982/13 ADD 1, JUSTCIV 290 PI 176 CODEC 2754, of 29 November 2013. Reproduced at the end of this volume, p. 280 ss.

<sup>10</sup> COM(2013) 554 final, p. 4-7.

recast. Paradoxically, the implementation of the UPC Agreement seems to lead to some additional fragmentation concerning cross-border litigation of patent disputes. Since the UPC is established «for the settlement of disputes relating to European patents and European patents with unitary effect» (Article 1 of the UPC Agreement), the issue arises as to the treatment of those situations in which the courts of a Member State, pursuant to the Brussels I Regulation (recast) (for instance, as a result of the general rule based on the defendant's domicile), have jurisdiction to adjudicate not only claims concerning the infringement by the defendant of a European patent but also the infringement by the defendant of patents granted in non-European States that fall outside the scope of the UPC. The national courts of the Contracting Member States to the UPC remain competent with respect to claims that do not concern European patents, to the extent that jurisdiction is granted to them under the Brussels I Regulation (recast), Lugano Convention or national legislation pursuant to Article 6 of the Brussels I Regulation (recast). Furthermore, the national courts of the Contracting Member States remain competent for actions relating to patents and supplementary protection certificates which do not fall within the exclusive competence of the Court (Article 32 of the UPC Agreement).

Focusing now on the proposed reform, the amendment of the Brussels I Regulation (recast) with a view to stating expressly that the UPC is to be considered a 'court' within the meaning of the Regulation is basically intended to provide predictability to defendants that as a result of the internal allocation of proceedings within the UPC may be sued at a location different from the Member State designated by the Regulation. The internal division of competences among the divisions of the UPC may lead to situations where a defendant is sued in the courts of its own domicile on the basis of Article 4 Brussels I Regulation (recast) before a division of the UPC that is really located in another Contracting State. Such a possibility also affects defendants domiciled in Member States – or in States parties to the Lugano Convention – that are not Contracting Parties to the UPC Agreement when they are sued before the UPC on the basis of other jurisdiction rules, such as «the place where the harmful event occurred or may occur» – Article 7(2) of the Brussels I Regulation (recast) – or the place of performance of a contractual obligation – Article 7(1). According to the Commission's view, expressed in the Explanatory Memorandum to the Proposal, «legal certainty and predictability for defendants requires that this change of territorial jurisdiction is set out clearly in the text of the Brussels I Regulation»<sup>11</sup>. Therefore, a specific legislative amendment establishing that a court common to several Member States such as the UPC is a 'court' of a Member State for the purposes of the Brussels I Regulation (recast) was deemed necessary, and may now be found in Article 71(a) of the Proposal.

Apart from possible concerns as to the effectiveness of the method used to

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<sup>11</sup> COM(2013) 554 final, p. 5.

properly safeguard the defendants' interests, doubts may arise as to the coordination between the UPC Agreement and the 2007 Lugano Convention in the absence of an amendment to the Convention. The Lugano Convention does not prejudice the application between the Member States of the EU of the Brussels I Regulation as well as any amendments thereof – Article 64(1) of the Lugano Convention.

Furthermore, by contrast with the Brussels I Regulation, the Lugano Convention does not prevent Contracting Parties from entering into new conventions which in relation to particular matters govern jurisdiction or the recognition and enforcement of judgments – Article 67(1) of the Lugano Convention. Notwithstanding this, the UPC Agreement cannot be regarded as a Convention within the meaning Article 67(1) of the Lugano Convention, and pursuant to Article 71 of Regulation No 44/2001, Member States of the Brussels I Regulation are prevented from concluding such conventions. Hence the UPC lacks rules on international jurisdiction and recognition and enforcement of judgments.

In accordance with Article 31 of the UPC Agreement, the Lugano Convention is to be applied by the UPC in matters of jurisdiction, particularly where the defendant is domiciled in the territory of a State where the Lugano Convention but not the Brussels I Regulation applies, or where Articles 22 (exclusive jurisdiction) or 23 (prorogation of jurisdiction) of the Lugano Convention confer jurisdiction on the courts of such a State. Therefore, in the light of the Commission's view that the clarification in the Brussels I Regulation (recast) that the UPC is a 'court' of a Member State is essential to ensure legal certainty and predictability for defendants with respect to the granting of jurisdiction to the UPC, concerns may arise as to the application by the UPC of the jurisdiction rules of the Lugano Convention. Indeed, with respect to defendants domiciled in the territory of a State where the Lugano Convention but not the Brussels I Regulation applies (Iceland, Norway and Switzerland), the possibility to be sued before the UPC at a location situated in a Member State other than the one designated by the rules of the Lugano Convention, such as «the place where the harmful event occurred or may occur» – Article 5 (3) – or the place of performance of the contractual obligation – Article 5(1) –, as a result of the internal allocation of competences within the UPC, could undermine legal certainty and predictability, in the absence of a similar clarification in the text of the Lugano Convention, establishing that the UPC will have jurisdiction any time when a national court of one of its Contracting Member States would have jurisdiction based on the rules of the Lugano Convention.

Pursuant to Article 6 of the Brussels I Regulation (recast), the courts of each Member State shall apply their own law to determine international jurisdiction if the defendant is not domiciled in a Member State. From the perspective of the evolution of the common jurisdiction rules of the Brussels system, it is particularly significant that the proposed amendment extends the jurisdiction rules of the

Brussels I Regulation (recast) to third country defendants for matters which fall within the competence of the UPC, and complete those rules by creating an additional uniform subsidiary forum for disputes involving defendants domiciled outside the EU. Although the additional jurisdiction rule deserves particular attention, it is clear that the scope of the amendment to the Regulation is very limited, since the uniform regime with respect to defendants domiciled in third countries would only apply to the jurisdiction of the UPC.

Therefore, the basic goal in the reform proposal launched in 2010 by the Commission of establishing uniform rules in the Brussels I Regulation with respect to third country defendants<sup>12</sup> remains unattained, and the failure in this respect of Regulation No 1215/2012 shall not be overcome by the new amendment. The preservation of different rules governing access to justice in the Member States with respect to disputes involving third State defendants in the matters covered by the Brussels I Regulation remains a significant failure in the evolution of the Regulation, in the light of the development of the judicial cooperation in civil matters having cross-border implications. Furthermore, it creates significant distortions between the jurisdiction rules and the provisions on recognition and enforcement of the Regulation that exclude the review of the jurisdiction of the court of the Member State of origin.

### **3. Jurisdiction over defendants domiciled in third States**

**3.1. *The Commission Proposal of 26 July 2013*** – Regarding the international jurisdiction of the UPC, the starting point of the Proposal is Article 71(b)(1) to be inserted in the Brussels I Regulation. According to that provision, jurisdiction is to be granted to the UPC where, under the Brussels I Regulation, the courts of a Member State party to the UPC Agreement have jurisdiction in a matter governed by the Agreement. This provision is in line with the reference made by Article 31 of the UPC Agreement to Regulation No 1215/2012. Furthermore, Article 71(b)(2) and (3) address the amendment of the Brussels I Regulation (recast) with respect to the international jurisdiction of the UPC in disputes involving defendants domiciled in third States. Therefore, these provisions will not be relevant *vis-à-vis* defendants domiciled in the EU – even if domiciled in a Member State that is not a Contracting Party to the UPC – or in Iceland, Norway and Switzerland, to the extent that the Lugano Convention applies.

First, Article 71(b)(2) envisages the extension of the jurisdiction rules of the Brussels I Regulation (recast) to third State defendants. It establishes that where the defendant is not domiciled in a Member State, and the Regulation does not otherwise confer jurisdiction over him – for instance, based on the exclusive juris-

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<sup>12</sup> Proposal for a Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), COM(2010) 748 final of 14 December 2010, p. 3 and 8.

diction laid down in Article 22(4) in proceedings concerned with the registration or validity of patents or on the basis of Article 25 on prorogation of jurisdiction –, the provisions of Chapter II of the Regulation apply as if the defendant was domiciled in a Member State. Furthermore, the provision allows for the possibility to apply to the UPC for provisional, including protective, measures allowed for in Article 35 of the Regulation in connection to third State defendants even if the courts of a third State have jurisdiction as to the substance of the matter.

Second, Article 71(b)(3) supplements the fora of the Regulation by establishing an additional ground of jurisdiction that would apply only where the defendant is not domiciled in a Member State and no court of a Member State has jurisdiction under the Regulation. Pursuant to Article 71(b)(3) of the Proposal, the UPC would have jurisdiction 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 reasons provided by the Commission in favour of the addition of this subsidiary ground of jurisdiction are the following: «The proposal provides that a non-EU defendant can be sued at the place where moveable assets belonging to him are located provided their value is not insignificant compared to the value of the claim and that the dispute has a sufficient connection with the Member State of the court seized. The forum of the location of assets balances the absence of the defendant in the Union. Such a rule currently exists in a sizeable group of Member States and has the advantage of ensuring that a judgment can be enforced in the State where it was issued. It is a rule which fits better in the general philosophy of the Brussels I Regulation (recast) than other rules of subsidiary jurisdiction such as those provided for in the Trademark and Design Regulations mentioned above which allow proceedings against third State defendants to be brought, in particular, before the courts of the Member State where the plaintiff is domiciled (*forum actoris*). An asset-based forum may ensure the jurisdiction of the Unified Patent Court and the Benelux Court of Justice in situations where the Regulation's extended jurisdiction rules would not provide for jurisdiction and where such jurisdiction may be appropriate. 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»<sup>13</sup>.

Before addressing in Section 3.3, *infra*, the assessment of a forum based on the location of assets with respect to patent issues, it can be of interest to point out some misunderstandings that seem to underlie the justification given by the Commission concerning the proposed rule. In this connection, the Commission

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<sup>13</sup> COM(2013) 554 final, at p. 6-7.



stresses that a jurisdiction rule based on the presence of defendant's assets in a Member State fits better than the fora established in the Trade Mark Regulation<sup>14</sup> and in the Design Regulation<sup>15</sup>, which allow proceedings to be brought before the courts of the Member State where the plaintiff is domiciled. A comparison in such terms between the proposed rule and those jurisdiction provisions of the Trade Mark and Design Regulations seems inappropriate in the light of the different functions that those rules fulfil.

By contrast with the grounds of jurisdiction contained in the Trade Mark and Design Regulations, that allow proceedings to be brought in the courts of the Member State in which the plaintiff is domiciled, the provision envisaged in Article 71(b)(3) would determine the extent of the jurisdiction of the UPC. Thus, the rules of the Trade Mark and Design Regulations fulfil a somewhat different function, since they basically allocate jurisdiction to the courts of a Member State in situations that clearly (and on other grounds) fall within the international jurisdiction of the EU Member States.

For instance, it is true that Article 97(2) of Regulation No 207/2009 on the Community Trade Mark establishes that if the defendant is neither domiciled nor has an establishment in any of the Member States, certain proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or in which he has an establishment. However, this provision and its alleged *forum actoris* have to be assessed taken into consideration that it only covers proceedings in respect of the actions and claims referred to in Article 96 of the Community Trade Mark Regulation. It basically encompasses proceedings resulting from infringement actions and actions in respect of threatened infringement relating to Community trademarks; actions for declaration of non-infringement of Community trademarks; and counterclaims for revocation or for a declaration of invalidity of a Community trademark. Since the proceedings refer to the infringement and validity of Community trademarks, it is undisputed that the courts of one or several Member States must have international jurisdiction to adjudicate such disputes, and hence the function of Article 97(2) of the Community Trade Mark Regulation is essentially to allocate jurisdiction among the Member States<sup>16</sup>. By contrast, the additional forum envisaged in the proposal for the amendment of the Brussels I Regulation (recast) determines the extent of the international jurisdiction of the UPC with regard to disputes involving third State defendants with respect to, for instance, the infringement of European patents outside the EU.

Such an aim of the new provision is also clearly acknowledged by the Commission in its justification of the proposed forum, since it states that the asset-

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<sup>14</sup> Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark.

<sup>15</sup> Regulation (EC) No 6/2002 of 12 December 2001 on Community designs.

<sup>16</sup> A similar conclusion may be reached with respect to Article 82 of the Community Design Regulation.

based jurisdiction would ensure that the UPC «would have jurisdiction *vis-à-vis* a Turkish defendant infringing a European patent covering several Member States and Turkey». If the ‘Turkish defendant’ is domiciled in the EU, the courts of a Member State (including the UPC) would have general jurisdiction on the basis of Article 4 Brussels I Regulation (recast). If a defendant domiciled in Turkey infringes a European patent in the EU, the courts of one or several Member States (including the UPC) would have jurisdiction based on Article 7(2) of the Brussels I Regulation (recast). Therefore, it has to be assumed that the Commission refers to the jurisdiction of the UPC to adjudicate the infringement in Turkey of a European patent validated in Turkey by a defendant domiciled in Turkey. Such an extension of the jurisdiction of the UPC on the basis of the envisaged new forum does not seem appropriate and lacks adequate justification by the Commission.

**3.2. *The general approach adopted by the Council of Ministers on 6 December 2013*** – The text approved by the Justice Ministers as the Council’s general approach to the Proposal in December 2013, referred to in section I above, introduces some amendments to the Commission Proposal. Particularly, it inserts two new recitals – 4a and 5a – in the proposed Regulation and amends Article 71(b)(3) establishing the supplementary forum of the location of assets for defendants not domiciled in a Member State.

Those two recitals focus on the scope and application of the new jurisdiction rules and provide some additional clarification on its functioning. Recital 4a highlights that the amendments to the Brussels I Regulation (recast) deal only with the international jurisdiction of the UPC and do not affect the internal allocation of proceedings among the divisions of the UPC nor the arrangements concerning the exercise of jurisdiction during the transitional period foreseen in the UPC Agreement. In particular, Article 33 of the UPC Agreement regulates the competence of the divisions of the Court of First Instance. Although the coordination between the rules granting international jurisdiction to the UPC and the provisions on the internal allocation of competence within the UPC may raise difficulties, the application of the latter falls beyond the scope of the Brussels I Regulation (recast) and hence is not dealt with in its amendment.

Recital 5a is mainly intended to provide guidance as to the interpretation of the supplementary rule on jurisdiction for third State defendants laid down in the proposed new Article 71(b)(3) of the Brussels I Regulation (recast), and complements the amendments made by the Council into that provision. The text of Article 71(b)(3) approved by the Council is more precise than the Commission proposal as regards the disputes in which the additional ground may grant jurisdiction to the UPC where the defendant is not domiciled in a Member State.

Pursuant to the amended text of Article 71(b)(3), the supplementary jurisdiction would only apply where the UPC has jurisdiction under Chapter II of the Brussels I Regulation over a defendant not domiciled in a Member State «in a

dispute relating to an infringement of a European patent giving rise to damage within the Union», and the additional jurisdiction would only determine that the UPC «may also have jurisdiction in relation to damage arising outside the Union from such an infringement». Furthermore, under the revised text of the provision such a supplementary jurisdiction may only be established if property belonging to the defendant is located in a Member State party to the UPC Agreement and the dispute has a sufficient connection with such a Member State.

Recital 5a inserted by the Council expressly insists on the fact that the subsidiary rule of jurisdiction in Article 71(b)(3) would enable the UPC to hear disputes «in the specific case where an EU claimant brings proceedings against a third State defendant before a common court relating to an infringement of a European patent giving rise to damage as well inside as outside the Union». Although it raises new uncertainties with reference to the expression ‘EU claimant’ as the category of persons that may benefit from the additional ground of jurisdiction, the scope of the provision as approved by the Council is much more restricted than in the Commission proposal.

Furthermore, recital 5a provides specific guidance by referring to some of the factors that may be relevant in establishing that a dispute has sufficient connection with the Contracting State of the UPC Agreement where property belonging to the defendant is located as a condition to grant international jurisdiction to the UPC. In particular, as examples of relevant factors in that connection, the recital mentions the claimant’s domicile in that Contracting State or the availability there of evidence relating to the dispute. Furthermore, it refers to the need to consider the value of the property in question which should be likely to make the enforcement of the judgment possible, at least in part, in that Contracting State.

**3.3. Assessment of the supplementary rule** – The additional jurisdiction rule envisaged in Article 71(b)(3) has experienced a significant evolution between the Commission proposal and the text agreed by the Council. Although, in the light of the criticisms that the initial proposal received<sup>17</sup>, the evolution is to be welcome, the Council approach also raises doubts as to its convenience. The revised version of Article 71(b)(3) is intended to be applied to proceedings against a third State defendant brought before the UPC «relating to an infringement of a European patent giving rise to damage as well inside as outside the Union». For those situations, the envisaged rule establishes that the UPC «may also have jurisdiction in relation to damage arising outside the Union from such an infringement». This subsidiary rule seems intended to supplement the jurisdiction ground established in Article 7(2) of the Brussels I Regulation (recast), that in

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<sup>17</sup> See P.A. DE MIGUEL ASENSIO, *La Propuesta de modificación del Reglamento 1215/2012 (Bruselas I bis) para su adaptación al Acuerdo sobre un Tribunal Unificado de Patentes*, in *La Ley Unión Europea*, No 7, September 2013, p. 3-8.

matters relating to tort allows proceedings to be brought «in the courts for the place where the harmful event occurred or may occur».

According to the interpretation made by the Court of Justice of the parallel provision in Article 5(3) of the Brussels I Regulation – Article 7(2) of the Brussels I Regulation (recast) –, the wording «place where the harmful event occurred or may occur» covers both the place where the damage occurred and the place of the event giving rise to it, so that the defendant may be sued, at the option of the applicant, in the courts for either of those places<sup>18</sup>. Furthermore, in relation to the application of those two connecting factors, the Court has held that, by contrast with the limited scope of jurisdiction of the courts of the place where the damage occurs<sup>19</sup>, the courts of the place where the event giving rise to the damage occurred have jurisdiction to award damages for all of the harm caused by the infringement<sup>20</sup>.

Therefore, if the place where the event giving rise to an infringement of a European patent that also produces damages outside the Union is located in a Contracting State to the UPC Agreement, it seems that the UPC could have unrestricted jurisdiction over the whole infringement on the basis of Article 7(2) Brussels I Regulation (recast) without the need of a supplementary rule. By contrast, if the event giving rise to the damage outside the EU as a result of the infringement of a European patent is not located in a Contracting State to the UPC, according to the case law of the ECJ those situations typically have to be regarded as different infringements. As regards States that participate in the Munich Convention but are non-contracting States to the UPC, it seems relevant to recall that the Court of Justice considered that it is clear from Articles 2(2) and 64(1) of the Munich Convention that a European patent continues to be governed by the national law of each of the States for which it has been granted, and in accordance with Article 64(3) of the Convention, any action for infringement of a European patent must be examined in the light of the relevant national law in force in each of the States for which it has been granted<sup>21</sup>. Infringement proceedings concerning at the same time a European patent within the Union and

<sup>18</sup> ECJ, 16 May 2013, case C-228/11, *Melzer v. MF Global*, para 25; 19 April 2012, case C-523/10, *Wintersteiger v. Products 4U*, para 19; 3 October 2013, case C-170/12, *Pinckney v. KDG*, para 26.

<sup>19</sup> ECJ, 19 April 2012, case C-523/10, *Wintersteiger* cit., para 25; 3 October 2013, case C-170/12, *Pinckney* cit., para 37.

<sup>20</sup> See ECJ, 7 March 1995, C-68/93, *Shevill v. Presse Alliance*, para 33; 25 October 2010, C-509/09 and C-161/10, *eDate Advertising v. Martínez*, para 42; and on the determination of the place where the event giving rise to the damage occurred, 19 April 2012, C-523/10, *Wintersteiger* cit., paras 30 et seq.

<sup>21</sup> ECJ, 13 July 2006, case C-593/03, *Roche Nederland v. Primus*, paras 27 et seq.; see A. KUR, *A Farewell to Cross-Border Injunctions? The ECJ Decisions GAT v LuK and Roche Nederland v. Primus and Goldenberg*, in IIC, 2006, p. 844.

outside the Union refer in practice to different infringements. In these circumstances, the extension of the jurisdiction of the UPC to adjudicate a patent infringement outside the EU on the basis of an asset-related supplementary ground of jurisdiction, where the UPC has no jurisdiction under Chapter II of the Brussels I Regulation (recast), seems controversial.

Additionally, the connecting factor established in Article 71(b)(3) seems questionable, in particular with regard to disputes concerning patent infringements. The text approved by the Council has also introduced some improvements in this respect, since it allows jurisdiction to be established if property belonging to the defendant is located in a Member State party to the UPC Agreement and the dispute has a sufficient connection with that Member State. Notwithstanding this, recourse to such connecting factor in that provision seems to raise reasonable objections.

A forum based on the location of property may be appropriate for some disputes. In fact the 2010 Commission Proposal to amend Regulation No 44/2001 intended to add a new special jurisdiction rule in the Regulation granting jurisdiction to the courts of the place where the property is situated as regards rights *in rem* or possession in moveable property. However, that special forum was finally not included and Article 71(b)(3) is not based on that provision but on the failed subsidiary jurisdiction rule envisaged in the 2010 Proposal concerning jurisdiction over third State defendants. The need for additional grounds of jurisdiction with respect to such defendants, including a more flexible approach as to the functioning of the jurisdiction rules and the creation of a *forum necessitatis* (as envisaged in the 2010 Commission Proposal to reform the Brussels I Regulation), could be appropriate when addressing the jurisdiction over disputes involving defendants domiciled outside the EU<sup>22</sup>. However, Article 71(b)(3) does not fit that purpose.

Although in some Member States there are rules that enable jurisdiction to be founded on the presence within the forum country of assets belonging to the defendant<sup>23</sup>, recourse to such a connecting factor seems particularly questionable to grant jurisdiction to the UPC over infringements of European patents in third States<sup>24</sup>. It should be recalled that this subsidiary rule of jurisdiction only applies to situations where the UPC lacks jurisdiction over such infringements pursuant to the grounds established in Chapter II of the Regulation, and does not refer to tangible property that is directly related to the infringement action. The location of

<sup>22</sup> See Article 26 of the Commission Proposal, COM(2010) 748 final.

<sup>23</sup> For instance, see on Paragraph 23 of the German Civil Procedure Code, H. SCHACK, *Internationales Zivilverfahrensrecht*, 5<sup>th</sup> ed., Munich, 2010, p. 131-135.

<sup>24</sup> Although in other EU Member States the presence within the forum of property belonging to the defendant may also be one of the traditional bases of jurisdiction under national law, it has not been applied to cases of infringement of foreign intellectual property rights, see J.J. FAWCETT, P. TORREMANS, *Intellectual Property and Private International Law*, 2<sup>nd</sup> ed., Oxford, 2011, p. 282.

property directly related to an infringement, such as infringing articles – including goods seized as a control measure – would be relevant to grant jurisdiction under Article 7(2) of the Brussels I Regulation (recast). Also under Chapter II of the Regulation provisional measures can be adopted, for instance, against goods that have to be disposed of outside the channels of commerce or destroyed. Granting additional jurisdiction to the UPC over the infringement of third-State (although European) patents on the basis that the defendant has assets unrelated to the infringement in a Contracting State to the UPC, should generally be regarded not only as an exorbitant ground of jurisdiction but also as inappropriate for disputes over the infringement of patent rights. This conclusion seems supported by the sets of principles concerning jurisdiction in intellectual property disputes drafted in recent years, in particular by the American Law Institute<sup>25</sup> and the European Max-Planck Group on Conflict of Laws in Intellectual Property<sup>26</sup>.

The exorbitant nature of the jurisdiction ground is reinforced by the view that a sufficient connection between the asset based forum and the dispute may be established when the claimant is domiciled there, as stated in Recital 5a previously discussed. Additionally, such exorbitant ground of jurisdiction is intended to be applied in circumstances in which the country where the patent is infringed (and possibly where the defendant is also domiciled) is a Contracting State to the Munich Convention that obviously has a particular closer connection with the dispute that relates to a patent infringement in its territory. It is to be noted that if the event giving rise to the alleged infringement is located in a Contracting State to the UPC – and this could be particularly helpful in relation to evidence –, the UPC would normally be competent to adjudicate the infringement on the basis of Article 7(2) of the Brussels I Regulation (recast).

#### 4. *Lis pendens*

The Proposal envisages the inclusion of Article 71(c) in the Brussels I Regulation, establishing that the rules on *lis pendens* and related actions of the Brussels I Regulation (recast) apply between the UPC and the courts of non-Contracting Member States (and the national courts of a Member State party to the UPC Agreement during the transitional period). Therefore, the amendment does not

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<sup>25</sup> The American Law Institute, *ALI Principles – Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes*, 2008. Section 207 ALI Principles containing the list of «Insufficient Grounds for Jurisdiction over Transnational Disputes», refers in the first place to «the presence in that State of tangible property belonging to the defendant, except when the dispute is directly related to that property», see especially comment b) to Section 207.

<sup>26</sup> European Max-Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property (The CLIP Principles and Commentary)*, Oxford, 2013, pp. 56-195, discussing Part 2 on Jurisdiction of the CLIP Principles.

review the provisions of Articles 29 to 32 of the Brussels I Regulation (recast). It merely extends their application to cover proceedings brought in the UPC.

A traditional concern in patent litigation in Europe has been recourse to mirror proceedings as a delaying technique, in particular in situations in which a potential infringer brings an action for a declaration of non-infringement in the courts of a Member State of the Brussels I Regulation with a view to delaying or blocking a potential infringement claim by the patent right holder<sup>27</sup>. In this connection, an action for infringement and an action for declaration of non-infringement involve the same cause of action for the purposes of Article 29 of the Brussels I Regulation (recast)<sup>28</sup>. However, the strict priority given to the court first seized under the Brussels I Regulation, regardless of the length of the proceedings<sup>29</sup>, only applies to the extent that both claims refer to patent rights for the same territory. In this regard, the territory covered by a European patent with unitary effect is to be regarded as a single territory, since European patents with unitary effect have unitary character and equal effect in all the participating Member States, in accordance with the provisions of Regulation (EU) No 1257/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection<sup>30</sup>.

Regarding the application of Article 29 of the Brussels I Regulation (recast), by virtue of the proposed new Article 71(c), where proceedings are brought in the UPC and in a court of a Member State not party to the UPC Agreement (or a court of a Member State during the transitional period), it may be worth noting that the recent case-law of the ECJ has established that for the purposes of determining the jurisdiction of national courts, an action for a negative declaration cannot be excluded from the scope of Article 5(3) of Regulation No 44/2001<sup>31</sup>. Furthermore, the ECJ has confirmed that the expression «place where the harmful event occurred or may occur» in Article 5(3) of the Brussels I Regulation covers both the place where the damage occurred and the place of the event giving rise to that damage and, as a consequence, the defendant may be sued, at the option of the applicant, in the courts of either of those places<sup>32</sup>. Therefore, under the case-law of the ECJ it is possible that courts establish on the basis of Article 7(2) of the Brussels I Regulation (recast) their jurisdiction to determine claims for a declaration of non-infringement of patent rights concerning territories beyond the forum. Although its significance in the context of patent litigation seems limited, this trend may increase the likelihood of parallel proceedings involving the

<sup>27</sup> See, with further references, D. MOURA VICENTE, *La propriété intellectuelle en droit international privé*, in *Rec. des cours*, vol. 335 (2008), p. 105-503, at p. 408-410.

<sup>28</sup> ECJ, 6 December 1994, case C-406/92, *Tatry v. Maciej Rataj*, para 45.

<sup>29</sup> ECJ, 9 December 2013, case C-116/02, *Gasser v. MISAT*, paras 71-73.

<sup>30</sup> See pending case C-146/13 *Spain v. Parliament and Council*.

<sup>31</sup> ECJ, 25 October 2012, case C-133/11, *Folien Fischer v. Ritrama*, para 41.

<sup>32</sup> ECJ, 19 April 2012, case C-523/10, *Wintersteiger* cit., para 19; 25 October 2012, case C-133/11, *Folien Fischer* cit., para 39.

same cause of actions well as the potential significance of the strict rule in Article 29 of the Brussels I Regulation (recast) as an instrument to block proceedings either before the UPC (in situations where the place of the event giving rise to the damage is located in a Member State bound by the Regulation but not party to the UPC Agreement and the damage occurs – at least partially – in other European States) or before the courts of a Member State.

## 5. Recognition and enforcement of judgments

Pursuant to Article 82 of the UPC Agreement, the decisions and orders of the UPC shall be enforceable in any Contracting Member State. Therefore, recognition or declaration of enforceability of such decisions and orders are not necessary in the Member States parties to the UPC Agreement. Furthermore, according to Article 34 of the UPC Agreement, the territorial scope of decisions of the UPC shall cover, in the case of a European patent, the territory of those Contracting Member States for which the European patent has effect. Notwithstanding this, it is to be noted that, as a general rule, the territorial scope of a prohibition against infringement of a patent is to be determined both by reference to the territorial jurisdiction of the court hearing the case and to the territorial extent of the proprietor's exclusive right which is adversely affected by the infringement<sup>33</sup>.

Article 82 of the UPC Agreement establishes that the enforcement procedures shall be governed by the law of the Contracting Member State where the enforcement takes place, and that any decision of the UPC shall be enforced under the same conditions as a decision given in the Contracting Member State where the enforcement takes place. This is consistent with the idea that since decisions and orders of the UPC are enforceable in all Contracting States to the UPC Agreement, they are incorporated in the respective legal orders and they have to be treated for enforcement purposes as judgments of the State where enforcement is sought. Furthermore, Article 82(4) provides for a specific enforcement measure, by establishing that if a party does not comply with the terms of an order of the UPC, that party may be sanctioned with a recurring penalty payable to the UPC.

These provisions are intended to regulate enforcement proceedings but not the recognition and enforcement of foreign judgments. In fact, Member States of the EU lack competence to conclude international conventions on recognition and enforcement of foreign judgments concerning patent claims covered by the Brussels I Regulation.

As regards recognition and enforcement, the new provision intended to be inserted in the Brussels I Regulation (recast) is Article 71(d)(1). It establishes that the Regulation shall apply to the judgments given by the UPC which are to be

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<sup>33</sup> ECJ, 12 April 2011, case C-235/09, *DHL Express v. Chronopost*, para 33.



recognised and enforced in a Member State not party to the UPC Agreement. Therefore, the provisions on recognition and enforcement of the Regulation shall be applicable to judgments rendered by the UPC, including those adopted on the basis of the special jurisdiction rule for defendants not domiciled in a Member State. Furthermore, Article 71(d)(1)(b) confirms that the Regulation is also to be applied to judgments given by the courts of a Member State not party to the UPC Agreement which are to be recognised and enforced in a Member State party to that Agreement. The latter provision could be regarded as redundant, since the application of the Regulation to those situations seems undisputed in the light of the scope of the Regulation.

The new Article 71(d)(2) added by the Council confirms that the Regulation shall not apply to the recognition and enforcement of judgments given by a common court where such recognition and enforcement is sought in a Member State party to the Agreement establishing the common court. As already noted, by virtue of Article 82 of the UPC Agreement, the decisions and orders of the UPC shall be enforceable in any Contracting Member State.

As already mentioned, Article 82(4) of the UPC Agreement refers to a specific method of enforcement by establishing that if a party does not comply with the terms of an order of the Court, that party may be sanctioned with a recurring penalty payment payable to the Court. In relation to the recognition and enforcement of such measures in a Member State not party to the UPC Agreement, it is noteworthy that, with respect to the similar enforcement measure established in Paragraph 890 of the German Civil Procedure Code, the ECJ has already established that the Brussels I Regulation applies to the recognition and enforcement of a decision of a court or tribunal that contains an order to pay a fine in order to ensure compliance with a judgment given in a civil and commercial matter<sup>34</sup>. Therefore, the fact that the penalty is to be payable to the Court does not affect its inclusion in the scope of the Brussels I Regulation which is determined by the nature of the subjective right that the enforcement measure serves to protect<sup>35</sup>. Moreover, the case-law of the ECJ has already established that where the national law of the requested Member State does not contain a coercive measure similar to a periodic penalty payment to ensure compliance with a prohibition against further infringement, the objective pursued by that measure must be attained by the court of the requested Member State by having recourse to the relevant provisions of its national law which are such as to ensure that the prohibition is complied with in an equivalent manner<sup>36</sup>. Article 54 of the Brussels I

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<sup>34</sup> See C. HONORATI, *Il riconoscimento delle decisioni in materia di proprietà intellettuale*, in A. GIUSSANI (ed.), *Il processo industriale*, Torino, 2012, p. 481-523, at p. 511-513.

<sup>35</sup> ECJ, 18 October 2011, case C-406/09, *Realchemie Nederland v. Bayer CropScience*, para 42.

<sup>36</sup> ECJ, 12 April 2011, case C-235/09, *DHL Express*, cit., para 56.

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Regulation (recast) addresses this issue by imposing, to the extent possible, the adaptation of the measure or order unknown in the law of the requested State to a measure or an order known in that law that has equivalent effects and which pursues similar aims and interests. Furthermore, Article 54(2) of the Brussels I Regulation (recast) grants any party the possibility to challenge such adaptation before a court.

