

# Jurisdiction and the Unified Patent Court

simmons-simmons.com  
elexica.com

When the Unified Patent Court (UPC) opens, it will become the second so-called “common court” in the European Union, after the Benelux Court of Justice. Not strictly EU courts themselves (given that they only serve subsets of the EU member states), these courts have a recognised position in EU law, and have the ability to refer questions to the Court of Justice of the European Union. Currently 25 EU member states are expected to join the UPC.

The first 7 years of the UPC’s existence will be a transitional period, and there will be the possibility for this period to be extended depending on the recommendation of a consultation after the first 5 years. Once the transitional period has finished, jurisdiction will be fairly straightforward: the UPC will have exclusive jurisdiction over all European Patents with Unitary Effect (Unitary Patents) and all European bundle patents designating a member state which has joined the UPC, provided that such bundle patents have not been opted out (see below).

In the transitional period, however, the jurisdiction of the UPC has the potential to be fairly complicated. This paper explains what will happen.

## Opt-Out

In the transitional period, the most important feature for patentees to be aware of is the opt-out process by which a patentee will be able to opt out a European bundle patent from the UPC’s jurisdiction. Then, only national courts will be able to hear revocation, infringement, and declaratory applications relating to that patent. Up until the moment that the patent is litigated, the withdrawal of the opt-out is possible, allowing the UPC to have jurisdiction over the patent. The opt-out will last for the life of the patent unless withdrawn.

A patent which has already been the subject of UPC proceedings cannot be opted out.

## Non-opted out patents

Apart from the complications arising from when a patentee is prevented from opting a patent out/withdrawing an opt-out (on account of prior UPC/national proceedings respectively), the jurisdictional questions surrounding an opted out patent are comparatively simple. The real difficulties lie for non-opted out patents.

During the transitional period, a non-opted out patent is under the concurrent jurisdiction of both the UPC and the national courts (more explanation is given below). There are benefits and disadvantages to this: on the one hand, patentees may appreciate the ability to enforce the patent centrally in the UPC; on the other, third parties will appreciate the ability to try to revoke the patent centrally in the UPC. The consequences of central revocation on a patentee can be commercially devastating; the consequences of multiple jurisdictional enforcement can be commercially devastating on third party infringers. Given the scale of the potential risks and benefits involved, it will be particularly important to know how to exploit the jurisdictional advantages, and avoid the jurisdictional disadvantages.

Jurisdiction is here governed primarily by the Brussels I Regulation (Regulation 1215/2012, “the Brussels Regulation”), as amended by Regulation 542/2014. This recast Brussels regulation has replaced Regulation 44/2001, which itself succeeded (for these purposes) the Brussels Convention.

## Brussels Regulation

The Brussels Regulation starts from the premise that courts in different member states should not give conflicting and irreconcilable judgments on the same case, and duplicative litigation and forum shopping should be avoided as far as possible.

There are certain guiding principles in the Brussels Regulation to promote these aims. First, defendants should usually be sued where they are domiciled. There are certain reasons when this rule is not followed, for example, if a contract states otherwise, where there are multiple defendants, or in dispute with certain enumerated subjects, such as insurance, consumer contracts, or employment.

## Current Situation

For the purpose of patent infringement, and leaving aside the UPC and Unitary Patents for the moment, in general, an alleged infringer of a bundle patent must be sued in the country of his domicile or in a jurisdiction where the alleged infringement is taking place. If there is more than one jurisdiction in which infringement is alleged to be taking place, (leaving aside any complications arising from counterclaims), the defendant may be sued in any one of those jurisdictions, and that jurisdiction may hear all the infringement claims.

Applications for declarations of non-infringement of a bundle patent (where this is available in national law) follow the same jurisdictional rules: they must be brought in the country of domicile or where the bundle patent is maintained, and where the action which is the subject of the application for a declaration is taking place. If there is more than one possible jurisdiction, it is the applicant’s choice of those available.

To revoke a bundle patent, a third party must bring a revocation action in each member state where the patent is maintained. For example, in order to revoke a European Patent validated and maintained in both Austria and Sweden, revocation proceedings need to be brought in Austria and Sweden respectively.

This is also true for counterclaims for revocation. Whilst a court can hear an application for infringement covering actions in more than one member state, if there is a counterclaim for revocation, the court can only hear the part of

the infringement action and counterclaim which relates to the member state in which the action was brought. By bringing a counterclaim for revocation of a bundle patent relating to all the jurisdictions in which it is maintained, the defendant in the infringement action forces the patentee to go to each member state's courts individually if it wishes to enforce the bundle patent there.

## Adding the UPC and Unitary Patent to the mix

All infringement, revocation, and declarations of non-infringement relating to Unitary Patents will have to be heard in the UPC: national courts will not have jurisdiction to decide these issues.

Provided there is no opt-out, the UPC will have jurisdiction to hear claims relating to the revocation of bundle patents, and, unlike the current situation, applicants for revocation will be able to ask the UPC to revoke all patents designating Member States covered by the UPC's jurisdiction.

Once there have been proceedings before the national courts relating to a non-opted out patent, it will cease to be possible to bring proceedings before the UPC; similarly, once there have been proceedings before the UPC relating to a patent, it will no longer be possible to opt it out.

Ownership and transfer of a Unitary Patent is under the exclusive jurisdiction of the national courts of the patent applicant's domicile (if this country is a Member State covered by the Unitary Patent, if not, then German property law will apply by default).

## Parallel proceedings and *lis pendens* applying to non-opted out patents

The hardest questions under the Brussels Regulation relate to the interpretation of *lis pendens*, that is, the system which decides whether two cases before two courts in different Member States are the same case (for the purposes of the Regulation), and thus whether the court second seised should continue hearing the case, decline jurisdiction, or stay jurisdiction in favour of the other court(s).

Once the UPC starts hearing cases, this will become particularly important. Suppose there is one case before the UPC and one before the French courts and that *lis pendens* applies (see below). If the French court was first seised, the UPC must decline jurisdiction in favour of it, in accordance with usual Brussels Regulation principles. An added danger lies, on the other hand, if the UPC was first seised, and the French court must decline jurisdiction in favour of the UPC. From that point onwards, that patent will not be able to be opted out. This may disappoint some patentees (and indeed their co-owners or licensees), who may have wanted the patent to have been opted out, but who have not got around to doing so in time.

Knowing how this jurisdictional system works, and how it must be used to effect the wishes of patentees is thus very important. It also demonstrates how vital it is for those wishing a patent to be opted out to make their preparations as soon as possible – now, in fact.

## When will *lis pendens* apply?

The first question to answer in deciding whether a case will be subject to *lis pendens* is, “are the cases the same?” Under the case law of the Court of Justice in Case 144-86 *Gubisch Maschinenfabrik v Palumbo* (8 December 1987), this question is a matter of European Union law, not a matter of national law. No appeal to the law of a particular Member State will determine the question.

The determination of identity of cases is based upon three factors: identity of parties; identity of cause of action; and identity of subject matter.

## Identity of Parties

In the context of patent law, identity of parties is strictly determined: they must be, quite simply, the same. Subsidiary B of Company A will not be considered one and the same. In the situation where X brings an action against Y in one jurisdiction, and X brings the same action only against Y and Z in another jurisdiction, the rules on *lis pendens* will apply against Y: the proceedings against Z in the second jurisdiction will continue.

One (rare) exception to the strict rule of “identity of parties” ought to be noted, namely if an insurer stands in for an insured. This is not likely to come up frequently in patent cases.

## Is an exclusive licensee the “same party” as the patentee?

Will an exclusive licensee (or a non-exclusive licensee with permission) bringing an action ‘count’ as the same party as the patent proprietor? For example, if an exclusive licensee sues party X in the UPC, and then the proprietor brings proceedings against X in Member State B, will the court in Member State B be required to stay the proceedings?

This question is avoided if the patentee must be added as a party to proceedings brought by an exclusive licensee (as is the case in some jurisdictions, especially in revocation actions). Joinder of the patentee in proceedings, however, is not required in all cases by the UPC Agreement. According to the case law, it would seem that an exclusive licensee is not the “same party”, defined strictly, as the patentee. This question is avoided if the patentee must be added as a party to proceedings brought by an exclusive licensee (as is the case in some jurisdictions, especially in revocation actions). Joinder of the patentee in proceedings, however, is not required in all cases by the UPC Agreement. According to the case law, it would seem that an exclusive licensee is not the “same party”, defined strictly, as the patentee.

## Non-identical parties and Article 30 – Related Actions

If there are identical cases in two different jurisdictions, and the only difference is that in one the a party is the patentee, and in the other an exclusive licensee, Article 30 of the Brussels Regulation will be relevant. This provides that where there are “related actions” pending before courts in different Member States, the court second seised may stay its proceedings pending the first court’s decision in the case. One guide for what a “related action” is to consider the Brussels Regulation’s aim to avoid courts giving irreconcilable judgments. Clearly there is the possibility of irreconcilable judgments if a patentee brings a claim against Defendant X in Member State A, and an exclusive

licensee Y brings a claim against Defendant X in Member State B or the UPC in respect of the same patent. In such cases, there would have to be very persuasive reasons why there should not be a stay under Article 30.

## Identity of Cause of Action

At the heart of the EU case law, causes of action are identical within the meaning of the Brussels Regulation if they rely on the same facts and underlying law. Thus, a claim for infringement is considered the same as a claim for a declaration of non-infringement. A claim for revocation is the same as a counterclaim for revocation. A claim for infringement is not the same as a claim for revocation.

## Similar Cause of Action and Article 30

As with the identity of parties, Article 30 is also available to cases involving similar causes of action: thus, whilst not mandatory, in the (rare) circumstance that one court is first seised of validity, and the second court is seised of infringement, and there are no counterclaims, the court second seised may stay its proceedings pending the determination of validity, and vice versa.

Another example of the possible application of Article 30 arises in proceedings which started in Member State A to determine the ownership of a patent, but there were earlier revocation proceedings instituted in the UPC. It is probably prudent for Member State A to stay the ownership proceedings pending the revocation action, to ensure that it does not determine who owns an invalid (non-existent) patent.

## Conclusion

In general, if actions in respect of non-opted out patents are brought in two different courts (whether one is the UPC or both are national courts) and the parties and causes of action are identical, then the second seised will be stayed, except in the wholly exceptional circumstances when validity and infringement are both being decided (whether by claim, counterclaim, or declaration) separately. In the usual case, it should be remembered that if the UPC ends up having jurisdiction because it was the first seised, the patent in suit will never be able to be opted out.

Difficult cases arise if the parties are not identical, or if the causes of action are different but related. The court second seised may stay the proceedings pending the disposition of the related action in the court first seised. This will require a consideration of the totality of the circumstances. The most important factor the second court will have to consider is the Brussels Regulation's primary aim: avoiding conflicting judgments. Thereafter, promoting swift litigation at proportionate cost and enhancing overall fairness will be factors which the court should consider.

It is perhaps unfortunate that the UPC will not have jurisdiction to determine everything which comes before it; in this area, the law of *lis pendens* will remain subject to the Court of Justice. It is possible that, especially when the UPC first opens, it may become subject to abusive requests by litigants to refer questions about *lis pendens* to the Court of Justice, thereby attempting to delay the litigation. Fortunately, however, because there is now such a substantial amount of case law from the Court of Justice interpreting the Brussels Regulation and *lis pendens* in particular, many potential questions (whether in "run of the mill" circumstances or on the basis of more unusual factual circumstances) have already been decided. It can be hoped, therefore, that even if litigants do attempt to force a reference, the UPC will be able to find many issues to be *acte clair*, and (therefore) do not require a reference.

## Offices

### Amsterdam

Simmons & Simmons LLP  
PO Box 79023 1070 NB  
Claude Debussylaan 247 1082 MC Amsterdam  
The Netherlands  
T +31 20 722 2500 F +31 20 722 2599

### Beijing

Simmons & Simmons  
33rd Floor China World Tower A  
1 Jianguomenwai Avenue  
Beijing 100004 People's Republic of China  
T +86 10 8588 4500 F +86 10 8588 4588

### Bristol

Simmons & Simmons LLP  
One Linear Park Temple Quay  
Bristol BS2 0PS United Kingdom  
T +44 20 7628 2020 F +44 20 7628 2070

### Brussels

Simmons & Simmons LLP  
Avenue Louise/Louizalaan 143 1050 Brussels Belgium  
T +32 2 542 09 60 F +32 2 542 09 61

### Doha

Simmons & Simmons Middle East LLP  
Level 5 Al Mirqab Tower Al Corniche Street  
PO Box 23540 Doha State of Qatar  
T +974 4409 6700 F +974 4409 6701

### Dubai

Simmons & Simmons Middle East LLP  
Level 7 The Gate Village Building 10  
Dubai International Financial Centre  
PO Box 506688 Dubai United Arab Emirates  
T +971 4 709 6600 F +971 4 709 6601

### Düsseldorf

Simmons & Simmons LLP  
Kö-Bogen  
Königsallee 2a  
40212 Düsseldorf Germany  
T +49 2 11-4 70 53-0 F +49 2 11-4 70 53-53

### Frankfurt

Simmons & Simmons LLP  
MesseTurm Friedrich-Ebert-Anlage 49  
60308 Frankfurt am Main Germany  
T +49 69-90 74 54-0 F +49 69-90 74 54-54

### Hong Kong

Simmons & Simmons  
13th Floor One Pacific Place  
88 Queensway Hong Kong  
T +852 2868 1131 F +852 2810 5040

### Jeddah

Hammad & Al-Mehdar in alliance with Simmons & Simmons  
Office #1209, King Road Tower, Malik Road,  
PO Box 864 Jeddah 21421  
Kingdom of Saudi Arabia  
T +966 92 000 4626 F +966 2 606 9190

### Lisbon

Sociedade Rebelo de Sousa in association with  
Simmons & Simmons  
Rua D. Francisco Manuel de Melo 21  
1070-085 Lisbon Portugal  
T +351 21 313 2000 F +351 21 313 2001

### London

Simmons & Simmons LLP  
CityPoint One Ropemaker Street  
London EC2Y 9SS United Kingdom  
T +44 20 7628 2020 F +44 20 7628 2070

### Luxembourg

Simmons & Simmons Luxembourg LLP  
Royal Monterey 26A Boulevard Royal  
Luxembourg L-2429 Luxembourg  
T +352 26 21 16 01 F +352 26 21 16 02

### Madrid

Simmons & Simmons LLP  
Calle Miguel Angel 11 5th floor 28010 Madrid Spain  
T +34 91 426 2640 F +34 91 578 2157

### Milan

Studio Legale Associato in affiliation with  
Simmons & Simmons LLP  
Via Tommaso Grossi 2 20121 Milan Italy  
T +39 02 72505.1 F +39 02 72505.505

### Munich

Simmons & Simmons LLP  
Lehel Carré, Thierschplatz 6  
80538 Munich Germany  
T +49 89-20 80 77 63-00 F +49 89-20 80 77 63-01

### Paris

Simmons & Simmons LLP  
5 boulevard de la Madeleine 75001 Paris France  
T +33 1 53 29 16 29 F +33 1 53 29 16 30

### Riyadh

Hammad & Al-Mehdar in alliance with Simmons & Simmons  
Level 18 Princess Al-Anood Tower 2  
King Fahad Road Olaya  
Riyadh Kingdom of Saudi Arabia  
T +966 92 000 4626 F +966 12 606 9190

### Shanghai

Simmons & Simmons  
42nd Floor Wheelock Square  
No. 1717 Nan Jing West Road  
Shanghai 200040 China  
T +86 21 6249 0700 F +86 21 6249 0706

### Singapore

Simmons & Simmons Asia LLP  
168 Robinson Road #11-01  
Capital Tower  
Singapore 068912  
T +65 6831 5600 F +65 6831 5688

### Tokyo

Simmons & Simmons Gaikokuho Jimu Bengoshi Jimusho  
(Gaikokuho Joint Enterprise TMI Associates)  
23rd floor Roppongi Hills Mori Tower  
6-10-1 Roppongi Minato-ku Tokyo 106-6123 Japan  
T +81 3 6438 5255 F +81 3 6438 5256

Simmons & Simmons is an international legal practice carried on by Simmons & Simmons LLP and its affiliated practices. Accordingly, references to Simmons & Simmons mean Simmons & Simmons LLP and the other partnerships and other entities or practices authorised to use the name "Simmons & Simmons" or one or more of those practices as the context requires. The word "partner" refers to a member of Simmons & Simmons LLP or an employee or consultant with equivalent standing and qualifications or to an individual with equivalent status in one of Simmons & Simmons LLP's affiliated practices. For further information on the international entities and practices, refer to [simmons-simmons.com/legalresp](http://simmons-simmons.com/legalresp)

Simmons & Simmons LLP is a limited liability partnership registered in England & Wales with number OC352713 and with its registered office at CityPoint, One Ropemaker Street, London EC2Y 9SS. It is authorised and regulated by the Solicitors Regulation Authority.

A list of members and other partners together with their professional qualifications is available for inspection at the above address.