

Changes regarding jurisdiction in European cross-border patent litigation cases

by Johannes Wohlmuth

The European Union applies since 2015 a recast of Brussels I regulation and is in the process of creating a Unified Patent Court. This article presents the changes for the jurisdiction of European cross-border patent litigation cases.

In der Europäischen Union findet seit 2015 eine neue Brüssel I Verordnung Anwendung und wird ein einheitliches Patentgericht aufgebaut. Dieser Artikel stellt die Änderungen für die gerichtlichen Zuständigkeiten in grenzübergreifenden europäischen Patentverletzungsverfahren vor.

L'Union Européenne applique depuis 2015 un nouveau règlement Bruxelles I et est en train de mettre en place une juridiction unifiée du brevet. Cet article présente les changements de juridiction en cas de litige transfrontalier du brevet Européen.

Patent law was and is still strongly related to national law. The European Patent Convention EPC started in 1979 a common prosecution and granting procedure for today 38 European contracting states leading to a bundle of national patents. This was already a big step towards a common European patent law. However, the infringement of those bundle patents of one European patent was always left to national law. Therefore, the infringement of one European patent by one product of one infringer could be a question of 38 different laws. Normally this is not a big problem, because a litigation is often decided only in one country by a court, while the remaining countries are dealt with by party agreement. However, in some cases where parties are willing to let the infringement question be decided by a plurality of national courts, this could be a disturbance for a patent owner to enforce a European patent within Europe. But also for the potential infringer this could create legal uncertainties about the question of infringement, because he has to consider 38 national patent infringement laws and because the same question might be decided differently by different courts. Therefore, a common court and/or a common patent infringement law would be desirable in Europe.

Within the European Union (EU) cross-border jurisdiction questions in patent infringement cases are governed by the Regulation No. 44/2001 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (Brussels I). Corresponding cross-border jurisdiction questions between Switzerland, Iceland, Norway and the EU member states are governed by the Lugano Convention whose principal articles are identical to the Brussels I Regulation. The selection of the forum of litigation (forum shopping) is an important strategic decision. The patent owner might be interested in fast or patent owner friendly courts, while the potential infringer might be interested in e.g. slow courts. At the beginning Brussels I was interpreted by the courts more liberally such that an infringement of a European patent for several bundle patents could be decided before only one national court. However, the case law of the Court of Justice of the EU (CJEU) in the recent years restricted the possibility of European cross-border patent cases to some rare situations.

Recent developments in the European legislation will bring some changes to the selection of the forum in patent infringement cases. First, the European Union adopted Regulation No. 1215/2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (Brussels I recast) to “recast” Brussels I. This Brussels I recast regulation will be applied from January 10, 2015¹. Second, a sub-group of countries of the European Union signed the Unified Patent Court Agreement (UPCA) for creating a common court, the so-called Unified Patent Court (UPC), for this sub-group. The UPC has jurisdiction to decide patent matters for European bundle patents in the countries of this sub-group and for Unitary patents (UP) providing a common patent title for this sub-group of the EU². This article shortly resumes the present regime regarding the cross-border jurisdiction of European patents and analyses the selection of a forum of a patent litigation case by the patent owner or the infringer under Brussels I recast and under the future UPCA.

1. Present Regime

Brussels I provides, among others, rules for a general jurisdiction at the country of the defendant³, several special jurisdictions⁴, exclusive jurisdictions⁵ and the propagation of the jurisdiction⁶ in order to govern the competent court. For patent procedures, the special jurisdiction of the place of tort, i.e. the place of the patent infringement⁷, and the exclusive jurisdiction for proceedings regarding the validity of a patent⁸ are in particular relevant. In case of a patent infringement of a number of European bundle patents resulting from one European patent by one infringer in several countries of the European Union, an action can be brought before a court in the country of residence of the infringer⁹. Alternatively, the action can be brought before a competent court in each country, where one of the European bundle patents were infringed, under the special jurisdiction of tort. However, at the place of tort only the damages caused in this country can be obtained, while the court at the country of residence can treat the damages from all patent infringements of all European bundle patents in the EU together¹⁰. However, the CJEU decided that counterclaims and even plea in objection of invalidity of the European bundle patents can only be treated at each country, respectively, due to the exclusive jurisdiction of patent validity of each bundle patent in the relevant member state¹¹. Since the majority of patent cases include questions of invalidity, this limits European cross-border injunctions to rare cases without invalidity questions or to preliminary injunctions¹².

Brussels I provides also rules for the jurisdiction in cases of two pending actions in different countries in the same matter between the same parties (lis pendens rule)¹³. In

¹ The regulation No 1215/2012 was already changed by regulation No 542/2014 in order to add some minor amendments regarding the UPCA.

² The sub-group of the EU providing the UP might not be identical to the sub-group of the EU providing the UPC. Italy plans to participate the UPCA, but not the UP. Since only Italy, Spain and Croatia did not participate the enhanced corporation regarding the unitary patent, only those three EU members have this option.

³ Art. 2 Brussels I

⁴ Art. 5 Brussels I

⁵ Art. 22 Brussels I

⁶ Art. 23 Brussels I

⁷ Art. 5.3 Brussels I

⁸ Art. 22.4 Brussels I

⁹ For simplicity it is assumed that the infringer has a seat in the European Union.

¹⁰ CJEU of 30.11.1976 Bier vs. Mines de Potasse d'Alsace; CJEU of 7.3.1995, C-68/93, Shevill vs Presse Alliance

¹¹ CJEU of 13.07.2006, C-4/03 Gat/LuK.

¹² CJEU of 12.7.2012, C-610/10 Solvay/Honeywell.

¹³ Artt. 27 ff. Brussels I

this case, the second court has to stay its proceedings until the decision of the first court¹⁴. While this rule is reasonable to avoid contradicting decisions and parallel proceedings about the same question between the same parties¹⁵, it has also been misused. A patent infringer expecting an infringement suit, e.g. after a warning letter, could file an action for a declaration of non-infringement of a European bundle patent at a court being in his favour, e.g. a court known for its lengthy proceedings. Such a defensive strategy by selecting the forum of the litigation, a so-called Torpedo, is also legitimate, if the selected court has jurisdiction for relevant infringement question in the European patent due to the place of tort or the seat of the patent owner. However, this strategy is often also used, even if the selected court is not competent. In this case, the patent infringer wins the time until the first court decides not to be competent. The CJEU agreed even with the application of the *lis pendens* rule to cases, where there is an exclusive jurisdiction for the second court¹⁶.

Since the relevant articles of the Lugano Convention are identical to Brussels I, they have to be interpreted in the same way by all courts of the EU. Even if the courts of Switzerland, Norway and/or Iceland are not bound to the interpretation of the CJEU and even if the case law of the CJEU is criticised for making European cross-border injunctions nearly impossible, it is likely that courts in Switzerland, Norway and Iceland will interpret those articles of the Lugano Convention in the same way in order to follow the CJEU for reasons of harmonization of law.

2. Situation from January 10, 2015

Brussels I recast is applied for all cases filed after January 10, 2015. While it does not improve the situation to European cross-border injunctions, it mitigates the misuse of the *lis pendens* rule. The *lis pendens* rule holds in general as before¹⁷. However, an exception is introduced for cases with an agreement between the parties about an exclusive jurisdiction for one EU member state court. In this case, any court seised earlier in another member state shall stay the proceedings until such time as the court seised later on the basis of the agreement declares that it has no jurisdiction under the agreement¹⁸. Therefore, in the future, Torpedo actions will not be possible any more for patent cases with an agreement of the parties about the propagation of jurisdiction, e.g. in license agreements. However, Torpedo actions in cases without party agreements on the forum will continue to be possible as before. At the same time, “Brussels I recast” extends the possibility to prorogate jurisdiction. While under “Brussels I” an agreement about a forum of litigation was only valid, if at least one of the parties originated from one of the EU member states, “Brussels I recast” allows any party, “regardless of their domicile”¹⁹, to prorogate jurisdiction to the court of an EU member state.

Further changes of “Brussels I recast” refer to Arbitration and exorbitant jurisdiction, i.e. jurisdiction about non-EU members which are less relevant to patent cases and shall not be discussed here.

¹⁴ Art. 28.1 Brussels I

¹⁵ Recital 15 Brussels I

¹⁶ CJEU C-116/02 Erich Gasser GmbH/MISAT Srl.

¹⁷ Artt. 29 ff. Brussels I recast

¹⁸ Art. 31.2 Brussels I recast

¹⁹ Art. 25 Brussels I recast

Considering that the content of the Lugano Convention and of the Brussels I recast now differs in the described points, cases involving also Swiss, Iceland or Norway filed on and after January 10, 2015 will be handled differently to purely EU internal cases parties. Therefore, Swiss parties are on the one side not protected against Torpedo actions, when there is a jurisdiction clause, but can use on the other side Torpedo actions in those cases. On a long term, the Lugano Convention should be adapted to Brussels I recast. Considering that changes refer to exceptional cases in patent litigation, on a short term the differences between the Lugano Convention and Brussels I recast will not cause a big problem.

3. Situation after ratification of the Unified Patent Court Agreement

After a long process of discussion between the EU member states over the last decades, they finally agreed in winter of 2012/2013 in the framework of enlarged cooperation²⁰ on a Unitary Patent²¹ (UP) and Unified Patent Court²² (UPC). The Unified Patent Court Agreement (UPCA) shall enter into force after the ratification of at least 13 EU member states including Germany, France and Great Britain²³. Also the Regulations regarding the UP will only be applied after the UPCA enters into force²⁴. The predictions for the UPCA entering into force vary between end of 2015²⁵ and 2025, and some even believe that the UPCA will never enter into force. Notwithstanding the uncertain future of the UPC, the jurisdiction and the possibility of forum shopping within the UPC shall be analysed.

The UPCA is an act of international law. It governs on the one side the law for UPs and for classic European patents nationally validated in the member states of the UPC agreement²⁶. On the other side, it constitutes the legal and procedural basis for the UPC.

The UPC will have a revolutionary and unprecedented structure. As in most European court systems, the UPC will have a Court of First Instance, a Court of Appeal and a Registry²⁷. However, in contrast to most of the known courts, the Court of First Instance will comprise different divisions with distinct procedural rules. There will be one central division and a plurality of local and regional divisions²⁸. The central division will have its seat in Paris, with sections in London and Munich²⁹, wherein the distribution of cases within the central division between the seat in Paris and the sections in London and Munich will be based on the patent classification of the litigated patent³⁰. It is important to note that the seat in Paris and the sections in

²⁰ COUNCIL DECISION of March 2011 authorizing enhanced cooperation in the area of the creation of unitary patent protection (2011/167/EU), published in the Official Journal of the European Union (OJEU) L76/53, on 22 March 2011.

²¹ REGULATION (EU) No 1257/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection, published in the OJEU L361/1, on 31 December 2012 (abbrev. UP regulation); and

COUNCIL REGULATION (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements, published in the OJEU L361/89, on 31 December 2012 (abbrev. UP translation regulation).

²² COUNCIL AGREEMENT on a Unified Patent Court (2013/C 175/01), published in the OJEU C175/1, on 20 June 2013 (abbrev. UPCA).

²³ Art. 89(1) UPCA.

²⁴ Art. 18.2 UP regulation and Art. 7.2 UP translation regulation.

²⁵ As published on 19 March 2014 by the Preparatory Committee after its fifth meeting on www.unified-patent-court.org/news as the earliest date for the UPC being operational

²⁶ Artt. 24 to 30

²⁷ Art. 6(1) UPCA.

²⁸ Art. 7(1) UPCA.

²⁹ Art. 7(2) UPCA.

³⁰ Art. 7(2), Annex II UPCA.

Munich and London notwithstanding its geographical distribution form only one single division in the Court of First Instance, i.e. the central division. Each contracting state of the UPCA can create depending on its number of litigated cases one or more local divisions³¹. The UPCA also provides that two or more contracting member states of the UPC can set up a common regional division on their request³². On 4 March 2014 Estonia, Latvia, Lithuania and Sweden concluded already an agreement on the creation of a regional Nordic-Baltic division³³ and it is speculated about a South-Eastern regional division for Romania, Bulgaria, Cyprus and Greece. However, for most of the other contracting states of the UPC a local division is expected. The name central division might imply some legal hierarchy over the local and regional divisions. However, all divisions of the Court of First Instance have the same legal hierarchy and an appeal against a decision of any division of the Court of First Instance – local, regional or central – must be directed to the Court of Appeal in Luxemburg³⁴. The divisions might be compared to different divisions in national civil courts, with the following two main differences. First, the locations of the divisions are distributed over the contracting states. Second, the competence of a division is not decided by internal rules of the court or by the court itself, but by the plaintiff according to the following rules of jurisdiction.

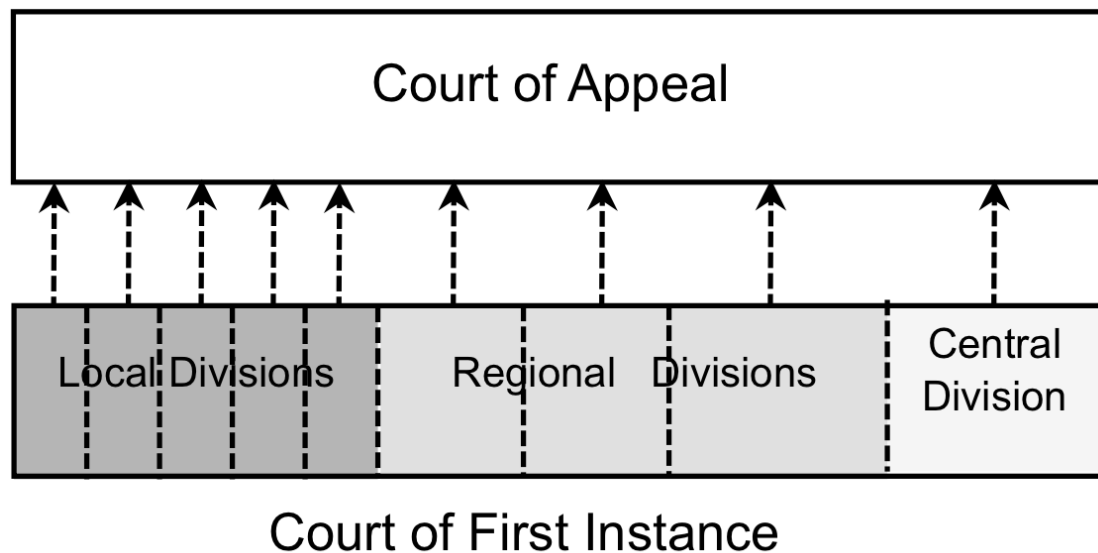


Fig. 1: Divisions of the Court of First Instance of the UPC.

The UPC has exclusive competence for infringement actions, declarations of non-infringement, revocation actions and other actions listed in Art. 32(1) UPCA relating to UPs and to European patents in contracting states of the UPC³⁵. When the UPC is competent and selected for an action, the plaintiff must also further decide a competent division within the Court of First Instance. This internal competence is based on basic principles of civil procedure law for choosing the location of a competent court³⁶. The local or regional divisions are mainly competent for actions brought by the patent owner, like infringement actions and provisional measures. The geographical competence of a local and/or regional division is inferred either by the place of the actual or threatened infringement or by the place of residence or the

³¹ Art. 7(3) and (4) UPCA.

³² Art. 7(5) UPCA.

³³ www.unified-patent-court.org/news; blog entry of 19 March 2014.

³⁴ Art. 73(1) UPCA.

³⁵ Artt. 1, 32 UPCA, except for European bundle patents being opted-out under Art. 83 UPCA.

³⁶ Art. 33 UPCA.

(principal) place of business of the defendant³⁷. If the corresponding country has no local/regional division, the central division might become also competent³⁸. Therefore, the plaintiff will in most European cross-border cases have the choice between multiple local/regional divisions and eventually also the central division. On the other side, all actions brought by a potential infringer like declarations of non-infringement and revocation actions have to be brought to the central division³⁹ or to a division already seised for an infringement action by the same parties regarding the same patent⁴⁰. However, the potential infringer has in most cases not even the power to set the central division as the place of litigation, because after filing of the revocation action or the declaration of non-infringement, the patent owner has three months time to file an infringement action at any competent local or regional division of his choice. In this case or in case of a counterclaim of revocation, the panel of the local/regional division seised for the infringement action has the discretion to decide to proceed with both cases – infringement and revocation – or to bifurcate and refer only the revocation action to the central division. For a referral of the infringement action to the central division, the panel needs the agreement of the patent owner⁴¹. Therefore, the potential infringer of a patent – contrary to the patent owner – has in most cases no influence on the division of litigation within the UPC except for some exceptional cases.

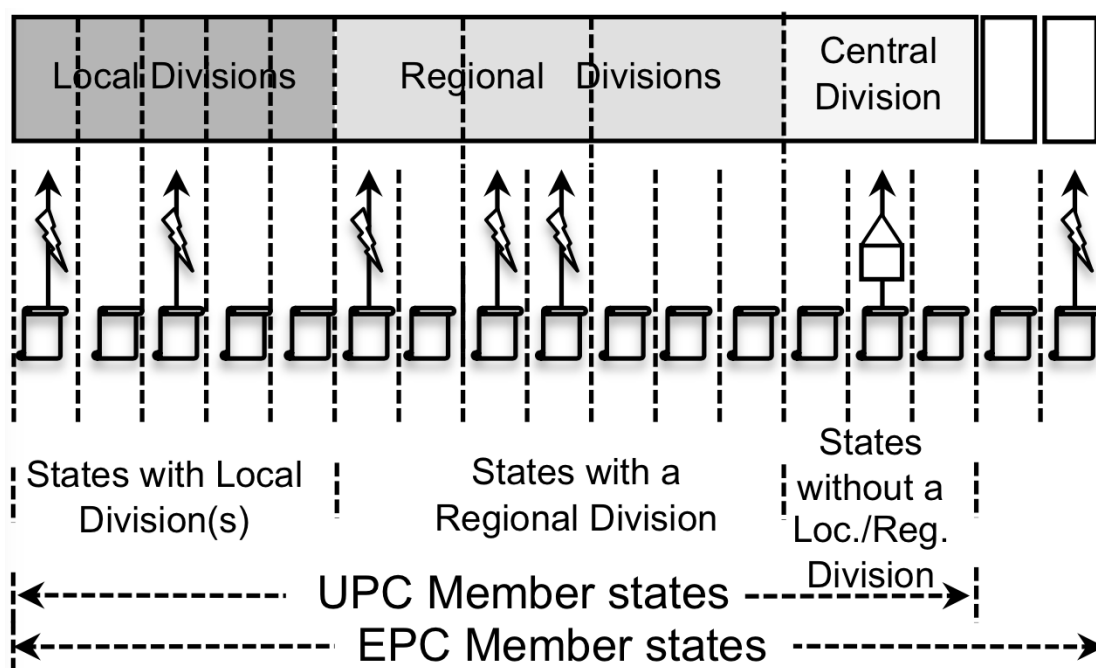


Fig. 2: An example showing the competent divisions of the Court of First Instance for an infringement action, where an infringement is shown by a flash and the residence of the defendant by a house.

The potential infringer can bring a prior use claim to any competent local/regional division according to the place of infringement or the residence of the patent owner of his choice, if no other action between those parties regarding the same patent is not

³⁷ For compensation actions for licenses of right (h) only the latter can cause a competent division.

³⁸ Art. 33(1) UPCA.

³⁹ Art. 33(4) UPCA; except for the prior use actions according to Art. 32(1) g) which have their jurisdiction at a local/regional division (Art. 33(1) UPCA).

⁴⁰ Art. 33(3),(4) UPCA.

⁴¹ Art. 33(3) UPCA.

already pending within the UPC⁴². Notwithstanding that this is a very exotic case in patent infringement, this prior use action might be (mis)used to fix a competent local/regional division or even the central division, if competent, by claiming a prior use right (which may not be reasoned). Until there will be a decision in the merits about the prior use claim, any infringement action has to be filed at this division. Consequently, an internal Torpedo strategy will also be possible in the UPC.

Another exceptional case where the potential infringer can influence the place of litigation is, when an infringement action is pending before a regional division and the infringement has occurred in the territories of three or more regional divisions⁴³. Then, the defendant can enforce a referral to the central division upon request. The scope of this so-called Double Dutch provision was to avoid that patent owners, in particular non-practising entities (patent trolls), could choose “less experienced” regional divisions for enforcing their patent⁴⁴. This is due to the fact that the panel of a regional division has two judges with a nationality of the countries participating the regional division and only one judge with other nationality. If it can be assumed that the judges coming from the countries participating a regional division might be “less experienced” in patent cases, only one “more experienced” judge is sitting in the panel. However, the possibility for such an enforced referral to the central division depends on the presence of at least three regional divisions. Even if there will be three or more regional divisions, the plaintiff could decide to avoid claiming infringement in one of the territories of the regional divisions such that the infringement does not occur in the territories of at least three regional divisions. It is rather unlikely (but possible) that the defendant will provide proof that he offers the (potentially) infringing product also in a contracting state of a third regional division for which infringement has not been accused. However, this is unlikely, since he would increase the risk of costs of the case. Therefore, it seems that this provision might not be sufficient to avoid that patent owners, in particular non-practising entities, will choose less experienced divisions for their case.

Therefore, the UPC will finally provide the possibility to treat European cross-border conflicts of European patents, at least for the contracting states of the UPCA, by one single court. The Court of First Instance of the UPC will have one central division and a plurality of local and regional divisions in the contracting states of the UPCA. While the patent owner will have a large freedom to select among those divisions the competent division, the potential infringer is normally forced to the division of choice of the patent owner, even if the potential infringer files his defensive action first. The only instruments of the potential infringer to fix a division for a litigation against the will of the patent owner is a prior use action filed before an infringement action or the “Double Dutch” provision for referring an infringement action from a regional division to the central division. Hopefully, the quality of the UPC judges and the quality and velocity of the decision of the divisions will be homogeneous over the contracting states so that such considerations will become superfluous. Anyway, the potential infringer will have still the possibility to use a classic Torpedo strategy in order to avoid that the case is brought to the UPC, because the International jurisdiction of the UPC will be decided on the basis of the Brussels I recast

⁴² Art. 33(1) UPCA.

⁴³ Art. 33(2) 2nd sentence UPCA

⁴⁴ Page 17, right column, first paragraph of „Report Workshops on the unitary patent and the Unified Patent Court initiated by the EPO Economic and Scientific Advisory Board, Munich, 3-4 December 2013“, published electronically [http://documents.epo.org/projects/babylon/eponot.nsf/0/BF87A65BCFE33580C1257CC9005460D9/\\$File/report_up_and_upc_workshop_12_2013_en.pdf](http://documents.epo.org/projects/babylon/eponot.nsf/0/BF87A65BCFE33580C1257CC9005460D9/$File/report_up_and_upc_workshop_12_2013_en.pdf)

regulation⁴⁵ or the Lugano Convention⁴⁶, respectively. However, if Italy and Belgium ratify the UPCA, the efficiency of a Torpedo in EU member states not ratifying the UPCA or in Norway, Iceland or Switzerland will probably be reduced. In this case, a patent owner could in this case have a reason to “opt-in” European patents in order to avoid Italian or Belgian Torpedos.

4. Conclusion

For European cross-border patent litigation cases filed since January 10, 2015, the new Brussels I recast regulation must be considered. While the new regulation does not resolve any problems regarding cross-border injunctions, it mitigates the Torpedo problem for the special case of exclusive jurisdiction agreements. For European cases involving Switzerland, the situation remains as before until the Lugano Convention will be adapted to Brussels I recast.

Once the UPC will enter into force, an owner of a European patent or a UP can finally litigate European cross-border infringements in the territory of the UPC member states before one single court with one single patent infringement law. Due to the complexity of the court, any plaintiff will have to choose the competent division within the UPC for filing its action. Overall, the UPC seems to clearly favour the plaintiff of an infringement action for choosing the forum of the litigation within the UPC.

Für europäische grenzüberschreitende Patentverletzungsfälle muss seit 10. Januar 2015 die neue Brüssel I recast Verordnung berücksichtigt werden. Während die neue Verordnung keines der Probleme der grenzüberschreitenden Verfügungen löst, mildert es die Torpedoproblematik für den Spezialfall von vereinbarten exklusiven Gerichtsständen. Für europäische Fälle, die die Schweiz involvieren, bleibt aber weiterhin alles beim Alten bis das Luganoübereinkommen an Brüssel I recast angepasst wird.

Sobald das einheitliche Patentgericht in Kraft tritt, kann ein Patentinhaber eines europäischen Patents endlich europäische grenzüberschreitende Verletzungsfälle in den Vertragsstaaten des Gericht vor einem einzigen Gericht und unter Berücksichtigung eines einzigen Patentverletzungsrechts verhandeln. Aufgrund der Komplexität des einheitlichen Patentgerichts muss der Kläger eine der zuständigen Kammern für seine Klage auswählen. Dabei bevorzugt das einheitliche Patentgerichtsabkommen klar den Patentinhaber.

Pour les cas de litiges transfrontaliers du brevet Européen, il faut depuis le 10 Janvier 2015 prendre en compte le nouveau règlement Bruxelles I. Le nouveau règlement ne résout aucun problème des décisions transfrontalières. Mais il modère la problématique Torpédo du cas particulier de convention de for exclusif. Pour les cas Européens qui impliquent la Suisse, la situation reste en l'état jusqu'à l'adoption de la Convention du Lugano.

⁴⁵ REGULATION (EU) No 1215/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters, published in OJEU L351/1, on 20 December 2012. (Brussels I regulation (recast))

⁴⁶ Art. 32(1) UPCA.

Une fois la juridiction unifiée du brevet entrée en vigueur, un propriétaire de brevet Européen pourra finalement traiter des cas de litiges transfrontaliers de brevet Européen dans les états membres devant un seul tribunal et selon une seule loi de violation du droit du brevet. En raison de la complexité de la juridiction unifiée du brevet, le demandeur devra choisir une des divisions compétentes pour déposer sa plainte. En résumé la juridiction unifiée du brevet privilégiera clairement le propriétaire du brevet.