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Art 83 Controversies

European Judges' Forum

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**Transitional period
(Art 83 AUPC): 7 y, can be
extended to 14 y**

**Action before
national courts
(Art 83 (1))**

**Opt-out (Art. 83 (3)) =
avoiding jurisdiction
of UPC for entire
patent**



Art 83: Transitional regime

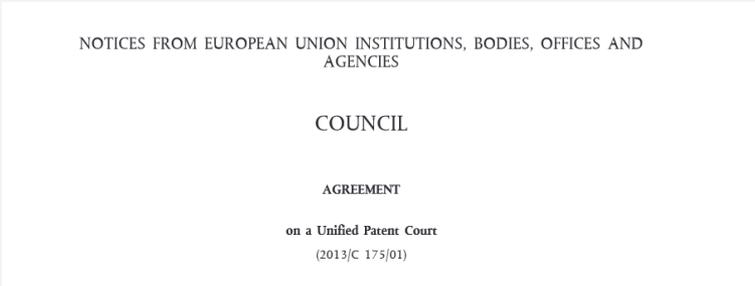
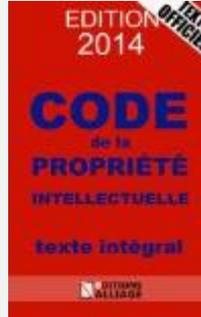
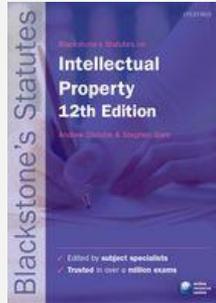
- (1) During a transitional period of seven years after the date of entry into force of this Agreement, **an action for infringement or for revocation of a European patent** (...) may **still be brought before national courts** or other competent national authorities. (...)
- (2) (...)
- (3) **Unless an action has already been brought before the Court**, a proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period (...) shall have the possibility to **opt out from the exclusive competence of the Court**. To this end they shall notify their opt-out to the Registry by the latest one month before expiry of the transitional period. The opt-out shall take effect upon its entry into the register. (...)
- (4) (...)
- (5) (...)



What is unclear:

- What **substantive law** will the national courts competent under Art. 83 (1), (3) have to apply during the transitional period: the UPC or national law?
- Does Art 83 (1) only apply to the **types of action** mentioned therein or does it apply to all actions?
- Which blocking effects does the first action have in the case of Art 83 (1)? Which **torpedoes** may be launched during the transitional period?
- Does an opt-out under Art 83 (3) take effect during the **whole life of the patent** or only until the end of the transitional period? Does the UPC retain a non-exclusive competence?
- What can be done in order to **clarify** the situation?

1. Which legal regime?



National law

(Preparatory Committee Interpretative note, 29/1/2014)

The AUPC

(eg *Tilmann* [2014] JIPLP 575)



Differences?

- Not enormous
 - Scope determined by Art 69 EPC
 - Infringing acts, defences and exhaustion (Arts 25-27, 29 AUPC) correspond to Community Patent Convention
 - Remedies (Arts 56 et seq) implement IP enforcement directive
- But they exist, mainly as regards remedies
 - Grant of permanent injunction at the discretion of the court? (Art 63 AUPC says “may grant“)
 - Conditions for grant of provisional injunctions
 - Exemptions for research purposes and for computer programs (Art 27 (I) AUPC)
 - Different approaches to competition law defences



The interpretative framework

- Art 31 Vienna Convention on the Law of Treaties
 - Applicable although France is not a member state?
 - Ordinary meaning of treaty provisions
 - Object and purpose
 - Good faith
- Art 32: supplementary means
 - when application of Art 31 leaves meaning ambiguous or obscure
 - Preparatory work, circumstances of conclusion
- AUPC stresses primacy of Union Law
 - Fundamental freedoms
 - EU human rights law

1. Which legal regime?



<p>Ordinary meaning</p>	<p>Art 83 only refers to “competence” = jurisdiction, not to choice of law</p>	<p>AUPC applies to patents “w/o prejudice to Art 83”, reference to UPC only</p>
<p>Object and purpose</p>		
<p>Preparatory work and circumstances</p>		
<p>EU law</p>		



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Object and purpose	<ul style="list-style-type: none"> • Further European integration • avoiding legal uncertainty caused by application of different legal regimes 	<ul style="list-style-type: none"> • Court Agreement = mostly procedural law • Substantive law inextricably intertwined with procedural law (Arts 25, 26 – Art 63) • Harmonisation not intended • Legal uncertainty in initial period, no recourse to AUPC to clarify issues of interpretation
Preparatory work and circumstances		
EU law		



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Preparatory work and circumstances		Drafters did not intend AUPC to have impact on national law
EU law		



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EU law		Protection of reliance = principle of EU constitutional law

1. Which legal regime?





To which types of action does Art 83 (1) apply?

- Art 83 (1) mentions actions for infringement and revocation
- But not the other types of action referred to in Art 32, esp. declarations of non-infringement, counterclaims for revocation and provisional measures
- Intended?
 - Wording and context (argumentum e contrario, expressio unius exclusio alterius)
 - Avoiding torpedoed
- Or a drafting mistake?
 - Potential defendants would be stripped of important defences
 - Different treatment would seem arbitrary
 - Art 5 (3) Brussels I also applies to declarations of non-infringement (CJEU, C-133/11 – *Folien Fischer v Ritrama*)
 - Patent owner should be able to rely on provisional measures he is familiar with
- Art 83 (1) should apply to all types of action (except Art 32 (1)(i))



Relationship between UPC and national courts (1)

- Brussels I or Art 33 AUPC?
- Brussels I ! Art 71c (2) Reg 1215/2012 as amended by Reg 542/2014:
Articles 29 to 32 shall apply where, during the transitional period referred to in Article 83 of the UPC Agreement, proceedings are brought in the Unified Patent Court and in a court of a Member State party to the UPC Agreement.
- 2012 amendment has changed numbering! Will apply to proceedings started after 10 January 2015



Brussels I approach



Relationship between UPC and national courts (2)

- Art 29 Brussels I [ex Art 27] = *lis alibi pendens* rule = court first seised has jurisdiction, no concurring jurisdiction in proceedings
 - between the **same parties**: (-) in case of parent and subsidiary
 - involving the **same cause of action**, see ECJ, C-J04/02 – *The Tatry*: action for damages and action for declaration of non-infringement = same cause of action
 - **Ends with termination of proceedings** → blocking effect ends, subject to res judicata
- Art 30 Brussels I: court may stay proceedings in case of related actions in order to avoid the risk of irreconcilable judgments
 - ECJ, C-539/05, *Roche v Primus*: no risk of conflicting decisions in case of different designations, but modified in C-616/10, *Solvay v Honeywell*
- Art 34 Brussels I still allows provisional measures



Scenario 1 (the easier one): first action in UPC

- Infringement action will block infringement action and declaration of non-infringement in national courts
 - But only between parties
 - And only with respect to the particular infringing acts
- Action for revocation will block counterclaim for revocation in national infringement proceedings
 - But only between the same parties
- Infringement action will not block action for revocation in national court
 - Action will only have effect for that territory
 - Possibility for national court to stay proceedings under Art 30 Brussels I?



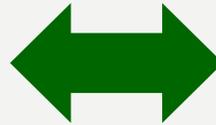
Scenario 2 (the trickier one): first action in national court

- What is clear:
 - National court only has jurisdiction under Brussels I = only for that state when founded on Art 7 (3) [ex 5 (3)] Brussels I.
 - No blocking of actions in the other states.
 - Blocking of actions w/r to this state in UPC opens up the possibility of “torpedoes”.
- Issue: Will UPC retain jurisdiction with respect to the other states?
 - Infringement action before Landgericht Düsseldorf (based on Art 7 (3) Brussels I) – later infringement action in London Local Division w/r to all other member states?
 - Revocation action before Federal Patent Court – later revocation action in Central Division w/r to other states?



Internal market logic

- Article 34 AUPC
Decisions of the Court shall cover, in the case of a European patent, the territory of those Contracting Member States for which the European patent has effect.
- More practical: avoids conflicting judgments



Bundle patent logic

- Art 64 (3) EPC
Any infringement of a European patent shall be dealt with by national law.
- ECJ, case C-539/05, *Roche v Primus*: no risk of conflicting decisions in case of different designations (but see *Solvay* case)
- Exceptions to Art 34 AUPC, eg in case of prior user rights
- In line with CJEU case-law on Brussels I



The effect of an opt-out

- Territorial effect: for all designations
- Temporal effect: entire life of patent or transitional period? Life of patent!
 - Argument 1: opt-out must be notified at least one month before the expiry of the transitional period → idea of “opt-out for one month” = manifestly absurd
 - Argument 2: protection of reliance
- Jurisdictional effect: remaining jurisdiction of UPC? No!
 - Art 83 (3): opting out from “the exclusive competence”
 - But a concurrent jurisdiction would leave no difference from Art 83 (1) scenario
 - Again: protection of reliance
- But action before UPC will block opt-out irrespective of type of action and forever.
 - Same blocking effect applies, mutatis mutandis, to opt-in under Art 83 (4)



All these issues require clarification. How can this be done?

- Amendment of Agreement: (-), would risk the whole project
- Possibilities envisaged in Art 31 (2), (3) VCLT
 - (2) The context for the purpose of the interpretation of a treaty shall comprise, in addition to the text, including its preamble and annexes:
 - (a) any **agreement** relating to the treaty which was **made between all the parties in connection with the conclusion** of the treaty;
 - (b) any **instrument** which was made **by one or more parties in connection with the conclusion of the treaty** and **accepted** by the other parties as an instrument related to the treaty.
 - (3) There shall be taken into account, together with the context:
 - (a) any **subsequent agreement** between the parties regarding the interpretation of the treaty or the application of its provisions;
 - (b) any **subsequent practice** in the application of the treaty which establishes the agreement of the parties regarding its interpretation;



Options

- Agreement between the parties
 - In connection with conclusion not restricted to agreements before or concurrent with signature (but no significant difference between paras (2) and (3))
 - Agreement \neq treaty \rightarrow no ratification required (not even written form!)
 - Best made before end of ratification process
 - But not with respect to Brussels I issues
- Instrument made by one or more parties
 - Requires acceptance by other parties
 - Acquiescence is sufficient
- Subsequent practice
 - Will eventually clarify things
 - But extreme legal uncertainty in between



1. National courts seised in the cases of Art 83 (1), (3) during the transitional period will have to apply national law.
2. Art. 83 (1) applies to all types of action mentioned in Art 32.
3. Under the *lis alibi pendens* rule parties can still launch torpedoes. If and when the national action comes first, the UPC will retain jurisdiction with respect to all other states.
4. An opt-out (Art 83 (3)) has effect for the entire life of the patent. The UPC loses its jurisdiction entirely.
5. The member states should clarify points 1, 2 and 4 in an agreement or an instrument within the meaning of Art 31 (2)(a) VCLT. But they do not have the competence to interpret Brussels I.



**Grazie per la vostra
attenzione!**

