
Transitional period competition national courts v UPC – lis pendens & the swiss cheese question...

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Competing competence in the transitional period – relevant provisions - UPCA

UPC Agreement

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Competing competence in the transitional period – relevant provisions – Brussels Convention ("Bx")

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Art. 29 – Rules on lis pendens – related actions

Art. 30 – Related actions – court may stay

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Exclusive competence of the UPC Court

Article 32

Competence of the Court

1. **The Court** shall have **exclusive competence** in respect of:
 - (a) actions for actual or threatened **infringements** of patents and supplementary protection certificates **and related defences, including counterclaims** concerning **licences**;
 - (b) actions for **declarations** of **non-infringement** of patents and supplementary protection certificates;
 - (c) actions for **provisional** and **protective measures** and **injunctions**;
 - (d) actions for **revocation of patents** and for declaration of **invalidity of supplementary** protection certificates;
 - (e) **counterclaims** for **revocation** of patents and for declaration of **invalidity** of supplementary protection certificates;
 - f) actions for **damages or compensation** derived from the provisional protection conferred by a published European patent application;
 - g) 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;
 - h) actions for **compensation for licences** on the basis of Article 8 of Regulation (EU) No 1257/2012; and
 - i) actions concerning **decisions** of the **European Patent Office** in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012.

Transitional period – competence for MS courts – infringement or revocation/invalidity

Article 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 or an action for **infringement** or for declaration of **invalidity** of a supplementary protection certificate issued for a product protected by a European patent may still be brought before national courts or other competent national authorities.

Note: Only concerns classical European "bundle" patent - does not concern Unitary Patent, cf. definition in Art. 2(e)

Only refers to **infringement** or **revocation** of a European patent or an action for **infringement** or for declaration of **invalidity** of a supplementary protection certificate.

No reference to Art. 32 or many of the competences mentioned in art. 32...

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- i) actions concerning **decisions** of the **European Patent Office** in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012.

Article 83(1) mentions the green actions. Was it intended that art. 83(1) has a more narrow scope than art. 32(1)?

Opt out – unless a prior UPC action

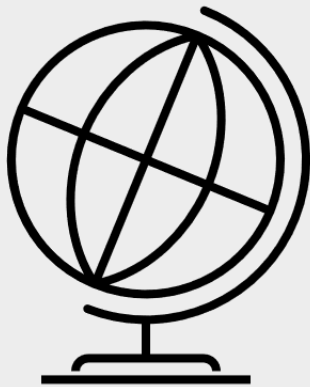
"Opt in" (withdraw opt out) - unless prior national action

UPCA Art. 83 (3) and (4)

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 under paragraph 1 and, where applicable, paragraph 5, as well as a holder of a **supplementary protection certificate** issued for a product protected by a European patent, 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. **Unless** an **action** has already been brought **before a national court**, proprietors of or applicants for **European patents** or holders of **supplementary protection certificates** issued for a product protected by a European patent who made use of the opt-out in accordance with paragraph 3 shall be entitled to **withdraw** their **opt-out** at any moment. In this event they shall notify the Registry accordingly. The withdrawal of the opt-out shall take effect upon its entry into the register.

The UPC Court shall apply the Brussels Regulation and the Lugano Convention



UPCA Article 31

International jurisdiction

The international jurisdiction of the Court shall be established in accordance with Regulation (EU) No 1215/2012 [Brussels recast] or, where applicable, on the basis of the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Lugano Convention).

The UPC Court is a common court – deemed a court of a MS

Brussels Reg. 1215/2012 as amended by Reg. 542/2014 – "Bx"

Article 71a

1. For the purposes of this Regulation, a **court common to several Member States** as specified in paragraph 2 (a 'common court') shall be **deemed** to be **a court of a Member State** when, pursuant to the instrument establishing it, such a common court exercises jurisdiction in matters falling within the scope of this Regulation.
2. For the purposes of this Regulation, each of the following courts shall be **a common court**:
 - (a) **the Unified Patent Court** established by the Agreement on a Unified Patent Court signed on 19 February 2013 (the 'UPC Agreement'); and

Bx Article 71c (2)

2. **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.

=Bx Art. 29 to 32 shall apply to conflicting proceedings between MS courts and UPC Court:



Only first court seised has jurisdiction

Lis pendens — related actions

Bx Article 29

1. Without prejudice to Article 31(2), where proceedings involving the **same cause of action** and between the **same parties** are brought in the courts of different Member States, **any court other than the court first seised shall** of its **own motion stay** its proceedings until such time as the jurisdiction of the court first seised is established.
2. [...]
3. Where the jurisdiction of the court first seised is established, **any court other than the court first seised shall decline jurisdiction** in favour of that court.



Same cause of action - between same parties

Lis Pendens requires **same cause of action** – between **same parties** which is considered to require:

- Same parties (not just the same group)
- Same object (subject-matter)
- Same legal rule
- Same facts

,

Tatry C-406/92, p. 38 and 43:

38. For the purposes of Article 21 [now 29] of the Convention, the **"cause of action" comprises the facts and the rule of law** relied on as the basis of the action.

...

42. The **question** accordingly **arises whether two actions have the same object** when the **first seeks a declaration** that the **plaintiff is not liable for damage** as claimed by the defendants, while the **second**, commenced subsequently by those defendants, seeks on the **contrary** to have the **plaintiff in the first action held liable for causing loss and ordered to pay damages**.

43. As to liability, **the second action has the same object as the first**, since the issue of liability is central to both actions. The fact that the plaintiff's pleadings are **couched in negative terms in the first action** whereas **in the second action they are couched in positive terms** by the defendant, who has become plaintiff, does not make the object of the dispute different.

- So whether an object is phrased in negative or positive terms – it is still the same object.

French version of Bx Art. 29: "... lorsque des demandes ayant **le même objet** et la **même cause**..."

Same cause of action - between same parties

... Continued on

- Same object (subject-matter)
- Same legal rule
- Same facts

Case **C-39/02, Mærsk Olie & Gas A/S**, para 38, 39:

"38. As **the 'cause of action' comprises the facts and the legal rule** invoked as the basis for the application (see Case C-406/92 The Tatry [1994] ECR I-5439, paragraph 39), the unavoidable conclusion is that, **even if it be assumed that the facts** underlying the two sets of proceedings are **identical, the legal rule which forms the basis of each of those applications is different**, as has been pointed out by Mærsk, the Commission and the Advocate General at point 41 of his Opinion. The action for damages is based on the law governing non-contractual liability, whereas the application for the establishment of a liability limitation fund is based on the 1957 Convention and on the Netherlands legislation which gives effect to it.

39. Accordingly, without it being necessary to examine the third condition that the proceedings must be between the same parties, the **conclusion** must be drawn that, **in the absence of identical subject-matter and an identical cause of action, there is no situation of lis pendens** within the terms of Article 21 of the Brussels Convention between a set of proceedings seeking the establishment of a fund to limit the liability of a shipowner, such as the application made in the main proceedings before a court in the Netherlands, and an action for damages brought before the court making the reference for a preliminary ruling."

Related actions: other than first court may stay - or decline if court first seised has jurisdiction

Bx Article 30

1. Where **related actions** are pending in the courts of different Member States, any court **other than** the court **first** seised **may stay** its proceedings
2. Where the action in the court first seised is pending at first instance, any **other court may** also, on the application of one of the parties, **decline jurisdiction if the court first seised has jurisdiction** over the actions in question and its law **permits** the **consolidation** thereof
3. For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to **avoid** the risk of **irreconcilable judgments** resulting from separate proceedings.



If some parties are identical – only decline for those - option to stay or decline for rest of "related" actions

Case C-406/92 (Tatry) Premise 29, 33-35:

"(29) The national court's first question is essentially whether, on a proper construction, Article 21 of the Convention is applicable in the case of **two sets of proceedings involving the same cause of action where some but not all of the parties are the same**, at least one of the plaintiffs and one of the defendants to the proceedings first commenced also being among the plaintiffs and defendants in the second proceedings, or vice versa.

...

33 Consequently, **where some of the parties are the same** as the parties to an action which has already been started, Article 21 [now 29] requires **the second court seised to decline jurisdiction only to the extent to which the parties to the proceedings pending before it are also parties to the action previously started** before the court of another Contracting State; **it does not prevent the proceedings from continuing between the other parties.**

34 Admittedly, that interpretation of Article 21 involves **fragmenting the proceedings**. However, Article 22 mitigates that disadvantage. That article **allows the second court seised to stay proceedings or to decline jurisdiction** on the ground that the actions are related, if the conditions there set out are satisfied."

Decline where overlap of subject matter

Opinion of Advocate General Tesauro, Case C-406/92 (Tatry), para. 18:

(18) I therefore consider that, where the proceedings commenced before the court subsequently seised are wider in scope and where it is not possible to broaden the **subject matter** of the first action (a circumstance which does not appear to have arisen in the present case, since all the cargo owners lodged a claim for damages, albeit merely by way of precaution, before the Netherlands court) that **court should decline jurisdiction** under Article 21 **as regards the part of the subject-matter regarded as included** within the action brought before the **court first seised** and **may**, on the other hand, **stay** the proceedings as regards the **remainder** of the subject-matter, relying also on Article 22 [now 30] of the Convention.



European patents governed by the national law

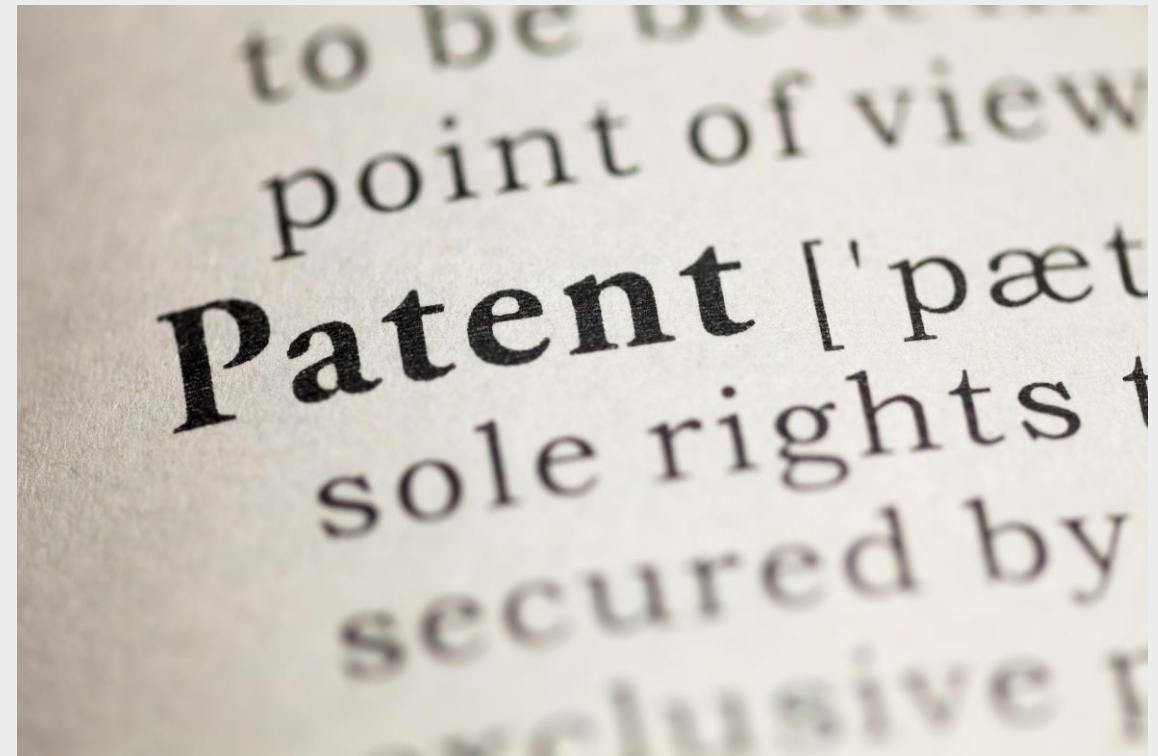
- different decisions OK – not diverging – as not same law

Case **C -539/03 (Roche)**, para 29-31 continued:

(29) Furthermore, although the Munich Convention lays down common rules on the grant of **European patents**, it is **clear** from **Articles 2(2) and 64(1)** of that convention that **such a patent continues to be governed by the national law** of each of the Contracting States for which it has been granted.

(30) In particular, it is apparent from **Article 64(3)** of the Munich Convention that 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.

(31) It follows that, **where infringement proceedings are brought before a number of courts in different Contracting States** in respect of a European patent granted in each of those States, **against defendants domiciled in those States** in respect of acts allegedly committed in their territory, **any divergences between the decisions given by the courts concerned would not arise in the context of the same legal situation.**



Exclusive jurisdiction for invalidity – own motion decline

Bx Article 24

The following courts of a Member State shall have **exclusive jurisdiction**, regardless of the domicile of the parties:

1. [...]
2. [...]
3. [...]
4. in proceedings concerned with the registration or **validity of patents**, trade marks, designs, or other **similar rights** required to be deposited or registered, irrespective of whether the issue is raised by way of an action or as a defence, the courts of the **Member State** in which the deposit or **registration** has been applied for, has taken place or is under the terms of an instrument of the Union or an international convention deemed to have taken place.

Bx Article 27

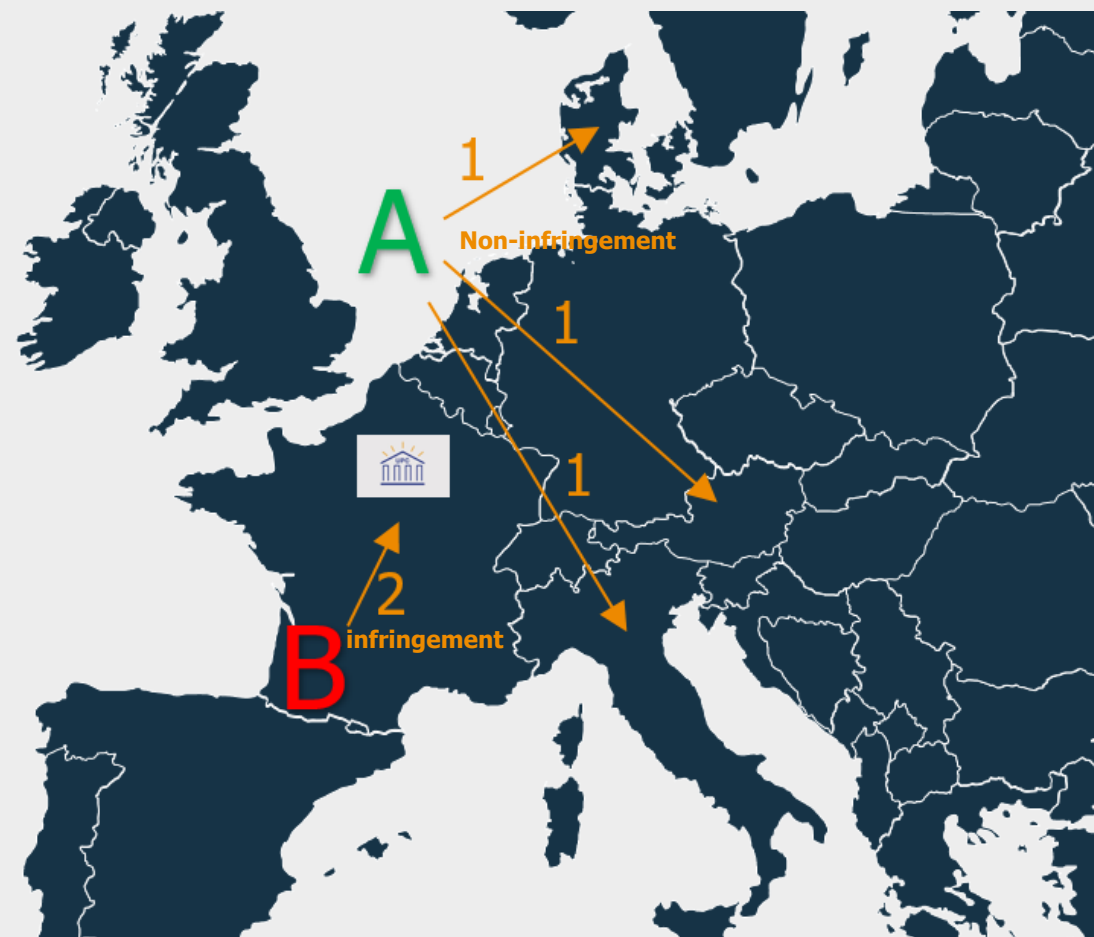
Where a court of a Member State is seised of a claim which is principally concerned with a matter over which the courts of another Member State have **exclusive jurisdiction** by virtue of **Article 24**, it shall declare of its **own motion** that it has **no jurisdiction**.

Scenario 1

1. Generic company (A) files an action for a declaration of non-infringement of a European patent before three national courts against a patent holder (B).
2. Patent holder B files infringement action before the UPC covering all UPC countries.

Must the **UPC** stay the infringement proceedings on the three national decisions on non-infringement?

3. What if the non-infringement actions before the national courts are launched against the patentee whereas the UPC infringement action is launched by an exclusive licensee?



Territorial scope of decisions & basis for decision

UPCA Art. 34

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.**

UPCA Art. 76

1. The Court shall **decide in accordance with the requests submitted by the parties** and shall **not** award **more than is requested.**

EU Trademark Case C-223/15 (combit v Commit), para 37:

37 ...

Article 1(2), Article 9(1)(b) and Article 102(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark must be interpreted as meaning that, where an **EU trade mark court** finds that the use of a sign creates a **likelihood of confusion** with an EU trade mark **in one part of the European Union whilst not creating such a likelihood in another part thereof**, that court must conclude that there is an **infringement** of the exclusive right conferred by that trade mark and **issue an order prohibiting the use** in question for the **entire area of the European Union with the exception of the part** in respect of which there has been found to be **no likelihood of confusion.**

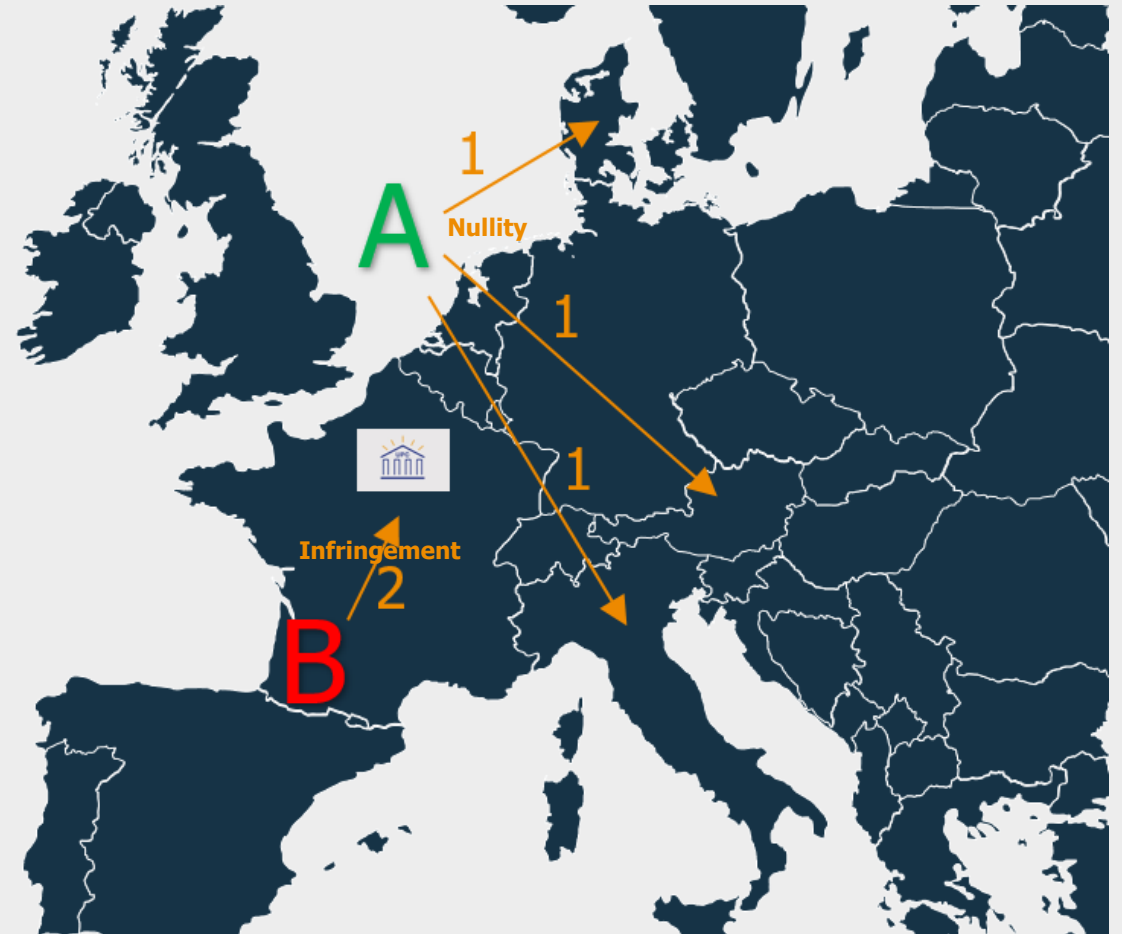
Scenario 2

1. Generic company (A) files nullity actions before three national courts concerning an EP patent owned by B.
2. B responds by filing an infringement action before the UPC.

Must/may/would the **UPC** stay the infringement proceedings pending the national decisions on the nullity actions?

Would it affect the UPC if there was also a counterclaim for revocation at the UPC against the remaining parts of the EP?

What would be the consequences if the UPC finds the patent infringed and orders a UPC wide injunction and damages ... but later some national courts find the patent invalid?



Security and damages for unjustified decisions

RoP

Rule 352 – Binding effect of decisions or orders subject to security

1. Decisions and orders may be subject to the **rendering of a security** (whether by deposit or bank guarantee or otherwise) by a party to the other party for legal costs and other expenses and **compensation for any damage incurred** or likely to be incurred by the other party if the **decisions** and orders are enforced and **subsequently revoked**.
2. The Court may upon the application of a party **release a security** by order.

Rule 354 – Enforcement

1. ...
2. Where **during an action** an **enforceable decision** or order of the Court is **subsequently varied or revoked**, the **Court may order** the party which has enforced such decision or order, upon the request of the party against whom the decision or order has been enforced, to provide **appropriate compensation for any injury caused by the enforcement**. Rule 125 shall apply mutatis mutandis. **Where an enforceable decision or order has been made** pursuant to a **finding of infringement** of a patent and, **following the conclusion of the action, the patent is amended or revoked**, the Court may order, upon the request of the party against whom the decision or order would be enforceable, **that the decision or order ceases to be enforceable**.



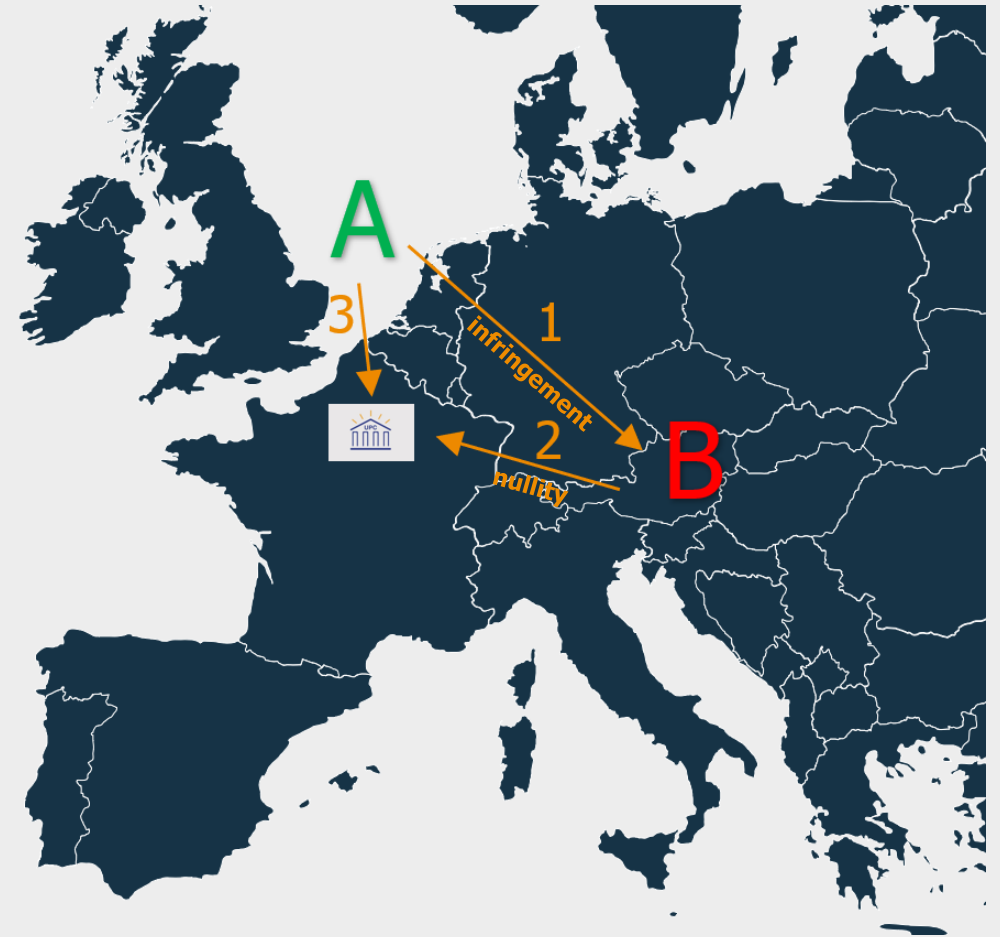
Scenario 3

1. The patent holder (A) files infringement action against generic company (B) in Austria for infringement in Austria.
2. B files a nullity action before the UPC.

Does the **Austrian court** have to stay the infringement proceedings pending the UPC nullity action? Or can the **Austrian court** stay the infringement proceedings pending the UPC nullity action?

Can the **Austrian Court** rule on the validity of the Austrian designation of the Patent or take it into consideration by way of a defence against infringement?

3. Can A file an action before the **UPC** for patent infringement covering all other UPC member states than Austria?



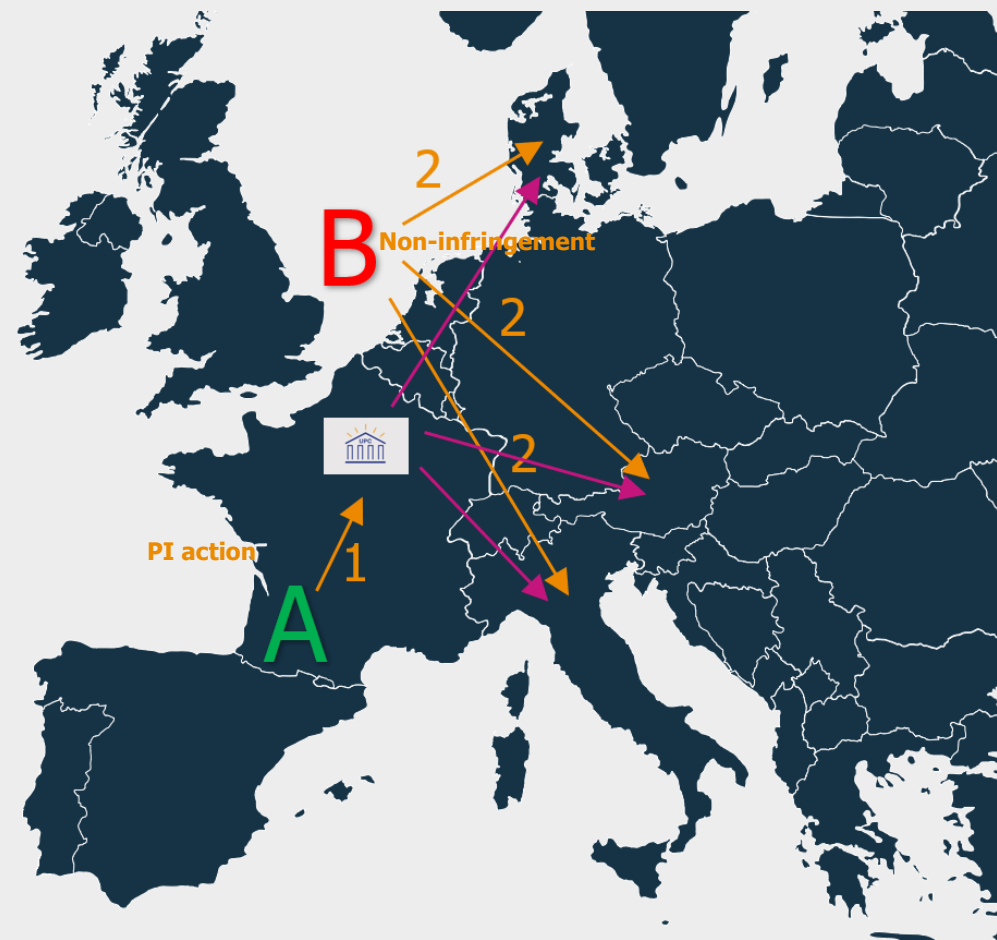
Scenario 4

1. Patent holder (A) files a UPC wide PI action before the UPC against B.
2. B files a series of non-infringement actions before some national courts.

Would the UPC wide PI action block the actions for declaration of non-infringement?

If the patent holder gets the PI, where should he start the action on the merits?

What would happen to the overlapping jurisdictions?



PI – followed by proceedings on the merits

RoP

Rule 213– Revocation of provisional measures

1. The Court shall ensure that **provisional measures are revoked** or otherwise cease to have effect, upon request of the defendant, without prejudice to the damages which may be claimed, **if, within a time period not exceeding 31 calendar days or 20 working days, whichever is the longer**, from the date specified in the Court's order, **the applicant does not start proceedings on the merits** of the case **before the Court**. When specifying the date, the Court shall take due account, where applicable, of the date on which the Report referred to in Rule 196.4 shall be presented.

