

Commission proposal to amend Brussels I Regulation to UPC Agreement

Introduction

The IP Federation represents the views of a significant number of major innovative UK companies in matters concerning intellectual property policy. A list of members is attached. Not only do our companies own considerable numbers of IP rights, both in Europe and internationally, but they are affected by the activities and IP rights of competitors. They may be either plaintiffs or defendants in IP related court actions.

Commission fills legal gaps for unitary patent protection

One of the final legislative pieces needed for the establishment of a unitary EU patent system emerged from the European Commission on 29 July 2013. The Commission has presented a proposal to amend regulation 1215/2012 (Brussels I) on jurisdiction and recognition and enforcement of judgements in civil and commercial matters to the Unified Patent Court Agreement. See the [press release](#).

The proposal to amend the "[Brussels I Regulation](#)" (Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters) paves the way for a Unified Patent Court (UPC) with specialised jurisdiction in patent disputes. The amendment must be approved by Member States and the European Parliament before becoming law.

IP Federation comments on draft Brussels Regulation amendments

The now widely accepted view is that the opt out regime of Article 83 UPC Agreement provides for opt outs for European patents from the UPC for the life of the patent (Art 83(3)), but that if a patent is not opted out, national litigation is still possible (Art 83(1)) for a transitional period of seven years. On the assumption that the widely accepted view is correct, Art 83(1) creates a complex situation of possible competing national and UPC actions and counterclaims. Consider this simple example:

A European patent with multiple designations is *not* opted out. Since Art 83(1) still permits national actions for a transitional period, a potential defendant seeks to "clear the way" in the UK with a UK action for revocation of the EP(UK). The patentee brings a "responsive" claim for infringement against that party in the UPC. The UPC defendant counterclaims for revocation in the UPC, and its suit includes the EP(UK). The simple questions are:

- first, is the UPC action permissible; and if so
- is the UPC counterclaim permissible; and if so
- can the UPC counterclaim extend to all parts of the European patent, or is the counterclaim in respect of the EP(UK) not permitted?

The UPC itself is silent: the nearest one gets to an answer is Article 34 which states that decisions of the UPC shall cover the territory of all contracting states for which that European patent has effect. This would imply that if the UPC counterclaim is permissible, it will be permissible to the full extent and include the EP(UK) in our example.

In the proposed amendments to the Brussels 1 Regulation, Art 24(4) of 1215/2012 remains unchanged and vests *exclusive* jurisdiction in the courts of the state of registration. This appears to leave two set of courts (national and UPC) with exclusive jurisdiction, which is not a helpful starting point.

The proposed amendments apply existing *lis pendens* rules to the new regime. At first blush this seems sensible, since these rules aim to prevent duplicative actions. However, they do not address the particular problems Art 83 creates as illustrated above. It is far from clear how the three questions posed above are to be answered. If the answer to the first question is that the national revocation action prevents a UPC infringement action being brought, this amounts to a new “UPC torpedo”.

Assuming this is not the case, however, it seems fundamentally incompatible with the *lis pendens* rules that two revocation actions in respect of the EP(UK) should be possible, but equally unsatisfactory that the UPC counterclaim should be limited to those parts of the European patent leaving two courts deciding essentially the same legal and factual issues, in respect of a patent which had not been opted out, and given the clear wording of Art 34.

Further, this is the simplest possible variant of the problem. Many more complex scenarios can be envisaged involving related parties such as licensees.

It is suggested that Art 24(4) of the Brussels 1 Regulation is amended to make it clear that pursuant to Article 83 UPC, for a transitional period, the UPC has concurrent exclusive jurisdiction. It is also suggested that the *lis pendens* rules are expanded specifically to take into account the problem above. IP Federation does not have a strong view as to what the answer should be as to what is permitted, since all possibilities are unsatisfactory, but litigants need certainty rather than leaving any areas of uncertainty to be decided by references to the CJEU.

IP Federation
23 September 2013

IP Federation members 2013

The IP Federation represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below. Its Council also includes representatives of the CBI, and its meetings are attended by IP specialists from three leading law firms. It is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

AGCO Ltd
Airbus
ARM Ltd
AstraZeneca plc
Babcock International Ltd
BAE Systems plc
BP p.l.c.
British Telecommunications plc
British-American Tobacco Co Ltd
BTG plc
Caterpillar U.K. Ltd
Delphi Corp.
Dyson Technology Ltd
Element Six Ltd
Eli Lilly & Co Ltd
ExxonMobil Chemical Europe Inc.
Ford of Europe
Fujitsu Services Ltd
GE Healthcare
GKN plc
GlaxoSmithKline plc
Hewlett-Packard Ltd
IBM UK Ltd
Infineum UK Ltd
Johnson Matthey PLC
Merck Sharp & Dohme Ltd
Microsoft Limited
Nokia UK Ltd
Pfizer Ltd
Philips Electronics UK Ltd
Pilkington Group Ltd
Procter & Gamble Ltd
Renishaw plc
Rolls-Royce plc
Shell International Ltd
Smith & Nephew
Syngenta Ltd
The Linde Group
UCB Pharma plc
Unilever plc
Vectura Limited