

PART 2 - INTERNAL COMPETENCES

(between UPC Member States)

The introduction of the European patent with unitary effect is accompanied by the creation of a unified patent court with exclusive competences to hear certain actions concerning this new type of patent and some other similar titles. The forthcoming entry into force of the agreement establishing the Unified Patent Court ("UPC") provides an opportunity to discuss here, without going into too much detail, the main rules that will determine the UPC competences in the EU Member States parties to this agreement ("UPC States"). For the other countries, see Part 3.

As a reminder, the structure of the UPC has two levels:

- a **Court of Appeal** based in Luxembourg and,
- a **Court of First Instance**.

The Court of First Instance consists of :

- a **central division** organised into three sections in Paris, Munich and perhaps Milan (the latter will replace London, due to the Brexit),
- **regional divisions** (common to several UPC states; only one has been established so far) and
- **local divisions** (specific to one UPC state; no section has been established in some UPC states, e.g. the Grand Duchy of Luxembourg, Malta and Bulgaria).

As a preliminary note, the UPC's **material competences** are limited to the actions listed in Article 32 of the UPC agreement (mainly infringement actions, declarations of non-infringement, invalidity actions or actions against decisions of the EPO concerning unitary effect).

Actions outside these competences are handled by national courts and are distributed internationally under the rules-of-competence of the so-called Brussels Ibis Regulation and the Lugano Convention (2007) (which no longer binds the UK).

Titles subject to UPC competences: it should also be recalled that the Unified Patent Court ("UPC"), described as a "common" jurisdiction for the UPC states, has competences to hear disputes concerning:

- European patents with unitary effect,
- European patents without unitary effect, except those for which an opt-out has been filed during the transitional period (7 years at least),
- European patent applications, except those for which an opt-out has been filed during the transitional period,

UPC AGREEMENT: THE "UNITARY PATENT PACKAGE" & "THE UNIFIED PATENT COURT"

WHAT ARE THE COMPETENCES OF THE UNITED PATENT COURT?

- supplementary protection certificates issued for products protected by a European patent ("SPC"), excluding those for which an opt-out has been filed during the transitional period.

The following is a brief outline of the rules applicable within the UPC States' territories to determine the competent division of the UPC Court of First Instance. Some procedural implications are also discussed when there are multiple actions.

I DISTRIBUTION OF DISPUTES WITHIN THE UPC

The parties may, by mutual agreement, bring their disputes falling within the competences of the UPC before any division. An exception is an action against decisions of the EPO (registration of unitary effect), which must always be brought before the central division of the UPC.

Absent such agreement between the parties, the following **rules** apply:

- **infringement actions** may be brought at the option of the claimant:
 - before the local or regional division of the **place of infringement**,
 - **or** before the local or regional division of the **defendant's residence** or principal place of business or, failing that, one of its places of business,
 - **or** before the **central division**, if no local division exists in the territory of the UPC State concerned and said State does not participate in a regional division (this applies e.g. to the Grand Duchy of Luxembourg).
- **Counterclaims for invalidity (revocation)** brought in response to infringement actions can lead to three possible scenarios:
 - the division itself **decides** on the infringement action and on the counterclaim,
 - **or** the division refers the counterclaim to the central division and decides on the infringement action or stays the decision on it (split or so-called "**bifurcation**"),
 - **or** the division **refers the entire** case to the central division, with the agreement of all parties.

In case of **split or bifurcation**, the Rules of Procedure provide that the division is obliged to suspend its decision on the infringement action if there is a high probability that the claims of the patent in question will be invalidated by the central division.

- **Main actions for invalidity (revocation)** and **declaration of non-infringement** fall within the competence of the **central division**.

However, if an infringement action between **the same** parties is already pending before a local or regional division in relation to the same patent, these proceedings can only be brought before the same local or regional division. In this case, all three scenarios described in the previous section are possible, including "**bifurcation**".



If an action for **invalidity (revocation)** of the patent at stake is already pending before the central division, an action for infringement between the same parties for the same patent may be brought before **any division** (local, regional or central division). If the defendant then brings a counterclaim for invalidity of the patent, the three scenarios are possible, including splitting the proceedings.

Unless the parties agree otherwise, the central division must stay proceedings on the invalidity action until the division concerned will decide on how to proceed further. The Rules of Procedure provide that this division must then take into account the state of the nullity action before the central division when deciding how to proceed.

- An action **for declaration of non-infringement** before the central division is suspended if, within three months of its launching, an action for infringement of the patent is introduced before a local or regional division.
- **Actions for 'consideration' for licences** under Article 8 of Regulation (EU) No 1257/2012 ("de jure" licences) fall within the competence of the local or regional division of the **defendant's residence**, principal place of business or one of its places of business.

| SPECIAL RULES

An action may be brought before the same division against **multiple defendants located** in different UPC states only if those defendants have a commercial connection and the action relates to the same alleged infringement.

Situations of lis pendens (different claims between the same parties concerning the same patent) are resolved by a preference rule in favour of the division implicated first.

For any questions or assistance, please reach out to our Team

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This newsletter is not a legal advice or a legal opinion. You should seek advice from a legal counsel of your choice before acting upon any of the information in this newsletter.

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