

## PART 3 - "INTERNATIONAL" COMPETENCES

The introduction of the European patent with unitary effect is accompanied by the creation of a unified court with exclusive competences to hear certain actions concerning this new type of patent and some other related 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 concerning the "international" competences of the UPC. This concerns the competences of the UPC in particular with regard to EU Member States that have not ratified the UPC Agreement and "third" (non-EU) States. Earlier reports covered the material competences of the UPC (Part 1) and the "internal" competences of the UPC (Part 2).

As previously mentioned (Part 1), **national courts** retain certain competences in patent matters. For them, the rules on international competence remain unchanged. These rules derive from Regulation (EU) No 1215/2012 of 12 December 2012 ("Brussels 1bis Regulation"), the Lugano Convention concluded in Lugano on 30 October 2007 ("Lugano Convention"), in force between Iceland, Norway, Switzerland and the Member States of the European Union ("EU"), and national rules on international competences (including any bilateral treaties entered into by States).

Below, we give an overview of the rules related to the UPC that apply vis-à-vis EU Member States that have not ratified the UPC agreement, as well as vis-à-vis "third party" States outside the EU (e.g. the UK, the US or China).

The Convention concluded in Lugano on 30 October 2007 between Iceland, Norway, Switzerland and the EU Member States, known as the **Lugano Convention**, remains unchanged. Its application in the UPC context raises some difficult issues, which will not be addressed in the limited scope of this newsletter. What is indicated below about parties located outside the EU should therefore be understood subject to the possible application of the Lugano Convention for the countries that are parties to it.

For proper understanding, we recall the distinction between the "internal" competence of the UPC, i.e. the competence within the borders of the States that have ratified the UPC agreement (the "UPC States") (see Part 2), and its "international" competence. We briefly discuss the latter from two perspectives:

- UPC competence in respect of EU Member States that are not members of the UPC agreement and,
- UPC competence over "third party" States, outside the EU and outside the scope of the Lugano Convention.

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

### WHAT ARE THE COMPETENCES OF THE UNITED PATENT COURT?



## ADAPTATION OF THE BRUSSELS 1BIS REGULATION: GENERAL

The "international" competence of the UPC is determined by Regulation (EU) No 1215/2012 of 12 December 2012 ("**Brussels 1bis Regulation**"), as amended by Regulation (EU) No 542/2014. The latter amendment seeks to insert the UPC in the Brussels 1bis Regulation. While it is true that the UPC is labelled as a "common" court for the UPC states, this qualification was not sufficient to apply all the provisions of the Brussels 1bis Regulation without adaptation. The establishment of the UPC required several adjustments to this legislation.

**Regulation 542/2014** therefore provides provisions that complement the EU rules-of-competence as well as the mechanisms of *lis pendens*, related actions, recognition and enforcement of judgments, between the UPC and the courts of EU Member States that have not ratified the UPC agreement.

Furthermore, this regulation supplements the Brussels 1bis Regulation with rules in respect of defendants residing outside the EU (the Lugano Convention is not examined here). Indeed, for these defendants ("foreign defendants"), the Brussels 1bis Regulation refers to national law in certain matters, which reference is inappropriate in the context of the UPC, since the latter has an autonomous legal regime.

## THE ASSIMILATION OF THE UPC TO A NATIONAL COURT AND ITS IMPLICATIONS

First, for the purposes of the Brussels 1bis Regulation, the UPC is assimilated to a national court.

This assimilation allows, for example, the UPC's territorial competences to be justified in cases where the Brussels 1bis Regulation did not allow it previously. Consider, for example, the case of an action for infringement of a European patent *without* unitary effect ("standard EP") (and not opted-out) by a Polish patent owner against a defendant residing in the Netherlands. The Dutch division of the UPC will be able to invalidate the European patent invoked in response to a counterclaim, not only for the Netherlands, but also for all other UPC States covered by this European patent (which Article 24(4) of the Brussels 1bis Regulation did not allow by itself).

This assimilation is expressly meant to the effect that the UPC is competent from the moment the matter falls within its material competence where, under other provisions of the Brussels 1bis Regulation, a national court of a UPC State would be competent.

Thus, under these rules, for a **defendant residing in the EU**, all the ordinary rules of competence apply: competence may derive from the defendant's residence or place(s) of business, the place of infringement, the country where the European patent is in force, etc.



Even for a **defendant residing in a "third party" State** (i.e. outside the EU; the so-called "**foreign defendant**"), the usual rules of the Brussels 1bis Regulation may apply. Consider, for example, the competence of the UPC to hear an action for invalidity of a patent with unitary effect or of a "standard" European patent (not opted-out) in one or more UPC States, or the competence resulting from a competence clause contractually designating the UPC as the competent court, subject to certain limitations.

Finally, Regulation 542/2014 provides for the application of the usual rules of the Brussels 1bis Regulation on *lis pendens*, related actions, recognition and enforcement of judgments.

## **| EXTENSION OF THE BRUSSELS 1BIS REGULATION TO DEFENDANTS RESIDING OUTSIDE THE EU**

However, the usual rules applicable to the foreign defendant under the Brussels 1bis Regulation are limited.

Apart from some special rules as mentioned above, in the case of a foreign defendant, the ordinary regime in the Brussels 1bis Regulation refers to the national rules on international competence. Since the UPC cannot apply these non-uniform national rules of international competence, Regulation 542/2014 provides that, in the case of a defendant residing outside the EU, Chapter II of the Brussels 1bis Regulation will apply ("where appropriate", a mysterious qualification in the rule).

Consequently, except (obviously) the application of the rule of competence in favour of the court of the country where the defendant is residing or has its place of business (here, per hypothesis, outside the EU), the rules known within the EU and made applicable by the reform will be able to give rise to competence of the UPC over actions against a foreign defendant. This applies inter alia to the competence rule based on the place of infringement: the UPC is competent regarding a foreign defendant if the place of infringement is in a UPC State or the effects of the infringement occur there.

Very curiously, when applying Chapter II of the Brussels 1bis Regulation to a foreign defendant, the competence of the UPC is limited when dealing with damages arising outside the EU as a result of an infringement committed in the EU. Indeed, this aspect of competence is subject to the double condition that (1) the foreign defendant's property is located in a UPC State and (2) the dispute is sufficiently connected to a UPC State. This unclear provision has already raised questions and criticism.

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

**Intellectual Property** | [upc@simontbraun.eu](mailto:upc@simontbraun.eu)

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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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### **SIMONT BRAUN**

Avenue Louise 250 / 10  
1050 Brussels

+32 (0)2 543 70 80

[www.simontbraun.eu](http://www.simontbraun.eu)

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