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A post-patent-torpedo EU?

An analysis of the Unitary Patent Package's impact on torpedo actions within
the EU

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Summary

Patent suits are among the more expensive legal endeavours a party can partake in. The best-case scenario for patentees is a cease-and-desist letter, where the threat of an impending suit convinces the alleged infringer stop altogether. If the alleged infringer insists, a court solves the matter and business may continue as usual. In the EU however, this chain of events is complicated by the possibility of utilizing the “Italian torpedo”. The Italian torpedo is a functional stop-block for any proceedings from the patentee for an extended period of time. The infringer utilizes the Brussels 1a regulation’s *lis pendens* rules and addresses courts with long turn-around time. Any actions or threats of actions from the patentee is thus rendered mute. While several national courts within the EU have sought to circumvent this problem, most, if not all, of these efforts have been declared illegitimate by the CJEU.

This situation, in conjunction with other problems of the fragmentary nature of the European Patent system have led the EU to implement the Unitary Patent package, which is a new patent system and patent litigation system that seek to change the foundations of the current system.

This thesis aims to explore how the torpedo situation has arisen in the EU, what mechanisms have allowed it to persist and how case-law from the CJEU may have allowed torpedo actions to continue. Furthermore, the thesis aims to explore what a Unitary Patent is, in particular how such patents can be defended within the system of the new Unitary Patent Court with special reference to how regulations 1257/2012 and 524/2014 and [the] Agreement on a Unified Patent court deal with jurisdiction at a system level and at the EU level. Additionally, the thesis aims to analyse if and how the new system tackles torpedo actions, and whether or not these or similar actions may persist in the new system.

Sammanfattning

Patentmål är ofta kostsamma rättsliga förfaranden. patentinnehavare vars patent har utmanats av en extern part är att ett varningsbrev skickas ett varningsbrev, varvid hotet om rättsliga handlingar ofta förmår den anklagande parten att avstå från ytterligare åtgärder. Skulle den anklagande motsätta sig dessa krav avgörs saken av en domstol, varefter parterna kan fortsätta med sin affärsverksamhet. Inom EU kan dock denna händelsekedja avbrytas genom utnyttjande av den s.k. ”italienska torpeden”, som under ansevärd tid fungera som en bromskloss för de rättsliga handlingar som står patentinnehavaren till buds. Detta möjliggörs av utnyttjande av Bryssel I-förordningens regler om *lis pendens* i kombination med användande av domstolar med långa handläggningstida. Resultatet bli att alla rättsliga åtgärder och/eller hot om rättsliga åtgärder från patentinnehavaren blir verkningslösa under många år. Flera nationella domstolar inom EU har försökt kringgå denna problematik men de flesta, om inte alla, sådana försök har förklarats vara i strid med EU-rätten enligt praxis från EU-domstolen.

Denna situation, tillsammans med det faktum att det nuvarande europeiska patentsystemets fragmentariska karaktär, har fått EU att implementera ”The Unitary Patent Package”, som är ett nytt patent- och patentdomstolssystem vars mål är att förändra regelverket för patent och patentförhandlingar från grunden.

Målet med denna uppsats är att undersöka hur ”torpedhandlingar” har uppstått inom EU, vilka mekanismer som möjliggjort detta, och hur rättspraxis från EU har möjliggjort den fortsatta användningen av den italienska torpeden. Uppsatsen avser även att undersöka vad ett ”unitary patent” är och hur ett sådant kan försvaras vid den nya domstolen, ”Unitary Patent Court”, med fokus på hur reglerna i förordningarna 1257/2012 och 524/2014 samt ”Agreement on a Unified Patent court” behandlar frågor om domstolsbehörighet på systemnivå och på EU-nivå. Uppsatsen utmynnar i ett försök till analys av om, och i så fall hur, det nya systemet hanterar torpedhandlingar, och om sådana kommer att kunna fortsätta i en eller annan form i det nya systemet.

Preface

This thesis is dedicated to

My mother Monika,
My father Kristoffer.
My girlfriend Gabriella.
My cat Simba, R.I.P you [beautiful](#) fluffball.

Thank you for everything!

Abbreviations

Brussels 1a	REGULATION (EU) No 1215/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast)
Brussels Convention	1968 Brussels Convention on jurisdiction and the enforcement of judgments in civil and commercial matters
CJEU	Court of Justice of the European Union
EPC	European Patent Convention
EPO	European Patent Office
EU	European Union
IP	Intellectual Property
Reg. 1257/2012	REGULATION (EU) No 1257/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection
The Agreement	Agreement on a unified patent court
UPC	Unified Patent Court
Unitary Patent	European patent with unitary effect

1 Introduction

1.1 Background

The Italian Torpedo may thus be described as an anti-Kafkaesque measure; a complete lack of complicated legal procedures as, its inherent goal is the lack of procedures. This metaphor is for the innated inheritable flawed, as the Italian Torpedo's effect real effect makes use of Brussels 1a's *lis pendens* rules' 'first come, don't serve, or at least serve much later' approach to jurisdiction. Service trade metaphors aside, tTorpedo actions constitute a very real problem for patentees within the EU and the European patent litigation system, as infringement processes could proceed for years with limited possibilities to halt them.

Those more cynically inclined would claim that torpedo actions are merely examples of clever litigation tactics and a means to forward one's own or one's client's position. The antistrophe may argue as that a given right whose enforcement can be rendered mute by 'misuse' defeats the purpose of awarding rights in the first place. Both sides are within their own viewpoint entirely correct, although the latter side's choir is considerably louder. Both sides would agree on the effectiveness of torpedo actions.

In an EU patent scenario, many issues can be attributed to a lack of a common system. In this regard, it may be asked why EU has not created its own patent system before now?¹ The short answers are, that a patent system had been already created in Europe, but outside the EU.² A short history lesson: in 1973, seven states signed the EPC and in 1977 the EPO was created,³ as Europe's first (and as of writing only) border-crossing system concerning patents and patent law. In brief, European patents are viewed as easy to obtain and hard to defend, or in more legal terms, consolidated in one end and bifurcated in the other. This double-edged sword entitles patentees to 38 national patents with one application, but in the case of infringement, patentees must defend their patent in (up to) 38 different states.

EU has now introduced Enter the Unitary Patent Package. Which the EU describes the unitary patent as follows:

“[...] The unitary patent is a legal title that will provide uniform protection across 26 EU countries on a one-stop-shop basis, providing huge cost advantages and reducing administrative burdens. The package will also set up a Unified

¹The system has not entered into force but has been created.

²The EU of 1977 (then: The European Communities) was far from the organization that it is today.

³<https://goo.gl/9BW9Ef>; <https://goo.gl/F6njWe>.

Patent Court that will offer a single, specialised patent jurisdiction.”⁴

The UPC’s homepage describes itself as:

“A single patent court covering 25 countries”⁵

Superficially, this ambition is admirable and may constitute an end to the Sisyphean task of defending patents all over the EU: one application, one court. The question whether this really is the case arises. As outlined below, the new system may solve some problem embedded in the current system, but several issues may prevail.

1.2 Purpose and Research Questions

A main purpose of this thesis is to investigate how [EU] Regulation 1257/2012 and Unified Patent Court Agreement (16351/12)⁶ will affect patent litigation within the EU with respect to torpedo actions and associated actions, which a party can utilize to stall patent proceedings. The purpose is not to examine if the new system changes the outset for patent litigation in the EU; it will inevitable do. Instead, it relevant to research how it will affect future patent litigation and if the new system may yield different results; does a change of variables change the sum? The principal questions addressed in this thesis are therefore:

How does the new system alter the use of patent torpedo actions in the EU?

Does the new system yield different endpoint-results?

What potential additional consequences will this have looking forward?

As for the question of perspective, this thesis does not adopt a pro-patentee perspective, or any overhauling perspective for that matter. While such a position may be defensible, it is (personal) reasoning that a set perspective to various extent begs the question when conducting legal studies. This is of course not fault *per se* it but borders to a political standpoint that this thesis aims to deter from. Instead, the thesis serves to function as an exploratory study within the scope of its questions and purpose. This approach is necessary as the regulations are not in effective force,⁷ and to some extent subject to change and, also, because there is a distinct lack of case-law. The

⁴ <https://goo.gl/mSjA3z>.

⁵ <https://goo.gl/dtPhWx>.

⁶ As of Writing neither of these regulations have entered into force, parts of the later of the two regulations are subject to future change.

⁷ The term ‘effective force’ should be in the context of this thesis be understood as a law which has entered into force but cannot be implanted and/or used in practice.

question whether the new system is favourable or not is thus left to the reader to consider.

1.3 Previous Research

As of writing, the Unitary Patent Package regulation has not entered into force and the available research on this subject is somewhat scarce. Some material is available consisting of commentaries on proposed legal text and its implications, primarily from a practical standpoint. It should be further emphasized that where studied regulations lack clear provisions that have not been clarified by case-law, studies on the subject, this one included, are likely unavoidably speculative.⁸

1.4 Method

To answer the above-referenced questions and to fulfil the thesis' purpose a legal dogmatic method will be applied where the law and its effects are analysed based on its sources.⁹ As mentioned above, the law (as of writing) has not entered into effective force, and sources such as case law and precedence do not exist with regard to the UPC and previous EU legislative acts. These acts will therefore be approached in a *prima facie de lege lata* manner to limit speculation. As the many parts of the new regulations will aim to supersede or supplement parts of the 'old system', comparative elements are unavoidable. This approach will however mainly be implemented in the thesis's analysis; when researching a new patent litigation system within the EU, the legal dogmatic method is the most sensible option.

Some basic elements from the scientific method typically adopted in natural sciences have inspired the approach,¹⁰ i.e. observation → question → hypothesis → examination¹¹ → results → conclusions. This scientific approach will only serve as a construct guide and is strictly secondary to the legal dogmatic method.

1.5 Delimitations

This thesis will not cover questions regarding or related to Regulation 1260/2012 (the translation regulation).¹² It will not cover individual (EU) states patent regulations nor what impact a unitary patent will have on non-

⁸ Several text written in the subject is in German, and due to this author's lack of understanding of the German language, these have been passed.

⁹ Sandgren, p. 44-45.

¹⁰ Miriam-Webster, *Scientific method*, <https://goo.gl/wvuRZ3>, and Encyclopaedia Britannica, *Scientific method*, <https://goo.gl/NzkVuY>.

¹¹ In the natural science field this step would be experimentation, which in legal studies poses some practical problems.

¹² COUNCIL REGULATION (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements.

contraction states and non-EU states, although the subject will be touched upon to emphasise relevant differences between current and the new system.

A question that has arisen in the light of this new system is whether the judges be sufficiently qualified etc. especially in local divisions. Although important, these questions will become relevant when and if the system is operational and will not be discussed further here.

A main argument in favour of the Unitary Patent Package was that it would lower application and renewal fees. Questions related to fees fall outside the scope of this thesis.

Another part that will not be covered, although of some relevance to the purpose, is the question of potential misuse of the new patent system.¹³ This is because the focus of the thesis is on how the new system will function for quote unquote serious actors.¹⁴

The Brussels 1a regulation provides some relief to the inflexible nature of its *lis pendens* rules in terms of choice-of-court agreements.¹⁵ As these seldom are found in patent infringement proceedings and are of a contractual nature,¹⁶ this issue will not be discussed further. Notably, however, patent suits fall by nature out of the scope of choice-of-court agreements,¹⁷ which has facilitated the use of Italian torpedoes in this setting.

The Agreement's transitional provisions will enable parties to opt-out from the UPC's exclusive jurisdiction during a five-year period (subject to prolongation) from the time when the Agreement enters into force.¹⁸ As the thesis focus is on the new system when fully operational (within the thesis purpose), transitional provisions will not be covered.

It should be mentioned this thesis could be an exercise in futility, since this whole system could fall out due to Great Britain's exodus from the EU.¹⁹ It is presumed that the UK will be a part of this new system, but it is necessary to

¹³Commonly known as: 'patent trolls'.

¹⁴To underline previous statements, the use of torpedo action does not constitute unserious behaviour as far as this thesis is concerned. Depending on the situation, torpedo actions could potentially be used to counter patent trolls. The question whether putting all the eggs in one basket will lead to a rise of patent trolls in the EU is enticing, but likely the subject of another thesis.

¹⁵Art. 25, 26 and 31.2 as well as R. 22 of Brussel 1a. For more, see: Kenny, David and Hennigan, Rosemary, *CHOICE-OF-COURT AGREEMENTS, THE ITALIAN TORPEDO, AND THE RECAST OF THE BRUSSELS I REGULATION*, International & Comparative Law Quarterly, Jan 2015, Vol. 64 Issue 1, p197-209.

¹⁶Art. 25.5, reg. 1215/2012.

¹⁷ See part. 2.1.2.

¹⁸See art. 83, The Agreement.

¹⁹When considering how the discussions between the UK and EU are proceeding as of writing, no possibilities should be excluded.

point out that The Agreement cannot enter into force unless the UK ratifies the regulations, or fully departs.²⁰

1.6 Disposition

On an editorial note, this thesis will make use of shortened links to homepages, to avoid extensive footnotes.²¹ Furthermore, no distinction will be made between articles etc. found online or in physically printed text, provided that the former is derived from academic journals or equivalent sources. This will also apply to the bibliography.

The thesis comprises five main chapters, where chapters 2 and 3 aim to explore the current system, and chapter 4 explores the new Unitary Patent system with an analysis in chapter 5.

Chapter 2 will firstly discuss what the ‘Italian Torpedo’ *de facto* is, followed by an investigation of the EU rules that have enabled torpedo actions to be undertaken along with an analysis of their purpose and function within the EU system. The chapter ends with a summary of relevant case law from the CJEU. Chapter 3 explores what a patent is, and in particular what a European Patent is, what the requirements are for obtaining and to some degree what rights are granted by a European Patent. This chapter aims at providing insight into the current system and the future system, as the EPO will retain their role as examiner of patent applications and granter of European Patents as well Unitary Patents. It also aims to explain on what grounds a claimant can seek to declare that a patent is invalid. Chapter 4 explores the various regulations and other legislative acts that constitute the new system, including how the UPC will function, what and how rights can be enforced in the new system, and how the UPC deals with questions of jurisdiction etc. Chapter 5 is an analysis of the potential implications of the new system.

²⁰Art. 89, The Agreement; Luginbuehl, Stefan and Stauder, Dieter, *Application of Revised Rules on Jurisdiction under Brussels I Regulation to patent lawsuits*, Journal of Intellectual Property Law & Practice, 2015, Vol. 10, No. 2, p. 135. It should be noted that it is possible that it will enter into force automatically, i.e. art. 89’s criteria of three states with highest numbers would be fulfilled.

²¹ If reader would like to check the shortened links before visiting them, all links can be previewed at <https://goo.gl/>.

2 Current system and the Italian Torpedo

Most patent proceedings are by nature *extra-contractual*, as is the case for most IP infringement proceedings,²² and as the European patent system it may give rise to 38 different proceedings,²³ patentees might only seek to defend their patent in some states, hoping that a victory will discourage an infringer to submission in other states. However, if the alleged infringer is foresighted, they may stop the patentee in their tracks via the ‘Italian Torpedo’.²⁴

The concept may be summarized as follows: a party effectively halts proceedings by filing a claim at the slowest court said party can identify, thus effectively blocking ‘real proceedings’ for years. This disingenuous²⁵ method used in cross-border litigation commonly named ‘Italian Torpedo’ or ‘Torpedo actions’, where a party makes use of specific courts that are known for their long turnaround times, and thus takes advantage of [the] Brussels 1a *lis alibi pendens*’ rules to slow or halt procedures. To use Franzosi’s example, company ACB files a non-infringement suit in Italy for European Patents, in states X, Y, Z all of which are owned by Company 123, in states X, Y and Z.²⁶ This will hinder the patentee from filing infringement suits in these states before the Italian court has declared that it does not have jurisdiction over the patents.

This is achieved because the *lis pendens* rules supersede other courts’ exclusive jurisdiction. The case could be overwhelmingly clear, that court X is holds jurisdiction and competence, but as long as another court is seized first, court X must wait for the second court to declare that it is not jurisdictional.²⁷

An effect of the current system is that rights holders might only pursue to defend their patents in larger [economic] markets.²⁸ If the cost for defending a patent is too high when considering potential earnings in a state, it could be wise to simply retract the patent from said state, nullifying the risk of costly non-infringement suits. In this context, it may be argued that this system may serve to benefit larger markets.

²²This statement might be false as most arbitration proceedings are not public, but as most action that rights holders can seek are non-contractual. the statement seems more likely than the opposite.

²³Provided that a patentee seeks to defend all parts of a European Patent, see part 3.2.1.

²⁴The term was coined by Franzosi, Mario, in *Worldwide patent litigation and the Italian torpedo*, European Intellectual Property Review, p 382-385, 1997.

²⁵Whether it is disingenuous is a matter of debate, depending on one’s own personal interpretation of ‘fair procedural tactics’.

²⁶Franzosi, p. 383.

²⁷ See part. 2.1.1f.

²⁸McDonagh, Luke, *European patent litigation in the shadow of the unified patent court*, Edward Elgar Publishing, Cheltenham, 2016, p. 13f.

As of writing, the only viable defence for patentees against ‘torpedo actions’ is to sue first, an approach that may not be favoured with regards to less costly and/or time-consuming options.²⁹

2.1 EU Rules Regarding Judicial Court

The most important legislative act concerning recognition in the EU of is REGULATION (EU) No 1215/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast),³⁰ whose rules will be discussed in the following.

2.1.1 General Jurisdiction

The basic rule in cases of cross-border disputes follows a simple matrix; the plaintiff shall sue where the defendant is domiciled, and this is also the case in the EU.³¹ This is mostly relatively easy when concerning natural persons, provided they are domiciled in the EU.³² In the case of companies and other legal persons,³³ their domicile is determined by article 63 of Brussels 1a, which situates their domicile to:³⁴

1. The legal person’s statutory seat;³⁵
2. Their central place of business, or;
3. Their principal place of business.³⁶

To determinate domicile, the member states shall apply national law to conduct this examination. If, for example, Vandeley Industries is sued in Spain,³⁷ by Kramera LLC, and Vandeley Industries would claim that the Spanish court did not have jurisdiction as they are situated in France, the Spanish court would apply Spanish (national) law to determinate whether Vandeley Industries are domiciled in Spain or France.

This principle is not without considerable exceptions to be able to account for situations which national courts can handle better, but also regarding cooperation with other [national] governmental bodies.

²⁹ Feintman, p. 718f.

³⁰ “Brussels 1a”.

³¹ Art. 4(1) Brussels 1a.

³² Art. 4(2), Brussels 1a.

³³ Henceforth “legal person(s)”.

³⁴ Recital 15, Brussels 1a.

³⁵ For Ireland, the UK and Cyprus, this term is further defined, which will not be covered here, see art. 63.2, Brussels 1a.

³⁶ Art. 63(a-c) Brussels 1a.

³⁷ The companies’ names are fictional, and any resemblance to actual companies or legal persons are coincidental.

2.1.2 Special and Exclusive Jurisdiction

If it were only possible to sue a party where they are domiciled, international judicial procedures would significantly favour the defendant, as it is often hard to navigate a [judicial] system of which a party knows little to nothing about. It is therefore possible to sue a party in another member state according to article 5.1 of Brussels 1a, which stipulates that persons (natural and legal) domiciled in a member state can be sued in another member state according to section 2-7 of Brussels 1a. The following will discuss some articles of relevance to this topic.

The most important rule in regard to patent infringement suits is article 7(2) of Brussels 1a, which states that a party can sue another party in where a harmful have takes place, or where it may take place,³⁸ i.e. where the infringement occurred or where it may occur. For example, if person A has a patent in state Y, and an infringement is taking place in state Y, person A can sue the infringer in state Y, regardless of the infringer's domicile.

The other important rule concerning patent litigation is article 24(4), which states that regardless of any parties' domicile, actions concerning a patent's validity must be brought in the same state as that patent is registered in, regardless of whether the issue is raised by way of action or defence. The same rules pertain over the national part of a European Patent.³⁹

2.2 Lis pendens

Lis pendens is the principle that the same case cannot be tried in two or more places simultaneously. To understand *lis pendens*, it is first necessary to understand *res judicata*, the principle of that a case based on the same merits cannot be tried twice between the same parties,⁴⁰ provided a non-appealable decision/judgement has been given.⁴¹ The purpose of *res judicata* is to facilitate a final decision in a dispute and to hinder a party from being forced to retry the same case *in absurdum*, thus allowing parties to proceed from a dispute knowing that it is legally over.

Within the context of the EU, *res judicata* would only be useful if judgements from one member state's courts was mutually recognised in all member states, and in turn give rise to *res judicata* in the whole EU. which is the case.⁴² If a treaty (or equivalent conventions) is lacking, where two states mutually do not recognise each other's judgements, *res judicata* and by extension *lis*

³⁸ Luginbuehl and Stauder, p, 137.

³⁹ Art. 24(4) §2; for more in detail, see part 2.2.3.

⁴⁰ This principle is not of without exceptions, see art. 45 Brussel 1a.

⁴¹ The criminal justice part is more commonly known, where one cannot be tried and sentenced for the same crime twice (a.k.a. 'double jeopardy').

⁴² Art 36(1) Brussel 1a.

pendens is rendered mute.⁴³ In the EU, judgments are to be recognised without need for any special process⁴⁴ unless a party challenges recognition.⁴⁵

If *lis pendens* did not exist, where recognition does, two (or more) competent courts could deliver different and irreconcilable judgements,⁴⁶ thus creating a situation where persons could be legally obliged to perform an action and do not perform the same action at the same time.

2.2.1 The Lis Pendens Procedure

Lis pendens may be better explained in the context of a mock-case. In the following part a hypothetical case will be used to illustrate how each court shall act. It is presumed in the case that both parties sue over the same matter, and the question whether the court have jurisdiction or not is here disregarded.

Case

Company A sues Company Z on the 1st of Mars in Germany.
Company Z sues Company A on the 5th of April in Finland.

Here, when the Finnish court is informed (presumably by Company A) that a suit is pending before a court in Germany, they shall stay their proceedings until the German court have given a decision whether it is jurisdictional or not.⁴⁷ If the situation is complicated only slightly, and it is not clear *prima facie* when company A did in fact sue Company A, the court shall notify each other when they were seized.⁴⁸

To determine when the respective court was seized, the courts must examine when the parties handed over documents initiating the procedure to the court or handing over equivalent documentation to the court⁴⁹ provided that the claimant has not failed in taking the needed steps to have the service effected on the claimant.⁵⁰ In some states, a claimant must first service the defendant before they can file the required documentation to the court; in these cases the court was seized when the relevant documentation, or similar, was

⁴³ *Res judicata* and *lis pendens* would arise in each of both states independently if two proceedings would start, but nothing would be achieved; this is within the EU a semi-truth as court may stay their proceeding in relation to proceedings in third states (arts. 34-35 Brussels 1a), the subject will thought not be explored here

⁴⁴ *Ibis* note 16.

⁴⁵ See part 2.3.1 and below.

⁴⁶ Or equivalent recognised bodies, see art 3 Brussels 1a. Even though the regulations do not apply to arbitration (art. 2(2)(d) Brussels 1a), arbitral 'judgements' would be recognised by member states courts, and could give rise to *lis pendens*, depending on national law (art. 73(2) Brussels 1a (the New York Convention)); see also note above.

⁴⁷ Art. 29.1 Brussels 1a.

⁴⁸ *Ibid*, art. 29.2.

⁴⁹ *Ibid*, art. 31.1(a).

⁵⁰ *Ibid*.

received by the pertinent authority, granted that the claimant has not failed in getting the suit lodged at the court.⁵¹ In both these situations, the court and/or the authority shall note when the [relevant] documentation was received.⁵² It is therefore not relevant when the case is brought before a judge, but when the documentation is received. This applies to all courts seized after the first.⁵³

If the German court find themselves jurisdictional, the Finnish court shall (must) decline jurisdiction.⁵⁴ If the German court find themselves not jurisdictional, the Finnish court may resume their proceedings. Assuming that no court is informed that an identical suit is pending before another court, and both proceedings lead to a judgement from the German court and one from the Finnish court, one of the parties can challenge the latter decision, opting to refuse recognition of the proceedings initiated last.⁵⁵

Lis pendense could only arise in our case if Companies A and Z have based their suits on the same cause and the same subject matter,⁵⁶ as presumed above. If for example Company Z's suit was concerning a completely different matter between the parties, the Finnish court would have no obligation to stay their procedures,⁵⁷ as *lis pendens* only applies when the same parties, involving the same cause of action, bring suits before two different courts.⁵⁸ Thus two questions must then be asked: what is "the same cause of actions" and what defines "the same parties"?

Same cause of actions

Art. 29.1 of Brussels 1a states "[...] *where proceeding involving the same cause of action* [...]". Something that is arguably not obvious from the wording of the English version is that the courts must not only account for the causes, but also the end-goal of the action. This means that the term 'cause of action' comprise of two elements, the actions and the object of the actions.⁵⁹ In light of cited case-law the effective wording of the article is rather: "*where proceeding involving the same cause of action and the same/shared object*", both these terms will be separately discussed in the following.

⁵¹ Ibid, art. 32.1(b).

⁵² Ibid, art. 32.2.

⁵³ Ibid, art. 29.1-2.

⁵⁴ Ibid, art. 29.3.

⁵⁵ Ibid, art. 45.1(d); Fentiman p. 716 and 725f.

⁵⁶ See C144/-86 §14 and C-406/92 §38.

⁵⁷ In the matter of 'related actions', see below.

⁵⁸ This is the case both in national cases and (EU related) international case.

⁵⁹ The phrasing of article 29.1 in the different language versions differs to some extent, the Swedish version state: "[...] *rörande samma sak* [...]" Eng. "Concerning the same subject-matter"; the French state: "[...] *lorsque des demandes ayant le même objet et la même cause* [...]" Eng. "claims with the same cause and the same object", the Danish state: "[...] *samme genstand og hviler på samme grundlag*, [...]" Eng. "the same object and the same basis". As pointed out by the CJEU in C-406/92 §38 and in C-144/86 §14, some language versions do not contain the one or the other term. As the Brussels Convention's wording is identical or very close to, a relevant question is why the lawmaker did not change this provision when formulating Brussels 1a.

'Cause of action'

The wording in of the regulation is in this matter clear: it is not the actions that are lodged that must be the same, but instead the (underlying) event that has given rise to said actions.⁶⁰ The French and Danish versions' wording of article 29 expresses this more clearly, which in essence states that it is the claim's causes that constitutes the test.⁶¹ This is supported by C-406/92 where the CJEU concluded that: "*For the purposes of Article 21⁶² of the Convention, the 'cause of action' comprises the facts and the rule of law relied on as the basis of the action*".⁶³ In our mock-case this can be illustrated as follows:

1. Company A asks the court to oblige Company Z to compensate Company A in the amount of EUR 200; because
2. Company Z caused damages to Company A via their behaviour, which Company Z are liable for according to law.

In this very simplified example, point 2 comprise the cases the causes of action. The facts ascertained are that Company Z have inflicted damages, and the law here would make Company Z liable for those damages. It is also irrelevant what position the claimant has; if the claims above would be reversed so Company Z would ask the court that they are not liable, the same cause of action is at hand.⁶⁴ An example where two different claims would (could) be deemed to have the same cause of action is a contract of sale of a machine. If the buyer claim that the machine is subpar, and the seller claim that the buyer's payment is past due, both parties' actions stem from the same cause, i.e. the exchange of goods for compensation. In short, if the principal subject matter is the same, in other words the essence of what is disputed must be congruent, the same cause of action lay at hand.⁶⁵

The same object

As noted above, article 29.1 of Brussels 1a's English version contain a "hidden prerequisite", namely the 'object of the action'.⁶⁶ The CJEU has defined this as: "[...] *the end the action has in view*",⁶⁷ i.e. what does the party seek to ascertain with their claims. Returning to our example, Company A seeks to establish that Company Z are liable for the damages at hand. Company Z claim in their defence that had nothing to do with the damages and should thus not compensate Company A. Here, the object of both parties' actions is to determine if Company Z is liable for the damages.⁶⁸ The damages

⁶⁰ Fentiman, p. 726f and 730f.

⁶¹ See above.

⁶² Art. 29 Brussels 1a.

⁶³ C-406/82, p. 39 (referred in detail below); Fentiman p. 732.

⁶⁴ C-406/92, §42; also part 2.3.1.

⁶⁵ Fentiman p. 732.

⁶⁶ See note 56.

⁶⁷ C-406/92 §41; Fentiman p. 729.

⁶⁸ Ibid.

themselves are according to the CJEU only secondary, as they are the natural consequence of established liability.⁶⁹

The classification of the dispute according to national law is not relevant for the task of establishing the same object in two sets of proceedings. As the rule is on EU level, its meaning is independent from national law.⁷⁰ The wording from the CJEU in C-406/92 illustrates this well: “*It follows that the distinction drawn by the law of a Contracting State between an action in personam and an action in rem is not material for the interpretation of Article 21.*”⁷¹ The test if the object is the same relates to the essence of the claims, not the shape, and any definitions by national law are superseded. This entitles the courts some leeway as they are not forced to examine if the claims are the same within the context of national law. This also means that the claims in the different courts must not be mirrored versions of each other, but that they pertain to the same subject-matter, i.e. object.⁷²

The same parties

The prerequisite that to give rise to *lis pendens*, a dispute must concern the same parties sounds *prima facie* quite simple. In the above-referenced hypothetical case, the parties are Company A and Company Z, both of whom are legal persons, and can thus be identified as parties in both proceedings. The identification of a party lies in the person (or other entities who has legal capacity) and has nothing to do with that person’s procedural position.⁷³

As English does not make use of *dualis*, the phrasing of art 29(1) Brussels 1a, the article’s application extends to all situations where the number of parties is equal to or larger than two.⁷⁴ If we change the premise of our case only slightly, and assume that Company Z did not only sue Company A in the latter suit, but also sued a third party, Company B. *Lis pendens* would in this cases only arise in the situation between Company A and Company Z,⁷⁵ and the Finish court are to no extent obliged to stay their proceedings in the dispute between Company Z and Company B. It easy to imagine than an acceleration of the number of parties would increase the complexity, but the principle remains the same: the court would only need to stay their proceeding in respect to those parties whom have already been lodged in another set of proceedings. Such a dispute has been brought before the CJEU in the “The owners of the cargo lately laden on board the ship “Tatry” v. The owners of the ship “Maciej Rataj” case.”⁷⁶

⁶⁹ C-406/92 §44, this would of course depend of the pleas in question.

⁷⁰ C-144/86, § 11; C.406/92 §46; Fentiman p. 729.

⁷¹ Ibid.

⁷² C-144/86, §17.

⁷³ See part 2.3.1.

⁷⁴ Fentiman, p. 727f.

⁷⁵ It is here presumed that the causes of actions are the same.

⁷⁶ C-406/92, referred to below.

The identification of ‘the party’ and which ‘person’ in cases with several parties, may be better understood in a situation when formed negatively. If we purpose in our mock-case the following situation:

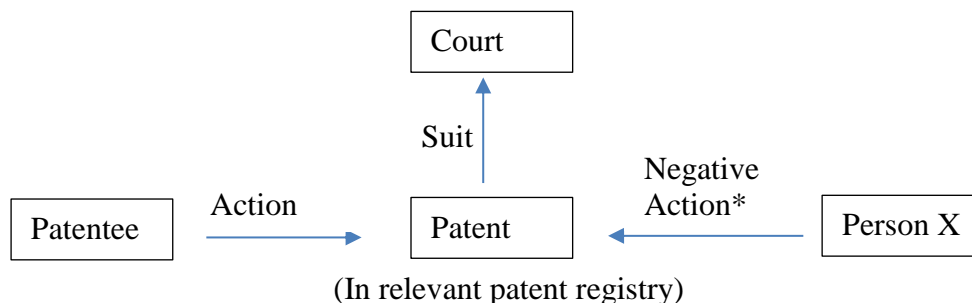
Company A sues Company Z
 Company Z sues Company B
 Company B sues Company A

Even if all of these suits are presumed to stem from shared causes of action, no two persons are ‘the same parties’ in any of the three suits, and no party would be able to claim *lis pendens*.

A note regarding patent suits

In cases regarding infringements of patents and other registered IP rights, the identification of causes of action is relatively simple. The cause of action becomes automatically identified by the claims, as the party initiating proceedings would need to specify which registered intellectual property has or has not been infringed.⁷⁷ Furthermore, parties do not have the possibility to choose applicable law for the proceedings, not even via contractual agreement.⁷⁸

The situation for cause of action as to patents can graphically be depicted as follows:



* Includes delegations of invalidity.

Irrespective of which party initiates proceeding, that party must take the route via the patent,⁷⁹ which both encompasses the same cause of action and a shared object. If parties would sue with respect to different patents, no court would need to stay their proceedings as neither the same cause of action nor the same object is at hand.

⁷⁷ Regarding several parallel (alleged) infringement, see C-539/03, referred bellow.

⁷⁸ Art 8 of reg. 864/2007;

⁷⁹ Patents are not valid before they are publicised, i.e. registered, see art. 64(1) and 67(1) EPC. It should thought be noted that the terms for a patent are dated from when the patent application is filed (art. 63(1) EPC), but the patentees can only enforce their rights after the patent is granted, though infringements during the application period are still enforceable as they are deemed to have taken place during the patent’s term.

2.3 Relevant case law

There is a comparatively small number of cases regarding European Patents which has tried by the CJEU. This stems to some extent from the fact that European Patents are neither one patent nor a strict EU matter.⁸⁰ The CJEU's case-law concerning *lis pendens* and related action is large, but the CJEU case-law that concerns European Patent, and *lis pendens* or related actions is scarce. In the following a selection of relevant cases will be studied, some of which have been mentioned above. The cases were chosen mainly to concern *lis pendens* and European Patents, but one case whose question only concerns *lis pendens* and related actions will be examined. The cases are discussed in chronological order.

2.3.1 C-406/92 (The owners of the cargo lately laden on board the ship “Tarty” v. The owners of the ship “Maciej Rataj”) [Lis Pendes]

This case concerned a shipment of soybean oil to Rotterdam, the shipowners, three groups of cargo owners and two courts,⁸¹ and the dispute whether said soybean oil had been contaminated with diesel or other hydrocarbons.⁸² The parties in detail where:

‘The Shipowners’

The owners of the ship ‘Tarty’ and transporters of aforementioned cargo, the same company also owned another ship named “Maciej Rataj”.⁸³

Vs.

The cargo owners

‘Group 1’

A group of owners of cargo, all under different bills of lading;⁸⁴

‘Group 2’

The Company Philip Brothers Ltd, who in addition to the soybean oil owned other cargo shipped, registered in the UK;

⁸⁰ See part 3.

⁸¹ Excluding the CJEU.

⁸² C-406/92, p. 3f; Note that parts of this case not relevant to this thesis will not be covered.

⁸³ C-406/92, p. 11.

⁸⁴ A “bill of lading” is in essence a receipt of what goods are being shipped issued to the cargo owner, <https://goo.gl/3h89vs>, 2018-02-13.

‘Group 3’

A group of four cargo owners, one of which being Philip Brothers Ltd, but here concerning other goods than in group 2, one more UK registered company and two German companies.⁸⁵

When the issue of the allegedly contaminated soybean oil arose, the Shipowners initiated legal actions towards Groups 1 and 3 in Rotterdam, seeking a declaration of not being liable or not being fully liable. This occurred in 1988.⁸⁶ On 18th of September 1989 The Shipowners brought similar actions towards Group 2.⁸⁷

Meanwhile, Group 3 had tried, and failed, to arrest the ship ‘the Tarty’ in Hamburg, Group 3 subsequently brought actions before the British ‘Admiralty Court’ towards two ships owned by The Shipowners: ‘The Tarty’ and ‘The Maciej Rataj’ seeking to arrest the latter ship; this occurred on the 15th of September 1989. Group 2 brought similar actions before the same court as Group 3, on the same date.⁸⁸ Both Groups 2 and 3 also brought actions before courts in the Netherlands; Group 1 only brought actions before courts in the Netherlands.⁸⁹

The Shipowners asked the Admiralty Court to decline jurisdiction towards Group 3, claiming *lis pendens* was at hand, or related actions. As to Group 2, The Shipowners accepted that the Admiralty Court was seized first, but they should still decline jurisdiction, claiming related actions.⁹⁰

The Admiralty Court declined The Shipowners’ motions with reference to *lis pendenes* in relation to both Group 1 and 2. The Admiralty Court accepted The Shipowners’ premise, i.e. that the Dutch case was in fact related actions but concluded that it was not suitable to stay their proceedings. The Shipowners appealed the Admiralty Court’s decision.⁹¹

The Court of Appeal decided to stay their proceeding and submit the following questions to the CJEU:⁹²

- (1) When proceedings are brought before two (or more) [EU] Court, which involve the same cause of action, where some, but not all parties are the same, and where one of the plaintiffs are defendant in proceedings pending before another set of proceedings, and to

⁸⁵ C-406/92, p. 4.

⁸⁶ Ibid, §6-8.

⁸⁷ Ibid.

⁸⁸ Ibid, §10-12.

⁸⁹ Ibid, §14f.

⁹⁰ Ibid, §16.

⁹¹ Ibid, §16-19.

⁹² Note that only questions related to *lis pendens* and related actions will be covered here, the questions will be addressed in the order that the CJEU answered the questions.

what extent article 21 of The Brussels Convention (*lis pendens*)⁹³ applies in these cases.⁹⁴

(5) If one party seeks a declaration that they are not liable for damages in the courts of one member state, and where the opposing party claim that the first is liable for damages stemming from negligence and/or breach of contract and/or breach of duty in a second; does the second proceedings involve the same cause of action, and share the same object?⁹⁵

(4) Is there an exclusive definition of ‘related proceeding’?⁹⁶ And regarding whether a court must stay proceedings or decline under article 22 of the Brussels Convention;⁹⁷ is it necessary that there is a risk of mutually exclusive legal consequences?⁹⁸

The first question

Firstly, the CJEU point out that a condition for *lis pendens* to arise the questions whether two (or more) parties are ‘the same parties’ must be determined independently.⁹⁹ The CJEU also notes, that it is irrelevant whether a party is a plaintiff in one proceeding, and defendant in another, a party’s procedural position does not affect that party’s identity.¹⁰⁰ As to the main question, if *lis pendens* is at hand between several different parties, it only applies to those parties who are sued in the first court seized, but not the parties sued later, provided that the first party did not sue them first.¹⁰¹

The fifth question

The CJEU in their answer point out that the English version of the Brussels Convention does not distinguish between the terms ‘object’ and ‘cause’ (of action), but as a distinction exists as the majority of the other language versions of the convention differ between them; regardless the interpretation should be uniform in all member states.¹⁰² The CJEU explain that the cause

⁹³ Equivalent to Art. 29 in Brussels 1a.

⁹⁴ C-406/92, §20 and 29-30.

⁹⁵ Ibid, §20 and §37.

⁹⁶ The phrasing of the Admiralty court’s question can be perceived as somewhat misguided as the Brussels Convention does not contain the term ‘related proceeding’. Neither can a comparable phrasing be found in the French nor the Swedish version of the text. The mentioned version only speaks to the claims/actions, not the relatedness of the proceedings. The CJEU does not address this potential typo and seems to (politely) assume that the Admiralty Court intended to write ‘related actions’ in their question (§52 in the judgement).

⁹⁷ Art. 30 Brussels 1a.

⁹⁸ C-406/92, §20 and 49; authors note, the question does also contain a third sub-question regarding the factual circumstances of shipping and damage of goods in relation to ‘related action’, that sub-question has been disregarded as it does not relate to sufficient degree to the thesis’s subject.

⁹⁹ Ibid, §30; also, see C-144/86, §11.

¹⁰⁰ Ibid, §31.

¹⁰¹ Ibid, §32-34.

¹⁰² Ibid, §38 with cited case-law.

of action encompasses the facts in conjunction with the (invoked) law.¹⁰³ In the case of shipping cargo, a declaration of non-liability and actions seeking liability for damages for the same cargo have the same cause of action.¹⁰⁴

To answer the question in whole, whether the opposing action also shares the same object, the CJEU defines the term ‘object’ in the context of article 21 of the Brussels Convention: “[...] *the end the action has in view*.”¹⁰⁵ Does then an action for non-liability for damages and seeking compensation damages share a common object? The CJEU answer was affirmative and points out that the principal question is the determining of liability, and if the claims are formed in negative or positive terms does not change the object of a dispute.¹⁰⁶ Regarding damages, the CJEU notes that those are merely the fallout of liability, and the seeking of such would not alter the object of the proceedings.¹⁰⁷

The forth question

Firstly, the CJEU notes that article 22 of the Brussels Convention can come into effect if applied when articles 21’s provisions have been exhausted,¹⁰⁸ asserting in effect that *lis pendens* supersedes related actions. As to the definition of ‘related actions’ the CJEU notes once more that the term is to be given an independent interpretation, as its goal is avoiding the risk of arriving in conflicting judgements.¹⁰⁹ Furthermore the term shall be applied broadly and applies when there is a risk of two trials resulting in conflicting decisions, without the need of decisions that lead to mutually excluding legal consequences, even the two proceedings would yield decisions that would be enforceable independently.¹¹⁰ The CJEU also notes that term ‘irreconcilable’ found in articles 22(3) and 27(3) are homonymous, and holds a different meaning.¹¹¹

Conclusions

C-406/92 can be said to function as an encyclopaedic case, where the CJEU sought to outline the various elements of *lis pendens* and related action and explaining those elements in a clear way.

As noted above,¹¹² the CJEU effectively expanded the wording of the English *lis pendens* rules by its judgement. This appears to be a sound and necessary step, as *prima facie* reading of the English version may give the impression that it is only the facts and law preceding the actions that the courts shall

¹⁰³ See section 2.2.

¹⁰⁴ C-406/92, §39f.

¹⁰⁵ Ibid, §41.

¹⁰⁶ Ibid, §42-43 and 45.

¹⁰⁷ Ibid, §44.

¹⁰⁸ Ibid, §50

¹⁰⁹ Ibid, §52.

¹¹⁰ Ibid §51-53.

¹¹¹ Ibid, §54-57; arts. 30.3 and 45.1(c) of Brussels 1a.

¹¹² See part 2.2.1.

account for when determining if *lis pendens* is at hand. Instead, the courts must also account for the claims' end-goal in their decisions.

The CJEU's answer to the forth question implies that the test for deciding if two proceedings stem from related actions is: do the decisions of the two proceedings risk overlapping? If yes, the actions are related. Even if a court finds that separate proceedings would result in two separately enforceable judgement, they must perform a forward-looking assessment of the potential of decisional overlapping.

2.3.2 C-4/03 (*GAT v. LuK*)

The *GAT* case concerned a dispute between two German motor vehicle technological companies, GAT and LuK,¹¹³ and the interpretation of article 16(4) of the Brussels Convention.¹¹⁴ LuK claimed that two of GAT's inventions infringed upon two of Luk's French Patents.¹¹⁵ This led GAT to file a non-infringement suit in Düsseldorf, claiming that their inventions did not infringe LuK's [French] patents. Furthermore, GAT also asked the [German] court to declare LuK's patents void or invalid.¹¹⁶

The German court declared itself jurisdictional over the dispute, both regarding the non-infringement and the nullification suits, but dismissed GAT's claims, holding the position that the patents in question were valid. GAT appealed, and the higher court stayed proceedings and submitted the following question to the CJEU:

Should article 16(4) of the Brussels Convention only apply in cases where a actions and/or proceedings concerning that patents validity are brought forth, and, where said actions are brought to establish that a patent is not infringed, regardless on way of action or plea in objection.¹¹⁷ Somewhat simplified, the question is: does it matter when in the proceedings a validity question is risen?¹¹⁸

The [CJEU's] answer to this question was that the exclusive jurisdiction in article 16(4) of the Brussels Convention, concerning the registration or validity of a patent, are confined to the [relevant] court in the member state where the patent is registered, regardless of what matter the question are

¹¹³ *Gesellschaft für Antriebstechnik mbH & Co. KG v. Lamellen und Kupplungsbau Beteiligungs KG* (Henceforth "C-4/03").

¹¹⁴ Current Art. 24(4) §2. Brussel 1a.

¹¹⁵ Note that LuK did not sue GAT but accused GAT of infringement.

¹¹⁶ P. 8-10, *C-4/03*.

¹¹⁷ P. 12f, *C-4/03*.

¹¹⁸ Rödiger, Felix, *Cross-border litigation after GAT v LuK and Roche v Primus: the future of the Italian Torpedo*, published 2009-01-01, received 2018-03-08, <https://goo.gl/LYaeSV>, point out that whether this is possible depends on national legislation.

raised before the court.¹¹⁹ A court cannot attain jurisdiction via prorogation agreements, or by a defendant voluntary appearance,¹²⁰ and if a court would claim jurisdiction in those situations (or failure to recognise its own lack thereof), the judgement would not benefit from the regulation's provisions recognition and enforcement, i.e. it can be challenged on formal grounds.

It is important to note that this ruling only deals with cases where actions concerning the validity and/or registration of patents are raised. Extra-national courts can declare themselves judicial over other states' patent suits, relating to 'pure' infringement actions (including declarations of non-infringements), provided that so would be allowed according to relevant law. The CJEU's reasoning is that a declaration that a patent is null, and void has *erga omnes* effect, and requires involvement of other national agencies that courts,¹²¹ and the involvement of courts others than those in the member state where the patent is registered, could lead to conflicting decisions that must be avoided.¹²²

Conclusions

The impact of this case is clear in that the national court and/or governmental bodies shall maintain control over their patents. However, the CJEU still left the proverbial door open for [EU] courts to decide on infringement actions of other states' patents. The common defence of opting to declare the patentee's patent(s) invalid is still valid as defence measure. Despite this, the decision fails to provide clarification as to how a court shall act when invalidation actions are filed in the patent's registration state, after the first court has been seized. Whether the first court shall stay their proceedings, awaiting the decision on the patent's validity is unclear, but is, depending on national law, the most likely outcome.¹²³ Whether this opened up for a type of torpedo action where infringers can delay proceedings by invalidity suits remains unclear but remains possible.

2.3.3 C-539/03 (Roche v. Primus)

The *Roche v. Primus* case¹²⁴ concerned a dispute over a European patent, and the (alleged) infringement of said patent. Primus, the proprietor of the patent in question, accused Roche's Dutch company and eight other companies in the 'Roche Group' of patent infringement by suing them in the Netherlands. The companies in the Roche Group not established or registered in the Netherlands opposed the Dutch court's jurisdiction, as well claiming that there was no infringement and the invalidity of the patents.¹²⁵ The Dutch

¹¹⁹ P. 25 and 32, C-4/03.

¹²⁰ Ibid, P. 24; Art. 25 and 26 of Brussels 1a.

¹²¹ Ibid, P. 23 and 30.

¹²² Ibid, P.

¹²³ Ibid, Rödiger.

¹²⁴ *Roche Nederland BV and Others, v Frederick Primus, Milton Goldenberg*, (Henceforth "C-539/03").

¹²⁵ Ibid, p. 13-15.

Court declared themselves jurisdictional over the dispute but dismissed Primus claims. Primus appealed, and the [Dutch] court of appeal set aside the lower courts judgement and ordered Roche to cease with their actions.¹²⁶ On appeal, the Dutch Supreme Court decided to ask the CJEU the following questions:

Does article 6(1) of the Brussels Convention¹²⁷ apply to European patent infringement proceedings involving several companies, established in different member states, and where those companies belong to the same group, where they have acted in similar manner and the alleged infringements are “the same or virtually the same”.¹²⁸ I.e. can a court apply article 6(1) of the Brussels and cumulate several cases in regard to European Patents, when one company of the accused companies, is located in the same state as the court?

The CJEU firstly observes that the purpose of article 6(1) of the Brussels Convention is to counteract irreconcilable judgements in cases with multiple defendants, provided that a sufficient connection exists between the defendants and the actions, rendering it advantageous to cumulate the cases.¹²⁹ The CJEU emphasises that as long as there is a risk of conflicting decisions stemming from separate proceedings, cases can be joined; the CJEU deems the qualification for application of article 6(1) is lower than the risk for mutually exclusive legal consequences.¹³⁰ The CJEU then, quite categorically, articulate their stance: in cases concerning several defendants, in several states where a European Patent is valid, and one claimant seeks actions towards the alleged infringing parties, multiple proceedings will never lead to a risk of conflicting decisions.¹³¹ The facts, and the law, in these situations are not the same, as each alleged infringement, in each (contracting) state, by different companies are never (to be considered) to be the same. By virtue of articles 2(2) and 64(1) of the EPC, each patent infringement is to be governed by national law, rendering each decision by different courts autonomous, i.e. the facts may be the same, but the law would not.¹³² Lastly the CJEU points out that if a claimant could join proceedings as described above, this would allow claimants to forum shop, with is unwanted in light of

¹²⁶ Ibid, p. 16.

¹²⁷ Equivalent to article 8(1) in Brussels 1a, the article states: “[...] *where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims 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*”.

¹²⁸ C-539/03, p 17-18.

¹²⁹ Ibid, P. 20 (With cited case law).

¹³⁰ Ibid, §21-23 (With cited case law); see also above under 2.3.1.

¹³¹ Ibid, §25-27.

¹³² Ibid, §31-35.

the [Brussels] convention.¹³³ The CJEU's conclusion is that article 6(1) of the Brussels Convention does not apply in cases concerning European Patents.¹³⁴

Conclusions

Many commentators claim that this case is the *de facto* death of the 'spider in the web doctrine', implemented primarily by Dutch and German courts,¹³⁵ who had claimed overhauling jurisdiction in multi-party infringement proceeding. Prior to this case, a possible viewpoint from some courts and lawyers was to view a European Patent as the spider this metaphor. CJEU's judgment instead affirms that the European patent is in fact the web itself.

Another important note from this case is the statement of European Patent's national effects autonomous nature. A decision concerning the national part of a patent can only give rise to conflicting decisions within that state. The effect of C-539/03 may have given rise to a fragmentation of European Patent, but the argument could be made that this was evident before as the EPC's provisions of the subject where and still are quite clear.¹³⁶

2.3.4 C-616/10 (Solvay v. Honeywell)

The *Honeywell* case¹³⁷ concerned a dispute where the patentee Solvay accused Honeywell¹³⁸ of infringing their patent and subsequently suing them in the Netherlands. Solvay's suit also included interim claims, where they asked the [Dutch] court to forbid Honeywell from continuing selling the products which Solvay claimed infringed their patent, until the main proceedings were finished.¹³⁹ In these [interim] proceedings Honeywell raised questions about the validity of the national parts of Solvay's patent, without bringing any actions towards Solvay's patent or stating that they had intentions of bringing such actions.¹⁴⁰ The Dutch court then decided to stay their proceeding and to submit the following questions to the CJEU:¹⁴¹

- (1) When two or more separate companies are accused of infringing the same national part of an European Patent, and that European Patent is in force in another member state, could separate

¹³³ Ibid, §37-39 (with cited case law).

¹³⁴ Ibid, §40.

¹³⁵ Rödiger, who also notes that the Dutch courts mostly implemented the 'spider in the web' doctrine in cases concerning Dutch companies.

¹³⁶ This was made more clear in the Brussels 1 and Brussels 1a regulation.

¹³⁷ Henceforth "C-616/10".

¹³⁸ Solvay claims where in fact directed at two (presumed) subsidiaries of the parent company also named 'Honeywell', henceforth referred to them as "Honeywell".

¹³⁹ C-616/10, §12-14.

¹⁴⁰ Ibid, p. 15.

¹⁴¹ Authors note, the Dutch court submitted six questions, but as the CJEU only found it necessary to answer two of them, only those will be discussed in the following.

proceedings give rise to irreconcilable judgements within the meaning of art. 6.1 of reg. 44/2001.¹⁴²

(2) Is art. 22(4) of reg. 44/2001,¹⁴³ applicable when a party seeks provisional measures in relation to a foreign patent, i.e. a cross-border prohibition against infringement, when the defendants argue that the patents are invalid, where the first court shall not decide on the patents validity but will make assessments how the [jurisdictional] would decide on the matter, if a non-negligible risk exist that the latter court would declare the patent invalid.¹⁴⁴ I.e. does the application of art. 22(4) preclude the application of art. 31.¹⁴⁵

The first question

The purpose of art. 6(1) of reg. 44/2001 is, according to the CJEU, to mitigate the risk of simultaneous proceeding when there is a risk of arriving in irreconcilable and/or conflicting decisions if the cases are not consolidated.¹⁴⁶ This rule should however be interpreted strictly and can only be applied in cases where reg. 44/2001 expressly allows consolidation.¹⁴⁷ While not distinctly stated by the CJEU, national courts shall assess whether a claimant only seeks to oust jurisdiction of one (or more) court where a defendant holds domicile when an action for consolidation is brought forth.¹⁴⁸ The CJEU continues and repeats the line of reasoning found in C-539/03, reaffirming that only the national courts may deal with patent validity issues.

The second question

The CJEU initially notes that the goal of article 22(4) of reg. 44/2001 is the affirming jurisdiction of a substance-matter within a defined territory, where article 31's goal is to apply regardless of substance as the articles concern different situations.¹⁴⁹ With this noted, i.e. that article 22(4) concerns jurisdiction over substance does not preclude the application of article 31, since the latter does not provide a court competence to decide of substantial matters of the case.¹⁵⁰ Before settling the question, the CJEU found it prudent to examine article 22(4) of reg. 44/2001 in the light of case-law related to article 22(4) predecessor, article 16(4) of the Brussels Convention, and

¹⁴² C-616/10, §16f; equivalent to art. 8.1 in Brussels 1a.

¹⁴³ Equivalent to art. 24(4) in Brussels 1a

¹⁴⁴ C-616/10, §16 and 31-33.

¹⁴⁵ Art. 33 of Brussels 1a.

¹⁴⁶ C-616/10, §18-20 (with cited case-law).

¹⁴⁷ Ibid, §21 (with cited case-law).

¹⁴⁸ Ibid, §22f, (with cited case-law).

¹⁴⁹ Ibid, §33-37.

¹⁵⁰ Ibid, §38-40.

whether such an examination would yield different results.¹⁵¹ The CJEU mainly repeats the conclusions from C-4/03, which are reviewed above,¹⁵² but arrives in the conclusion that the court that decided on provisional actions shall refuse them if it finds that there is a non-negligible risk that the competent court would declare the patent invalid.¹⁵³ However, in the situation at hand, i.e. that interim measures were lodged before the question of invalidity had been raised, article 22(4) of reg. 44/2001 does not preclude the application of article 33.

Conclusions

The CJEU's answer to the second question affirms that case-law derived from article 16(4) of the Brussels convention applies to Reg. 44/2001, that proclamation should however be considered as reaffirmation of earlier case-law. The fact that article 22(4) does not serve as stop-block to all provisional measures, but that courts of the member states are given some discretion in situations when counter-claims for invalidity are lodged, could be said to ease protection of patents. However, it is clear from the CJEU's reasoning that a court that shall decide whether they shall grant protective measures, in cases where the patent's validity is challenged, can only do so within the framework of: "[...] *reasonable, non-negligible possibility that the patent invoked would be declared invalid by the competent court.*",¹⁵⁴ which in practice is an unlikely situation.

Also, this judgement application is limited to circumstances where the schedule of operation follows the matrix: Interim measures → invalidity actions, but not vice-versa. The viability of torpedo actions still remains when the invalidity question is lodged first,¹⁵⁵ but also to some extent when used for the defence of a strict interim procedure.

¹⁵¹ Ibid, §41.

¹⁵² Ibid, §44-48; see part 2.3.2.

¹⁵³ Ibid, §49.

¹⁵⁴ Ibid.

¹⁵⁵ As this would give rise to *lis pendens*.

3 European patents

3.1 What is a patent?

The elementary definition of a patent is that it is a type of exclusive IP right where the protected subject matter is an [new] invention. As is the case with most IP rights, rights conferred to a patent do not correspond with any rights allowing the use of said invention. For example, if the invention is a drug that prevents the effects of a stroke and if an inventor subsequently patents that invention, this does not entitle the inventor to sell that drug by virtue of the patent. Instead the rights derived from a patent are negatively formed, where patentees can stop others from using their invention¹⁵⁶ in commercial situations.¹⁵⁷

The key difference between patents and other IP rights, except for the aforementioned subject-matter, is the limited time for exclusivity. For patents this is generally 20 years,¹⁵⁸ which is considered as a long or short time depending on the sector of technology. Some inventions can be rendered obsolete within this time-frame, and other inventions have a life-span that stretches long after the patent has lapsed. Compared with other IP rights, such as copyrights and trademarks, the protection time for patents is short.¹⁵⁹ There are several reasons why the system is constructed as such, but the most common argument for protection is that the state wants to incentivise creation and implementation of new technology and hence grant inventors with a time-limited monopoly of their invention with the provision that after this time the invention will be public domain, i.e. anyone can produce and/or sell it.¹⁶⁰

3.2 Patents granted by EPO

In Europe, the easiest (and by far the least expensive) way to obtain a border-crossing patent is via the EPO, created and bound by the EPC.¹⁶¹ Patentees in these cases are granted a so called European Patent.¹⁶²

¹⁵⁶ Or if someone has used their invention without consent, bring actions towards the infringer.

¹⁵⁷ E.g.: making, using selling or importing, see art 28, TRIPS agreement, subject to various limitations.

¹⁵⁸ At a minimum, see TRIPS art. 33 and art 63(1) EPC.

¹⁵⁹ The creator's life plus 70 years after his/her death (copyright) and consecutive 5-year periods in (potential) perpetuity (Trademarks).

¹⁶⁰ Cook, Trevor, *A user's guide to patents*, 3. ed., Bloomsbury Professional, Haywards Heath, 2011, p. 4.

¹⁶¹ Art. 1, 4, EPC.

¹⁶² Art 2(1), EPC.

3.2.1 Rights granted by an European Patents

The name ‘(a) European Patent’ is somewhat disingenuous, as the European Patent is on the one hand a ‘classical patent’ and on the other hand not a patent at all; somewhat simplified a European Patent is a bundle of 38 national patents, which the EPO has the power to grant. The EPC obliges the contracting states to treat a European Patent, in their state, to the same conditions as a national patent unless that the EPC states otherwise.¹⁶³ These exceptions are, in essence, cases where the patent are declared invalid due to an opposition at the EPO.¹⁶⁴

This is further reinforced by art. 66 of the EPC, where the contracting states are obliged to treat a European Patent application equal to a national.

If the patent is a so called product-by-process patent, where the patent claims cover the process which results in a product, the patent covers the product[s] directly obtained by that process.¹⁶⁵

Obviously patent law is not the same in all the contracting states, but since almost all contracting states are members of WTO, some general principles can be found in the TRIPS agreement and the Paris Convention.

3.2.2 Territorial effect

As stated above, a European Patent is enforceable in all contracting states unless the applicant wishes otherwise. Applicants can request their patent to be granted for one, several or all contracting states.¹⁶⁶ These articles are complemented by art 79, which states that if the applicant does not specify designated states, it is assumed that all contracting states are requested.¹⁶⁷

3.3 Substantial Patent law (EPO)

As both Unitary Patents and European Patents will be examined on the basis of the EPC’s and its subsequent regulations’ substantial provisions, it follows that those criteria are outlined. This thesis goal it not to discuss substantial patent provision, as these are the basis for revocation actions they warrant a short discussion¹⁶⁸

¹⁶³ Art 2(2), 64(1) and (3), EPC.

¹⁶⁴ Art 99 EPC,

¹⁶⁵ Art 64(2) EPC.

¹⁶⁶ Art, 3 and 149 EPC.

¹⁶⁷ Art 79(1), EPC, it could be not expensive then applying for all states

¹⁶⁸ Art 9(1)(a), reg. 1257/2012

3.3.1 Criteria for patentability

3.3.1.1 Patentable inventions

The EPC states that any and all inventions can be patented, regardless of field technology, provided that they are new, innovative and can be industrially applicable.¹⁶⁹

As underlined, it is relevant to understand what, legally speaking, an invention is; patent law often is purposefully vague aiming to not limit itself to foreseeable inventions. A patentable invention is instead defined by what it cannot be, i.e. what does not constitute an invention.¹⁷⁰

An invention thus cannot be a discovery or a scientific theory. The two terms overlap to some extent, as a discovery is often followed by a theory. For example, deoxyribonucleic acid,¹⁷¹ (DNA) had existed as long as there has been life¹⁷² but its detailed structure was *discovered* in the early 1950's by James Watson, Francis Crick and co-workers by studying X-ray images of cells, thus revealing the molecular structure of genes.¹⁷³ Watson and Crick could in this case apply for a patent protecting the use of X-rays to detect genetic material, but not for the DNA itself.¹⁷⁴ The *[Scientific] theory* in this case is that DNA is the 'code/blueprint' for all (known) life, which cannot be patented.

Other subject matters deemed not to be inventions are mathematical methods or aesthetic creations,¹⁷⁵ rules and schemes for performing mental acts, playing games, doing business, as well as computer programs and presentations of information.¹⁷⁶ A common denominator for most of these exceptions is that it is possible to protect them via other types of IP law, but also that they are non-tangible. It is not entirely misleading to claim that to be classified as an invention one needs to be (theoretically) able to touch it.

3.3.1.2 Exceptions to patentability

Some inventions can never be patented as a result of the subject matter which concerns the invention or based on subjective criteria such as moral or threats to public order.

Ordre public

¹⁶⁹ Art 52(1), EPC.

¹⁷⁰ Art 52(2).

¹⁷¹ Henceforth DNA.

¹⁷² Disregard RNA-based viruses and other lifeforms whose genetics are non-DNA bound.

¹⁷³ Source. This statement is not entirely true as they discovered the structure, i.e. the double helix structure, of DNA.

¹⁷⁴ Disregard the fact the EPO and EPC at that time had not been founded.

¹⁷⁵ As they are protected by copyright law.

¹⁷⁶ Both protected by copyright; art 52(2)(a-d) EPC.

Many inventions are dangerous by nature and are in many cases illegal unless patentees are granted various permissions, e.g. market approval for the selling of medicines. The term translates to ‘public order’ (from French); an invention and subsequent use of said invention must then by nature of itself pose a threat to [the] public order to be excluded from patentability.

In the case T 0356/93, the board of appeal defined *ordre public* as:

“[...] inventions the exploitation of which is likely to breach public peace or social order (for example, through acts of terrorism) or to seriously prejudice the environment are to be excluded from patentability as being contrary to "ordre public".”¹⁷⁷

The *ordre public* is not equal to illegal, forbidden or punishable, nevertheless, many inventions that would be illegal are also contrary to *ordre public*. A good example is the cloning of human beings, which is expressly forbidden by virtue of the art 3.2 of [the] Charter of fundamental rights of the European Union. Likewise, the EPC’s implementing regulation prescribes that [European] Patents shall not be granted for processes involving the cloning human beings.¹⁷⁸ It should be mentioned that European Patent can be revoked in single states on these ground in revocations proceedings post-grant and post-opposition.

Further inventions that are non-patentable are plants and animal varieties. Both of these are non-patentable, where the former are protected by other legislation,¹⁷⁹ but also on grounds of the nature of creating new varieties, for example genetically modified organisms,¹⁸⁰ provided that the process is essentially biological.¹⁸¹ This provision does not apply to microbiological processes, or products derived from such processes.

Methods for treatment of humans or animal body¹⁸²

The methods for medical treatment of humans and other animals, include surgery, medicines or other means of treatment, and methods for diagnosis etc.¹⁸³ In short, everything a doctor/veterinary/medical practitioner does to

¹⁷⁷ T 0356/93 (Plant Cells), under Reasons for the Decision, §5.

¹⁷⁸ R 28 and art 53(a) EPC. It should be noted that the EPC does not explicitly define cloning of humans as contrary to *ordre public*, but merely that patent shall not be granted for such processes. It could be argued that EPC’s regulations on cloning are of a different nature. An argument could be that cloning is threat to the advancement of the human race by stopping its evolution; see also <https://goo.gl/NWsx7i>.

¹⁷⁹ COUNCIL REGULATION (EC) No 2100/94, of 27 July 1994, on Community plant variety rights, only applicable to EU member states.

¹⁸⁰ This is a simplification of the issue, see, Hellstrand, Arvid, *Växtskyddet – Om patenterbara växter i Europa (The plant protection – about patentable plants in Europe)*, Bachelor thesis, 2015, Lund, Sweden.

¹⁸¹ In short, if the process could conceivable accrue in nature, it’s essentially biological, see EPO, *Guidelines for examination*, section 5.4.2.

¹⁸² This tautological distinction between humans and other animals is purely legal.

¹⁸³ Art 53(c) EPC.

make a patient get better or figure out what is wrong with him cannot be patented. This exception does not extend to equipment and drugs used in above-mentioned practices.¹⁸⁴

3.3.1.3 Novelty

To be granted patent for an invention, said invention must be absolutely new. As mentioned, the criterion is formed negatively: an invention is new if it does not form state of the art.¹⁸⁵ State of the art is defined by the EPC as:

“The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of the European patent application.”¹⁸⁶

The novelty criterion is, as stated in the EPC an absolute criterion.¹⁸⁷ There are, needless to say, multiple examples of the strict adherence to novelty. To exemplify, a friend of mine was denied a patent because he had told a student paper about the outlines of his invention, which was thus in the public domain.

3.3.1.4 Non-prejudicial Disclosers

There are two exceptions to the novelty criterion, both of which are bound by a time limit of six months¹⁸⁸ meaning that if certain events occur, an inventor has six months to apply for a patent or else that information will become state of the arts.¹⁸⁹

The first situation concerns “evident abuse”,¹⁹⁰ where two categories who can conduct such abuse are listed. The first “in relation to the applicant”¹⁹¹ applies to cases where someone or some event has made information about a yet not patented invention public. For example an ex-employee could leak information, with the intent to sabotage his or hers ex-employers’ business. Another case could be when a third party has hacked or in another criminal/non-sanctioned manners made information public about an invention, for which an application has not yet been filed. This should not be confused with cases of negligence, where said rules do not apply.¹⁹²

¹⁸⁴ Art 53 (c), last half-sentence.

¹⁸⁵ Art 54(1) EPC.

¹⁸⁶ Art 54(2) EPC.

¹⁸⁷ Although, see part 2.3.1.4

¹⁸⁸ Art 55(1) EPC.

¹⁸⁹ See G 03/98, part III under “Summary of the facts and submissions”, under 2.1, same case, the board Points out that it’s the patent application that is the relevant date.

¹⁹⁰ Art 55(1)(a) EPC.

¹⁹¹ Ibid.

¹⁹² EPO’s guidelines for examinations, part G, chapter V, subsection 3, see also T 0585/92, part 6.4-6.5, where the Brazilian Patent Office, had mistakenly publicised an application, the board found that those events did not constitute “evident abuse”.

3.3.1.5 Inventive Step

The second to last criterion to fulfil is that the invention in question must be inventive, i.e. the inventor must have been creative to some degree when designing the invention.

A crude example would be a new take on a potter's wheel; potter's wheels are spinning counter clockwise as most people are right-handed.¹⁹³ If someone would invent a potter's wheel that would go both clockwise and counter clockwise, so both left and right-handed people could use it, this would not be inventive as it would be obvious for any professional potter.

3.3.1.6 Industrial Application

The final provision for patentability is that the invention must be able to be used or made in some type of industry.¹⁹⁴ This regulation is seldom a hindrance, but if the invention can only be used in the (human) private sector it will not be patentable.¹⁹⁵

¹⁹³ https://en.wikipedia.org/wiki/Potter%27s_wheel (2017-04-20)

¹⁹⁴ Art 57, EPC.

¹⁹⁵ G 02/03, Part 2.4.2 under reasons; see also T 074/93, where a contraceptive method was deemed not industrially applicable because a cream was administered by the patient herself, part

4 Unitary Patents and the UPC

The Unitary Patent Package is as of writing the only (almost) successful attempt in creating a uniform EU patent system.¹⁹⁶ The following chapter aims to explore what a Unitary Patent is and what its legal status is, followed by an elaboration of the structure and jurisdiction of the UPC.

4.1 Acquirement of a Unitary Patent

The procedure and framework for acquiring a Unitary Patent is unique, or at least a rarity in the EU. Instead of creating a (new) governmental body or assigning an existing agency new tasks, the EU have delegated this task to an external, non-governmental organisation, the EPO.¹⁹⁷ This is achieved via use of Article 143 of the EPC, where contracting states are allowed to give EPO additional task via a ‘special agreement’. In this case the EU member states,¹⁹⁸ who all are signatories to the EPC, has given the task of issuing and granting unitary patents to the EPO.¹⁹⁹

4.1.1 Application to EPO and Granting procedure

The EPO will be given several tasks related to Unitary Patents, most of which are administrative. In summary, these are:

- Administer requests for patents;
- Register Unitary Patents in the European Patent Register;
- Receive and register licensing statements (including withdrawal of licensing agreements);
- Publish translations;
- Collect and administer renewal fees;
- Administer compensations scheme for reimbursement of translations;
- Ensure that [the] language of proceedings [at the EPO] is defined;
- Ensure that unitary effect is registered and indicated as such, during the transitional period.²⁰⁰

¹⁹⁶ Regarding the history of EU patent law see: Pila, Justine, *An Historical Perspective I: The Unitary Patent Package.* *The Unitary EU Patent System.* Ed. Justine Pila and Christopher Wadlow. London: Hart Publishing, 2014. The history will not be covered in the following. The notation of almost is that it is not yet operational.

¹⁹⁷ Art. 9 Reg. 1257/2012 and Art. 143 EPC; see also <https://www.epo.org/law-practice/unitary/unitary-patent.html>.

¹⁹⁸ With the exception of Spain and Italy, the group of EU member states whom are participating in the Unitary Patent Package be referred to as “(the) member states”

¹⁹⁹ Ibid, note 197.

²⁰⁰ Art 9.1(a-h) reg. 1257/2012.

In effect the procedure with regards to the examination of substantial provisions is the same as the procedure for ‘classical’ European Patents.²⁰¹ The main difference is that [patent] proprietors will have to underscore that the patent they are seeking is a Unitary Patent.²⁰²

4.1.2 Unitary Effect

For a Unitary Patent to attain ‘unitary effect’, the patent must have the same claims same for all member states, if the claims where to differ the patent cannot Unitary patents will have the same rights (including protection) and the same limitations in all member states.²⁰³

Although not expressly stated in reg. 1257/2012, but amended by The Agreement, the governing law shall be “union law”²⁰⁴

4.1.3 Legal Effect

A Unitary Patent shall have “unitary character”,²⁰⁵ which is defined as follows:

“European patent with unitary effect shall have a unitary character. It shall provide uniform protection and shall have equal effect in all the participating Member States.”²⁰⁶

In cases of licensing, the licensing must not be uniform, but a Unitary Patent can be licensed in all or a few member states.²⁰⁷ Callens and Granata point out that this was a compromise when the structure of reg. 1257/2012 was discussed.²⁰⁸

A patentee, from a business perspective, might not have the resources to produce and distribute its invention in the entire EU. Furthermore, problems could arise if all licensees’ licenses would cover the whole internal market, as cases of self-competition could occur.²⁰⁹ For those interested in patent and business law in general, this is not new.²¹⁰ The novelty is instead the possibility for patentees via the EPO to allow anyone to become a licensee,

²⁰¹ Recital 5, Reg. 1257/2012.

²⁰² Callens and Granata, p 23 f.

²⁰³ Art. 5.2 and recital 7, Reg 1257/2012; Note that mentioned recital continually used the work “should”, future case-law could possibly effect this provision, thought superseded by Art 5.2’s wording “shall”.

²⁰⁴ Art. 20 and third to last paragraph (preface), The Agreement,

²⁰⁵ Art. 3.2 Reg. 1257/2012.

²⁰⁶ Art. 3.2 Reg. 1257/2012.

²⁰⁷ Art. 3.2, paragraph 3, recital 7, Reg. 1257/2012; Callens and Granata, p. 24-25.

²⁰⁸ Ibid.

²⁰⁹ The term ”self-competition” should in this context be understood as two more licensees being able to sell the same product on the same market.

²¹⁰ Callens and Granata, p. 33f.

provided that the licensee pays an “appropriate consideration”.²¹¹ This addition could potentially allow patentees to get access to markets that were previously unobtainable or at least considerably hard/costly to penetrate.²¹²

The terms and conditions of these licensees are not defined in the regulation, but instead are contractual licensees.²¹³ This is not to say that patentees and licensors must sign a contract with everyone whom might use it.²¹⁴ Instead this is more of the form of an open royalty agreement/offer, with (potentially) fixed rates. For example, anyone can use the invention of patentee X provided that they pay Y % royalty per sold product.

4.1.4 Status as an object of Property

A Unitary Patent’s status as an object of property mirrors the legal status of the EPC,²¹⁵ where the contracting states shall treat all Unitary Patents as national patents with unitary effect. This infers that Unitary Patents are not one unified patent, but a collection of patents, governed by a common system. This also applies to the contracting state where the applicant has their residence or principal place of business on the date of filing,²¹⁶ or when the applicant does not have residency or a principal place of business in a contracting state, where they have a place of business.²¹⁷ In cases with two or more applicants, the first indicated applicant’s residency or principal place of business, and if such does not exist, the second applicant’s residency or principal place of business (etc. for further applicants).²¹⁸

When there is no applicant who has residency, principal place of business or any place of business in a member state, a Unitary Patent shall be treated by the contracting states as a national patent of the state where the EPO has its headquarters.²¹⁹

Lastly, the regulation stipulates that acquisition of a right may not be dependent on entry in any national patent register.²²⁰ Whether this refers to the granting of the patent itself or the transfer of a patent to a third party (i.e. selling the patent or someone claiming better right to it) is not clear. However,

²¹¹ Art. 8.1, reg. 1257/2012; Callen and Granata p. 33f.

²¹² Here presumed that sometimes, finding a local partner can be hard and costly, and if the cost of finding a partner is greater than potential earnings it’s unlike for patentees to consider that market.

²¹³ Art. 8.2, reg. 1257/2012.

²¹⁴ The wording “[...] to allow any person to use the invention as a licensee [...]” gives support for this interpretation, art 8.1 Reg. 1257/2012.

²¹⁵ Art. 7.1, reg. 1257/2012; Art 2(2) and 64(1) EPC, note that the provision of art 64(3) of EPC stating that any infringement shall be dealt with according to national law is in not included in reg. 1257/2012.

²¹⁶ Art. 7.1(a). reg. 1257/2012

²¹⁷ Ibid, art. 7.1(b).

²¹⁸ Ibid, art. 7.2.

²¹⁹ Ibid, art. 7.3 with refers to art. 6(1) of the EPC; as of writing, this is Germany (Munich).

²²⁰ Ibid, art. 7.4.

the latter interpretation is more likely.²²¹ In conjunction with article 2.2 §2 and recital 14 of reg. 1257/2012, this is the most likely interpretation.

4.1.5 Rights conferred to a unitary patent

The rights conferred to a Unitary Patent may be regarded as “the classical rights” when it comes to patent law, cynically speaking, it is an elaborate version of the provision in the TRIPS agreement.²²² Condensed, two categories or rights are granted patentees that are limited to various degrees: Right to prevent direct use, right to prevent indirect use and limitation of a patent (related to use).²²³

Right to prevent direct use of a patent

In accordance with art. 25 of The Agreement, patentees’ will be able to prevent, where consent is lacking, third parties from the following:

- (a) making, offering, placing on the market or using a product which is the subject matter of the patent, or importing or storing the product for those purposes;
- (b) using a process which is the subject matter of the patent or, where the third party knows, or should have known, that the use of the process is prohibited without the consent of the patent proprietor, offering the process for use within the territory of the Contracting Member States in which that patent has effect;
- (c) offering, placing on the market, using, or importing or storing for those purposes a product obtained directly by a process which is the subject matter of the patent.²²⁴

This is almost verbatim to the above-mentioned article in the TRIPS Agreement, with one minor but probably important difference. The legislator has apparently included an evidence rule; it could also be argued that it is a pro-process patentee rule, “[...] where the third party knows, **or should have known**, [...]”.²²⁵ This type of wording is new to the IP laws of the EU,²²⁶ but not to international patent law and EPO’s guidelines.²²⁷

²²¹ Ibid, R, 7.

²²² Art. 28 and 30-31 TRIPS agreement; art. 25-27 The Agreement.

²²³ Art. 5.1-3, Reg. 1257/2012.

²²⁴ Art. 25, The Agreement.

²²⁵ Art. 25(b). The Agreement.

²²⁶ See Art 9, Reg. 207/2009 (Trademarks); Art 19, reg. 6/2002 (Designs), Ar. 3-5 dir. 2004/48/EC (Copyright) to name a few.

²²⁷ Art 34.1 Trips; EPO’s guidelines for examination 4.12; note that the latter concerns the question of novelty of product obtained by a process.

The burden of proof is placed on the party who is relying on those facts, i.e. whoever is claiming that X in this the case must present evidence for that claim.²²⁸

4.2 Unified Patent Court

The Unified Patent Court is the (not yet operational) court, which will handle all cases related to Unitary Patents and European patents (when applicable). The UPC will be a court common to the member states and will be bound by the same obligations as any national court in the EU.²²⁹ The UPC is a novelty in the European system regarding its jurisdiction and scope of [European] supra-national competence. In contrast to the CJEU, whose role is to interpret union law, but not settling the case as such,²³⁰ the UPC will be able to give decisions on matters of substantial patent law. The closest “relatives” the UPC is the Benelux Court of Justice²³¹ or arbitration, although the latter seldom can decide on infringement, etc. related to IP’s.

For avoidance of misunderstanding, the UPC is one single court and its regional, local and central divisions are merely divisions within its own system.²³² A somewhat crude analogy to the UPC would be any national court that allocate different types of cases to different sections within its own organisational structure, e.g. family cases in section 1, criminal cases in section 2, etc.

4.3 Structure of the Court

The basic structure of the UPC can be illustrated as follows:

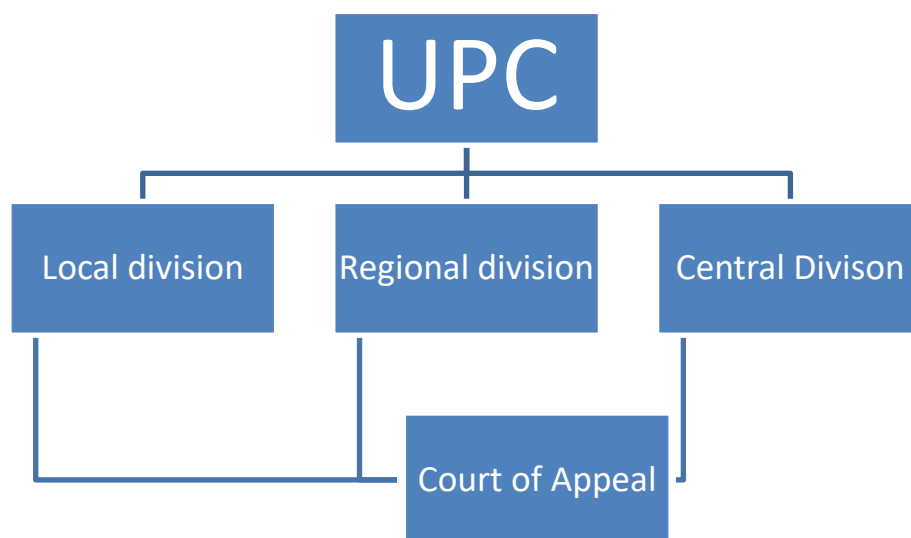
²²⁸ Art. 54, The Agreement.

²²⁹ Art 1 §2, The Agreement; R 11, reg. 1215/2012; Art. 1 of, REGULATION (EU) No 542/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 amending Regulation (EU) No 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice; Callen and Granata, p. 85.

²³⁰ Art 19.3 TEU.

²³¹ R. 11, reg. 1215/2012; Callen and Granata, p. 85.

²³² See graphical representation below.



The UPC will consist of a two-instance system where the court of appeal location is fixed, and the court of first instance are in a multi-layered internal jurisdictional system.²³³ The court of first instance will comprise of regional, local and central divisions,²³⁴ all of which are equally competent, apart from some subject-matters where the Central division holds exclusive competence.²³⁵ As pointed out by Callen and Granata, the name “central division” is somewhat misleading, as the name would imply that the central division will supersede other divisions, which will not be the case.²³⁶

It is of importance to once more note that the system with different divisions is not synonymous to different courts. The local-regional-central division set-up is a system of allocation of cases and to some extended tasks within a self-contained system. If a party would, for example, seek to bring actions before a non-competent division, that party would have still brought actions before the UPC.²³⁷

4.3.1 Central Division(s)

The use of the word “central” would at first glance suggest that the central division is one division, In reality the division is tri-faceted though is a more tri-faceted solution as the central division is in fact comprised of three divisions in London, Paris and Munich.²³⁸ Which cases should be brought before the respective division depends on what type of invention is concerned, based on WIPO’s Patent Classification system.²³⁹

ANNEX II [The Agreement]

²³³ Callen and Granata, p. 59.

²³⁴ Art 7(1) The Agreement.

²³⁵ See below; section 3.4, including sub-sections.

²³⁶ *Id.*

²³⁷ The mechanism for allocation of cases and are discussed in chapter 4.5.

²³⁸ Art. 7(2), The Agreement.

²³⁹ Annex II, The Agreement; www.goo.gl/LIGucM (WIPO,) 2018-04-25.

London	Paris	Munich
(A) Human Necessities	(B) Preforming operations, transporting	(F) Mechanical engineering, lighting, heating, weapons, blasting
(C) Chemistry, metallurgy	(D) Textiles, paper	
	(E) Fixed constructions	
	(G) Physics	
	(H) Electricity	

4.3.2 Local and Regional Divisions

Member states can, by request, set up a division in their own states (local division)²⁴⁰ or two or more states can come together and to a regional division.²⁴¹

4.3.3 Court of Appeal

The court of appeal will be situated in Luxembourg²⁴² and handle cases where a party disagrees with the court decisions and/or order(s).²⁴³ Decisions from a court of first instance can be appealed by the unsuccessful party, in whole or in part,²⁴⁴ and appeals can be based on points of law and matters of fact;²⁴⁵ those who seek to appeal decisions must do so within two months.²⁴⁶

Orders in articles: 49(5) (language of proceedings); 59 (order to produce evidence); 60 (order to preserve evidence and to inspect premises); 61 (Freezing orders); 62 (Provisional and protective measures) and 67 (Power to order the communication of information), can be appealed within 15 days of the court issuing the order.²⁴⁷ If a party seeks to appeal any other order than referred, this can be done together with the decision or if the court grants leave to appeal (within 15 days).²⁴⁸

²⁴⁰ Art 7(2), The Agreement and Art. 18(1), Annex I of The Agreement.

²⁴¹ As to the territorial competence, see part 4.5.2.

²⁴² Art 9(4), The Agreement.

²⁴³ Art. 73, The Agreement; See also: Rules 220-223, (Preliminary set of provisions for the Rules of Procedure (“Rules”) of the Unified Patent Court, 18th draft.

²⁴⁴ Art 73, The Agreement; it could be argued that the phrasing in the Rules: ”a party **adversely** affected” (bold text added by author) would preferable then the current wording, see Rule 220.1, “Rules”.

²⁴⁵ Art 73(3) The Agreement.

²⁴⁶ Id.

²⁴⁷ Art 73(2), The Agreement.

²⁴⁸ Art 73(b)(i-ii), The Agreement.

As is often the case in procedural law, the appellant may not, as a general rule introduce new evidence and/or facts in their appeal unless that party can show legitimate reasons for not presenting them in lower court.

Effects of an appeal

Unless the Court of Appeal decides otherwise, an appeal will not suspend proceedings in the court of first instance. This assumes a motivated request from the appellant.²⁴⁹ If the Court of Appeal agrees with the appellant's request for appeal, decisions and orders from the Court of first instance are revoked and the Court of Appeal will give a final decision on the matter. The Court of Appeal may also refer the case back to the Court of First Instance, but only in exceptional cases.²⁵⁰ If a case is referred back, the Court of First Instance is bound by the Court of Appeal on points of law.²⁵¹ This is not to say that an appeal will reverse a decision, as that depends on the case at hand. For example, the Court of First Instance might have interpreted a legal provision as A, but the Court of Appeal says that the correct interpretation is B. Regardless of whether A or B is correct, the assessment of the facts in the light of either A or B gives the same result on by example the infringement suit.

If the appeal concerns tasks carried out by EPO, these appeals will always have suspensive effect.²⁵²

If the appeal concerns any of the above listed orders, and the Court of Appeal grants appeal related to requested order(s), this shall not prevent the main proceedings from continuing. The Court of Appeal decision will be interlocutory. The Court of First Instance shall not give a decision in the main proceedings until a decision from the Court of Appeal is given. The wording "shall not" instead of "may not", gives leeway for the Court of First Instance to give a decision on the case as a whole, without the appeal decision.

4.3.4 CJEU

The UPC, a court common to the member states, can refer questions to the CJEU for preliminary rulings on matter of Union law.²⁵³

4.3.4.1 EPO and [the] CJEU/Court of Appeal

The Unitary Patent Package creates a 'special agreement' between the EU and the EPO.²⁵⁴ A comparison with this collaboration would be when

²⁴⁹ Art 74(1), The Agreement.

²⁵⁰ Art 75(1), The Agreement.

²⁵¹ Art 75(2), The Agreement.

²⁵² Art 74(1) and 32(1)(i), The Agreement; Art. 9 reg. 1257/2012; see part. 3.1.1.

²⁵³ Art 21, The Agreement.

²⁵⁴ Se section 3.1.

governments delegate governmental task to private actors, to be conducted of behalf of the government. This analogy fails to some degree as the EPO is an independent extra-governmental body created by governments seeking to establish a common framework. The keyword here though is “independent”; in an effort to allowing one state to have potential influence over the EPO and its appeal boards as the boards of appeal are solely bound by EPC’s regulations in their decision making.²⁵⁵ Although not a court by definition, the Boards of appeal are can be said to be such with regard to substantial patent law, and the Unitary Patent Package or the Agreement do not contain any provision that would alter this fact. A potential problem would be if the CJEU would interpret substantial patent law differently from the EPO, as this could create a situation where the EPC provisions apply differently for the different EPC signatory states. This problematic situation would likely only arise where the CJEU deemed something unpatentable that the EPO deems patentable.

4.4 Jurisdiction

The UPC’s (international) jurisdiction is determined in an unusual and to some extent circular manner,²⁵⁶ A chronological explanation will now follow. The first mention of jurisdiction is found in recitals 9 and 24 of reg. 1257/2012 where the latter states that a unified patent litigation system shall be established, i.e. the UPC.²⁵⁷ Recital 9 states that the UPC shall in situations not covered by reg. 1257/2012, the Agreement shall apply: “[...] *the Agreement on a Unified Patent Court, including its provisions defining the scope of that right and its limitations, and national law, including rules of private international law, should apply.*”. This correspondence with the later implemented (via reg. 524/2014) art 71b(1) of Brussels 1a, stating that jurisdiction of a ‘common court’²⁵⁸ is determined by the instrument which established the ‘common court’.²⁵⁹ As art. 71b(1) indirectly points to reg. 1257/2012, which in turn points to The Agreement, the international jurisdiction of the of the UPC are laid down therein.

The Agreement states that the UPC’s international jurisdiction will be established in accordance with the Brussels 1a Regulation, and in cases when

²⁵⁵ Art 23(3) EPC.

²⁵⁶ This statement might sound hyperbolic as well as speculative, but as reg. 1257/2012 entered into force before the Brussels 1a regulation was amended via reg 542/2014, which established that the UPC was a ‘common court’, to be seen as a court when the UPC acts in accordance with the regulation implementing it, some unclear provisions might have slipped by the legislators.

²⁵⁷ The UPC’s exclusive jurisdiction (not to be confused with its international jurisdiction) in reg. 1257/2012 is not expressly stated, but arts. 17.2, 18.2§2 and 18.4 infers that the UPC have exclusive jurisdiction.

²⁵⁸ Reg. 542/2014 also states that the ‘Benelux Court of Justice’ is a common court to the EU, an issue that will not be covered.

²⁵⁹ Art. 71b(1) Brussels 1a; on a personal note, the wording of this paragraph is needlessly convoluted to the extent that its purpose is unclear, the Swedish and French version are also unclearly phrased.

Brussels 1a does not apply, the Lugano Convention will apply.²⁶⁰ As Brussels 1a contains art. 71b, an allegorical circle may be formed.²⁶¹ It is fair to point out that this is a very literal reading of the provision of the various regulations. A more purpose-focused approach is that the UPC's international jurisdiction stems from its competence over all European and Unitary patent matters within the contracting states' territory.²⁶²

4.4.1 Sources of law

The primary source of law which the court will base its decisions on will be "union law".²⁶³ Other relevant sources of union law are:

- The biotechnological directive;²⁶⁴
- SPC's for medicinal products and plant protection;²⁶⁵, and
- The Enforcement Directive (a.k.a. IPRED).²⁶⁶

Furthermore, decisions shall be based on

- The Agreement;
- The EPC;
- International agreement applicable to patent which are binding on all member states; and,
- National law

4.5 Competence of the UPC

Chapter VI of the Agreement governs which courts are to be considered competent for relevant substance matter, which will be outlined in the following.

²⁶⁰ Art. 31, The Agreement.

²⁶¹ Art. 71.2(a) of Brussels 1a, would not apply here as it would only refer to reg. 1257/2012 and the Agreement. The Agreement contain mostly provisions concerning recognition and enforcement of judgements, see articles 34 and 82 of the Agreement.

²⁶² R. 5-6, reg. 542/2014; Stefan Luginbuehl and Dieter Stauder, *Application of Revised Rules on Jurisdiction under Brussels I Regulation to patent lawsuits*, Journal of Intellectual Property Law & Practice, 2015, Vol. 10, No. 2, p. 143.

²⁶³ Art 20 and 24(1)(a), The Agreement.

²⁶⁴ DIRECTIVE 98/44/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 6 July 1998, on the legal protection of biotechnological inventions; Callen and Granata p. 97 f.

²⁶⁵ REGULATION (EC) No 469/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 6 May 2009 concerning the supplementary protection certificate for medicinal products, and REGULATION (EC) No 1610/96 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 July 1996 concerning the creation of a supplementary protection certificate for plant protection products.

²⁶⁶ DIRECTIVE 2004/48/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 29 April 2004, on the enforcement of intellectual property rights.

4.5.1 Substantive Competence

The Unified Patent Court, i.e. all Local, Regional, Central Division(s) and the Court of Appeal, shall have exclusive competence over the following actions:²⁶⁷

- Infringements actions concerning patents,²⁶⁸ including SPC's and counterclaims concerning licences;
- Declarations of non-infringement, both for patents and SPC's;
- Provisional and protective measures and injunctions;
- Revocation of patents and SPC's, including counterclaims;
- Damages related to provisional protections;
- Prior use of the invention pre-granting of the patent;
- Compensations related to art. 8 of reg. 1257/2012;²⁶⁹
- Actions concerning decisions of the EPO related to art. 9 of reg. 1257/2012.²⁷⁰

4.5.2 Territorial Competence

The territorial competence of the UPC divisions is many dictated by articles 32 and 33 of the Agreement, which delegate claimants and defendants to the correct division within the UPC. This corresponds to the Brussel 1a system of jurisdictional court, although within a confined system.

There are numerous actions that patentees and defendants/claimants can seek, and in turn which division is competent, explaining it in running text would more likely lead to confusion than clarity. Instead, a solution scheme has been created to provide a more perspicuous view of the relationship between action and competent division. However, some provisions have been highlighted which needs further clarification.

If the parties would choose to do so (however unlikely), they can always choose a court that will then become competent, provided that the proceeding does not involve actions concerning decisions by the EPO in accordance with article 9 of regulation 1257/2012.²⁷¹

If the Member State where the infringement takes place does not have a local division or is not part of a regional division, the central division will be competent *ipso facto*.²⁷²

If there are multiple defendants, it will only be possible to sue them in the same court if two criteria are fulfilled. First of the defendants must have a

²⁶⁷ See also art 3 the Agreement, regarding what The Agreement applies to; Callens and Granata p. 86.

²⁶⁸ Note that this applies to both Unitary Patents and European Patent, see art 2(g) the Agreement.

²⁶⁹ See part 3.1.4

²⁷⁰ Art 32(1)(a-i), The Agreement.

²⁷¹ Art 33(7) and 32(1)(a-h) the Agreement.

²⁷² Art 33(1) §4, The Agreement.

commercial relationship and, second, the actions of the defendants must relate to the same infringement.²⁷³ It should be noted that the Agreement does not specify whom the burden of proving this connection falls upon.

If the infringement (alleged and/or threatened)²⁷⁴ has occurred in more than three territories of Regional Divisions, the case can be referred to the Central Division per request of the defendant.²⁷⁵

Row	Action/event	Article ²⁷⁶	Location of court	Article
1	Infringement; Threatened infringement; Provisional and protective measures; Damages or compensation derived from provisional protections; Actions related to prior use related to prior use.	32(1)(a) 32(1)(a) 32(1)(c) 32(1)(f) 32(1)(g)	Where infringement or threatened infringement has occurred or may occur (local or regional division). <i>Or</i> Local or regional division where the defendant is residing; has principal place of business; if lacking principal place of business, place of business.	33(1)(a) 33(1)(b)
2	Above mentioned actions when multiple defendants.	Ibid.	Ibid, last paragraph, provided that the defendants has a commercial relationship and actions relates to the same (alleged) infringement[s].	33(1)(b) last sentence.
3	Compensations for licenses based of art 8 of Reg. 1257/2012. ²⁷⁷	32(1)(h)	Local or regional division where the defendant is residing; has principal place of business; if lacking principal place of business, place of business.	33 §2
4	Actions where the defendant resides, etc. outside of the territory.	See row 1	Where infringement or threatened infringement has occurred, or may occur (local or regional division), or the Central Division.	33 §3 → 33(1)(a)
5	Any of above mentions actions when the concerned state does not host a local or regional division.	Any article	Central division.	33 §4
6	When actions in row 1 and 3 is pending before a Court of First Instance, new actions related to	32(a)(c) (f)(g) or (h)	First division seized.	33(2) §1

²⁷³ Art 33(1)(b), the Agreement; Callen and Granata p. 88f; part 2.3.3; article 8(1) of Brussels 1a.

²⁷⁴ Art 32(1)(a), The Agreement.

²⁷⁵ Art 33(2) §2, The Agreement; it should be noted that mentioned article does not mention Local divisions, likewise in the French version of the Agreement ([...]”et que la contrefaçon s'est produite sur le territoire d'au moins trois divisions régionales[...]”), this might be a typo and could be resolved by future case-law. The current wording is thought raising questions regarding the difference between Local and Regional divisions.

²⁷⁶ Unless otherwise stated, The Agreement.

²⁷⁷ See part 3.1.2.

	the same parties and the same patent.			
7	Actions in row 1, when the infringement has occurred in more than three territories of regional divisions.	See row 1	Central division per request of the defendant.	33(2) §2.
8	If actions, related to the same patent and parties has been brought before several divisions.	Any article	Division first seized, this includes later actions brought before any other division provided that it involves the same parties and patent.	33(2) §3
9	Counterclaim for revocation of patents when an infringement case has begun at a Local or Regional division (see row 1).	32(1)(e)	Consolidate the cases to the current division. <i>or</i> Refer the counterclaim to the Central Division and suspend or proceed with the infringement actions. <i>or</i> Refer the case to the Central Division, if the parties agree to do so. Note that the Court of First Instance shall always hear the parties in these cases.	33(3)(a) 33(3)(b) 33(3)(c)
10	Declaration of non-infringement; Revocation of Patents (not counterclaims).	32(1)(b) 32(1)(d)	Central Division Central Division	33(4) 33(4)
11	Actions in row 10, when an infringement suit have been filed before these actions.	32(1)(a)	Division seized in infringement suit.	33(4) Last sentence
12	Infringement actions when a revocation suit is pending before the Central division.	32(1)(d) See rows 1 and 10	Relevant division according to row 1, with consideration of procedures in row 9.	33(5)
13	Infringement actions when a non-infringement suit is pending before the Central division.	32(1)(b)	Relevant division according to row 1, patentee must file suit within three months of [the] filing of the non-infringement suit.	33(6)
14	Any action, excluding tasks carried out by the EPO.	32(1)(a-h) (32(1)(i))	Division which the <u>parties</u> choose.	33(7)
15	Revocation or counterclaim for revocation of patent(s).	32(1)(d)(e)	See row 1, 9 and 10.	33(8)
16	Actions concerning decisions of the EPO regarding tasks referred in art 9 of reg. 1057/2012.	32(1)(i)	Central division.	33(9)

4.6 Conflicts of Jurisdiction

The Agreement does not give rise to considerable conflicts of jurisdiction within its own system. For the sake of argument it is assumed that there are local and/or regional divisions covering all contracting states. This would entitle patentees to almost choose freely which division they wish to initiate proceedings at.²⁷⁸ If the situation is reversed and no local or regional division exists, the answer is always the central division for the patentee.²⁷⁹ On the other hand, alleged infringers or those who seek to nullify a patent are given no choice, the division is always the central division.²⁸⁰ The only exception to this rule is if the patentee choose to sue for infringement etc. after a non-infringement suit has been filed first.²⁸¹ This changes nothing for the seekers of the non-infringement actions, but serves to illustrate that alleged infringers can effectively not choose division if the patentee is somewhat prudent.

4.6.1 Stay of Proceeding (Lis Pendens etc)

Neither reg. 1257/2012 nor The Agreement addresses the question how a Court of First instance shall act when a party has initiated proceedings before a national court concerning a Unitary Patent.²⁸² Some conclusions can although be derived from the new additions to Brussel 1a via reg. 542/2014 these are addressed some points concerning articles 71(a-d) of Brussels 1a shall be examined.

4.6.1.1 Reg. 542/2014 (Amending regulation)

As mentioned above, reg. 542/2014 amended the Brussels 1a and established that the UPC is a ‘common court’ to the EU.²⁸³ In addition to this, the regulation implemented new rules regarding how the UPC shall precede when *lis pendens* is at hand.

The principal regulation concerning *lis pendens*, and related actions regarding the UPC, are stated in article 71c of Brussels 1a, which states:

“

1. Articles 29 to 32 shall apply where proceedings are brought in a common court and in a court of a Member State not party to the instrument establishing the common court.

²⁷⁸ Part 4.5.3, table, row 1; regarding the question of ‘may occur’, see part 5.

²⁷⁹ Ibid, table, row 5.

²⁸⁰ Ibid, table, row 10.

²⁸¹ Ibid, table, row 13.

²⁸² Art. 83 of the Agreement concerns some transitional cases where proceedings for seven years can still be brought before national court (art. 83(1)), this only applies to European Patents and not Unitary Patents, only situations concerning the latter will be discussed in the following.

²⁸³ As the recitals of reg. 542/2014 are not implemented in the consolidated version of Brussels 1a, it is suitable to examine reg. 542/2014 in a semi self-contained view.

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.²⁸⁴

These two provisions could lead to the conclusion that the *lis pendens* rules do not apply between contracting states and the UPC, here disregarding the transitional period. If article 71c(2) is read *e contrario*, it states that articles 29 to 32 shall not apply in proceedings between the UPC and a court of a contracting state. This interpretation can be supported by the recitals of reg. 542/2014, which in essence are an elaborate rephrasing of article 71c.²⁸⁵ If the intention of the lawmakers was that the UPC (and national court) should be barred from accounting for parallel proceedings progressing in courts of contracting states, they might have succeeded; some questions still remain.

Luginbuehl and Stauder ascertain that the *lis pendens* rules will still apply in some very narrow situations, and then only concerning the national part of a European Patent. They argue that the UPC would need to stay their proceedings if infringement proceedings have been initiated in a national court, between the same parties and the same causes of action, if the jurisdiction was based on the defendant's domicile or where the harmful event occurred or may occur. They also argue that the situation would be the same if the proceedings concerned a non-infringement action, thus enabling some forms of torpedo actions.²⁸⁶ This line of reasoning is true for the opt-out and non-signatory states [of the Agreement], however, it is not clear if this is the case for the contracting states. An argument in contrast to the mentioned authors can be made.

As outlined above, the argument can be made that the *lis pendens* rules does not apply as the Agreement's provisions regarding jurisdiction supersede Brussels 1a.²⁸⁷ With disregard to non-contracting states and opt-out patentees, it seems *prima facie* more likely than not that the *lis pendens* rules do not apply between the UPC and national courts. One intention with the Unitary Patent Package was to decrease procedural fragmentation,²⁸⁸ and in achieving this goal, the contracting states have conceded their jurisdictional right. Until the CJEU or the Court of Appeal produce jurisprudence on the subject, the interpretation of article 71c in conjunction with article 29-31 of Brussels 1a remains unclear.

²⁸⁴ Underlining by author.

²⁸⁵ R, 8f, reg.542/2014.

²⁸⁶ Luginbuehl and Stauder, p 143, it is implied that their reasonings does not concerns situations during the transitional period of the Agreement.

²⁸⁷ Art 71b(1), 67 §1 and 71, Brussel 1a; to underline, this is only true if Brussels 1a's *lis pendens* rules does not apply for the UPC.

²⁸⁸ §2 and 5, The Agreement (Preface).

5 Analysis

How does the new system alter the use of patent torpedo actions in the EU?

Does the new system yield different endpoint-results?

What potential additional consequences will this have looking forward?

To be able to answer the thesis' questions, it is prudent to first examine them only within the UPC to then broaden the question to the whole of the EU.

Within the content of the UPC and the regulations that governs this authority, the statement: "the torpedo is dead", is not unwarranted. This conclusion stems from two functions of reg. 1257/2012 and the Agreement: the creation of a supra-national court and an (potentially) effective change of the *lis pednens* rules.

Apart from the CJEU, the UPC will be the court in the EU that holds the widest jurisdiction, although with competence only pertaining to patents. The current system's problem stems from a lack of coherence between the European patent system and the EU. The fact that the EPO *de facto* preceded the EU²⁸⁹ could also have played a part, where an EU act claiming that one national court could handle all cases of infringement would to some extent supersede the EPC. Even if this would be in line with the EPC, it would still force that court to apply different national patent law to different parts of the case.²⁹⁰ The creation of the UPC was necessary to account for the EPO-system already in place. And given its wide exclusive jurisdiction, it nullifies many quarrels for both patentees and defendants.

The new stance on how the UPC shall act when actions are filed in national courts with regards to European and Unitary Patents might form the largest change to enforcement and recognition of judgement [EU] legislation in recent time.²⁹¹ The fact that it seems that the UPC cannot be blocked via pre-emptive actions in national courts would imply that the EU's statement "[...] *a one stop-shop* [...]"²⁹² is true. As noted, however, this is not yet confirmed, and if the CJEU would in a later judgement favour parts of the current system the effectiveness of the UPC could be put in jeopardy.²⁹³

²⁸⁹ But not the EU's predecessors.

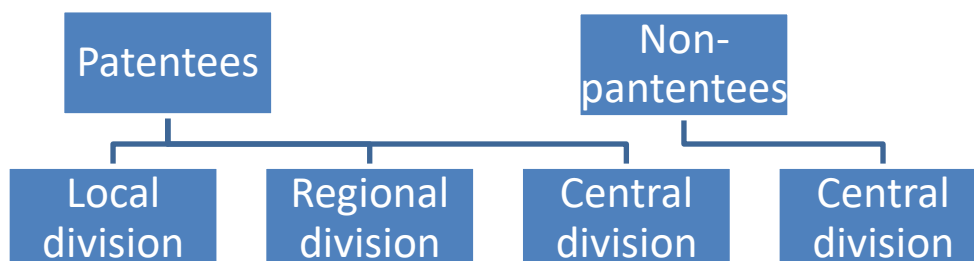
²⁹⁰ As every patent would still be subject to national law via art. 64(3) EPC.

²⁹¹ Disregarding opt-out cases here.

²⁹² See part 1.1.

²⁹³ See part. 4.6.2.

A further argument for the disarmament of the Italian torpedo is the procedural divide created between the patentees and alleged infringers. The situation can be illustrated as such:



As noted in part 4.6, the patentee are given wide digression as to which division they which to seize in the case where they initiate the proceedings.²⁹⁴ This is not the case in the current system as the patentees can only choose to sue in the member state where the patent is registered in conjunction with where the infringement took place.²⁹⁵ The patentee smorgasbord is not only confined to the situations where they are initiating proceedings. In the case of non-infringement actions, the patentee can counter-sue in the local or regional division in which they claim the infringement are occurring or may occur, if this is done within three months of the filing of the non-infringement action.²⁹⁶ If a revocation action is filed the patentee still retains the possibly to ‘move’ the case to another division. Here however, the local or regional division will not automatically seize territorial competence but can choose to do so after hearing both parties.²⁹⁷

This argument builds on the fact that the patentee can with some certainty claim that an infringement has occurred or may occur. Something which entitle a discussion of how liberal the Court of Appeal will be when interpreting the term ‘where the infringement may occur’. If this is given a liberal interpretation, then it can allow patentees to effectively freely choose the division. This would be only slightly mitigated if given a narrow interpretation as it would only apply in cases where the defendant has not yet infringed the patent.

It should be noted that a relief valve exists for defendants, where they can request that a case is referred to the central division if the infringement has

²⁹⁴ This argument assumes that the contracting states will in fact create local and regional divisions; if no contracting state choose to do so, the UPC will only concise of the central division, this however seems unlikely.

²⁹⁵ See parts, 2.3.2 and 2.3.3.

²⁹⁶ Part 4.5.2, table, rows 13, and 1; the question of ‘may occur’ are discussed below.

²⁹⁷ Ibid, table, rows 12, 1 and 9.

occurred in three or more territories of regional division.²⁹⁸ The practical ‘protection’ for the defendant is however limited as the patentee could choose to limit the scope of their actions to the area of two divisions. And if the patentee wins the suit, it is unlikely that the infringer would continue any conduct deemed infringing. If this could be used in reverse, i.e. the patentee sues in less than three territories, and the alleged infringer counter-sues for non-infringement in more than three territories and then requests that the case should be moved to the central division, is unclear. But if this will be the case, and the central division operates very slowly, a new form of torpedo actions might see the light of day. On the other hand, even in the worst of scenarios, where the UPC would have ludicrous turnaround times, it would most likely be faster than bringing actions in 25 states.

This leads to another facet of the new system, i.e. that EU patentees are forced to put all their eggs in one basket.²⁹⁹

The side that was the loudest critic of the current system is obviously those for which it is detrimental, i.e. the patentees. It may be argued that the new system leans too much in favour of the patentees. Have the EU, in an effort to please, tipped the scale? A system where alleged infringers lack sufficient legal means to defend their rights is undesirable. How this balance will function in practice remains to be seen, but if the system is overly functional, an ironical effect could be a reduction of patent cases. This argument is not as absurd as it may seem when viewed from the current system. The current system subsumes a risk when using cease-and-desist letters and similar pre-procedural actions, as the patentee can then be torpedoed. But if the patentee cannot be torpedoed, pre-procedural actions as a means of deterrent might scare alleged infringers into submission, which means that the dispute never reaches any court.

Reaching the end of the thesis, an inevitable question comes to mind: “which system is better?”, and the classical lawyer answer follows in suit: “it depends!”. It depends on which side of the proceedings a party is; it depends on if the UPC is slow or fast; it depends on if some divisions are slow or fast; it depends on how the CJEU decides; it thus depends on several factors. And the underwhelming answer is that it is too soon to tell, and that the question can only be answered when the system has been operational for some time. The Unitary Patent Package contains all the necessary tools for creating a single EU spanning patent system and court. It is how these tools are used that remains to be seen. And even if the intentions from the lawmakers, i.e. a reliable, comparatively inexpensive system with strong legal certainty, fails to various degrees, this is not to say that an improvement has not been made. The current system seems to be flawed, as evident from the fact that the EU found it necessary to create a new system.³⁰⁰ But the test purposed two answer

²⁹⁸ As noted in part 4.2.5, the fact that this *prima facie* only applies to regional divisions is presumed to be a typo.

²⁹⁹ See part 4.5.2.

³⁰⁰ Some might argue that this only a way for the EU to extend its influence and power, and this might be true, however this argument borders conspiratorial.

the question which system will be better is will be terminated by which is least flawed, and as it stands, the UPC seems favourably inclined to the old system, at least for patentees. The torpedo might have been somewhat disarmed, but when the scale is tipped in such favour for one side, the question arises: how will the more ruthlessly inclined seek to use this new armoury?

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