

# 'Inconsistencies between rules Brussels I bis Regulation and Unified Patent Court Agreement'

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The Unitary Patent system adds to territorial fragmentation of patent law in Europe, rather than consolidating it, by leaving aside non-participating EU Member States. Also, it is based on rules in the Brussels I bis Regulation (BR) and the Unified Patent Court Agreement (UPCA) which are not consistent, according to Dr. Michael C.A. Kant, expert in cross-border patent infringement litigation within the European Union. He thinks keeping the UK in the system post-Brexit doesn't have to be that complicated. Kluwer IP Law interviewed Dr. Kant.

Articles 71a to 71d were introduced in the Brussels I bis Regulation (BR) to regulate its relationship with the UPCA. In a recent article you have written these provisions have not only 'effected uncertainties and schematic inconsistencies within the Brussels system', but they have also established inconsistencies between jurisdiction rules of the BR and competence rules of the UPCA. Can you give examples?

'Indeed, Articles 71a to 71d have created inconsistencies between jurisdiction rules of the BR and competence rules of the UPCA. Admittedly, Article 33 UPCA does not affect international jurisdiction, but rather concerns the competence of the UPC, i.e. the internal organisation of the UPC. However, the distribution of competences to the various divisions of the UPC according to Article 33(1) UPCA creates a cross-border order which is meant to mirror the definitions of jurisdiction in Articles 4 and 7(2) BR.

First, potential confusion has been created between Article 8(1) BR and Article 33(1)(b) UPCA. While Article 8(1) BR provides for distinct conditions under which actions against several defendants may be consolidated, Article 33(1)(b) UPCA pursues a different approach stipulating that 'an action may be brought against multiple defendants only where the defendants have a commercial relationship and where the action relates to the same alleged infringement.' Although, again, Article 33(1)(b) UPCA does not operate at the level of international jurisdiction, but at the competence level, the lack of any clarification of the relationship of both provisions might confuse the non-private international law practitioner.

Second, according to Article 33(1)(b) subparagraph 3 UPCA, the central division of the UPC has optional competence regarding a defendant who is domiciled outside the EU. This is not compatible with Article 71b(2) BR, according to which the 'domicile of the defendant' shall 'not' be 'regarded' by the UPC, meaning that the domicile should not be the governing jurisdiction in the case of a third State defendant.

Third, pursuant to Article 33(1)(b) subparagraph 4 UPCA, the central division of the UPC is also competent if there is no local or competent regional division in the Contracting Member State where the defendant has his domicile. Again, this is contrary to the BR, because according to Article 71b(2) BR, the domicile must be 'disregarded' as an argument for distributing competence among the divisions. Under the BR, the only remaining relevant jurisdiction argument is the place of infringement, which may however be far away from the section of the central division of the UPC competent for the case.

Fourth, if an infringement action is pending before a regional division and the infringement has occurred in the territories of three or more regional divisions, the regional division concerned shall, at the request of the defendant, refer the case to the central division of the UPC (Article 33(2) subparagraph 2 UPCA). But the central division of the UPC has actually no connection with the domicile of the defendant. Additionally, it might be far away from the place of infringement which is, in the absence of Article 4(1) BR, the only remaining place for defining jurisdiction for such defendants. However, according to Article 71b(2) BR, Articles 7(2) and 8(1) BR are applicable regardless of the defendant's domicile in a third State.

Fifth, the courts of the granting State have exclusive jurisdiction once the issue of validity of a (European) patent has been raised, irrespective of whether the issue is raised by way of an action or as a defence (Article 24(4) BR). Unlike this system, Article 33(3) UPCA allows that the division of the UPC before which the validity issue is raised during infringement proceedings may continue with the infringement case and also rule on validity, rather than providing for exclusive jurisdiction of the courts of the granting State.

Why, do you think, have these shortcomings been accepted? Was there no awareness? Or is it the result of political compromise?

'Probably both! In light of the circumstances - it has been quite a long and hard struggle to establish the UPCA due to opposing opinions and attitudes whether at all respectively how to establish such a set of rules - accepting these shortcomings might have been considered the best which could be realised. And it might be as well that the European legislator was not aware at all of the one and other shortcoming.'

Should these shortcomings be repaired?

'Detecting a "shortcoming", should in principle imply the need to try to do the necessary efforts to repair it. This brings us to the question whether the addressed shortcomings can be repaired at all. The indicated shortcomings are based on inconsistencies regarding the evaluations of the BR on the one hand, and the UPCA on the other hand. The evaluation of which significance is to be attributed to the actual domicile of the defendant may serve as a shining example. In this respect, it would be desirable to amend the UPCA to bring in line the BR and the UPCA at least with regard to such central evaluations. This does not mean however that this will be an easy project which can be completed within a short time.'

Will a post-Brexit UK membership of the UP system complicate things even further?

'The detected shortcomings will principally continue to exist after Brexit. Beyond that, the further question arises whether the UK can still participate in the Unitary Patent and the UPC after Brexit at all, which is discussed highly controversially by legal commentators. Both concerning the Unitary Patent and the UPC, I think the answer is 'yes'. In this respect, I mostly share the positions of *inter alia* Prof. Dr. Winfried Tilmann, Prof. Dr. Ansgar Ohly and Bird & Bird partner Pors.

While the Unitary Patent Regulation (UPR) and the Regulation concerning translation arrangements constitute instruments of EU law, having the consequence that these instruments will no longer have legal effect in the UK when Brexit finally becomes effective, it should be possible to extend the UPR to the UK by means of an international agreement via Article 142 EPC. In this regard, Article 142 EPC requires a 'special agreement', not an act of EU law.

With regard to the issue of whether the UK may still join the UPCA after Brexit, it is to be stated (in formal respect) that Article 84 UPCA only excludes the accession of non-Member States to the UPCA, but does not exclude a former Member State from *remaining* a contracting party after leaving the European Union.



The UPCA is an international treaty and no EU law. While it was concluded by EU Member States, it was not concluded by the EU as such. By ratifying the UPCA, the UK would be bound by international law to accept that the UPC applies EU law in its entirety and that the UPC cooperates with the ECJ. Not the UK directly, but only the UPC would thus be bound by EU law.

It is remarkable that the ECJ, expressing specific concerns about the supremacy and the autonomy of EU law in Opinion 1/09 from 8 March 2011 concerning the Agreement on a European and Community Patents Court, did not address let alone exclude that non-EU Member States participate in a patent court, as long as the autonomy and supremacy of EU law are safeguarded. Such safeguards contained in Articles 20 and 21 of the UPCA will continue to apply with regard to the UK after Brexit by virtue of international law.

To come back to your question whether a post-Brexit UK membership of the UP system will complicate things even further: On the assumption that the UK can still participate in the Unitary Patent and the UPC after Brexit, also consequential issues will have to be addressed. As the UPCA now provides that the UPC is a court common to the Contracting (EU) Member States, it will have to be amended to take into account the fact that the UK will not any longer be an EU Member State after Brexit. Such an amendment could however be implemented by the Administrative Committee pursuant to Article 87(2) UPCA. Besides, with regard to jurisdiction and enforcement, it is to be borne in mind that the Brussels I bis Regulation will not be applicable on the UK any more when Brexit becomes effective. So this issue will have to be approached as well.'

In your 2015 thesis 'Cross-Border Patent Infringement Litigation within the European Union', you were quite critical of the Unitary Patent system. 'As not all EU Member States participate in the creation of the unitary patent, this instrument actually adds to territorial fragmentation of patent law in Europe, rather than consolidating it', you wrote among others. Since 2015, a lot has happened. Many experienced European patent judges have applied to be appointed at the UPC, for instance. Have these developments made you more positive about the system?

'Undoubtedly, considerable developments have taken place since 2015 with respect to the UP system. However, major shortcomings of the Unitary Patent are still existent, in particular its territorial restriction to the participating EU Member States, leaving aside non-participating EU Member States at least until they join later. As a consequence, the Unitary Patent indeed increases territorial fragmentation of patent law in Europe. From the European perspective, this consequence is alarming. Vesting the UPC with experienced and qualified judges will not change this structural flaw of the UP system.'

Given the current policy of the UK Government and the UPC Preparatory Committee to sell the UP system as an international, non-EU agreement, and given the UK's intention to ratify the UPCA despite the Brexit vote (although new uncertainty has risen since the call for early elections), some remarks in your thesis are striking: 'At a political level, one may clearly appreciate the creation of a European patent with unitary effect as a means to strengthen the European Union and its idea of common rules and the creation of a common economic and social entity by ensuring uniform patent protection in this respect.' And 'It is noteworthy that the UPC Agreement, in contrast to previous proposals, tends to place the position of the UPC within the legal system of the European Union.'. Is the UP system an EU system or not, in your view?

'This is a tricky question to answer. First of all, we should recall that the UP system consists of the Unitary Patent on the one hand, and the UPC on the other hand. We have already seen that the legal bases of the Unitary Patent and the UPC differ from each other. And it is exactly this aspect which is decisive also for the answer to the question for the legal nature of the UP system as a whole.

The legal basis of the Unitary Patent is the UPR, an instrument of EU law which is based on the Treaty on the Functioning of the European Union (TFEU). It is therefore clear that the Unitary Patent constitutes an EU right.

In contrast, the UPCA as the legal basis of the UPC is an international treaty. The UPC may therefore be considered as an international patent court rather than an EU court. Likewise, the new UK Minister for Intellectual Property, Jo Johnson, when stating that the UK still intends to participate in the UPC, described the UPC as an "non-EU patent court under international law" (see the [Explanatory Memorandum to the Protocol on Privileges and Immunities of the Unified Patent Court](#)). He made clear his view that the ratification of the UPCA was independent from the UK's status as an EU Member State.

To conclude, one might say that the UP system forms a complex hybrid system comprising elements of both international law and EU law. One might therefore characterise the UP system as a *system sui generis*.

Michael C.A. Kant, *Cross-Border Patent Infringement Litigation within the European Union*, PhD thesis, University of Groningen 2015, pp. 492-545

Michael C.A. Kant, 'The Unified Patent Court and the Brussels I bis Regulation', *NIPR* 2016, p. 706 at pp. 714-715

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