



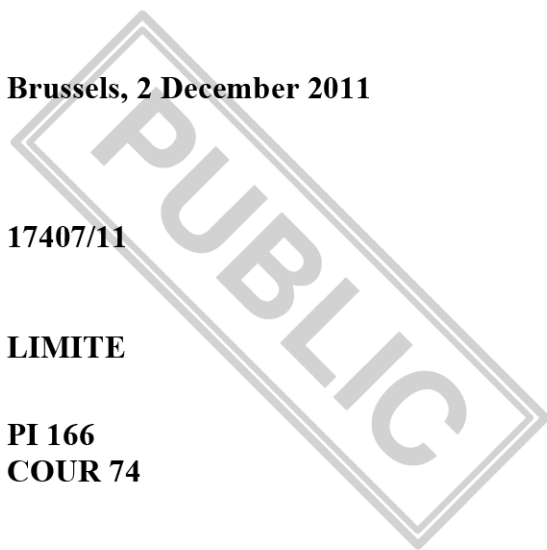
**COUNCIL OF  
THE EUROPEAN UNION**

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**NOTE**

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From: General Secretariat

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To: Permanent Representatives Committee (Part 1)

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Subject: Draft agreement on the Unified Patent Court  
- Relationship of the draft agreement on the Unified Patent Court with Regulation  
(EC) No 44/2001 Brussels I

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Delegations will find attached a note on the above subject, submitted by the Commission services.

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**Relationship of the draft agreement on the Unified Patent Court with Regulation  
(EC) No 44/2001 Brussels I**

**Non-paper from the Commission services (30 November 2011)**

The Commission services have considered the relationship of the draft agreement on the Unified Patent Court in the version of Council documents 16741/11 of 11 November 2011 and 17539/11 of 24 November 2011 (hereafter "the UPC Agreement") with Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels I Regulation). This non-paper presents, to the extent possible, solutions to arrange that relationship in a legally sound and certain manner. The proposed solutions should be considered preliminary.

The Brussels I Regulation sets out rules determining the international jurisdiction of the courts of the Member States and rules preventing parallel proceedings before the courts of different Member States. It also lays down rules for the recognition and enforcement of judgments of national courts in other Member States. On the 14 December 2010, the Commission presented a proposal to recast the Brussels I Regulation (COM(2010) 748final) (hereafter "the Brussels I I Recast").

The UPC Agreement establishes a common court of a number of Member States which will participate in the future agreement. This single court will replace the national courts previously competent for the matters governed by the UPC Agreement. The UPC Agreement will regulate the internal distribution of competences between the different divisions of the UPC and the enforcement of the judgments of the UPC in the Contracting Member States.

## I. COMBINED APPLICATION OF THE UPC AGREEMENT AND THE BRUSSELS I REGULATION

As the Commission has presented in its previous non-paper, it sees the combined application of both instruments as follows:

### Jurisdiction

- The UPC should be considered as a "court" within the meaning of Article 2(c) of the Brussels I Recast;
- As such, the jurisdiction rules of the Brussels I Regulation apply to the UPC. In practice, this means that the UPC will have jurisdiction any time when a national court of a Contracting Member State would have jurisdiction based on the rules of the Brussels I Regulation.<sup>1</sup> The UPC would not have jurisdiction when no national court of a Contracting Member State has jurisdiction pursuant to the Brussels I Regulation (e.g. when jurisdiction pursuant to the Brussels I Regulation would lie with the courts of a non-Contracting Member State);
- The rules of the Brussels I Regulation do not apply to the internal allocation of competences between the various divisions of the UPC, which will be regulated by the UPC Agreement itself.

### Recognition and enforcement

- Judgments given by the UPC must be recognised and enforced in all the Contracting Member States on the basis of the UPC agreement (Article 56 of the draft Agreement);
- Judgments given by the UPC must be recognised and enforced in non-Contracting Member States on the basis of the Brussels I Regulation.

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<sup>1</sup> For instance, if proceedings are brought on the basis of Article 2 of the Brussels I Regulation against a defendant domiciled in Member State X which is a Contracting Member State, the UPC shall have jurisdiction. If proceedings are brought on the basis of Article 5(3) of the Brussels I Regulation, i.e. at the place where the harmful event occurred which is situated a Member State Y Contracting in the UPC Agreement, the UPC will have jurisdiction.

### Prevention of parallel proceedings (*lis pendens*)

- The *lis pendens* rule of the Brussels I Regulation does not apply between different divisions of the UPC;
- The *lis pendens* rule of the Brussels I Regulation does apply between the UPC on the one hand and the courts of non-Contracting Member States on the other hand.

## **II. POINTS REQUIRING REVISION OF THE BRUSSELS I REGULATION**

In the opinion of the Commission, the following points suggesting revision of the Brussels I Regulation should be solved:

### **1) Application of the Brussels I Regulation in relation to the non-Contracting Member States**

The application of the Brussels I Regulation in relation to non-Contracting Member States could give rise to challenges.

Article 71 of the Brussels I Regulation deals with the relation of the Regulation to international agreements on "particular matters". These are international conventions that include rules on jurisdiction or the recognition and enforcement of judgements in certain specific matters (e.g. transport). This article currently reads as follows:

1. *This Regulation shall not affect any conventions to which the Member States are parties and which in relation to particular matters, govern jurisdiction or the recognition or enforcement of judgments.*
2. *With a view to its uniform interpretation, paragraph 1 shall be applied in the following manner:*
  - (a) *this Regulation shall not prevent a court of a Member State, which is a party to a convention on a particular matter, from assuming jurisdiction in accordance with that convention, even where the defendant is domiciled in another Member State which is not a party to that convention. The court hearing the action shall, in any event, apply Article 26 of this Regulation;*

- (b) *judgments given in a Member State by a court in the exercise of jurisdiction provided for in a convention on a particular matter shall be recognised and enforced in the other Member States in accordance with this Regulation.*

*Where a convention on a particular matter to which both the Member State of origin and the Member State addressed are parties lays down conditions for the recognition or enforcement of judgments, those conditions shall apply. In any event, the provisions of this Regulation which concern the procedure for recognition and enforcement of judgments may be applied.*

It could be argued that the UPC Agreement is a "convention on a particular matter" referred to in Article 71 of the Brussels I Regulation. Even if the UPC Agreement might be considered not to govern the international jurisdiction or the recognition and enforcement of judgments within the meaning of that provision, it cannot be denied that it does have an impact on non-Contracting Member States because as a result of the internal division of competences within the UPC a defendant from a non-Contracting Member State could find him/herself *de facto* before a division which would not be situated in the Member State of the court designated by the rules of the Brussels I Regulation.

While Article 71 allows conventions on particular matters which already exist, it does not allow any such new conventions. The draft UPC Agreement could thus be considered to violate Article 71 of the Brussels I Regulation.

In order to avoid such challenges it seems necessary to **insert a provision** in the Brussels I Regulation which clarifies that the Unified Patent Court is a court of a Member State in the sense of the Brussels I Regulation and the Regulation thus applies fully to the UPC (see Annex, draft Article 71bis(1)).

## **2) Specific rules clarifying how the jurisdiction and *lis pendens* rules apply when the UPC is seized**

In addition, in order to achieve the above interpretation of the combined application of both instruments, it would seem highly desirable to clarify the concrete application of both instruments in the Brussels I Regulation, as this is done in Article 71 for other conventions on particular matters.<sup>1</sup> This would require to set out specifically how the jurisdiction and *lis pendens* rules of the Brussels I Regulation apply in combination with the UPC Agreement (see Annex, draft Article 71bis(2)(a) and (b)).

## **3) Specific rules clarifying that the rules on recognition and enforcement apply when judgments on patents given by the UPC need to be enforced in non-Contracting Member States as well as when judgments given in non-Contracting Member States need to be recognised and enforced in Contracting Member States**

Similarly, it would be necessary to ensure that the rules of the Brussels I Regulation will apply in the relations between the Member States party to the UPC Agreement and the Member States not party to that Agreement. As a result, *a contrario*, the rules of the Brussels I Regulation on recognition and enforcement do not apply to the circulation of judgments given by the UPC among the Member States party to the UPC Agreement (see Annex, draft Article 71bis(2)(c)).

### **III. POINTS REQUIRING ATTENTION IN THE UPC AGREEMENT**

In addition to the amendment of the Brussels I Regulation, it is very important from the point of view of legal certainty and clarity to elaborate in the text of the UPC Agreement how the jurisdiction rules of the Brussels I Regulation should apply in the context of the UPC Agreement.

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<sup>1</sup> Similar clarifications can be found in Article 64 and 67 of the Lugano Convention.

The issue of international jurisdiction is addressed in Article 15b of the draft UPC Agreement, which is the prerequisite for ensuring a sound relationship to the Brussels I Regulation.<sup>1</sup> This provision has been well elaborated in Council document 17539/11 of 24 November 2011.

Furthermore, the Commission takes note that the provisions relating to the applicable law, in particular Article 14e(3) of the draft UPC Agreement<sup>2</sup> will safeguard in practice the application of third State law/non-Contracting State law, where such law must be applied pursuant to Union rules on private international law, the Rome I and II Regulations<sup>3</sup>.

The final point to flag out is that as regards the jurisdiction concerning claims relating to the liability of the UPC itself, Article 3b(3) and (4) of the draft UPC Agreement do not seem in conformity with the Brussels I Regulation, which provides for alternative rules for jurisdiction in contract and tort matters, including the general rule of possibility to always sue persons domiciled<sup>4</sup> in a Member State in the courts of that Member State. These provisions should either be deleted or they should be re-formulated so as to apply to matters which are outside the scope of the Brussels I Regulation.

Obviously, the UPC Agreement could not enter into force until the necessary modification of Brussels I Regulation has taken place. This should explicitly be provided for in the UPC Agreement.

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<sup>1</sup> In addition, Article 15 (Competence of the Court) and 55(1)b (Rehearing – in case of failures in the service to defaulting defendant) of the draft UCP Agreement can be pointed out as part of the acceptable solution.

<sup>2</sup> Through the reference to Articles 14f through 14i, 33a, 34, 38, 41, 44a of the UPC Agreement.

<sup>3</sup> Regulation (EC) No 591/2008, OJ L 177, 4.7.2008, p. 6, and Regulation (EC) No 864/2007, OJ L 199, 31.7.2007, p. 40.

<sup>4</sup> For purposes of the Brussels I Regulation, a legal person is domiciled at the place where it has its a) statutory seat, or b) central administration, or principal place of business. See Article 60 (1) of the Brussels I Regulation.

#### IV. CONCLUSION

As a general result, the relationship between the Brussels I Regulation and the draft agreement on the Unified Patent Court should be clarified as suggested above in points II and III. A preliminary draft of the necessary changes to Brussels I Regulation is contained in the Annex to this non-paper. The issues referred to in point III above are to be ensured in the UPC Agreement directly.

The Commission services recall that the revision of the Brussels I Regulation is ongoing before the co-legislators. The Commission had however not proposed the issues raised in this note in its recast proposal, so it is not possible to deal with the necessary amendments in the framework of the on-going negotiations, but the respective amendment of the Brussels I Regulation requires a proposal from the Commission and the legislative adoption in the procedure foreseen in Article 81(2) TFEU. Such amendment could be drafted as an addendum to the existing Recast proposal and should be adopted before the European Parliament finishes the first reading of the Recast proposal.

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**Draft outline of modifications to the Brussels I Regulation for patents<sup>1</sup>**

Article 71bis

1. For the purposes of this Regulation, the Unified Patent Court established pursuant to [the UPC Agreement, signed on ADD DATE] shall be a court of a Member State within the meaning of Article 2(c).
  
2. This Regulation shall apply as follows in disputes covered by [the UPC Agreement signed on ADD DATE]:
  - a) in matters of jurisdiction, when, according to this Regulation, the national courts of a Member State which is Contracting party to the UPC Agreement have jurisdiction in a matter governed by [the UPC Agreement], such jurisdiction shall lie with the UPC;
  
  - b) in relation to *lis pendens* or to related actions as provided for in Articles 27 and 28, this Regulation shall apply when proceedings are instituted in a Member State where [the UPC Agreement] applies on the one hand and in a Member State where [the UPC Agreement] does not apply on the other hand;
  
  - c) in matters of recognition and enforcement, this Regulation shall apply to the recognition and enforcement of
    - judgments of the UPC which need to be recognised and enforced in Member States which are not Contracting Parties to the UPC; and
  
    - judgments given in Member States which are not Contracting Parties to the UPC which need to be recognised and enforced in Member States Contracting Parties to the UPC.

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<sup>1</sup> This outline should be seen as a preliminary draft which may be subject to amendment in the light of the final version of the UPC Agreement. The numbering of the articles may also change depending of the development of the text of the Brussels I Recast during the legislative negotiations.