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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Regulation (EU) No 1215/2012 on jurisdiction and the recognition and
enforcement of judgments in civil and commercial matters**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. General Context

Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (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. It covers, among other matters, litigation in the area of intellectual property rights, including patents. On 12 December 2012, Regulation (EU) No 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters¹ ("Brussels I Regulation (recast)"), recasting Regulation (EC) No 44/2001, was adopted. Regulation (EU) No 1215/2012 will enter into application on 10 January 2015.

In December 2012, an agreement was reached on the so-called "patent package" – a legislative initiative consisting of two Regulations² (the "Unified Patent Regulations") and an international Agreement (the "Unified Patent Court Agreement" or "UPC Agreement"), laying the ground for the creation of unitary patent protection in the European Union.

The Unified Patent Regulations were adopted in enhanced cooperation including 25 Member States (all Member States except Italy and Spain). The UPC Agreement was signed on 19 February 2013 by most Member States. Once the Regulations apply, it will be possible to obtain a European patent with unitary effect – a legal title ensuring uniform protection for an invention across 25 Member States – on a one-stop shop basis, providing cost advantages and reducing administrative burdens.

Article 89(1) of the UPC Agreement provides that the Agreement cannot enter into force prior to the entry into force of the amendments to the Brussels I Regulation (recast) regulating the relationship between both instruments. The aim of these amendments is twofold. First, the amendments aim at ensuring compliance between the UPC Agreement and Brussels I Regulation (recast), and second, at addressing the particular issue of jurisdiction rules *vis-à-vis* defendants in non-European Union States.

On 15 October 2012, the three Member States Contracting Parties to the Treaty of 31 March 1965 concerning the establishment and statute of a Benelux Court of Justice have signed a Protocol modifying the said Treaty. The Benelux Court of Justice is a court common to Belgium, Luxembourg, and the Netherlands which has the task to ensure the uniform application of rules common to the Benelux Member States concerning various matters such as intellectual property (in particular certain types of rights relating to trademarks, models and designs). Up to today, the Benelux Court's task consists mainly in giving preliminary rulings on the interpretation of these rules. The 2012 Protocol, however, creates the possibility to extend the competences of the Benelux Court of Justice to include jurisdictional competences in specific matters which come within the scope of the Brussels I Regulation. This possibility

¹ OJ L 351, 20. 12. 2012, p. 1.

² Regulation (EU) No 1257/2012 of the European Parliament and of the Council implementing enhanced cooperation in the area of the creation of unitary patent protection, OJ L X; Council Regulation (EU) No 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation requirements, OJ L

may be executed by a revision of the separate agreements between the Benelux Member States on specific matters; this revision will effectively transfer jurisdiction from the national courts to the Benelux Court of Justice. As a result, similar to the UPC Agreement, the Protocol to the Benelux Treaty requires an amendment to the Brussels I Regulation (recast) with the aim first, to ensure compliance between the revised Treaty and the Brussels I Regulation (recast), and second, to address the lack of common jurisdiction rules *vis-à-vis* defendants in non-European Union States.

1.2. Grounds for and objectives of the proposal

The present proposal aims, firstly, at allowing the entry into force of the UPC Agreement. Art. 89(1) of the UPC Agreement makes the entry into force of the Agreement dependent on the amendment of Regulation (EC) No 1215/2012. In addition, the proposal aims at ensuring compliance with the Brussels I Regulation of this Agreement as well as the Protocol to the Benelux Treaty of 1965.

The Unified Patent Court will be a court common to certain Member States and will be subject to the same obligations under Union law as any national court. The Unified Patent Court will have exclusive competence, thus replacing national courts, for the matters governed by the UPC Agreement. The UPC Agreement regulates the internal distribution of competences between the different divisions of the Unified Patent Court and the enforcement of the judgments of the Unified Patent Court in the Contracting Member States. The Benelux Court of Justice is equally a court common to certain Member States which will have jurisdictional competence in matters to be defined by the Contracting Member States concerned.

In order to ensure the combined and coherent application of the above Agreement and Protocol and the Brussels I Regulation (recast) it is necessary to address the following issues in the Brussels I Regulation (recast):

1. Clarify in the text of the Regulation that the Unified Patent Court and the Benelux Court of Justice are ‘courts’ within the meaning of the Brussels I Regulation;
2. Clarify the operation of the rules on jurisdiction with respect to the Unified Patent Court and the Benelux Court of Justice insofar as defendants domiciled in Member States are concerned. Create uniform rules for the international jurisdiction *vis-à-vis* third State defendants in proceedings against such defendants brought in the Unified Patent Court and Benelux Court of Justice in situations where the Brussels I Regulation does not itself provide for such rules but refers to national law;
3. Define the application of the rules on *lis pendens* and related actions in relation to the Unified Patent Court and the Benelux Court of Justice on the one hand and the national courts of Member States which are not Contracting Party to the respective international agreements on the other hand. Define also the operation of these rules during the transitional period referred to in Article 83(1) UPC Agreement; and
4. Clarify the operation of the rules on recognition and enforcement in the relations between Member States which are and Member States which are not Contracting Parties to the respective international agreements.

Detailed explanation on the issues to be addressed is given in point 3 below (“Legal elements of the proposal”).

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The patent package has been the subject of extensive consultation prior to its adoption. This consultation showed broad support not only for the creation of a unified patent but also for the establishment of a unified jurisdictional regime. The present proposal allows for the entry into force of the UPC Agreement, as foreseen in Art. 89(1) of that Agreement. Since the Protocol modifying the 1965 Treaty on the Benelux Court of Justice raises identical issues as the UPC Agreement, both amendments should be made at the same time. Insofar as jurisdiction rules vis-à-vis third State defendants is concerned, this matter was extensively assessed in the Commission's impact assessment accompanying the legislative proposal amending Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ("Brussels I")³. This assessment concerned the harmonisation of jurisdiction vis-à-vis third State defendants generally; the conclusions of that assessment are *a fortiori* relevant for the limited harmonisation foreseen in this proposal.

3. LEGAL ELEMENTS OF THE PROPOSAL

The proposed amendments to the Brussels I Regulation (recast) are as follows:

- Provisions addressing the relationship between the UPC Agreement and the Protocol to the 1965 Benelux Treaty on the one hand and the Brussels I Regulation on the other hand;
- Provisions completing the uniform jurisdiction rules in relation to third State defendants in civil and commercial disputes brought before the Unified Patent Court and the Benelux Court of Justice in matters covered by the UPC Agreement or the Protocol to the 1965 Benelux Treaty.

These amendments are combined in four new provisions, Articles 71a through 71d of the Brussels I Regulation.

3.1. The explicit inclusion of the Unified Patent Court and Benelux Court of Justice as 'courts' within the meaning of the Brussels I Regulation (recast)

As a result of the internal division of competences within the Unified Patent Court a defendant could find him/herself before a division which would not be situated in the Member State of the court designated by the rules of the Brussels I Regulation. For instance, a Dutch defendant expecting to be sued at its domicile on the basis of Art. 4(1) of the Brussels I Regulation (recast) may be brought before the competent central, regional or local division which may be situated in France, Germany or the United Kingdom (or any other Member State, depending on where regional or local divisions will be set up). This is also relevant when the defendant is domiciled or habitually resident in a Member State which is not a Contracting Party to the UPC Agreement (e.g. a licensee domiciled in Spain had to perform an obligation under the license agreement in the Netherlands; proceedings are brought before the German central division instead of the Netherlands as place of performance of the obligation). Equally, as a result of the transfer of competences to the Benelux Court of Justice, a defendant, including from a non-Contracting Member State, could find him/herself before a court which would not be situated in the Member State of the court designated by the rules of the Brussels I Regulation. While Article 71 of the Brussels I Regulation allows conventions on particular matters which already exist, it does not allow any such new conventions. As a result, it is necessary to clarify that both the Unified Patent Court and the Benelux Court of

³ SEC(2010) 1547 final of 14.12.2010.

Justice are to be considered as courts of a Member State in the sense of the Brussels I Regulation, thus ensuring that the Regulation applies fully to these courts.

The Brussels I Regulation (recast) does not provide for a definition of the term "court". It limits itself, in Article 3, to include certain specific authorities within the concept of "court" for purposes of the operation of the Brussels I Regulation. Recital 11 does clarify, however, that the term "court" should be understood as including courts or tribunals common to several Member States. Recital 11 explicitly refers to the Benelux Court of Justice when it exercises jurisdiction in matters falling within the scope of the Brussels I Regulation. Recital 11 clarifies that judgments given by such common courts should be recognized and enforced in accordance with the Brussels I Regulation. Nevertheless, a recital does not have binding nature and cannot ensure with a sufficient degree of legal certainty compliance of the respective international agreements with the Brussels I Regulation (recast), in particular Article 71 thereof. A specific legislative amendment is therefore necessary. This amendment follows the approach taken for the Hungarian notary and Swedish enforcement authority in Article 3 of the Regulation; it includes specifically the Unified Patent Court and the Benelux Court of Justice in the concept of "court" of the Regulation. For reasons of readability, all necessary changes relating to the UPC and Benelux Court of Justice Agreements are combined in four new provisions (new Articles 71a to 71d).

By clarifying that both the Unified Patent Court and the Benelux Court of Justice should be considered as "courts" within the meaning of the Brussels I Regulation (recast), it will be ensured that the international jurisdiction of these courts will be determined by the Brussels I Regulation; in particular it will be ensured that defendants which would expect to be sued in a specific Member State on the basis of the rules of the Brussels I Regulation may be sued before either a division of the Unified Patent Court or before the Benelux Court of Justice which is located in another Member State than the national courts designated on the basis of the Brussels I Regulation. Legal certainty and predictability for defendants requires that this change of territorial jurisdiction is set out clearly in the text of the Brussels I Regulation.

3.2. The operation of the rules on jurisdiction in relation to the Unified Patent Court and the Benelux Court of Justice on the one hand and the courts of Member States which are not Contracting Parties to the UPC Agreement or the Protocol to the 1965 Benelux Treaty on the other hand

In order to create full transparency on the combined and coherent application of the respective international agreements and the Brussels I Regulation (recast), the latter should prescribe how the jurisdiction rules of the Brussels I Regulation (recast) apply to the Unified Patent Court and Benelux Court of Justice, in the same way as Article 71 of the Brussels I Regulation (recast) does for other international conventions on particular matters. Similar clarifications are also found, for instance, in Articles 64 and 67 of the 2007 Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

The new rule in Article 71b, paragraph 1 thus prescribes that the Unified Patent Court and the Benelux Court of Justice will have jurisdiction any time when a national court of one of the respective Contracting Member States would have jurisdiction based on the rules of the Brussels I Regulation. *A contrario*, the Unified Patent Court and the Benelux Court of Justice will not have jurisdiction when no national court of a Contracting Member State has jurisdiction pursuant to the Brussels I Regulation (for example, when jurisdiction pursuant to the Brussels I Regulation would lie with the courts of a non-Contracting Member State).

3.3. The completion of the jurisdictional rules in relation to third State defendants

Article 31 of the UPC Agreement provides that the international jurisdiction of the Unified Patent Court shall be established in accordance with Regulation (EU) No 1215/2012 or, where applicable, on the basis of the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Lugano Convention). However, insofar as the Brussels I Regulation (recast) and the 2007 Lugano Convention determine jurisdiction by reference to national law (see Article 6 of that Regulation and Article 4 of the Lugano Convention), it is not determined which rules should apply to determine the jurisdiction of courts which are common to several Member States such as the Unified Patent Court and the Benelux Court of Justice. In addition, a reference to the one or the other national law for the several divisions of the Unified Patent Court would create an unequal access to justice in a unified jurisdictional system which could not be justified on any objective reason.

A similar problem has already been addressed in the existing Trademark Regulation (Council Regulation (EC) No 207/2009 on the Community Trade Mark) and Design Regulation (Council Regulation (EC) No 6/2002 on Community designs), which each do contain a complete set of uniform rules on jurisdiction *vis-à-vis* third State defendants.

It is therefore necessary to complete the jurisdiction rules of the Brussels I Regulation (recast) for matters which will come within the competence of the Unified Patent Court and the Benelux Court of Justice insofar as defendants domiciled in non-European Union States are concerned. Uniform jurisdiction rules already exist in certain situations (such as exclusive jurisdiction with respect to the registration and validity of patents, choice of court agreements), but not in others (such as proceedings concerning the infringement of patents, licensing agreements in the absence of choice of court).

The new proposal in Art. 71b, paragraph 2 therefore extends the Regulation's jurisdiction rules to disputes involving third State defendants domiciled in third States. In addition, the Unified Patent Court's and Benelux Court of Justice's jurisdiction to issue provisional, including protective measures is ensured even when the courts of third States have jurisdiction as to the substance of the matter. This extension will apply without prejudice to the 2005 Agreement between the European Community and the Kingdom of Denmark on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, which already regulates the situation of Danish defendants, and the 2007 Lugano Convention on the same subject matter which already regulates the situation of Swiss, Norwegian, and Icelandic defendants.

As a result of this extension, access to the Unified Patent Court and the Benelux Court of Justice will be ensured in situations where the defendant is not domiciled in an EU Member State as access is ensured in situations where the defendant is domiciled in an EU Member State. In addition, such access is ensured independently of which instance or division within the Unified Patent Court is seized of a claim.

In addition, the new proposal in Art. 71b, paragraph 3 establishes one additional forum for disputes involving defendants domiciled outside the EU. The proposal provides that a non-EU defendant can be sued at the place where moveable assets belonging to him are located provided their value is not insignificant compared to the value of the claim and that the dispute has a sufficient connection with the Member State of the court seized. The forum of the location of assets balances the absence of the defendant in the Union. Such a rule currently exists in a sizeable group of Member States and has the advantage of ensuring that a judgment can be enforced in the State where it was issued. It is a rule which fits better in the general philosophy of the Brussels I Regulation (recast) than other rules of subsidiary jurisdiction

such as those provided for in the Trademark and Design Regulations mentioned above which allow proceedings against third State defendants to be brought, in particular, before the courts of the Member State where the plaintiff is domiciled (*forum actoris*). An asset-based forum may ensure the jurisdiction of the Unified Patent Court and the Benelux Court of Justice in situations where the Regulation's extended jurisdiction rules would not provide for jurisdiction and where such jurisdiction may be appropriate. For instance, with respect to the Unified Patent Court, the asset-based jurisdiction would ensure that the Court would have jurisdiction *vis-à-vis* a Turkish defendant infringing a European patent covering several Member States and Turkey.

3.4. The operation of the rules on *lis pendens* and related actions in relation to the Unified Patent Court and the Benelux Court of Justice on the one hand and the courts of Member States which are not Contracting Parties to the UPC Agreement or the Protocol to the 1965 Benelux Treaty on the other hand

In addition, the new rule in Art. 71c prescribes that the rules on *lis pendens* and related actions of the Brussels I Regulation (recast) apply between the Unified Patent Court or the Benelux Court of Justice on the one hand and the courts of non-Contracting Member States on the other hand. Finally, this Article also prescribes that the rules of the Brussels I Regulation (recast) apply when, during the transitional period referred to in Article 83(1) UPC Agreement, proceedings are brought before the Unified Patent Court on the one hand and before the national courts of Contracting Member States to that Agreement on the other hand.

3.5. The operation of the rules on recognition and enforcement in relation between Member States that have ratified the UPC Agreement and the Member States that have not ratified the UPC Agreement

In order to create full transparency on the combined and coherent application of the respective international agreements and the Brussels I Regulation (recast), the latter should prescribe how the rules on recognition and enforcement of the Brussels I Regulation (recast) will apply in the relations between the Member States Contracting Parties to the respective international agreements and the Member States which are not Contracting Parties to those agreements. Similar provisions are found in Article 71 of the Brussels I Regulation (recast) with respect to other international conventions on particular matters and Articles 64 and 67 of the 2007 Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

The new Art. 71d thus regulates the recognition and enforcement of judgments of the Unified Patent Court and the Benelux Court of Justice in Member States which are not Contracting Parties to the respective international agreements, as well as the recognition and enforcement of judgments given in Member States which are not Contracting Parties to these agreements in matters governed by such agreements which need to be recognised and enforced in Member States Contracting Parties to the international agreements.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 67(4) and points (a), (c) and (e) of Article 81(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁴,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) On 19 February 2013, certain Member States signed an Agreement on a Unified Patent Court. This Agreement provides that it shall not enter into force prior to the first day of the fourth month after the date of entry into force of the amendments to Regulation (EU) No 1215 concerning the relationship of the latter with the Agreement.
- (2) On 15 October 2012, the three Member States Contracting Parties to the Treaty of 31 March 1965 concerning the establishment and statute of a Benelux court of Justice signed a Protocol modifying this Treaty, creating the possibility to grant certain jurisdictional competences to the Benelux Court of Justice in specific matters which come within the scope of Regulation (EU) No 1215/2012.
- (3) It is necessary to regulate the relationship between the above international agreements and Regulation (EU) No 1215/2012.
- (4) The Unified Patent Court and the Benelux Court of Justice should be considered as courts within the meaning of this Regulation in order to ensure legal certainty and predictability for defendants which may be brought before those courts in a Member State different from the one designated by the rules of this Regulation.
- (5) The Unified Patent Court and the Benelux Court of Justice should be able to exercise jurisdiction with respect to defendants not domiciled in a Member State. Insofar as matters coming within the jurisdiction of the Unified Patent Court and the Benelux Court of Justice are concerned, the rules of this Regulation should therefore apply to defendants domiciled in non-Union Member States. The existing rules on jurisdiction ensure a close link between proceedings to which this Regulation applies and the territory of the Member States which justifies their extension to defendants wherever they are domiciled. In addition, this Regulation should determine the cases in which the Unified Patent Court and the Benelux Court of Justice may exercise subsidiary jurisdiction.

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OJ C , , p. .

- (6) The rules of this Regulation on *lis pendens* and related actions, aimed at preventing parallel proceedings and irreconcilable judgments, should apply when proceedings are brought before the courts of Member States where the above international agreements apply and before the courts of Member States where these agreements do not apply.
- (7) The rules of this Regulation on *lis pendens* and related actions should equally apply where during the transitional period referred to in Article 83(1) of the Agreement on a Unified Patent Court proceedings concerning certain types of disputes relating to European patents as defined in that provision are brought before the Unified Patent Court on the one hand and a national court of a Contracting Member State to the UPC Agreement on the other hand.
- (8) Judgments given by the Unified Patent Court or Benelux Court of Justice should be recognised and enforced in Member States which are not Contracting Parties to the respective international agreements in accordance with this Regulation.
- (9) Judgments given by courts of Member States which are not Contracting Parties to the respective international agreements should continue to be recognised and enforced in the other Member States in accordance with this Regulation.
- (10) This Regulation should start to apply at the same time of Regulation (EU) No 1215/2012 in order to allow for the appropriate entry into force of the UPC Agreement and effective transfer of competences to the Benelux Court of Justice.
- (11) Regulation (EU) No 1215/2012 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

- (1) In Regulation (EU) No 1215/2012, the following new sentence is added at the end of recital 14:

"Uniform jurisdiction rules should also apply regardless of the defendant's domicile in cases where courts common to several Member States exercise jurisdiction in matters coming within the scope of application of this Regulation"

- (2) In Regulation (EU) No 1215/2012, Articles 71a, 71b, 71c, and 71d are inserted:

"Article 71a

1. For the purposes of this Regulation, a court common to several Member States (a "common court") shall be a court of a Member State when, pursuant to the agreement establishing it, it exercises jurisdiction in civil and commercial matters within the meaning of this Regulation.

2. For the purposes of this Regulation, the following shall each be a common court:

(a) the Unified Patent Court established by the Agreement on a Unified Patent Court signed on 19 February 2013 (the "UPC Agreement");

(b) the Benelux Court of Justice established by the Treaty of 31 March 1965 concerning the establishment and statute of a Benelux Court of Justice (the "Benelux Agreement").

Article 71b

The jurisdiction of a common court shall be determined as follows:

1. The common court shall have jurisdiction where, under this Regulation, the courts of a Member State party to an agreement establishing a common court have jurisdiction in a matter governed by that agreement.
2. Where the defendant is not domiciled in a Member State, and this Regulation does not otherwise confer jurisdiction over him, the provisions of Chapter II shall apply as if the defendant was domiciled in a Member State. Article 35 shall apply even if the courts of non-Member States have jurisdiction as to the substance of the matter.
3. Where the defendant is not domiciled in a Member State and no court of a Member State has jurisdiction under this Regulation, the defendant may be sued in the common court if:
 - a) property belonging to the defendant is located in a Member State party to the agreement establishing the common court;
 - b) the value of the property is not insignificant compared to the value of the claim;
 - c) the dispute has a sufficient connection with any Member State party to the agreement establishing the common court.

Article 71c

1. Articles 29 to 32 shall apply when proceedings are brought in a common court and in a court of a Member State not party to the agreement establishing that common court.
2. Articles 29 to 32 shall apply where during the transitional period referred to in Art. 83(1) 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.

Article 71d

In matters of recognition and enforcement, this Regulation shall apply to the recognition and enforcement of

- a) judgments given by the Unified Patent Court or the Benelux Court of Justice which need to be recognised and enforced in Member States which are not Contracting Parties to the UPC or Benelux Agreements; and
- b) judgments given by the courts of Member States which are not Contracting Parties to the UPC or Benelux Agreements which need to be recognised and enforced in Member States Contracting Parties to such Agreements."

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 10 January 2015.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,

For the European Parliament
The President

For the Council
The President