UPC Court of Appeal, 16 January 2025, Fives v REEL

PATENT LAW – PROCEDURAL LAW

The Court's competence (or jurisdiction) includes a separate action for determination of damages after a national court - before entry into force of the UPCA - has established the existence of an infringement of a European patent and an obligation in principle for the infringer to pay damages (Article 32(1) UPCA)

- **The wording of Art. 32(1)(a) UPCA is inconclusive; […], while […] the rationale behind Art. 32(1)(f) UPCA speaks in favour of jurisdiction of the UPC for separate damages actions, when the infringement has been established by a national court.**
- **The Brussels Regulation is not relevant to the question of interpretation of Art. 32(1)(a) UPCA,** which concerns the division of jurisdiction between the UPC and the national courts of the CMS Art. 71b Brussels Ia Regulation only regulates the international jurisdiction of the UPC in relation to the courts of non-contracting Member States.
- **Through Art. 68 UPCA, the UPC has its own damages provisions.** If an action is lodged with the UPC, within its jurisdiction and encompassing a damages request, there is by consequence a complete set of substantive rules applicable insofar as the European patents of the CMSs are concerned. They are subject to uniform substantive law and procedural rules.
- **The Rules provide for adjudication in – at the very least – one type of scenario, where the existence of an infringement will not have to be assessed in law and in fact by the Court. There does not seem to be a reason to treat the situation in the present case differently**

Source: Unified Patent Court

UPC Court of Appeal,
16 January 2025
(Kalden, Simonsson, Rombach)
UPC_CoA_30/2024
APL_4000/2024
HEADNOTE
ORDER
of the Court of Appeal of the Unified Patent Court issued on 16 January 2025 Preliminary objection concerning jurisdiction of the Court (R. 19.1 RoP)
HEADNOTES:
- The Court's competence (or jurisdiction) includes a separate action for determination of damages after a court of a Contracting Member State has established the existence of an infringement of a European patent and an obligation in principle for the infringer to pay damages.
- The Court has jurisdiction to decide on acts of infringement committed before the entry into force of the UPCA on 1 June 2023, as long as the European patent invoked has not yet lapsed at that date.

KEYWORDS:
- Preliminary objection, jurisdiction, damages

APPELLANT (AND CLAIMANT IN THE PROCEEDINGS BEFORE THE CFI)
Fives ECL, SAS, Ronchin, France
(hereinafter: Fives)
represented by: Konstantin Schallmoser, Rechtsanwalt, Bonabry, Hamburg, Germany
RESPONDENT (AND DEFENDANT IN THE PROCEEDINGS BEFORE THE CFI)
REEL GmbH, Veitshöchheim, Germany (REEL)
(hereinafter: REEL)
represented by: Dr. Benjamin Schröer, Rechtsanwalt, Hogan Lovells International, Münich, Germany
PATENT IN SUIT
EP 1 740 740
LANGUAGE OF PROCEEDINGS
German
PANEL AND DECIDING JUDGES
This order has been issued by the second panel consisting of:
Rian Kalden, Presiding judge and legally qualified judge
Ingeborg Simonsson, legally qualified judge and judge-rapporteur
Patricia Rombach, legally qualified judge
IMPUGNED DECISION OF THE COURT OF FIRST INSTANCE
Local Division Hamburg, 17 November 2023, UPC_CFI_274/2023; ACT_559935/2023
POINTS AT ISSUE
Preliminary objection; R. 19.1 RoP; jurisdiction of the UPC; Art. 32(1) UPCA; determination of damages; national patent infringement proceedings
ORAL HEARING ON
30 September 2024
SUMMARY OF FACTS AND INDICATION OF PARTIES' REQUESTS
1. Before the entry into force of the Agreement on a Unified Patent Court (UPCA), Fives brought an action against (among others) REEL before the Düsseldorf Regional Court (Germany), for infringement of the German part of EP 1 740 740 B1 (patent in suit). The patent in suit concerns a compact service module for installations for the electrolytic production of aluminum.
On 9 August 2022, the Düsseldorf Regional Court issued a judgment where it established that REEL is obliged to compensate Fives for all damage which it has suffered and will suffer as a result of acts of patent infringement specified under paragraph I.1. of the judgment, committed since 2 December 2016. The judgment of the Düsseldorf Regional Court was not appealed.
2. On 8 August 2023, Fives brought an action against REEL before the Unified Patent Court (UPC), Local

Division Hamburg, and requested determination of damages under Art. 32(1)(f) UPCA, Art. 68(1) UPCA and Part 1 Chapter 4 Rules of Procedure (RoP). Fives sought payment of damages in the amount of € 6.5 million, plus interest in the amount of € 1,341,038.74, as well as interest from 9 August 2023 in the amount of 9 percentage points above the base rate from an amount of € 6.5 million as compensation for the damages suffered by it due to REEL's patent infringing offers in Germany with regard to the Alba/Bahrein tender, in accordance with the judgment of the Düsseldorf Regional Court of 9 August 2022.

3. REEL lodged a Preliminary objection in accordance with R. 19.1(a) RoP, submitting that the court seized did not have jurisdiction for the present application for the determination of damages pursuant to Art. 32(1) UPCA.

4. In the **impugned order**, the Local Division upheld the Preliminary objection and rejected the action for determination of damages, holding that the UPC does not have jurisdiction for actions for determination of damages on the basis of patent infringement proceedings that have become final before a national court. According to the Local Division, Art. 32(1)(a) UPCA confers jurisdiction on the UPC to determine damages only after a prior action for patent infringement has been brought before the UPC. Art. 32(1)(f) UPCA establishes jurisdiction only for actions for damages or compensation based on the provisional protection conferred by a published application for a European patent. The recognition of a national judgment awarding damages cannot establish the UPC's jurisdiction to award damages.

5. Fives has appealed the **impugned decision** and is requesting (insofar as is relevant here) that it be reversed (annulled).

6. REEL is requesting that the appeal be dismissed and that Fives be ordered to bear the costs of the appeal proceedings.

SUBMISSIONS OF THE PARTIES

Fives

7. Fives argues that the UPC is competent for the asserted damages claim. Fives' arguments can be summarised as follows.

8. According to Art. 32(1)(a) UPCA, the UPC has exclusive jurisdiction for actions for actual or threatened infringements of, inter alia, European patents. Contrary to the view of the Local Division, the phrase "for actual or threatened infringements of patents" refers conceptually and in the normal sense of the word to all actions whose legal basis is the actual or threatened infringement of patents, i.e. whose grounds are based on the infringement of a patent. The facts at issue in the present case are based on a patent infringement – which is not in dispute. The action for damages is therefore also an action "for" this underlying patent infringement, which forms the legal basis of the action.

9. The fact that a national judgment has already been issued regarding the parties, in which the patent infringement was established and injunctive relief and damages were awarded, does not change that an action now claiming a specific amount of damages for the patent infringement is also an action for patent infringement and thus falls within the scope of jurisdiction of Art. 32(1)(a) UPCA according to the wording.

10. Whether the earlier action for injunctive relief and damages precludes the admissibility of the later action is – contrary to the opinion of the Local Division – not a question of jurisdiction under Art. 32(1)(a) UPCA, but is rather correctly to be clarified in accordance with the general principles of EU Regulation 1215/2012 (hereinafter: Brussels Ia Regulation) (conflicting res judicata, other lis pendens).

11. It is fully in line with the UPCA and its objectives if the legal consequences, namely the amount of damages due to a patent infringement of a national part of a European patent, are determined before the UPC. There is a concrete and recognizable need for harmonization, particularly with regard to the methods of calculating damages.

12. A "withdrawal" of the UPC's jurisdiction by a national action cannot be inferred from the UPCA. On the contrary, there is only one provision in the UPCA according to which the jurisdiction of the UPCA is excluded by an act of the patent proprietor. According to Art. 83 UPCA, an action cannot be brought before the UPCA if the patent has been excluded from the jurisdiction of the UPCA by an opt-out declared under Art. 83(3) UPCA and the withdrawal of the opt-out is excluded under Art. 83(4) UPCA.

13. A narrower understanding does not follow from the Rules of Procedure either. The Rules of Procedure cannot substantively change the statutory provisions on jurisdiction of the UPCA, which is why R. 135.2 RoP does not contain any provisions restricting the jurisdiction. Apart from this, R. 135.2 RoP expressly provides for exceptions to the jurisdiction of the previously seized panel if there are obstacles to this jurisdiction or if it is not expedient. Even assuming relevance, R. 135.2 RoP therefore does not preclude the jurisdiction of the UPC following a prior national action.

14. Nor can a withdrawal of jurisdiction by an act of the patent proprietor be justified on the basis of other general legal considerations. Fives has never exercised a right of choice contrary to the jurisdiction of the UPC. The national proceedings were already terminated by judgment on August 9, 2022. Until then, Fives had no possibility to assert its claims before the UPC, as it was uncertain when the UPC would start its activities. Furthermore, Fives did not opt out the patent in suit and thus subjected it to the jurisdiction of the UPC, also with regard to any objections to the validity of the patent.

15. An interpretation of Art. 32(1)(a) UPCA in accordance with Art. 31 of the Vienna Convention on the Law of Treaties (the Vienna Convention) provides ample evidence that Art. 32(1)(a) UPCA also covers actions for the determination of damages to be paid for patent infringement. Reference is made to Art. 68 UPCA, Art. 1(1) UPCA, Art. 3(c) UPCA, Art. 65 UPCA, Art. 83(3) UPCA and Art. 32(2) UPCA.

16. Jurisdiction of the UPC also alleviates the risk that no competent court would be found for the present

action after the expiry of the transitional period under Art. 83(1) UPCA. This is because it is quite conceivable that a national action brought before the expiry of the transitional period, directed (inter alia) at the determination of the obligation to pay damages, will only be finally concluded after the expiry of the transitional period. In this case, Art. 83(2) UPCA, which codifies the principle of perpetuatio fori, is not applicable, since a national action is no longer pending.

17. The legally concluded national proceedings do not preclude further proceedings due to lis pendens elsewhere pursuant to Art. 29 Brussels Ia Regulation. National proceedings for patent infringement are currently not pending between the parties.

18. Furthermore, the legally concluded national proceedings do not preclude the admissibility of a further action under Art. 36 Brussels Ia Regulation. On the contrary: Art. 36 Brussels Ia Regulation stipulates that the decisions of the courts of the Member States are recognized before the courts of the other Member States. The court subsequently seized must take into account the substantive findings of the other court's decision in its decision. If a preliminary question that is relevant to the later proceedings has already been decided in the earlier proceedings, the court seized later must take this decision into account in its reasons and generally recognize it. The other party may object to this on the grounds set out in Art. 45 Brussels Ia Regulation, which, however, have not been invoked here.

19. Pursuant to Art. 71a (1) Brussels Ia Regulation, a common court of the Member States is deemed to be a court of a Member State within the meaning of the Regulation for the purposes of the Regulation. This follows directly from Art. 1(2) UPCA, Art. 20 UPCA and Art. 24(1)(a) UPCA. This means that Art. 29 et seq. and Art. 35 et seq. Brussels Ia Regulation also apply in principle to the relationship between national courts and the UPC.

20. The UPC also has jurisdiction to rule on matters that took place before 1 June 2023. This follows from Art. 3(c) UPCA, which expressly opens up the jurisdiction of the UPC for all European patents that had not yet expired on 1 June 2023. Since European patents confer enforceable rights from publication of the application, Art. 3(c) UPCA can only be understood to mean that all claims based on European patents that have not yet expired on 1 June 2023 can be asserted before the UPC. This corresponds to the fact that the UPC declares patents null and void with effect ex tunc. The declaration of nullity therefore affects all effects of the European patent from the date of publication.

21. None of the objectives of establishing the UPC could be achieved if the UPC were regularly only responsible for claims that arose on or after 1 June 2023. This would mean that in the case of acts of infringement, which often extend over several years and several countries, the UPC would only be able to adjudicate all claims for all countries from 1 June 2023, whereas the patent proprietor would have to be referred to the national court systems for claims from the period before 1 June 2023.

22. Once the question of jurisdiction has been clarified, the legal dispute is not to be referred back to the court of first instance. This follows directly and immediately from Art. 75(1) UPCA, which orders a decision on the merits by the Court of Appeal. This is not an exceptional case pursuant to R. 242.2(b) RoP that justifies a referral back.

REEL

23. REEL argues that the UPC has no jurisdiction over the request. In the subsidiary, the UPC does not have jurisdiction from a temporal perspective and the request is inadmissible. REEL's arguments can be summarised as follows.

24. The appeal was not filed on time and must therefore be rejected as inadmissible. This is because Fives did not pay the court fees for the appeal on time and in the amount owed.

25. Art. 32(1) UPCA enumerates those actions for which the UPC has been granted jurisdiction by the Contracting Member States (the CMSs). This list is exhaustive. The national courts remain competent for all other actions or applications pursuant to Art. 32 para. 2 UPCA. Against this background, jurisdiction pursuant to Art. 32(1) UPCA must be interpreted with caution.

26. Fives' action does not constitute an action for infringement of patents pursuant to Art. 32(1)(a) UPCA. It is directed in isolation to the determination of the amount of damages, but does not make the patent infringement and the obligation to pay damages in principle a subject of the decision of the court. The present proceedings are therefore an isolated application to determine the amount of damages pursuant to R. 125 et seq. RoP, for which the UPCA in Art. 32(1) does not provide jurisdiction, but which the Rules of Procedure only recognize as a dependent procedural step of the patent infringement proceedings pursuant to Art. 32(1)(a) UPCA.

27. If the patent holder has had the liability for damages assessed on the merits by a national court (during the transitional period), it is appropriate to adhere to this decision in favour of national legal proceedings for the assessment of the amount of damages as well. Likewise, there is no reason to allow an exception to this principle because patent holders were not yet able to invoke the UPCA before it entered into force and therefore, like Fives, may have obtained a national judgment declaring damages in principle. Fives continues to have recourse to the national German courts, in particular to the court already seized.

28. It follows from the unambiguous wording of Art. 32(1)(a) UPCA that an action for patent infringement must include infringement as its subject-matter. The UPC can only in a second step make use of its power to order damages. An isolated application for the determination of damages is therefore not in substance an action pursuant to Art. 32(1)(a) UPCA because it does not – and cannot – have the question of patent infringement as its subject-matter. The absence of jurisdiction of the UPC pursuant to Art. 32(1)(a) UPCA is confirmed by the RoP, which in R. 125 et seq. only

provides for proceedings to determine damages as a dependent part of the patent infringement proceedings.
29. The proceedings pursuant to R.125 et seq. RoP are merely a separate procedural stage of a normal action for patent infringement, which the RoP has "outsourced" procedurally for reasons of procedural economy. Reference is made to R. 10 RoP, R. 125 RoP, R. 118 RoP, R. 150 RoP, R. 126 RoP, R. 220.1(a) RoP and R. 135.2 RoP.
30. This is a purely national legal dispute in which a national German court has established a claim for damages in principle for acts of infringement limited to Germany on the basis of national German law. There is no reason why, in such a situation, the UPC should deal with the determination of the amount of damages instead of the national court, and thus with the "spelling out" of the national court decision.
31. If the UPC is to determine the amount of damages in this case in accordance with the law of the UPCA, this would lead to different sub questions of the same legal dispute being adjudicated by different courts (determination of the patent infringement and the legal consequences in principle by the national court; amount of damages by the UPC). Patent holders could also engage in abusive "law shopping" for the different sub-questions of one and the same legal dispute.
32. There is no comparability with undisputed patent infringements. It is true that it is irrelevant for the jurisdiction of the UPC for an action under Art. 32(1)(a) UPCA whether the underlying facts are undisputed. However, this has nothing to do with the problem at hand. Even in such a case, the UPC decides on the patent infringement and thus on the merits of the claim, albeit on the basis of undisputed facts and without the need to take evidence or decide according to the principles of the burden of proof. In the present proceedings, however, Fives does not raise the question of patent infringement for the UPC to decide.
33. It is also irrelevant for the question of the UPC's jurisdiction under which conditions the UPC would allegedly have to recognize the decision of the Düsseldorf Regional Court pursuant to Art 36 et seq. Brussels Ia Regulation. Art. 36 et seq. Brussels Ia Regulation do not apply in the present situation from the outset, as according to the provision, a court of an EU Member State must recognize the decisions of the courts of other Member States. However, the court of a CMS is not the court of another Member State in relation to the UPC. This is also clarified in Art. 71d Brussels Ia Regulation. The relationship between the UPC and "its" CMSs is governed exclusively by the UPCA (see Art. 72d para. 2 Brussels Ia Regulation), which has no corresponding provision.
34. There is no risk of a lack of competent court after the transition period. As the impugned decision correctly states, jurisdiction for such an action has not been transferred to the UPC and has therefore remained with the CMS (Art. 32(2) UPCA). Actions of this kind are therefore not affected by the expiry of the transitional period (see p. 9 of the impugned decision).
35. Auxiliary, REEL defends the decision by appealing to the consideration (p. 11) expressly left open there (R. 236.2 RoP) that, even if one of the jurisdictional clauses of Art. 32(1) UPCA were applicable, the UPC lacks jurisdiction, at least in temporal terms. Fives is only claiming damages for acts of infringement that occurred before 1 June 2023, the date on which the UPCA entered into force. The UPC is not competent to issue decisions on acts of infringement prior to this date. National law applies to such matters. It follows from the UPCA that the UPC has no jurisdiction over matters to which the substantive law of the UPCA does not apply. Such a retroactive effect would be incompatible with higher-ranking law.
36. The UPCA creates a link between jurisdiction and applicable law: only the UPC applies the UPCA; the UPCA is not available to national courts as a source of law. The same applies vice versa: if a situation – as here – is not subject to UPCA law but to national law, the UPC does not have jurisdiction. It is conceivable that national law applies before the UPC (see Art. 24(1)(e) UPCA). However, the abovementioned link between jurisdiction and applicable law and the hierarchical list of applicable sources of law in Art. 24(1) UPCA, which mentions national law in last place, suggest that the UPC may only do so if it encounters a gap in the application of UPCA law (and the other overriding sources of law), which it then closes with national law. However, this is not such a situation, as the law of the UPCA, is not applicable on its own merits.
37. Jurisdiction of the UPC for patent infringement cases before the UPCA came into force would also mean that a distinction would have to be made between the substantive and procedural provisions of the UPCA, but such a distinction is not possible.
38. If the Court of Appeal affirms the jurisdiction of the UPC (and the admissibility of the action), the proceedings on the merits should be referred back to the Local Division.

GROUNDS

Admissibility

39. The appeal is admissible. Fives paid the court fee in time and to the full amount as instructed by the Registry in accordance with R. 229 RoP.

Interpretation of Art. 32(1)(a) UPCA in accordance with the Vienna Convention

40. According to Art. 32(1)(a) UPCA, the Court has exclusive competence in respect of actions for actual or threatened infringements of patents and supplementary protection certificates and related defences, including counterclaims concerning licences. The question in this case, and in principle, is whether the Court's competence (or jurisdiction) includes a separate action for damages after a court of a Contracting Member State has established the existence of an infringement of a European patent and an obligation in principle for the infringer to pay damages. In other words, does the UPC have competence to adjudicate on damages alone for infringements of European patents, although the infringement has not been established by the UPC, but by a court of a CMS?

41. Both parties rightly refer to the rules of interpretation laid down in the Vienna Convention. Art. 31 has the heading “General rule of interpretation”. Paragraph 1 of this Art. reads:
A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the term of the treaty and in the light of its object and purpose.
42. As will be explained later, the Rules of Procedure seem to proceed from a narrow understanding of when and how damages may be claimed before the UPC. The Court is however guided primarily by the UPCA as a source of law in this respect (**Art. 24(1)(b) UPCA** in conjunction with **Art. 41(1) UPCA**). In the event of a conflict, the Rules must either be interpreted in accordance with the UPCA, or, if such an interpretation is impossible, the UPCA shall prevail (**R. 1.1 RoP**).
43. An interpretation of **Art. 32(1)(a) UPCA** in good faith in accordance with the ordinary meaning to be given to the terms of the Agreement and in the light of its object and purpose, means that guidance should be sought in the wording of the provision, with reference to other Articles of the Agreement, and bearing in mind the legal context, including any applicable European Union law. The genesis of **Art. 32(1)(a) UPCA** will be examined here for a better understanding of the object and purpose of the provision and the Rules of Procedure will be addressed.
The wording of Article 32(1)(a) UPCA, and its relation to other provisions of the UPCA
44. The wording of **Art. 32(1)(a) UPCA**, “actions for actual or threatened infringements of patents” does not exclude that separate actions for damages, such as the one in the present proceedings, are encompassed by the UPC jurisdiction. Neither does it prescribe such jurisdiction explicitly.
45. Part III, Chapter IV UPCA has the heading “Powers of the Court”. **Art. 56 UPCA** bears the subheading “The general powers of the Court”, and according to its paragraph 1, the Court may impose such measures, procedures and remedies as are laid down in the Agreement and may make its orders subject to conditions, in accordance with the Rules of Procedure.
46. In the same chapter is **Art. 68 UPCA**, entitled “Award of damages”. The Court shall, at the request of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in a patent infringing activity, to pay the injured party’s damages appropriate to the harm actually suffered by that party as a result of the infringement.
47. However, **Art. 56** and **68 UPCA** only come into play for the UPC once the Court has jurisdiction.
48. There is reason to consider the relationship between **Art. 32(1)(a) and Art. 32(1)(f) UPCA** as well. According to **Art. 32(1)(f) UPCA**, the Court shall have exclusive competence in respect of actions for damages or compensation derived from the provisional protection conferred by a published European patent application. **Art. 32(1)(f) UPCA** does not apply in this case. It may however still be relevant to look at this provision since it provides jurisdiction for a separate action for reasonable compensation for provisional use of the invention prior to grant of the patent. It refers to the past and does not based on its wording require that the liability for such payment be established by the UPC first. It is difficult to see any underlying logic in treating damages for patent infringements differently from damages derived from provisional protection in this respect. The claimant would have the same interest in UPC jurisdiction in both cases. The fact that **Art. 32(1)(f) UPCA** contains an explicit provision for damages or compensation can easily be explained by the fact that in the case of use of the subject matter of the patent application, such use is not an infringement in the sense of **Art. 32(1)(a) UPCA**.
49. The transitional regime in **Art. 83 UPCA** must be mentioned too. **Art. 83 UPCA** bears the title "Transitional regime". **Art. 83(1) UPCA** provides that during a transitional period of seven years after the entry into force of the UPCA (on 1 June 2023), actions within the jurisdiction of the UPC “may still be brought before national courts or other competent national authorities” (hereinafter jointly referred to as 'national courts'). For the duration of the transitional period there is therefore parallel jurisdiction of the national courts of CMSs and the UPC.
50. After the transitional period, cases within the jurisdiction of the UPC (as listed in **Art. 32 UPCA**), can only be brought before the UPC. There is therefore a need to clarify what shall happen at the end of the transitional period with the actions brought before the national courts during this period. Paragraph (2) clarifies that these actions shall not be affected by the expiry of the transitional period, even though from that point only the UPC is exclusively competent and no further cases may be brought before the national courts.
51. The transitional regime with parallel jurisdiction in **Art. 83 UPCA** nevertheless comes into play only if, as a starting point, the UPC has jurisdiction. If not, the competence remains with the national courts according to **Art. 32(2) UPCA**. This means that considerations based on **Art. 83 UPCA** are not determinative for the matter at hand. The Court of Appeal agrees with the Court of First Instance that there is no risk of there being no competent court after the transitional period.
52. For the reasons set out, the Court of Appeal’s observations on **Art. 32(1)(a) UPCA** and other provisions of the Agreement result in the view that the wording of **Art. 32(1)(a) UPCA** is inconclusive , and that **Arts. 56**, **68** and **83 UPCA** are not determinative as interpretative tools since they all come into play only when the UPC has jurisdiction, while, on the other hand, the rationale behind **Art. 32(1)(f) UPCA** speaks in favour of jurisdiction of the UPC for separate damages actions, when the infringement has been established by a national court.
53. The Court of Appeal now turns to the legal context, including the **Brussels Ia Regulation** and whether European Union law on choice of law should influence the UPC’s jurisdiction.
The Brussels Ia Regulation
54. The Court of Appeal proceeds to address whether there is a need for recognition of a national judgment by

the UPC under the Brussels Ia Regulation and to what extent, if any, the Brussels Ia Regulation is relevant here.
55. According to Art. 36(1) of the Brussels Ia Regulation, a judgment given in a Member State shall be recognised in the other Member States without any special procedure being required. However, insofar as the UPC is concerned, there is a special provision in Article 71a of the Regulation, where the UPC is defined as a court common to several Member States. Such a court shall be deemed to be a court of a Member State when, pursuant to the instrument establishing it, such a common court exercises jurisdiction in matters falling within the scope of the Regulation.
56. It follows that the UPC is considered a court of a Member State. As national courts recognise their own judgments, there is no need for the Regulation to provide for recognition by the UPC of judgments of courts of a CMS. Where recognition and enforcement of a judgment given by the UPC is sought in a Member State party to the UPCA, any rules of the UPCA on recognition and enforcement shall apply instead of the rules of the Brussels Ia Regulation (Art. 71d final paragraph of the Brussels Ia Regulation).
57. As rightly pointed out by the Court of First Instance, Art. 71b Brussels Ia Regulation only regulates the international jurisdiction of the UPC in relation to the courts of non-contracting Member States. Furthermore, Art. 71d under (a) and (b) Brussels Ia Regulation applies to the recognition and enforcement of judgments given by the UPC which are to be recognised and enforced in a Member State not party to the UPCA, and judgments given by the courts of a Member State not party to the UPCA which are to be recognised and enforced in a CMS. As such, the Regulation is not relevant to the question of interpretation of Art. 32(1)(a) UPCA, which concerns the division of jurisdiction between the UPC and the national courts of the CMS.

Should the question of applicable law influence jurisdiction?

58. The need to ensure that only one law is applicable does not exist in the context of rules concerning which court has jurisdiction (judgment of the Court of Justice of 5 September 2019 in Case C-172/18, AMS Neve and Others, ECLI:EU:C:2019:674, at para 63).
59. It can still be of interest to see if there are apparent adverse consequences, when it comes to choice of law, which would make jurisdiction of the UPC for a case such as the present one contrary to the object and purpose of the UPCA.
60. The requirement to apply national patent law pursuant to Art. 64(3) of the European Patent Convention (EPC) has been replaced by the UPCA at least insofar as proceedings before the UPC are concerned.
61. Art. 24(1) UPCA provides that in full compliance with Article 20 (which provides that the Court shall apply Union law in its entirety and shall respect its primacy), when hearing a case brought before it under the Agreement, the Court shall base its decisions on:

(a) Union law, including Regulation (EU) No 1257/2012 and Regulation (EU) No 1260/2012 (1);
(b) the Agreement;
(c) the EPC;
(d) other international agreements applicable to patents and binding on all the Contracting Member States; and
(e) national law.

62. The UPC has its own substantive law on patent infringements. Part I, Chapter V UPCA has the heading "Sources of law and substantive law" and includes:

- Art. 25 UPCA, Right to prevent the direct use of the invention,
- Art. 26 UPCA, Right to prevent the indirect use of the invention,
- Art. 27 UPCA, Limitations of the effects of a patent,
- Art. 28 UPCA, Right based on prior use of the invention,
- Art. 29 UPCA, Exhaustion of the rights conferred by a European patent, and
- Art. 30 UPCA, Effects of supplementary protection certificates.

63. These provisions apply to European patents and European patents with unitary effect alike (Art. 2(g) UPCA). Application of the law of non-contracting States is referred to in Art. 24(2) and (3) UPCA.
64. Decisions of the Court shall cover, in the case of a European patent, the territory of those CMSs for which the European patent has effect (Art. 34 UPCA). The purpose of this provision would not be attained if decisions of the Court were the result of separate factual and legal assessments for each CMS in relation to the respective national law. This would result in separate decisions in each CMS rather than all-encompassing decisions as envisaged in Art. 34 UPCA.
65. There is good reason to revisit Art. 68 UPCA on damages here. This provision forms substantive law on the consequences of a patent infringement applicable to the UPC. Through Art. 68 UPCA, the UPC has its own damages provisions.
66. If an action is lodged with the UPC, within its jurisdiction and encompassing a damages request, there is by consequence a complete set of substantive rules applicable insofar as the European patents of the CMSs are concerned. They are subject to uniform substantive law and procedural rules.

The Rules of Procedure, and the genesis of the UPCA as an interpretative tool

67. It should be remembered that the UPC has been set up as a court common to a large number of CMSs and inherits various procedural aspects from the different legal systems of these States.
68. The national procedures in several of the CMSs allow the patent proprietor to bring – instead of bringing proceedings on infringement and calculation of damages at the same time – as a first step, an action for infringement where the set of requests includes a request for a finding (declaration) that the patent proprietor is entitled to receive damages for the patent infringement by the infringer. Provided that a patent infringement is established in the first proceedings, the patent proprietor can subsequently bring proceedings against the infringer for the quantification of damages. The patent

infringement and the obligation to pay damages has been established in the first proceedings and will not be re-litigated. The subsequent damages proceedings can focus entirely on the damages calculation. This creates procedural efficiency. The first proceedings would otherwise have to be burdened by (for instance) requests for production of evidence pertaining to damages calculations, and facts and evidence would have to presented for and against a damages calculation which may be entirely irrelevant if the national court eventually rules against the patent proprietor on the question of infringement. If the first proceedings are brought against several alleged infringers, it may also turn out that only one or two of them are considered to have infringed the patent. Subsequent damages proceedings can then be directed against them only.

69. Furthermore, the parties on both sides are often interested in a judgment where, at relative speed, the existence or non-existence of a patent infringement is established, possibly in combination with a ruling on the validity of the patent. This enables the parties to pursue their respective business activities and market their products in conformity with the judgment from the national court, while any damages resulting from an infringement can either be settled out of court or pursued in subsequent proceedings as explained. The subsequent proceedings are often treated as separate proceedings in the national court, and not as part of the first proceedings. There is no obligation for the parties to go to a national court for the determination of the amount of damages. Instead, they can jointly choose out-of-court settlement, mediation or commercial arbitration. If litigation is to take place in court, however, applicable rules on jurisdiction must be observed.

70. The same approach is foreseen in the RoP, where **R. 118.1 RoP** sets out that the Court may in a decision on the merits, if requested, order the payment of damages or compensation according to **Articles 68** and **32(1)(f) UPCA**. The amount of the damages or the compensation may be stated in the order or determined in separate proceedings.

71. **R. 125 et seq RoP** regulate separate proceedings for determining the amount of damages ordered. The detailed provisions on an application for determination of damages can be found in **R. 126** through **R. 144 RoP**.

72. As a middle road, bridging between the two alternatives outlined above, the Court may order an interim award of damages to the successful party in the decision on the merits, subject to any conditions that the Court may order. Such award shall at least cover the expected costs of the procedure for the award of damages and compensation on the part of the successful party (**R. 119 RoP**).

73. It must be said that the Rules, on the face of it, treat applications for determination of damages as ancillary to actions for infringements from a procedural point of view. This is visible in that there is no separate action for damages alone foreseen, at least not literally, but only applications. This raises the question of as to whether the Rules are designed in this way to achieve the procedural efficiency and choice for the claimant described above, or if the system instead reflects an inherent limitation of the jurisdiction of the UPC.

74. It is possible that the Rules were drafted primarily with patents with unitary effect in mind. European patents with unitary effect can only be litigated before the UPC; national courts have no jurisdiction. The situation with, first, a national judgment establishing infringement, and subsequently, a UPC case on determination of damages, can consequently not occur for patents with unitary effect. This may explain the system where there is no separate action for damages, but only applications.

75. There can nevertheless be cases where the existence of an infringement of a European patent, or of a European patent with unitary effect, is undisputed as such between the parties, and the conflict lies solely in the determination of the amount of damages. In such a case, the claimant would lodge an action for infringement, setting out in the Statement of claim that according to pre-litigation contacts between the parties the infringement is undisputed, and request the Court to order the payment of a specified amount of damages pursuant to **R. 118.1 RoP**. Provided that the defendant admits the infringement, the Court can then limit itself to assessing the damages. The Court would at least have to establish that the parties indeed agree on the infringement, so that the decision still covers the infringement (albeit in a limited manner). Against this, it can be noted that if a damages-only action is lodged, as in the present case, the Court must also establish that there is indeed a national judgment on the infringement at hand.

76. From the analysis on undisputed infringements it follows that the Rules provide for adjudication in – at the very least – one type of scenario, where the existence of an infringement will not have to be assessed in law and in fact by the Court. There does not seem to be a reason to treat the situation in the present case differently.

77. Insofar as the Rules treat determination of damages as an application, this must consequently be ignored, as it follows from a combined reading of **Arts. 32(1)(a), 32(1)(f)** and **34 UPCA** that this may also be subject to a separate action.

Other considerations pertaining to the object and purpose of Art. 32(1)(a) UPCA

78. REEL has pointed to adverse consequences related to forum shopping and "law shopping". In particular, the move from one set of legal provisions to another – from German national law to **Art. 68 UPCA** – has been described as troublesome or even insurmountable by REEL.

79. Although these arguments are not entirely without merit, they must be rejected.

80. First, **Art. 68 UPCA** is drafted so as it is conform to **Art. 13 of the enforcement directive** (Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights). The provisions of that directive are not intended to govern all aspects of intellectual property rights, but only those aspects inherent, first, in the enforcement of those rights and,

second, in infringement of them, by requiring that there must be effective legal remedies designed to prevent, terminate or rectify any infringement of an existing intellectual property right. In so doing, the EU legislature chose to provide for minimum harmonisation concerning the enforcement of intellectual property rights in general (see judgment of the **Court of Justice of 11 January 2024 in Case C-473/22, Mylan, ECLI:EU:C:2024:8**, at para 33). This means there can be variations between Member States, for example on statutory limitation periods or on the calculation of damages.

81. The possibility of different outcomes is however accepted already as a result of the transitional regime. Actions may still be brought before national courts during the transitional period. Even in the event of a difference between the applicable law applied by the national courts and the UPC, this is envisaged and falls within the purpose and object of the UPCA.

Temporal (in)applicability

82. The matter of temporal applicability can be illustrated with the example of what would happen if an application were to be made under **R. 125 RoP** after the liability for damages was established by the UPC, and it was only for damages that had accrued prior to the entry into force on 1 June 2023; or damages that had partly accrued before 1 June 2023 and partly thereafter. The UPC could not deny jurisdiction in such a case. Neither from **Art. 3 c)** nor **Art. 32.1 UPCA** can it be inferred that the UPC has no jurisdiction to decide on acts of infringement committed before the entry into force of the UPCA on 1 June 2023, the only requirement being that the European patent invoked be still in force at that date. The argument on temporal inapplicability thus fails.

Conclusion

83. The Court's competence (or jurisdiction) includes a separate action for determination of damages after a national court has established the existence of an infringement of a European patent and an obligation in principle for the infringer to pay damages.

Referral back to the Court of First Instance

84. The outcome of this case represents an exceptional circumstance where it is justified to refer the action back to the Court of First Instance for decision on the merits (**R. 242.2(b) RoP**). The same panel whose earlier decision is revoked shall deal further with the action (**R. 243.1 RoP**).

Costs

85. The costs of the proceedings, including those of this appeal, shall be addressed by the Court of First Instance.

ORDER

1. The Court of Appeal sets aside the decision of the Local Division Hamburg, 17 November 2023, UPC_CFI_274/2023; ACT_559935/2023. The action is referred back to the Hamburg Local Division.

2. The same panel whose earlier decision is revoked shall deal further with the action (**R. 243 RoP**).

Issued on 16 January 2025

Rian Kalden, Presiding judge and legally qualified judge

Ingeborg Simonsson, legally qualified judge and judge-rapporteur

Patricia Rombach, legally qualified judge
