

# EIP



## UPC Court of Appeal rules that UPC can determine damages following a national infringement decision

**Fives ECL, SAS v. REEL GmbH UPC\_CoA\_30/2024**

**Order of 16 January 2025[1] (APL\_4000/2024)**

Fives applied to the UPC Local Division in Hamburg for a determination of damages following a prior adjudication of infringement from the Düsseldorf Regional Court. The Hamburg Local Division ruled that the UPC had no jurisdiction to decide a claim for damages based on national patent infringement proceedings that were *res judicata*.<sup>[2]</sup>

Surprisingly, the UPC Court of Appeal has overturned this decision, and has ruled that the UPC's 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.

The Court of Appeal came to this conclusion considering a number of issues.

The wording of Article 32(1)(a) UPCA, and its relation to other provisions of the UPCA

The Court considered that the wording of Article 32(1)(a) UPCA neither prescribes, nor excludes, that separate actions for damages are encompassed by the UPC jurisdiction.

Article 56 and Article 68 UPCA clearly give the UPC power to determine damages, but the CoA noted that they only come into play once the UPC has jurisdiction.

The CoA then considered Art. 32(1)(f) UPCA, which gives the UPC competence for “actions for damages or compensation derived from the provisional protection conferred by a published European patent application.” Here, the CoA noted that the provision refers to the past and does not based on its wording require that the liability for such payment be established by the UPC first. The CoA thought it difficult to see any underlying logic in treating damages for patent infringements differently from damages derived from provisional protection in this respect.

The CoA correctly noted that 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. However, the CoA does not seem to have considered that the slightly peculiar wording of Art. 32(1)(f) UPCA stems from the fact that the UPCA itself makes no provision for provisional protection, and therefore the determination of damages or compensation can only be made by applying national law, which varies according to the country as to what damages or compensation are available.

The CoA therefore concluded 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.

#### The Brussels Ia Regulation

The CoA then considered the Brussels Ia Regulation. It noted that 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; that the UPC is defined in Article 71a of the Regulation a court common to several Member States; and that thus the UPC is considered a court of a Member State. Therefore, it concluded that there is no need for the Regulation to provide for recognition by the UPC of judgments of courts of a contracting member state. Ultimately, the CoA concluded that the Regulation is not relevant to the question of interpretation of Art. 32(1)(a) UPCA.

Should the question of applicable law influence jurisdiction?

The CoA noted that the need to ensure that only one law is applicable does not exist in the context of rules concerning which court has jurisdiction.[3] However, the CoA noted that 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 damages alone one

contrary to the object and purpose of the UPCA. The CoA noted the sources of law set out in Art. 24(1) UPCA and within the Agreement itself. Ultimately the CoA concluded that if an action is lodged with the UPC, within its jurisdiction and encompassing a damages request, there is a complete set of substantive rules applicable insofar as the European patents of the contracting member states are concerned.

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

The CoA noted that the Rules of Procedure, on the face of it, treat applications for determination of damages as ancillary to actions for infringements from a procedural point of view: there is no separate action for damages alone foreseen, at least not literally, but only applications. However, the CoA had already observed that in the event of a conflict, the RoP must either be interpreted in accordance with the UPCA, or, if such an interpretation is impossible, the UPCA shall prevail (R. 1.1 RoP). Accordingly, the CoA concluded that, insofar as the RoP treat determination of damages as an application, this must be ignored, as it follows (according to the CoA) 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. The reasoning to reach this conclusion is not clearly expressed in the judgment.

Forum shopping

The CoA dismissed concerns about possible adverse consequences related to forum shopping. It considered that possibility of different outcomes depending on forum is accepted already as a result of the transitional regime.

Temporal jurisdiction

The CoA likewise dismissed an argument that the UPC does not have jurisdiction over infringements committed before the UPCA came into force.

Comment

The CoA's reasoning in relation to temporal jurisdiction is clearly correct, since the UPC would be unworkable at the outset if it could only decide on infringements committed after the UPCA came into force.

The other reasoning is less convincing. The CoA does not seem to have laid out any legal basis or clear analysis for its surprising conclusion (in contradiction to the Rules of Procedure) that the UPC does have jurisdiction for a damages-only action. Rather, it seems to not have found any provision that clearly states that the UPC does not have jurisdiction. Moreover, to the extent that the reasoning relies on Art 32(1)(f) UPCA, the judgment does not seem to fully appreciate the reasons for the rather curious wording of

this provision, which is in any case not directly applicable to the case, which does not concern provisional protection.

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The outcome remains, however, that the UPC will now entertain actions for determination of damages where a national court of a contracting member state has ruled on infringement. There does not seem to be any limitation on this as to whether the national decision is before or after the UPCA came into force. It is unclear whether damages can be sought in respect of territories other than the country where the infringement decision is made by a national court, as damages were sought only in respect of Germany.

[1] <https://www.unified-patent-court.org/en/node/18126>

[2] <https://eip.com/uk/latest/article/national-or-upc-jurisdiction-for-damages/>

[3] See C-172/18 <https://curia.europa.eu/juris/liste.jsf?language=en&num=C-172/18>