

Kluwer Patent Blog

The UPC PI Annual

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It has been about a year since the UPC issued its first PI decision, making it a good time to reflect on the case law created so far.

The year has seen PI applications being made in front of a range of Local Divisions, including Düsseldorf, The Hague, Helsinki, Vienna, and Hamburg, with most determined PIs having been filed at the Munich Local Division. Thirteen have been determined at first instance (*2 ex parte*), with 6 being granted (including the *2 ex parte* applications). The year has also seen two appeal decisions, both refusing to grant or maintain PIs: *10x Genomics v Nanostring*, overturning the first instance decision, and *VusionGroup (previously SES Imagotag) v Hanshow*, upholding the first instance decision. So, what can we take from these decisions?

The court will consider the validity of the patent in suit. Not a cursory consideration of *prima facie* validity, but a real, in depth consideration to determine whether, on the balance of probabilities, the patent is more likely than not to be invalid, in which case the PI will be refused. This approach exemplified by the Court of Appeal in *10x Genomics v Nanostring* is most reflective of the national approach in, for example, Italy, France and the Netherlands, which can broadly be considered as sitting at one end of the spectrum of how validity is currently approached nationally in PIs. As such, it reflects a real departure from the current approach in many of the Contracting Member States – with, for example Bulgaria, at the other end of the spectrum, where PI proceedings are heard by the infringement courts with no consideration of validity (proceedings there being bifurcated); and many others with some assessment of *prima facie* validity sitting closer to that end.

In reaching their conclusion on validity, the UPC divisions are likely to appoint technical judges to assist. The courts, assisted by those technical judges, have, so far, sought to apply the case law of the EPO Boards of Appeal. Although in doing so, those courts have noted that this is because that case law is what the parties have relied on. Based on the dicta in *Abbott v Sibio* (relating to added matter), it seems that there is an opportunity to propose an alternative approach, although what that is and how it will be received remains to be seen.

The *quid pro quo* of the UPC's in depth analysis of invalidity contentions is that those defending PI requests on the basis of invalidity may be required to limit their case at the preliminary stage to a defined number of arguments. In *Dyson v Shark Ninja*, which was heard by the Düsseldorf Local Division, only 3 invalidity contentions were allowed. While the approach has yet to be adopted in other Local Divisions, one can see that it may take off given the limited hearing time available.

The Court of Appeal decisions have made clear that the same standard and test apply to the consideration of whether there is infringement or imminent infringement (although with the burden reversed): namely, on the balance of probabilities, is the patent more likely than not infringed?

In another departure from the most common practice in the Contracting Member States, the UPC has found on a number of occasions that the approach to the weighing of the parties' interests (or the balance of convenience as it is often described nationally) is less important where the court is sufficiently certain that the patent will likely be held infringed and will likely not be held to be invalid. Perhaps it is unsurprising that this reflects quite a German approach – in circumstances where the majority of first instance decisions so far are before the German Local Divisions and where the Court of Appeal has yet to seriously grapple with the issue (having refused PIs in the two cases before it on the basis of the assessment of validity/infringement discussed above). This represents an interesting topic to follow in upcoming appeals, where the panels may be exposed to greater diversity of existing European approaches to this issue. Pending those decisions, parties would be well-advised to continue to argue weighing of interests arguments as such a requirement forms part of the UPC legislation, including the Rules of Procedure.

There remains little truly enlightening guidance on the question of urgency. Perhaps the most explicit can be found in the *Dyson* case, where the Düsseldorf Local Division suggested 2 months is not an unreasonable delay for considering infringement in more than 2 countries. However that should not be considered a hard and fast rule. What is clear is that urgency is likely to be considered on a case-by-case basis, and that the clock starts ticking once a patentee has knowledge of an infringement without wilful negligence, but without a requirement to actively monitor for infringement. Many questions remain though – not least in the life sciences sector as to the question of what acts are considered to amount to actual or threatened infringement and therefore start that PI clock ticking.

Another take home is that the UPC is willing to order security for damages in an appropriate *inter partes* case, where the rules require that the court may order security, as opposed to must in *ex parte* cases. By way of example, the Düsseldorf Local Division ordered security of €2m in *10x Genomics v Curio*. This can be contrasted with the decision of the Munich Local Division that no security was necessary in *10x Genomics v Nanostring*, i.e. in a case concerning the very same claimant. In the remaining 2 cases in which a PI was granted *inter partes*, no security was requested by the parties nor ordered by the court. Where UPC is required to order security in *ex parte* cases, we have seen weighty orders from the Düsseldorf Local Division for €500k in both *MyStromer v Revolt* and *Ortovox v Mammut*.

Another aspect that may factor into a party's choice of forum is the level of penalty payment ordered. It seems that Munich has currently provided for the highest levels of penalty payment in its orders for *inter partes* PIs, of €250,000 per infringement in *10x Genomics v Nanostring*, *Dyson v SharkNinja* and *MyStromer v Revolt (ex parte)*, with other local divisions providing for slightly more modest sums of €100,000 per day in *10x Genomics v Curio* (Dusseldorf), €10,000 per product up to €30,000 per day in *Ortovox v Mammut* (Dusseldorf, *ex parte*) and €10,000 per infringement up to €100,000 per day in *Abbott v Sibio*. In any event, it became clear in *myStromer v Revolt* that the court will consider the type, extent and duration of any breach of the order, the importance of the order and the need to reliably deter the infringer, in determining the actual penalty payment due.

On the issue of *ex parte* PIs, the most significant learning has to be to file, or expect to face, a

detailed protective letter with the alleged infringer's best arguments on validity and infringement. In *myStromer v Revolt*, the existence of a protective letter led the Munich Local Division to consider that the party had been heard and the granting of a PI *ex parte*. This led some to consider whether filing a protective letter was beneficial at all – would the court have heard the party but for the protective letter? The later case of *Ortovox v Mammüt* somewhat cleared things up, given that (in the absence of a protective letter) the party's response to a warning letter was considered reflective of their substantive arguments. All this leads this author at least to consider that, in most cases, parties would be well-advised to file a detailed protective letter on all aspects of their potential defence. Not least because the costs of such a letter can be recovered from the patentee if the PI application is successfully defended.

In all, it is clear that the UPC is striving to achieve some consistency in its decisions, quoting the Court of Appeal on key aspects. Some differences in approach between the various Local Divisions remain, and may well harmonise over time as the Court of Appeal opines on further aspects of PI cases. For the time being, at least, the court appears to be opining on the basis of the arguments placed before it. I conclude with a quote from The Hague Local Division in *Abbott v Sibio, UPC_CFI_131/2024* (with emphasis added), which suggests – to this author at least – that the court is open to some more diverse and imaginative arguments, not necessarily based on case law of the Boards of Appeal and perhaps equally not on the national law of the country in which a Division is seated:

*“Both parties relied on the case law of the (Technical and Enlarged) Boards of Appeal of the European Patent Office (EPO) to substantiate their arguments regarding added matter. **They did not indicate whether – and if so in which way – the court should apply a different standard.** This court will also apply that long-standing case law, and the court will therefore in particular apply the so-called “gold standard” disclosure test in this context, which is also the standard used in many Contracting Member States of the UPC.”*

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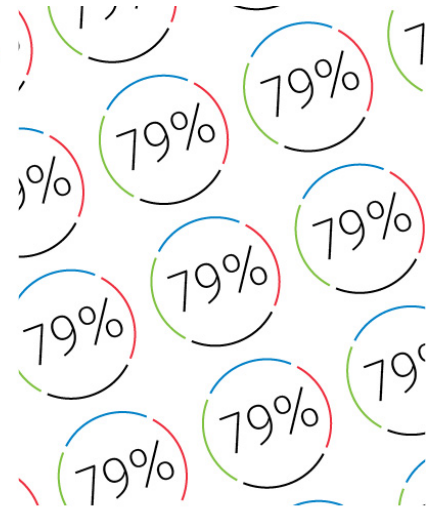
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