GRUR Patent

Patentrecht in der Praxis

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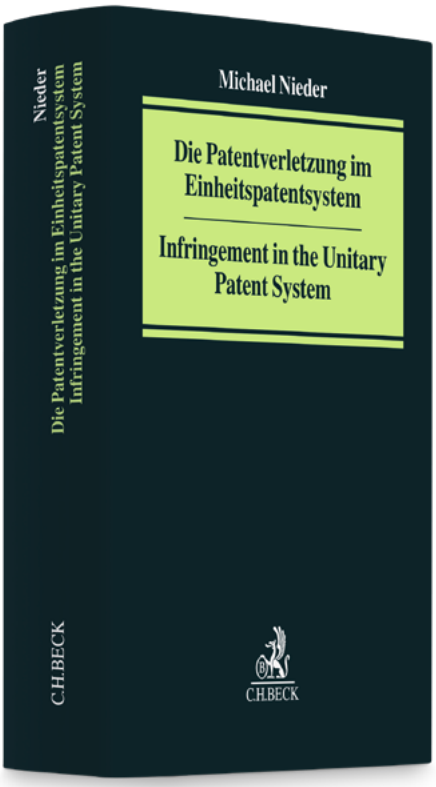

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Editorial

Dr. Gunnar Baumgärtel

Dr. Hermann Deichfuß

Prof. Dr. Tim W. Dornis

Special issue: GRUR Patent – 2024 and beyond

The issue of GRUR Patent in your hands contains a collection of some of the English contributions to our journal in 2024. The GRUR Patent is the leading German publisher's flagship publication on patent law. It was launched in June 2023 – together with the beginning of the work of the Unified Patent Court. It is designed to provide a forum for discussion and analysis of all kinds of topics in patent law – not neglecting the academic aspects, yet with a special focus on practical relevance. Overall, our aim is to provide systematic, coherent, and always up-to-date insights for patent-law professionals – lawyers, judges, and patent attorneys.

Our special area of interest is the developing practice of the Unified Patent Court as the new forum for patent litigation in Europe. With the project of the European Patent Package, patent law in the contracting member states of the Unified Patent Court Agreement, in the European Union and in other jurisdictions around the world has entered a new stage of internationalization and globalization. Our journal is closely following and reporting on these developments. In addition, GRUR Patent provides insights and updates on the European Patent Office and its practice, in particular on the case law of its Boards of Appeal. But we do not neglect national doctrine. We not only analyze German law but also other EU jurisdictions' and, time and again, also the United States' patent landscape.

This special issue of the GRUR Patent presents English articles by high-profile patent judges, practitioners, and academics on cutting-edge issues – SEP/FRAND, the United Patent Court Agreement and the European Patent Package, and much more. In toto (and counting), approximately a quarter of the articles and commentaries in our journal are written in English. Hence, GRUR Patent is also intended to address an international audience of readers.

We thank our readers for their continued support, our authors for their high-quality submissions and the fascinating topics they brought to our attention, and – of course – the publisher's team for splendid cooperation during the first two years of the GRUR Patent.

Yours sincerely – Gunnar Baumgärtel, Hermann Deichfuß, and Tim W. Dornis. ■

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Patentrecht in der Praxis

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PETER MEIER-BECK*

The Assessment of Patent Validity by the Unified Patent Court

A little more than six months after the Unified Patent Court commenced its work, the judgment of the Court of Appeal in 10 x Genomics v. NanoString is the first final decision of the new court to deal in detail with the interpretation of an asserted patent claim and, based on this, with the assessment of the patentability of the subject-matter of a European patent. On the basis of this patent, a preliminary injunction was requested and issued by the Munich Local Division of the Court of First Instance. This fact alone shows that the significance of the decision can hardly be overestimated. A closer analysis of the decision confirms that it provides a wealth of insights into the way in which the UPC will deal with the questions of novelty and inventive step, which are at the centre of the examination of the validity of a patent in proceedings for interim measures, but also in proceedings on the merits. This article attempts to summarise the most important findings on substantive patent law and its application that can be derived from the decision of the UPC Court of Appeal.

I. Introduction

The second-instance and therefore final judgment[1] of the Court of Appeal of the Unified Patent Court (UPCoA) of 26 February 2024 in *10x Genomics v. NanoString*[2] concludes proceedings in which the first-instance judgment[3] had already caused a considerable stir. On the one hand, this was due to the attention that the first decisions of the new court were certain to attract in Germany and Europe, and beyond. On the other hand, it was also due to the way in which the Munich Local Division (LD) judged a large number of difficult and complex patent law issues in proceedings for provisional measures in favour of the applicants – and thus in a 'patentee-friendly' manner.

I will briefly summarise this first instance decision because it is important for understanding and correctly classifying the Court of Appeal decision, and I will focus on the statements that are important for assessing the patentability of the subject-matter of the patent in suit.[4]

1. Parties and subject-matter of the dispute

The applicants (10x Genomics, Inc. and President and Fellows of Harvard College, hereinafter: 10 x Genomics) sought a preliminary injunction against the defendants (NanoString Technologies, Inc., NanoString Technologies Germany GmbH and NanoString Technologies Netherlands B. V., hereinafter: NanoString) for direct and indirect infringement of European patent 4 108 782, requesting that NanoString be prohibited from using or offering for use in the UPCA member states a method for detecting a plurality of analytes in a cell or tissue sample, from offering suitable devices or decoder probes for this purpose without reference to the patent in suit or without imposing a contractual penalty in the event of use for the detection of RNA, and from offering or supplying detection reagents for the method.

The patent in suit, which was granted with unitary effect for the UPCA member states, is based on a divisional application relating to a divisional application which goes back to an international application published as WO 2013/096851 dated 21 December 2012 (parent application), which claims a (US) priority dated 22 December 2011. The grant of the patent was published on 7 June 2023. NanoString has filed an opposition with the European Patent Office.

Firstly, the Local Division explains why it affirms its jurisdiction, why it considers the application to be admissible and why it considers both applicants to be entitled to file the application.[5] In the following section A IV, which is of primary interest to us, it then explains why it is – according to the heading – 'convinced of the validity of the patent in suit'.

2. Subject matter and interpretation of the patent claim by the CFI

To this end, the subject-matter of the patent in suit is first explained[6] and – in accordance with German

* Dr jur; Presiding Judge (ret.), Federal Court of Justice (Bundesgerichtshof, BGH), Karlsruhe, Germany; Honorary Professor, Heinrich Heine University Düsseldorf, Germany, and University College London, United Kingdom.
This article was originally published in [2024] GRUR International 666.

1 The decision is referred to in the judgment as an 'Order of the Court of Appeal'. However, I do not consider myself bound by the sometimes somewhat unwieldy and inappropriate terminology of the Agreement on a Unified Patent Court (UPCA) and the Rules of Procedure – especially in the German version – and see myself confirmed in this by the Court of Appeal, which refers to the provisional measure of the CFI as 'einstweilige Verfügung' (preliminary injunction) in the German language of the proceedings and to the patent on which it is ruling as 'Verfügungspatent' (untranslatable; in the Court's official English translation: patent in suit).

2 UPC_CoA_335/2023, [2024] GRUR 527 *10x Genomics v NanoString*. Regrettably, the decisions of the UPC have so far not been provided with paragraph numbers, as the CJEU, the Federal Court of Justice (Bundesgerichtshof, BGH) and other courts have done for years. I therefore use the paragraph numbers from the publication of the decision as [2024] GRUR-RS 2829.

3 LD Munich, 'Decision and Orders' of 19 September 2023 (UPC_CFI_2/2023). The judgment is published in [2023] GRUR 1513, but only excerpts of the passages in which the LD deals with the interpretation of the patent claim and the attacks on novelty and inventive step, which are particularly important in light of the appeal judgment, are reproduced. The decision is available in full (and with matching paragraph numbers) as [2023] GRUR-RS 25256.

4 For further legal issues discussed by the LD, see Matthias Leistner, 'Einstweilige Unterlassungsverfügung des EPG wegen Patentverletzung. Die Lokalkammer München bohrt dicke Bretter' [2023] GRUR 1578.

5 A I to III of the Reasons ([2023] GRUR 1513 paras 74-111).

6 A IV 1 ([2023] GRUR 1513 paras 115-29).

tradition – broken down into features[7] (the numbering of the breakdown of features is shown below in square brackets[8]). For a better understanding of the decision, I will summarise this breakdown:

Claim 1 relates to a method for detecting a plurality of analytes in a cell or tissue sample, wherein the sample is mounted on a solid support [1], brought into contact with a composition comprising a plurality of detection reagents [2], and then incubated for a sufficient amount of time to allow the detection reagents to bind to the analytes [3].

The detection reagents in turn consist of a plurality of subpopulations [2.1], each of which targets a different analyte [3.1], and each comprise a probe reagent [3.2.1] targeting a specific analyte and at least one predetermined subsequence [3.2.2 and 3.2.3] conjugated thereto.

To detect the subsequences in a temporally sequential manner [4], (i) a set of decoder probes is hybridised with a subsequence [4.1]; this set in turn comprises a plurality of subpopulations [4.1.1], each of which carries a detectable marker producing a signal signature [4.1.2 and 4.1.3]. Then (ii) the signal signature is detected [4.2], (iii) removed [4.3] and (iv) steps (i) and (iii) are repeated using a different set of decoder probes to detect other subsequences [4.4]. The *temporal order of the signal signatures* can be used in this way – and this is the point of the invention – to identify a subpopulation of the detection reagents and thus to detect the analytes in the sample [5]. This use of different temporal sequences of signal signatures is intended to solve the problem addressed at the beginning of the description: only a small number of different and sufficiently clearly distinguishable colours (fluorophores or chromophores) are available for labelling.

After these statements, the LD turns to the interpretation of patent claim 1, or, more correctly, individual features thereof,[9] introducing this section of the Reasons with the sentence:

'The meaning of individual terms and features of the patent claim is disputed between the parties so that they require interpretation.'

The parties had disputed – with regard to prior art document D6[10] considered by NanoString to be prejudicial to novelty – among other things whether a 'cell or tissue sample' within the meaning of the patent claim could also consist only of the analyte to be identified in this sample. The LD believes that it is 'clear to a person skilled in the art' that the sample according to the claim is one that is still recognisable as a cell or tissue. According to the wording of patent claim 1, it is therefore impossible to qualify a part of the genomic DNA isolated and amplified from a cell as a cell or tissue sample. This is followed by comments on the concept of a subpopulation (feature 2.1) and on the question of whether feature 4.4. implicitly also presupposes the repetition of the second (detection) step (feature 4.2), which I will pass over here.[11]

3. The assessment of patent validity by the CFI

The next section of the grounds[12] states that 'for a sufficiently certain conviction of the validity of the patent in dispute, a preponderance of probability is necessary but also sufficient'. The burden of presentation and proof for the alleged lack of validity lies with the defendant.[13] The following two sections deal with the definition of a person skilled in the art and the negation of added matter.[14]

The LD then argues that, in its firm conviction, a revocation of the patent in suit is not to be expected.[15] The object of the detection in D6 is not cell or tissue samples but amplified single molecules (ASM). Moreover, in D6 the bond between analyte and reagent is dissolved after each detection. The LD assumes that the patent in suit, in contrast to this, presupposes the continued existence of the bond between analyte and detection reagent.

It was also not to be expected that the subject-matter of patent claim 1 would be revoked for lack of inventive step.[16]

The (closest) prior art to be used to establish lack of inventive step is generally a prior art document which discloses an object developed for the same purpose or with the same aim as the claimed invention and having the main technical features in common with it, i. e. requiring the fewest structural changes.

The court could not recognise that, as claimed by NanoString, the invention was suggested by document

7 A IV 2 ([2023] GRUR 1513 para. 131).
8 However, for the sake of simplicity, I will use the feature structure of the Court of Appeal and not the slightly different structure of the Court of First Instance.
9 A IV 3 ([2023] GRUR 1513 paras 132-46).
10 Jenny Göransson and others, 'A single molecule array for digital targeted molecular analyses' (2009) 37(1) Nucleic Acids Research e7. Where citation D6, referred to only as 'Göransson and others' in the judgment at first instance, was published is not mentioned and only emerges from the appeal judgment.
11 These statements *do not include* the sentence quoted in the appeal judgment (UPCoA, [2024] GRUR-RS 2729 para 21) at this point in the reproduction of the first instance Reasons that claim 1 presupposes the continued existence of the bond between the analyte and the detection reagent (feature 3) produced by incubating the cell or tissue sample with the detection reagents during the repetition of the detection steps. It is taken from the comments of the LD on the novelty of the subject-matter of the patent in suit ([2023] GRUR-RS 25256 para 174, in this respect [2023] GRUR 1513 not reproduced).
12 A IV 4 ([2023] GRUR 1513 paras 147-51).
13 'A IV 3', correct: A IV 5 ([2023] GRUR 1513 paras 152-55).
14 'A IV 4 and 5', correct: A IV 6 and 7 ([2023] GRUR 1513 paras 156-65).
15 'A IV 6', correct: A IV 8 of the grounds ([2023] GRUR-RS 25256 paras 166-76, insofar [2023] GRUR 1513 only partially reprinted).
16 'A IV 7', correct: A IV 9 of the grounds ([2023] GRUR-RS 25256 paras 177-94, insofar [2023] GRUR 1513 only partially reprinted).

D8.[17] The solution principles were fundamentally different.[18]

Although NanoString wanted to use D6 as prior art to prove the lack of inventive step of the patent in suit, the court – for reasons to be discussed in more detail below – did not follow this. Moreover, the skilled person would not have arrived at the invention by such a transfer since the claim requires that the detection reagents remain bound to the analytes, and D6, in which the bond between analytes and reagents is dissolved ('*after each imaging*'), gives no reason to adapt this measure.

4. Further content of the CFI judgment

Finally, the LD states that the invention is disclosed in a way that it can be carried out by a skilled person.[19] It explains why it is 'convinced with sufficient certainty, i. e. with at least a high degree of probability' that NanoString infringes the patent in suit both directly and indirectly.[20] The request is in accordance with the Rules of Procedure,[21] and the ordering of provisional measures – without the provision of security[22] – is necessary and also justified after a balancing of interests.[23] The LD takes the view that the enforcement of a European patent without unitary effect, which must be carried out separately in all member states, is therefore not an equivalent means of enforcing rights in the event of infringement compared to the enforcement of a unitary patent before the UPC. That is why the argument that 10 x Genomics delayed the enforcement of its rights before the national courts is irrelevant.

Many of these questions were not relevant for the Court of Appeal and, with one exception, it does not address them. This applies in particular to the question of whether the need to grant interim relief can be affirmed, as the LD believes, irrespective of the possibilities that the patent holder used – or did not use – before 1 June 2023 to obtain legal protection against the infringer under national patents and, in particular, under European patents without unitary effect. Even otherwise well-meaning reviewers of the first-instance decision have expressed doubts about this.[24]

II. The judgment of the Court of Appeal

The Court of Appeal briefly ruled that the appeal's objections to the jurisdiction of the LD, to the admissibility of the request for interim measures and to Harvard's entitlement to apply for interim measures were unfounded,[25] and then turned to the subject-matter of the patent in suit without further comment (Section 4 of the Reasons). This in itself is a statement whose significance becomes clear in section 4 d of the Reasons which is devoted to the interpretation of claim 1 of the patent in suit.

1. The importance of the interpretation of the patent in suit

This section is prefaced by the sentence that claim 1 requires interpretation 'with regard to some of its features'.[26] This sentence appears inconspicuous, but it is precisely formulated and is of central importance. Its wording alone makes it clear that it is not a matter of interpreting 'individual terms and features' because these are 'disputed between the parties', as the LD had formulated.

Rather, it is a matter of grasping the content and meaning of the patent claim as a whole.[27] For this patent claim determines the content and scope of the exclusive right which has been assigned to the patentee for exclusive use with the grant of the patent and can therefore be enforced against third parties. At the same time, it is this subject-matter of the exclusive right defined by the patent claim which must be measured against the standard of prior art when examining novelty and inventive step, and against the standard of the original disclosure when examining added matter.[28]

The appeal judgment says this somewhat differently, but expressly states it at the end of the short subsecti-

17 Dzifa Y Duose and others, 'Multiplexed and Reiterative Fluorescence Labelling via DNA Circuitry' (2010) 21 Bioconjugate Chem 2327-331.
18 As this would go too far, I will refrain from reproducing the (technically implausible and possibly based on a misunderstanding of D8) statements of the LD in this regard ([2023] GRUR-RS 25256 paras 181-84). The appeal judgment does not mention them.
19 'A IV 8', correct: A IV 10 of the grounds ([2023] GRUR 1513 paras 195-203).
20 A V of the grounds ([2023] GRUR 1513 paras 204-46).
21 A VI of the grounds ([2023] GRUR 1513 paras 247-52).
22 Critical, Leistner (n 4) 1578 (1582). The Court of Appeal does not mention this when reproducing the grounds of the first instance decision, but – although not mandatory according to the grounds of its decision – reproduces NanoString's appeal (alternative) argument that it should at least be enabled to continue the challenged acts against the provision of security, and, in the extreme alternative, the effectiveness of the preliminary injunction should be made dependent on the provision of appropriate security by 10 x Genomics, as well as 10 x Genomics' response to this (*10x Genomics v NanoString* (n 2) paras 42 and 53).
23 A VII and VIII of the grounds ([2023] GRUR 1513 paras 253-312).
24 Leistner (n 4) 1578 (1582f). The Court of Appeal, which reproduces in one paragraph the LD's reasoning for the necessity of ordering interim measures, does not mention this aspect.
25 *10x Genomics v NanoString* (n 2) paras 57-64.
26 *10x Genomics v NanoString* (n 2) para 72.
27 cf only BGHZ 159, 221 (226) – *Drehzahlermittlung*; BGHZ 194, 107 para 27 – *Polymerschaum I*.
28 The BGH's established judicial practice has emphasised this necessary consistency between the determination of the subject-matter of the patent claim in infringement proceedings and the determination of the same subject-matter in patent nullity proceedings, at least since a judgment of 7 November 2000 (X ZR 145/98, [2021] GRUR 232 (233) – *Brieflocher*); see in particular BGHZ 172, 108 para 13 – *Informationsübermittlungsverfahren I*: 'It is, however, correct ... that the examination as to whether the subject-matter of the patent claim is patentable ... must relate to the technical teaching protected in the patent claim in its entirety and may not be limited to a part, such as the characterising features of a two-part patent claim (...). For the examination of this subject-matter, it is not sufficient to examine whether the wording of the patent claim can be read as referring to a prior art citation or a subject-matter suggested to the skilled person by the prior art. Rather, it is fundamentally necessary to first determine the subject-matter of the patent claim by interpreting the patent claim from the perspective of the skilled person addressed by the invention using the description and drawings. This applies to the examination of patentability in opposition or opposition appeal proceedings as well as to nullity proceedings (...) and infringement proceedings (...). Only when this interpretation has been made is the subject-matter of the subsequent examination of patentability determined.'

on 4 d aa of the Reasons (which is just over half a page long and after which the court turns to the interpretation of claim 1 of the patent in suit) when it remarks there that the principles outlined for the interpretation of a patent claim – more details below – apply equally to the assessment of the infringement and validity of a European patent:

'This follows from the function of the patent claims, which under the European Patent Convention serve to de#ne the scope of protection of the patent under Art. 69 EPC and thus the rights of the patent proprietor in the designated Contracting States under Art. 64 EPC, taking into account the conditions for patentability under Art. 52 to 57 EPC (…)'.[29]

This sentence is taken almost verbatim from the decision G 2/88 *Friction reducing additive/MOBIL OIL III* of the Enlarged Board of Appeal (EBA) of 11 December 1989[30] cited at the end. This is surprising at first, because the almost 35-year reception history of this decision has not prevented a passionate discussion in the case law of the Technical Boards of Appeal (TBA) about the conditions under which the description can and may be used to determine the subject-matter of the patent claim.[31]

Nevertheless, the quotation is not arbitrarily chosen, nor does the Court of Appeal, in order to bring the Boards of Appeal of the European Office on board by referring to a decision of the EBA, attribute to it a meaning that it does not have according to the context in which it stands. As is known, the referring TBA had asked the EBA whether a claim to the use of a compound for a particular non-medical purpose is novel for the purpose of Art. 54 EPC, having regard to a prior publication which discloses the use of that compound for a different non-medical purpose, so that the only novel feature in the claim is the purpose for which the compound is used.

The quoted sentence is preceded by a paragraph in which the EBA notes that Art. 84 EPC provides that the claims of a European patent application 'shall define the matter for which protection is sought'. Rule 29(1) EPC further requires that the claims 'shall define the matter for which protection is sought in terms of the technical features of the invention'. The primary aim of the wording used in a claim must therefore be to satisfy such requirements, having regard to the particular nature of the subject invention, and having regard also to the purpose of such claims.

When the EBA follows this up with the statement on the function of the patent claims to determine the scope of protection of the patent and thus the rights of the patentee, taking into account the requirements of patentability, it in fact draws the link between Art. 69 and 84 EPC and assigns to the patent claim the function of determining the subject-matter to be examined for patentability. It is for that subject-matter that, if it passes this examination, the exclusive right is granted, and it is for that subject-matter that the scope of protection – extending beyond that subject-matter and comprising equivalent embodiments – is to be determined in infringement proceedings.

It cannot be any other way, because otherwise the subject-matter of the exclusive right would be – or at least could be – different from what has been examined for patentability and may have to be re-examined in connection with an infringement dispute. This is not affected by the fact that the scope of protection of the patent (the determination of which is subject to separate rules not to be discussed here) is neither determined nor can be determined when the patent is granted. This is because the scope of protection of the patent is the scope of protection assigned to the subject-matter of the exclusive right and thus to the subject-matter for which patentability has been examined and affirmed. A scope of protection for a subject-matter other than that which has been placed under protection through the grant of the patent leads the patent system ad absurdum.

The UPCoA rightly refers not to the examination of infringement and patentability, but to the examination of infringement and *validity* of a European patent.[32] For even if it is not the patentability of the subject-matter of the patent claim that is to be examined, but rather the question of whether this subject-matter goes beyond that for which patent protection was applied and that was originally disclosed as an invention, i. e. the question of whether there is added matter (or the question of whether priority can be claimed for this subject-matter, which is to be examined in accordance with the same principles), the following applies: the subject-matter of the examination is one and the same subject-matter of the patent claim in each case.[33]

The following therefore applies to proceedings before the UPC, irrespective of whether the infringement of a patent or the examination of its validity is at issue: First, the patent claim whose subject-matter is at issue must be construed and interpreted with reference to the description.

The importance of this clarification can hardly be overestimated. Anyone observing the incipient practice of proceedings before the UPC will notice that in one and the same proceedings, the principles of inter-

29 *10x Genomics v NanoString* (n 2) para 79.
30 OJ 1990, 93 [100], section 2.5. of the Reasons.
31 See Kemal Bengi-Akyürek, 'Anspruchsauslegung und Beschreibungsanpassung – wie weit darf man gehen? [2023] GRUR Patent 110, with recent examples. In the opposition proceedings T 439/22, it is now expected that there will be a referral to the EBA on the correct approach to claim interpretation and the significance of the description in this context.
32 *10x Genomics v NanoString* (n 2) para 79.
33 See Federal Supreme Court, [2015] GRUR 868 para 25 – *Polymerschaum II.*

pretation of patent claims, which are well known to the practitioner from the case law of the Bundesgerichtshof, for instance, and which have just been taken to heart in the infringement discussion, are combined shortly afterwards – e. g. when presenting (alleged) added matter – using decisions of the Boards of Appeal, which in this context in particular would accept little more than the wording of the texts used for comparison. It is the great advantage of the proceedings before the UPC that such a 'split of consciousness' can be prevented by a 'claim construction step'. This takes the same subject-matter as a basis in proceedings for provisional measures and in proceedings on the merits for the examination of validity and infringement. It is good that this was clarified as early as possible by the judgment of the Court of Appeal. Otherwise, the 'Angora cat phenomenon',[34] which the German dual-track ('bifurcated') system has been accused of fostering, would have celebrated a merry reign under the UPC unitary system.

2. The principles of claim interpretation

What are the principles of the interpretation of patent claims that should be applied in every case?

The Court of Appeal first states that the patent claim is not only the starting point, but also the decisive basis for determining the scope of protection of a European patent.[35] This leads to the substantive statements which are taken from Art. 1 of the Protocol on the Interpretation of Art. 69 EPC. They are transferred with slight modifications from the determination of the scope of protection to the interpretation of the patent claim.

The latter 'does not depend solely' on the strict, literal meaning of the wording used. The description and drawings are not only to be used to resolve any ambiguities in the patent claim, but 'must always be used as explanatory aids for the interpretation of the patent claim'[36] (based on Art. 1 sentence 1).

However, this does not mean that the patent claim merely serves as a guideline and that 'its subject-matter also extends to what, after examination of the description and the drawings, appears to be the subject-matter for which the patent proprietor seeks protection'.[37]

This wording, which is based on the second sentence of Art. 1 of the Protocol, initially appears to be a somewhat bold analogy to the principles of determining the scope of protection. They are meant to be distinct from an (alleged) earlier tendency in German jurisprudence to allow a scope of protection that is detached from the claim and derived (solely) from the description.[38] This 'extreme view', from which the interpretation protocol seeks to distance itself, did not concern the subject-matter of the patent claim, but rather the extension of the scope of protection to 'non-obvious' equivalents (*nicht-glatte Äquivalente*) and, in particular, a 'general inventive concept' (*allgemeiner Erfindungsgedanke*) extending more or less far beyond the subject-matter of the claim. Nevertheless, it also makes sense to point out for the interpretation of the patent claim that the wording of the patent claim is not a mere 'guideline'.

For the description may and must be used to construe the patent claim. This can lead to a different understanding than that conveyed by the wording of the patent claim in itself, even if the wording appears unambiguous. The (un)ambiguity of the wording is not a prerequisite for interpretation, but its result: unambiguous is the wording in which all aspects relevant to interpretation point in the same direction, in which only *one* interpretation is possible. In extreme cases – and really only in extreme cases – the interpretation requirement can lead to the wording of the claim being turned into its opposite.[39] Nevertheless, the following applies: If it is not possible to interpret the claim in a certain way taking into account the context resulting from the description, it is the claim and not the description that is decisive for determining the subject-matter of the patent claim. This is because the use of the description is a consideration of the context in which the patent claim stands, no different from the consideration of the context of the patent claim when interpreting an individual feature. Where such an interpretative context can no longer be established, the wording of the claim must prevail.[40]

The skilled person, who is the subject of the examination of the description and drawings in Art. 1 sentence 2 of the Protocol, is only mentioned by the Court of Appeal in the next paragraph, when it states:

'The patent claim is to be interpreted from the point of view of a person skilled in the art.'[41]

This makes it clear that it is not a matter of the patent claim being construed *by* a person skilled in the art,

34 This refers to the patentee's tendency to 'puff up' the patent, ie to construe it broadly, when it is necessary to show an infringement by a contested embodiment, and to make the same patent small, ie to construe it narrowly, when it is necessary to defend its subject-matter as novel and inventive (see Jacob LJ in judgment of 19 March 2008, *European Central Bank v Document Security Systems Inc.* [2008] EWCA Civ 192: 'When validity is challenged, the patentee says his patent is very small: the cat with its fur smoothed down, cuddly and sleepy. But when the patentee goes on the attack, the fur bristles, the cat is twice the size with teeth bared and eyes ablaze'. The defendant in infringement proceedings and the claimant in revocation proceedings generally take the opposite view, see Peter Meier-Beck, 'Der gerichtliche Sachverständige im Patentprozeß' in *Festschrift 50 Jahre Bundespatentgericht* (Heymanns 2011) 403 (408f).

35 *10x Genomics v NanoString* (n 2) para 74; see BGHZ 98, 12 (18) – *Formstein*.

36 *10x Genomics v NanoString* (n 2) para 75.

37 ibid para 76.

38 This is one of the 'extremes' mentioned in the following sentence of the interpretation protocol, which is countered by the (supposed) English tendency to adhere strictly to the wording of the claim and not to allow any extension of the scope of protection beyond this wording.

39 BGH, [2015] GRUR 875 para 32 – *Rotorelemente*.

40 BGHZ 189, 330 para 23 – *Okklusionsvorrichtung*; *Rotorelemente* (n 39) para 16; BGH, [2015] GRUR 897 para 22 – *Kreuzgestänge*.

41 *10x Genomics v NanoString* (n 2) para 77.

but rather of taking into account in the interpretation that the subject-matter of the patent claim is a technical teaching for the understanding of which the typical knowledge of persons skilled in the relevant art is important. This is particularly crucial in a court with legally and technically qualified members on the bench. Claim interpretation is an act of recognising and applying the law and therefore a genuinely legal task.[42] Judges with both legal and technical qualifications are appointed to this task because they are equal members of the panel. However, the technical judges are not appointed because they are the experts who have to interpret the patent claim,[43] but because they should be aware – in addition to the submissions of the parties – of what knowledge, concepts and experience are to be assumed for the persons skilled in the relevant art and are therefore to be taken into account, but not necessarily decisive, when interpreting the patent claim in the context of the description.[44]

The third sentence of Art. 1 of the Protocol, according to which *Art. 69 EPC* should be interpreted as defining 'a position between these extremes' and combine fair protection for the patentee with a reasonable degree of legal certainty for third parties, is modified by the Court of Appeal to the effect that 'in applying these principles' (i. e. to the interpretation of patent claims) the combination of adequate protection for the patentee with sufficient legal certainty for third parties should be achieved (or at least sought).[45] The Court of Appeal thus adopts an understanding of the third sentence of Art. 1 which rejects the unrealistic idea, nourished by the wording of the provision, that there is an interpretation method which is per se suitable for precisely balancing fair protection for the patentee with a reasonable degree of legal certainty in each individual case. It is replaced by a mere aim to guide the application of the outlined principles of interpretation.

3. Claim interpretation in the case at hand

On the merits, the Court of Appeal initially agrees with the first instance that a cell or tissue sample within the meaning of patent claim 1 is to be understood as a sample that is still structurally recognisable as a cell or tissue.[46]

Although this is justified with reference to the description,[47] this interpretation does not seem to me to be completely compelling. This is because, as the Court of Appeal does not fail to recognise, the statements quoted in the description tend to point in the opposite direction. According to the Court of Appeal, the understanding of the first instance is supported by the wording of the claim, which distinguishes between the plurality of analytes to be detected and the cell or tissue sample, so that the two cannot be identical. Although the analytes are part of the cell or tissue sample, the latter must still be *structurally recognisable* as such.[48] This is not contradicted by the fact that various types of sample treatment are mentioned in the description in paras. 48 and 49, including, in addition to those in which the cell or tissue sample remains intact, those in which proteins or nucleic acids are isolated from a cell or tissue sample, separated electrophoretically on a separation medium and then applied to a blotting membrane (para. 49, sentence 2). According to the Court of Appeal, the mere mention in the description does not imply that those proteins or nucleic acids are to be regarded as analytes in a cell or tissue sample even after they have been treated as just described.[49]

This interpretation would be beyond any doubt if the cell or tissue structure were of relevance for the method according to the invention or its result. But is this the case? The description, which only uses the term 'sample' and not the term 'cell or tissue sample', which was only added to the claim by the divisional application, expressly states that a target molecule or analyte can be both part of a sample and its sole component (para. 211, first sentence, not mentioned by the Court of Appeal). If the claim-appropriate addition '*cell or tissue*' is inserted at this point, the sentence reads:

'A target molecule or an analyte can be part of a cell or tissue sample that contains other components or can be the sole or major component of the sample.'

One may argue, in agreement with the CFI, that nowhere does it say that such a sample limited to the extracted

analyte is still a cell or tissue sample (and one may therefore read para. 211 as above),[50] and the Court of Appeal argues similarly with regard to para 49 of the description.[51] However, in my opinion, this would only be really convincing if the preservation of the structural information of the cell or tissue were in any way relevant to the invention, so that what is said in para. 211 about samples in general cannot apply to cell and tissue samples, namely that the target molecule (the analyte) may be part of the sample, but may also be its only component. However, this cannot be

42 cf only BGHZ 160, 204 (212f) – *Bodenseitige Vereinzelungseinrichtung*; BGHZ 171, 120 para 18 – *Kettenradanordnung I*.
43 The comment by Christoph Schröder, Hannes Jacobsen and Paul Szynka, 'Die „ausreichend sichere Überzeugung von der Ungültigkeit des Patents" – Zum Rechtsbestand im Verfügungsverfahren vor dem EPG und anderen Fragen nach der ersten materiellen Entscheidung des Berufungsgerichts – 10xGenomics II [2024] GRUR Patent 138 para 12, that it follows from the fact that the skilled person 'forms the standard of interpretation' that the mere wording is not decisive, is therefore not unobjectionable.
44 cf *Kettenradanordnung I* (n 42) paras 18 f.
45 *10x Genomics v NanoString* (n 2) para 78.
46 ibid para 80.
47 ibid paras 81-84.
48 ibid para 81.
49 ibid para 83.
50 LD Munich, [2023] GRUR 1513 para 134.
51 *10x Genomics v NanoString* (n 2) para 83.

recognised.[52] It therefore seems doubtful to me whether a function-oriented interpretation can justify reading the addition 'cell or tissue' to sample not only as a specification of the origin of the sample (which is arbitrary according to the description)[53] that limits the subject-matter of the patent in suit in relation to the broader disclosure, but also as a specification which limits the cell or tissue samples according to the claim to those which are not only obtained from cells or tissue, but which still reveal the cell or tissue structure.[54]

This point is not decisive for the outcome of the appeal judgment. I mention it in the context of this consideration only because it exemplifies the opposite poles of the interpretation at issue: On the one hand, there is the wording of the claim with the juxtaposition of cell and tissue sample and the analyte in such a sample, and it is quite clear that it is precisely the structure or the structural information that, if one abstracts these terms, distinguishes one from the other from a technical point of view. On the other hand, there is the context in which this terminology is used, i. e. the description, which says that the analyte can be a component of the sample, but also the only component of it, and does not deal with the spatial localisation of the analyte in the sample. There is no patent remedy for resolving such conflicts. But everything can depend on the resolution of this conflict, and the only thing that helps is the careful and complete analysis of all the details that can shed light on the correct understanding of the claim.

While the Court of Appeal agrees with the LD in its understanding of the term cell or tissue sample, it contradicts the LD in the – incidental and not further substantiated – assumption that the detection reagents must remain bound to the respective analytes during the entire detection procedure according to feature group 4.[55] It is true that the detection reagents must bind securely to the respective analytes and therefore a sufficient incubation period must be provided (feature 3). Contrary to the opinion of the CFI, however, the necessity of a sufficient incubation period does not preclude the possibility that the decoder samples, once they have entered into a secure bond with the respective analytes, can be removed at a later point in time, for example together with the removal of the signal signatures provided for in feature 4.3, and replaced again with the same detection reagents.[56]

Thus, neither the wording of the patent claim nor the description, neither common general knowledge nor functional considerations, provided any basis for the restrictive interpretation with which the LD had justified a further difference to prior art.[57] It was therefore excluded.[58]

III. The assessment of patentability

In addition to the statements on the interpretation of the patent claim and the necessity of such an interpretation, section 5 of the Reasons is of decisive importance for the outcome of the appeal proceedings. In this section, the Court of Appeal explains why 'the validity of the patent at issue is not established with a su#cient degree of certainty for the injunction requested to be issued'.[59]

1. Standard of a sufficient degree of certainty

In the introductory subsection a, the Court of Appeal first agrees with the LD, with reference to Rule 211.2 RoP, that a provisional measure requires 'reasonable evidence to satisfy the court to a su#cient degree of certainty' that the necessary conditions are met. Such a sufficient degree of certainty is lacking if the court considers it to be predominantly probable that the patent is invalid. The burden of presentation and proof for facts relating to the lack of validity of the patent and other circumstances supporting its position lies with the defendant.[60]

The Court of Appeal leaves no doubt that it is not a question of whether the CFI considers it predominantly probable that the subject-matter of the patent lacks patentability or that the patent is invalid for other reasons. Rather, the Court of Appeal subjects the CFI

52 The Court of Appeal mentions this indirectly at a later point when it states that 10 x Genomics' objection that there was no sufficient expectation of success from a technical point of view because the skilled person would have been confronted with problems such as 'molecular crowding' (distinguishability of several analytes occurring in close proximity) or 'autofluorescence' (unpredictable interactions) in the cell or tissue sample, cannot be accepted. In this respect, these are problems that regularly arise in connection with the in situ detection of analytes in tissue or cell samples, and this assessment is supported by the fact that the patent in suit does not provide any information on how to deal with these problems in in situ detection (*10x Genomics v NanoString* (n 2) para 112).

53 According to para 9, a 'sample amenable to the methods described herein … may be a sample from any sources, e. g., but not limited to biological samples, e. g., collected from organisms, animals or subjects, environmental samples, food, food byproduct, soil, archaeological samples, extraterrestrial samples, or any combinations thereof'.

54 In this context, the statements in the Order of the Federal Patent Court (BPatG) of 7 February 2023, cited by the Court of Appeal in another context, which the BPatG issued in proceedings relating to another patent based on the same parent application (3 Ni 20/22 [EP]), are also enlightening. There, the BPatG states (at 6.2) that.the defendant's argument that according to D6 the ASMs are arranged purely randomly on the carrier and thus the spatial information from the genomic DNA sample has been lost may be correct. However, there is no indication in the granted patent claim 1 that, in addition to a temporal assignment of signals to individual analytes, *a spatial localisation of the analytes in the sample* should also take place (emphasis mine). This is also true for claim 1 of the patent in suit, irrespective of the addition of 'cell or tissue' to the sample.The question then arises as to why the skilled person should assume, despite the statements to the contrary in the description, that the patent in suit nevertheless requires the preservation of contextual (spatial) information in the cell or tissue sample, which is not relevant for the method according to the invention.

55 *10x Genomics v NanoString* (n 2) para 85.

56 ibid para 86.

57 ibid paras 87 f.

58 A different view is apparently taken by Matthias Leistner, 'Die erste substanzielle Entscheidung des EPG-Berufungsgerichts. Auslegung der Patentansprüche, Neuheit und Naheliegen, Anforderungen für einstweilige Anordnungen. (Zugleich Anmerkung zu EPG, Anordnung v. 26.2.2024 – UPC_CoA_335/2023 – NanoString Technologies u. a. ./. 10 x Genomics u. a.) [2024] GRUR 514 (515), who – albeit like the LD without further justification – believes that the result of the Court of Appeal is debatable. It is a 'borderline case'; 'patent claim 1 is not unambiguous on this issue'.

59 *10x Genomics v NanoString* (n 2) para 89.

60 ibid paras 91-93.

judgment to a complete review. The first sentence of the second subsection b reads:

'Contrary to the opinion of the CFI, in the judgment of the Court of Appeal it is, on the balance of probability, more likely than not that the subject-matter of claim 1 in the version asserted in the main request will prove to be not patentable'.[61]

The standard of preponderant probability, which the LD had spent considerable effort to justify, is – just as in the LD's decision – hardly brought to life. Nor does it seem to me to be of much use.[62] The standard of preponderance of probability can be used when it comes to the assessment of evidence (is factual variant A more probable than variant B?). It can also be used when it comes to forecasting decisions (is factual scenario A more likely than scenario B?).[63] However, the validity of the patent is usually neither one nor the other. Rather, the facts of the case are generally established: they consist of the patent, its application and the prior art documents, which are generally not in dispute as to whether they form part of prior art.[64] They must be (legally) examined to determine which conclusions can be drawn from their respective disclosures. These conclusions can – as our case shows – be right or wrong or more or less certain or doubtful. However, it will not be possible to formulate a standard of probability for this judgment any more than for the validity of a judgment in appeal proceedings. Ultimately, all that remains of the standard of sufficient certainty is an appeal to be aware of the fact that mistakes can be made when assessing the validity of a patent in court proceedings and that the risk of an erroneous judgment is even greater in preliminary proceedings, where both the parties and the court have less time to develop and discuss the arguments than in proceedings on the merits,[65] which is why an overly hasty approach to complex and complicated issues should be avoided. Effective legal protection for patentees should not be used as an argument against this. After all, the hasty enforcement of patents which, on closer inspection, turn out to be invalid does neither the parties nor the patent system as a whole any favours.

What does the Court of Appeal's own examination of the (probable) validity of the patent in suit look like?

2. The novelty test

The Court of Appeal first rejects the argument that D6 is prejudicial to novelty.[66] This is a consequence of the interpretation of the term 'cell or tissue sample', since D6 analyses amplified DNA molecules. Nevertheless, the Court of Appeal first describes the content of D6 in relative detail,[67] in order to draw the conclusion from this that all other features of patent claim 1 are disclosed there.[68] This also lays a solid foundation for the subsequent discussion of inventive step.

The detailed explanation of the content of D6 is also very welcome because this is not always the case in opposition and revocation proceedings. Rather, sentences and half-sentences of a prior art document in which features of the invention according to the patent in suit are actually or allegedly disclosed are often selectively 'picked out'. These sentences can be scattered throughout the document. On the one hand, this practice has the disadvantage that it does not really facilitate the understanding of the document by a non-technically trained lawyer. On the other hand, and above all, it also has the disadvantage that the context of those quotes can be lost. However, interpretation in context is just as important for prior art documents as it is for the patent in suit.[69] It is not – as in the case of the patent in suit – a matter of interpreting the patent claim in the context of the description of the invention in the patent specification. This is because when it comes to the prior art, it is only the disclosure that matters and not the distinction between claim and description. However, as with any other document, the meaning of a word or phrase or paragraph may depend on the context.

It is particularly important to keep this in mind because the more features of the patent claim it discloses, the more interesting the document becomes. In any case, the claimant in revocation proceedings reads it with the intention of not missing any feature of the patent claim that can be found there. This can lead to a feature being 'found' in a document that an unbiased reader would not have found there. The Bundesgerichtshof has expressed this in such a way that the context of the citation is replaced by the context of the later invention, which determines what is sought in the prior art.[70] Finally, inadequate consideration of the context of a citation can also lead, conversely, to different facts being erroneously inferred from different terminology, or to the factual proximity to the

61 ibid para 95.
62 Different opinion, Schröder, Jacobsen and Szynka (n 43) 138 paras 22-33; similar to here, however, Leistner (n 4) 1578 (1584) with the remark that it is more decisive than quibbling over words when formulating the standard of probability that the court carefully deals with the question of the patent's prospects of survival and forms a well-founded, independent conviction in this respect; cf also Marcus Grosch, 'Provisional injunctions in the UPC and the sufficient degree of certainty regarding validity' [2023] GRUR Patent 25 para 18, Peter Meier-Beck, 'Die Prüfung der Rechtsbeständigkeit des Patents im Verfahren des einstweiligen Rechtsschutzes wegen Patentverletzung [2023] GRUR 603 (607).
63 In connection with the review of the validity of a patent, such a prognosis is at most a matter of pending opposition proceedings or in the German dual system, in which the infringement court must attempt to anticipate the probable decision of another court in the patent revocation proceedings, cf Schröder, Jacobsen and Szynka (n 43) 11 para 4.
64 An exception to this is situations in which the legal validity of the patent depends on whether an alleged prior public use can be proven or not.
65 cf Schröder, Jacobsen and Szynka (n 43) 11 paras 24-27.
66 *10x Genomics v NanoString* (n 2) para 97.
67 ibid paras 98-101.
68 ibid para 102.
69 See already BGHZ 179, 168 para 25 – *Olanzapin*: 'The assessment of whether the subject-matter of a patent has been affected by a prior publication to the detriment of novelty requires the determination of the overall content of the prior publication.'
70 BGH, [2019] GRUR 925 para 18 – *Bitratenreduktion II*.

subject-matter of the patent in suit not being correctly recognised.[71] In this respect too, a careful analysis of the overall disclosure of a piece of prior art, as undertaken by the Court of Appeal, can protect the practitioner from erroneous conclusions when assessing novelty or inventive step – in one direction or the other.

3. The problem underlying the invention

Since no other piece of prior art could be considered as prejudicial to novelty, the Court of Appeal then turns to inventive step. Unlike the LD, the Court of Appeal considers it 'more likely than not' that the subject-matter of claim 1 will prove to be obvious.[72]

The considerations made by the Court of Appeal in this regard are introduced by the sentence:

'D6 would have been of interest to a person skilled in the art who, at the priority date of the patent at issue, was seeking to develop high-throughput optical multiplexing methods for detecting target molecules in a sample …'.[73]

Thus, the Court of Appeal does not identify a 'closest piece of prior art' in order to then derive the problem to be solved from the difference to be overcome by adding or modifying those features by which the patent in suit differs from the previously identified closest prior art,[74] but simply starts from the problem that it had taken from the patent in suit itself when construing the patent claim.

This should neither be interpreted as a general rejection of the 'problem-solution approach' as practised by the EPO and its Boards of Appeal, nor as a statement on the relevance of the problem stated in the patent itself for the examination of obviousness. Both approaches can be useful in the examination of inventive step and lead to appropriate results. However, both approaches can also lead to artificial starting points for this examination and thus to inappropriate results.

If the patent specification states a problem – which is not always the case – it is usually formulated by the applicant. It may reflect a problem that was actually faced by the skilled person or the applicant at priority date, and was solved by the invention. However, it can also – in an endeavour to emphasise the inventor's achievement or perhaps to make it appear greater than it actually is – formulate a problem which, chosen as a starting point, leads to hurdles for the skilled person which they would not have to overcome if they were travelling along a different path or to a different destination. According to the judicial practice of the Bundesgerichtshof, the problem is in any case to be derived from what the invention actually achieves,[75] and therefore does not necessarily correspond to what is said in the patent specification about the problem underlying the invention. This also seems to be the approach of the Court of Appeal, which autonomously formulates the problem with reference to the strong need mentioned in the description (para. 6) for precise and sensitive methods with high throughput for the detection, identification or quantification of target molecules in a sample, e. g. in complex mixtures.[76] As part of the interpretation of the patent claim, the formulation of the underlying problem is, of course, bound to the content of the patent specification.[77] Therefore, it cannot guarantee in every case that a 'remote' problem set out in the description is replaced by one that is more plausible for the skilled person at priority date.

Similarly, the problem of overcoming a difference may reflect actual disadvantages of a device known in the prior art for a particular purpose or of a method applicable thereto, which make it plausible for the skilled person to search for a better solution. However, focussing on the – necessarily ex post identified – differences to the patent in suit can also create an artificial problem that no skilled person would have dealt with at the priority date.[78]

According to the law, the affirmation or denial of inventive step depends solely on whether the technical teaching of the invention was obvious to a person skilled in the art. Art. 56 EPC does not require that the invention was obvious to a person skilled in the art who wanted to solve a specific technical problem caused by a specific piece of prior art. It is irrelevant that it was not obvious to solve problem A by means of the invention if the same invention (the same technical teaching) was the obvious solution to problem B.[79] This is the reason why, for example, a surprising effect of a combination of active agents cannot constitute an inventive step if it was obvious to the skilled person for other reasons to combine the active agents in question and the surprising effect is thus a mere 'bonus effect'.[80]

Therefore, the starting point of the person skilled in the art requires justification which, as the Bundesgerichtshof formulates, usually lies in the endeavour of the skilled person to find a better solution for a

71 cf *Polymerschaum I* (n 27).
72 *10x Genomics v NanoString* (n 2) para 105.
73 ibid 527 para 106.
74 In view of the reference to the closest prior art (LD Munich, [2023] GRUR 1513 para 179), this would have been expected from the judgment of the LD, which, however, does not do so either.
75 BGHZ 98, 12 (20) – *Formstein*; BGH, [2010] GRUR 602 (605) – *Gelenkanordnung*; BGH, [2012] GRUR 803 para 31 – *Calcipotriol-Monohydrat*.
76 *10x Genomics v NanoString* (n 2) para 70. No mention is made of the fact that the sample is a cell or tissue sample according to the claim, which is in some contrast to the importance that the Court of Appeal attaches to the presence of a cell or tissue structure.
77 *Gelenkanordnung* (n 75); *Calcipotriol-Monohydrat* (n 75) para 31.
78 See BGH, [2015] GRUR 352 para 17 – *Quetiapin*; BGH, GRUR 2017, 498 paras 28 f – *Gestricktes Schuhoberteil*; Federal Supreme Court, [2018] GRUR 509 paras 102-04 – *Spinfrequenz*.
79 BGH, [2023] GRUR 693 (695) – *Hochdruckreiniger*; BGH, [2011] GRUR 607 (609) – *Kosmetisches Sonnenschutzmittel III*; *Quetiapin* (n 78) para 13.
80 BGH, [2003] GRUR 317 (320f) – *Kosmetisches Sonnenschutzmittel I*. See also BGH, [2019] GRUR 157 para 38 – *Rifaximin* .

specific purpose than that provided by prior art. [81] However, it is not worth thinking about the closest piece of prior art if – as in our case – there is at least one plausible starting point from which the skilled person arrives at the teaching according to the invention in an obvious manner. It is then irrelevant whether there is another possible starting point and whether this is perhaps even closer to the invention. Many roads lead to Rome, and this can also be the case with an invention.[82]

The Court of Appeal justified the fact that D6 was of interest to the skilled person with the method disclosed therein for detecting a large number of amplified single molecules (ASMs) by encoding and decoding the single molecules, in which the encoding is carried out by the probe-mediated generation of ring-shaped DNA and the decoding by sequential temporal detection of the targeted ASMs. Since at the time of priority there was a need for multiplex analysis techniques, especially for test samples, the skilled person had reason to consider whether the encoding and decoding method disclosed in D6 for ASMs arranged *in vitro* in an array format could be transferred to the detection of ASMs in cell or tissue samples.[83] Thus, there is a plausible reason for the skilled person to address D6, and this suffices.

4. The obviousness of the solution

In doing so, the Court of Appeal not only set the starting point, but at the same time took at least the first step towards affirming the obviousness of the invention.[84] This is because the solution according to the invention to the problem of transferring the encoding and decoding method disclosed in D6 for ASMs arranged *in vitro* in an array format to the detection of analytes in cell or tissue samples is: the detection of analytes in cell or tissue samples using the encoding and decoding method disclosed in D6. In other words, the patent in suit does not teach *how* the prior art method can be applied to cell or tissue samples, but only *that* it is applied to them. The skilled person therefore only had to answer the question of whether such a transfer was reasonable and possible or whether its realisability could at least be expected with a reasonable degree of certainty or probability.

By emphasising this, the Court of Appeal illustrates the central importance of carefully examining the question of whether there is at least one plausible task and a plausible starting point from which the teaching according to the invention was obvious. Nothing demonstrates this more impressively than the contrast with the decision at first instance. The LD does not even go as far as examining a starting point for the skilled person. Instead, its decision states that the skilled person would not have used D6 'as a realistic starting point, let alone as the closest prior art, in view of the problem underlying the patent'. The document was not directed to the detection of a large number of analytes in a cell or tissue sample. It does disclose an 'encoding and decoding method' similar to that used in the patent in suit, but in a completely different context, namely ASMs on an array. A person skilled in the art would not 'transport' this method to a cell or tissue sample (mounted on a solid support) without hindsight. The LD is convinced that no motivation for such a transport has been presented.[85] The feature that establishes novelty – also according to the judgment of the Court of Appeal – is thus used here to reject highly relevant prior art because of this (single) difference as the starting point of the skilled person without even addressing the question of the obviousness of the invention.[86]

It is not surprising that the Court of Appeal answers the question as to whether the skilled person is prompted to turn to the transfer from *in vitro* to *in situ* with a clear yes, irrespective of the relativisation as 'predominantly probable'. This is because it justifies the suggestion to 'think in this direction' by referring to a reference in D6 to the fact that rolling-circle ASMs have already been used in the prior art for reading out various genotyping assays and for detecting proteins and protein complexes *in situ,* as well as to a similar reference in the further piece of prior art B30.[87]

In this situation, an inventive step according to generally recognised principles could only have been

81 *Olanzapin* (n 69) para 51.
82 See BGH, [2015] GRUR 356 para 31 – *Repaglinid*.
83 *10x Genomics v NanoString* (n 2) paras 106 f.
84 Schröder, Jacobsen and Szynka (n 43) 138 para 43 are of the opinion that a differentiation between suggestion and technical problem 'cannot be clearly inferred' from the decision of the Court of Appeal at this point.
85 LD Munich, [2023] GRUR 1513 para 189.
86 By stating that the skilled person would not have used D6 'as a realistic starting point, let alone as the closest prior art, in view of the problem underlying the patent', the closest prior art to be determined according to EPO practice on the basis of objective criteria (*ex post*) becomes a subjective *ex ante* criterion of a skilled person looking for promising starting points, whereby it remains completely open and undiscussed by the LD what this skilled person is actually looking for and what could or could not be promising for him or her and for what reasons. Following the same pattern, the judgment of the LD also states that the 'thesis' of the NanoString party expert, which amounts to the fact that the person skilled in the art would have no insurmountable objections to the application of the teaching of D6 to a cell or tissue sample (and thus would see a 'very high expectation of success'), is based 'on an *ex post facto* analysis with knowledge of the invention'; even if one wanted to follow this, 'it does not follow without further ado that the skilled person would actually have done this, which would, however, be necessary to establish a lack of inventive step' (LD Munich, [2023] GRUR 1513 para 192). Whether the disqualification of the high expectation of success assumed by the expert – in agreement with the Court of Appeal – as 'retrospective' should mean that the expectation of success was low in the opinion of the LD in *ex ante* consideration remains open, as does the question of the reasons for such an assumption. 'To be on the safe side', the motivation ('would actually have done') is added as an *further* hurdle in the event that a high expectation of success – which should actually be sufficient motivation for the skilled person to undertake to verify the presumably verifiable expectation – should nevertheless be affirmed. This use of methodological set pieces unintentionally illuminates how little can be gained from the criteria of a 'preponderant probability' of validity and the 'sufficient degree of certainty' of the adjudicating body.
87 *10x Genomics v NanoString* (n 2) para 108 f. The latter is the article of Magnus Stougaard and others. 'In situ detection of non-polyadenylated RNA molecules using Turtle Probes and target primed rolling circle PRINS' (2007) 7 BMC Biotechnology 69.

affirmed if the skilled person had reason to assume that the transfer of the disclosed *in vitro* method for ASMs to *in situ* analysis, which in itself appeared desirable, would probably not be possible or could only be realised by overcoming considerable obstacles; in other words, there would have been a lack of sufficient expectation of success[88] for the attempt at transfer.

The lack of a sufficient expectation of success is clearly denied by the Court of Appeal. It may be assumed, in agreement with 10 x Genomics, that various probes and methods for the production of ASMs were known at the time, the suitability of which for *in situ* application was different, and the skilled person would not have readily concluded from the successful application of a probe *in vitro* that this probe would also work in an *in situ* context. However, this aspect did not prevent the authors of B30 from transferring it, nor is it apparent why this would have been different based on the detection method carried out in D6 with selector probes *in vitro*.[89] These are problems that regularly arise in connection with the *in situ* detection of analytes in tissue or cell samples, which skilled persons were able to deal with and which therefore did not prevent them from carrying out corresponding experiments.[90] Finally, the Court of Appeal states that this assessment is also supported by the fact that the patent in suit does not contain any explanations as to how the problems mentioned are to be solved in the case of *in situ* detection.[91] It thus points out that the method of transfer is addressed neither in the claim nor even in the description of the patent in suit.

When these considerations are characterised by Leistner as 'undoubtedly normative assessments made to the effect that certain existing technical hurdles and resulting concerns with regard to transferability … are not considered sufficient with regard to an inventive step' and this leads to a 'certain (unavoidable?) unpredictability of the standard',[92] this gives a skewed picture. Of course, the requirement of a reasonable expectation of success for the obviousness of a certain technical solution as such constitutes a normative criterion. It also requires a judicial assessment simply because of the attribute of 'reasonable' expectation of success; the Bundesgerichtshof emphasises that the requirements cannot be formulated in a generally applicable manner, but must be determined in each individual case, taking into account the technical field in question, the extent of the incentive for the skilled person, the effort required to adopt and pursue a specific approach and any alternatives that may be considered, as well as their respective advantages and disadvantages.[93] However, it is also a 'normative' criterion not to ask about the specific expectation of success. The divergence between the Court of Appeal and the CFI is not based on a normative assessment of the technical facts first introduced by the Court of Appeal. It is based – not unlike most divergences in the examination of inventive step – on the fulfilment of this criterion in the individual case, which the Court of Appeal elaborates and which the CFI did not elaborate. The fact that the result of the Court of Appeal deviated from that of the first instance was more or less 'unavoidable' only because only the second instance carefully worked out the skilled person's specific expectation of success in the case to be decided.

5. Assessment of the amended claim's validity

This could have been the end of the appeal judgment. However, the Court of Appeal goes one step further and also discusses and answers in the negative the question of whether the issuance of an interim injunction can be justified on the basis of the auxiliary request filed at first instance. It leaves open the admissibility of this request – which is by no means obvious – because it is also unfounded in any case. Even the amended patent claim is unlikely to prove valid.[94] Since these details of the Reasons for the decision are of no further value for our purposes, I will not go into them further.

IV. A brief summary

The decision of the Court of Appeal certainly does not answer all questions concerning the interpretation of a patent in the infringement and validity examination and the methods and criteria of the examination of patentability and, in particular, inventive step, which may be of decisive importance in the individual case – as the dispute teaches, in particular in the contrast between the first and second instance decisions. Instead, the decision of the Court of Appeal largely avoids abstract statements on the major issues and instead takes an exemplary approach in an admirably simple form. However, this should not obscure the clear statements that nevertheless lie in the judgment of the specific dispute.

The casual reader might be inclined to see the decisive factor of general importance in the general statements in section 4 d aa of the reasons, which were also included in the guiding principles on the interpretation of patent claims. However, this would be a gross oversimplification. At least as important as the statement

88 See on this criterion only EPO-TBA, OJ 1982, 268 = [1992] GRUR Int 771 (775) – *Fusionsproteine/HARVARD*; Swiss Federal Supreme Court, [1996] GRUR Int 1059 (1063) – *Manzana II*; BGH, [2012] GRUR 803 para 46 – *Calcipotriolmonohydrat*; BGH, [2019] GRUR 1032 para 31 – *Fulvestrant*; BGH, [2020] GRUR 2020, 1178 para 108 – *Pemetrexed II*.
89 *10x Genomics v NanoString* (n 2) para 110.
90 Schröder, Jacobsen and Szynka (n 43) 138 para 47 correctly point out that the Court of Appeal does not define common general knowledge in this context. The usual practice in English proceedings of first presenting the common general knowledge in detail before the actual examination of the invention for patentability is therefore probably not recommended for proceedings before the UPC.
91 *10x Genomics v NanoString* (n 2) para 112.
92 Leistner (n 58) 514 (516).
93 *Fulvestrant* (n 88) 1032 para 31.
94 *10x Genomics v NanoString* (n 2) paras 115-22.

that the principles of interpretation of patent claims are to be observed not only in the examination of infringement but also in the examination of validity, where the same subject-matter of the patent forms the reference point, are the – partly implicit – statements on interpretation and on the examination of inventive step to which no guiding principle is devoted. I would like to summarise them in the following seven commandments, without claiming to be exhaustive:

1. Always interpret the features of the claim in the context of that claim and the claim in the context of the description, for whatever reason its subject-matter interests you. Consider the usual technical understanding of a term, but do not jump to conclusions.
2. Resist the inner Angora cat and do not interpret the patent claim according to the consequences resulting from the understanding of a feature or the assumption of an implicit feature for validity or infringement.
3. Also read each piece of prior art in its own context first. Resist the temptation to read into a document what you know from the patent in suit, but also do not jump to conclusions from different terms.
4. Try to avoid an *ex post* view, but always be aware that you are necessarily an *ex post* viewer.
5. Carefully examine each piece of prior art put forward by the opponent to see whether it represents a plausible starting point from which the skilled person would have arrived at the invention in an obvious way.
6. Remember that different problems to be solved can mean different paths with different hurdles to the same goal.
7. Argue with the concrete facts of the case and avoid buzzwords.

KLAUS HAFT* AND GIULIA-ISABELLA OTTEN**

The first year of the Unified Patent Court – a case law overview

On June 1, 2023, the Unified Patent Court ("UPC") finally opened its doors. Since then, more than 200 orders and decisions of the Court of First Instance and the Court of Appeal have already been issued, a large part of which have been published on the UPC website. Most of them provide for guidance on procedural questions, some on material patent law. Thus, it appears worthwhile to provide for an overview to facilitate access to the early guidance to the UPC Agreement ("UPCA") and Rules of Procedure ("RoP") given by the court.

Am 1. Juni 2023 öffnete das Einheitliche Patentgericht (EPG) seine Türen. Seitdem wurden mehr als 200 Anordnungen und Entscheidungen des Gerichts erster Instanz und des Berufungsgerichts erlassen, von denen ein großer Teil auf der EPG-Webseite veröffentlicht wurde. Die meisten betreffen Verfahrensfragen, einige das materielle Patentrecht. Dieser Überblick soll frühzeitig das Verständnis für die Rechtsprechung des EPG zum EPGÜ und zur EPGVerfO vermitteln.

I. Opt-Out and withdrawal

[1] Art. 83 (3) and (4) UPCA provide for the possibility of opting out and withdrawing from an opt-out European bundle patents (as well as applications and SPCs). This is possible "*unless* an *action* has already been brought before the Court" in case of an opt-out or the "national court" in case of a withdrawal.

[2] In CFI_182/2023, ACT_528738/2023,[1] the Local Division ("LD") of Vienna decided in the context of an opt-out request filed subsequently to an application for provisional measures to the UPC that the term "*action*" is to be construed broadly also including applications for provisional measures. This is deducted from the use of the term "*action*" in the English and French versions of the UPCA (in particular Art. 32 (1c) UPCA) and found to be in line with procedural economy and the ratio of R.265 RoP according to which the withdrawal of an action is subject to court control.

[3] In CFI_214/2023, ORD_57699/2023 and ORD_581208/2023[2] the LD Helsinki clarified in the context of a withdrawal from an opt-out, that the wording of Art. 83 (4) UPCA "*does not provide any limitation or restriction to the effect that it would only apply to previous national proceedings that have been initiated during the transitional regime after 1 June 2023*". This is also found to be in line with R.5.8 RoP generally referring to actions brought before a court of a Contracting Member State prior to an application to withdraw without any such limitation. This is also in line with the principle of non-retroactivity, given that the transitional regime allows for parallel jurisdiction, and it is up to the patent owner to use its right to opt-out based on Art. 83 (3) UPCA following the entering into force of the UPCA.

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1 GRUR 2024, 123.
2 GRUR 2024, 115.

[4] In CFI_513, 514 and 515/2024 (not yet published), the LD Munich clarified that it follows from R.5.3 bi) and 3 bii) RoP that an authorised representative under Art. 48 UPCA is not required "*to justify her powers of attorney at the time of filing*" for a withdrawal of an opt-out.

II. Preservation of evidence

[5] Art. 60 (1) UPCA allows for provisional measures to preserve evidence based on presentation of "*reasonably available evidence*" for infringement. According to Art. 60 (3) UPCA an inspection of premises may be ordered based on presentation of "*evidence to support the claim*".

[6] In two early trade fair cases, CFI_127/2023, ORD_500663/2023 and CFI_141/2023, ORD_500982/2023, the LD Milan found materials at least providing indications for infringement like brochures, photographs, videos, and party expert opinions to suffice "*in their entirety*" as "*reasonably available evidence*". Interestingly, the LD refrained from any detailed discussion of the evidence provided. Besides, to protect interests of the opposing party, the court ordered that the evidential measures should be enforced outside from opening hours for the public or at least in times of limited congestion.

[7] In CFI_286/2023, ORD_576298/2023,[3] the LD Milan found advertising statements and images on a webpage as well as a YouTube video sufficient, albeit not all claim features could be established on this basis. The LD did not discuss the likelihood of infringement of said remaining features but mentioned that there was some explanation in this respect.

[8] In CFI_329/2023, ORD_575902/2023, the LD Brussels, found that infringement had been "*credibly shown*", without discussing any detail in this respect.

[9] In CFI_397/2023, ORD_587064/2023,[4] the LD Paris found "*reasonably available evidence*" in a situation where the Defendant was a former trained customer of the Applicant and subsequently came up with a "*highly similar*" product. The accused product was documented based on brochures and website materials establishing infringement of claim 1, even though without discussion of any details in the order. Preservation of evidence was granted regarding further patent claims.

[10] The order in CFI_397/2023, ORD_9825/2024, was subject to a review under R.197.3 RoP. At this opportunity, the LD Paris defined what it found to be meant by "*reasonably available evidence*" as "*the application should not be based on simple assumptions or allegations that are not supported by sufficient evidence, the aim being to gather all the means to prove the alleged infringement*". Thereby, the Applicant "*has the obligation to present the facts fairly, without distorting their integrity*". Evidence gathered outside the UPC's jurisdiction was found to be of value for a Defendant offering from premises within the UPC's jurisdiction.

III. Service

[11] For service of a Statement of claim within the Contracting Member States, Reg (EU) 2020/1784 shall apply (R.270.1 RoP) and service by electronic means is the preferred option (R.271.1 RoP). In practice, however, service by registered letter (R.271.4 a) RoP) seems to be the most option most commonly used. Service outside the Contracting Member States shall be based on Reg (EU) 2020/1784, the Hague Service Convention or diplomatic channels (R.274.1 RoP). Further, R.275 RoP provides for "service by an alternative method".

1. Service without exhibits

[12] In practice, service of a Statement of claim is of interest to limit translation efforts. In CoA_320/2023, ORD_580110/2023[5] (based on CFI_14/2023), the Court of Appeal ruled that:

"… under Rule 271 RoP, a Statement of claim, even if it refers to or announces the later submission of Annexes, can be validly served on a Defendant, provided that the Statement of claim without the Annexes enables the Defendant to assert its rights in legal proceedings before the courts of the UPC. A Statement of claim must therefore at least state with certainty the subject matter and cause of action. Annexes that merely have an evidentiary function and/or are not indispensable for the understanding of the subject matter and the cause of action, do not constitute an integral part of the Statement of claim instituting the proceedings within the meaning of the Service Regulation and Rule 271 RoP."

[13] On the other hand, considering the general principles of fairness and equity, and R.13.2 RoP the Court of Appeal further found that an:

"… extension of the terms mentioned in Rules 19.1 and 23 shall compensate for and thus be equal to the period during which the Annexes have not been available after service of the Statement of claim contrary to Rule 13.2 RoP."

2. Service date and deadlines

[14] According to R.271 no. 6 b) RoP, service by registered letter shall be deemed to be served "on the tenth day following posting". Due to organizational issues (LDs borrowing resources from national courts), the actual day of posting may be unknown in practice. According to the LD Munich in CFI_52/2023, ORD_567008/2023, that takes no more than

3 GRUR-RS 2023, 46240.
4 GRUR-RS 2023, 40562.
5 GRUR 2023, 1761.

two days after initialization of service by the registry and thus posting is assumed two days after handing over to the services of local court.

[15] In CFI_201/2023, ORD_594886/2023, the LD Düsseldorf clarified that R.270 no. 6 b) RoP ([sic!], should be R.271) does not apply to Counterclaims for revocation.

[16] In CFI_308/2023, ORD_3365/2024, the Central Division ("CD") Paris ruled that the judge-rapporteur is not allowed "*to inform a party … of the exact deadline provided by the statutory rules before it expires*" because this would "*confer an advisory role to the judge rapporteur*". As an exception, in that case the judge-rapporteur identified "*the date in which, according to his [nonbinding] opinion, the defence to revocation has been served*". In the case at stake, this was the date when a corrected Statement of defence was notified to the party by the registrar.

3. Service methods

[17] In CoA_86/2024, ORD_18690/2024 (based on CFI_223/2023), the Court of Appeal decided that if an electronic address was provided before the Court of First Instance in accordance with R.271.1 RoP and/or a representative accepted service, then pursuant to R.271.2 RoP all further service, including before the Court of Appeal, shall be effected within the UPC Case Management System ("CMS").

[18] In a number of cases, the LD Munich used R.275.2 RoP for effecting service (service by an alternative method on a reasoned request by the Claimant, CFI_5/2023, ORD_576855/2023, CFI_62/2023, ORD_576850/2023[6] and CFI_249/2023, ORD_562104/2023)[7]. Steps taken to bring the Statement of claim to the attention of the Defendant which were ordered to be good service include: service on a director of another Defendant, who is also a Defendant himself; service by registered agent, courier or postal service in UK; and service on one Defendant in case the representative of several Defendants could not accept service on another Defendant due to technical issues in the CMS.

[19] In contrast hereto, the LD Hamburg deducted in CFI_169/2024, ORD_20986/2024 from the hierarchy expressed by R.274.1 a) and b) RoP, that R.275 RoP is only available where service in accordance with R.274.1 a) RoP, in particular under the Hague Service Convention, could not be effected. Thereby, reference is made to an alike decision by the LD Mannheim (CFI_223/2023, unpublished). However, with CFI_219/2023, APP_589186/2023[8] an apparently parallel order of the LD Mannheim was published finding that in contrast to the afore cited practice of the LD Munich, R.275.2 RoP only applies if both a service under R.274.1 a) RoP failed, and second also a service under R.275.1 RoP failed (ultima ratio).

[20] Somewhere in between, in CFI_495/2023, ORD_7671/2023, the LD Paris initiated service under the Hague Service Convention on Defendants located in the UK. As this took time, the Claimant performed service via FEDEX and DHL. The LD Paris accepted this as "*good service*" pursuant to R.275.2 RoP.

IV. Preliminary Objections according to R.19 RoP

[21] According to R.19 RoP, within one month of service of the Statement of claim, the Defendant may object to the jurisdiction and competence of the court or the competence of the division, or the language of the Statement of claim.

1. Jurisdiction and competence of the Court

[22] Jurisdiction and competence of the court was so far mainly decided in the context of the validity of the withdrawal of an opt-out (see above).

[23] In CFI_589997/2023 [sic!], ORD_7903/2024, the CD Paris decided that the violation of a standstill agreement does not cause lack of jurisdiction of the UPC.

[24] In CFI_484/2023, ORD_13023/2024, the CD Paris decided, whether for a European Patent being only validated in Germany, a German nullity action pending in the appeal stage and filed prior to the transitional period would cause a *lis pendens* issue for a subsequent central revocation action before the UPC. This was denied by the CD Paris finding Art. 29-32 Brussels I Reg recast neither directly applicable nor in relation to Art. 71a – 71d Brussels I Reg recast. Further, an application of Art. 71c (2) Brussels Reg recast by analogy was denied.

[25] In a number of cases where jurisdiction was only contested in part, it was decided to deal with the preliminary objections with the main proceedings for reasons of procedural economy and efficiency (e. g. CD Munich in CFI_252/2023, ORD_573299/2023,[9] LD Munich in CFI_513/2023, CFI_514/2023 and CFI_515/2023, unpublished).

2. Competence of the division

[26] In CFI_1/2023, ORD_560432/2023,[10] within a somewhat unique situation, the CD Munich had to decide on an earlier filing: the Statement of revocation (by Claimants) and Statement of claim for infringement (by Defendants in the central revocation action) were both filed in hard copy on the morning of June

6 GRUR-RS 2023, 35530.
7 See Bayerl GRUR Patent 2024, 159.
8 GRUR-RS 2023, 47582.
9 GRUR-RS 2023, 45466.
10 GRUR 2024, 45.

1, 2023 due to CMS dysfunctionality. Claimants lodged their Statement of revocation at 11.26 at the Registry in Luxembourg, while Defendants lodged their Statement of claim at 11.45 at the sub-registry at the Munich LD. Despite numerous technicalities, the actual lodging times were found to be decisive, and the CD Munich rejected the preliminary objection.

[27] In CFI_255/2023, ORD_578356/2023,[11] the CD Paris had to decide on the competence for a central revocation action, while an infringement action was already pending before the LD Munich. The preliminary objection was based on Art. 33 (4) UPCA, according to which a revocation action "between *the same parties* relating to the same patent" may only be brought before the division handling the infringement action. While the Claimant of the revocation action was not identical to any of the parties of the infringement action, the Applicant argued inter alia that as a sister company to two of the infringement Defendants it was "*effectively the same party*". This argument was dismissed by the CD Paris applying the term "*party*" in a narrow sense and also finding that there was "no *per se* abuse of the UPC framework".

[28] In CFI_495/2023, ORD_18817/2024,[12] the LD Paris applied Art. 33 (1b) UPCA (action against multiple Defendants) and had to decide in particular "where the Defendants have a *commercial relationship"*. It found that the requirement of a "*commercial relationship*" implies a "*certain quality and intensity*" but should not be construed too narrowly. Belonging to the same group of legal entities and having related commercial activities aimed at the same purpose was found to be sufficient.

3. Language of the statement of claim

[29] In CFI_504/2023, ORD_13986/2024, the LD Düsseldorf dismissed a preliminary objection against German as language of the Statement of claim in a case where the language of the patent in suit was German.

V. Language of proceedings and translations

[30] According to Art. 49 (1) and (2) UPCA, R.14 RoP, the language of the proceedings is an official language of a Contracting Member State hosting a division or an official language of the EPO, i. e., in practice English. Further, according to Art. 49 (3) and (6) UPCA the language in which the patent was granted may be used as language of the proceedings. In this respect, R.321-323 RoP foresee applications by one or both parties or a proposal by the judge rapporteur to use the language in which the patent was granted. Further, Art. 51 (2) UPCA, R.109 RoP allow for simultaneous interpretation during oral hearings as part of the procedural costs (R.109.1 RoP) or at party's costs (R.109.2 RoP).

[31] Since so far, most infringement actions have been filed before local divisions with German as official language[13], German was initially the dominating language of proceedings. This was not perceived as ideal for a truly international court, and the use of English also before these divisions was encouraged. As a result, English became slightly predominant.[14]

1. Change of language

[32] A change of the language of the proceedings from Dutch (official language of the LD The Hague) into English (language of the patent in suit) was ordered by the president of the Court of First Instance in CFI_239/2023, ORD_581189/2023[15] for two parties speaking English with the Defendant, a small Spanish company, not speaking Dutch based on Art. 49 (5) UPCA, R.323 RoP. In this case, out of court correspondence between the parties had been conducted in English and the Statement of claim had been translated into English for service purposes already.

[33] In contrast, in CFI_463/2023, ORD_5853/2024, the President of the Court of First Instance denied an alike request to change the language from German (official language of the LD Düsseldorf) into English (language of the patent in suit) despite the circumstance that both parties were US companies. Here, the Applicant failed to provide detailed information that the language originally chosen was "*significantly detrimental* to the Applicant". Interestingly, an interest of the UPC in English language proceedings was also mentioned but found to be insufficient for granting the request in absence of any other circumstances. The LD Mannheim made a similar decision in CFI_410/2023, ORD_13321/2024.[16]

[34] The order in CFI_463/2023 was subject to an appeal in CoA_101/2024, ORD_18194/2024[17] and set aside. In this decision the Court of Appeal gave detailed guidance on what is "*fairness*" and "*what circumstances are relevant under Art. 49 (5) UPCA*". Inter alia, the Court of Appeal mentioned a number of circumstances advantageous for a Claimant in general and that the position of the Defendant is the decisive factor. Ultimately, the Claimant having had the choice of the language of the patent may have to conduct legal proceedings in that language as a general rule. A change of language was also found to be possible after the last oral hearing in the proceedings at the Court of First Instance.

11 GRUR-RS 2023, 36568; see also Kirchhofer GRUR Patent 2024, 113.
12 GRUR-RS 2024, 9684.
13 By end April 2024, a total of 95 out of 123, see: https://www.unified-patent-court.org/sites/default/files/upc_documents/Case%20load%20of%20the%20Court_end%20April%202024_30.04_TK_edit%202_05_DC_final.pdf.
14 By end April, 48 % English compared to 45 % German, see source supra.
15 GRUR-RS 2023, 45436.
16 GRUR-RS 2024, 7899.
17 GRUR-RS 2024, 7901; see Klicznik/Wilden GRUR Patent 2024, 215.

[35] The order in CoA_101/2024 was followed by an order in CFI_463/2023, ORD_22211/2024, based on R.14.2c) RoP that "*the judges may, inter alia, issue and deliver any decision and order in German together with a certified translation into English within the meaning of Rule 118.8 RoP*". Further it found that this was possible after the oral hearing in light of the subsequent change of language in order to be able to decide immediately.

2. Translations

[36] In CFI_463/2023, ORD_14983/2024, the LD Düsseldorf decided that if individual party representatives speak the language of the proceedings, there is neither reason nor cause to allow them to attend the hearing in a language other than the language of the proceedings with the use of simultaneous interpreting. However, in a team comprising also individuals not speaking the language of the proceedings, simultaneous interpretation may be used for them on their own costs.

[37] In CFI_367/2023, ORD_24708/2024, the CD Paris built on CFI_463/2023 and on CoA_101/2024 and concluded: "*it does not matter what language skills a specific legal representative from an international team has. In international disputes, a representative is typically chosen not only for the sake of his own skills, but also for the sake of the international, multidisciplinary and multilingual environment in which he works and which usually involves a team of several representatives with different skills. What applies to the decision on the appropriateness of a change of language also applies in this respect to the arrangement of simultaneous translation: the legal representatives complement each other and the language skills of one of several legal representatives are not decisive in assessing the appropriateness of simultaneous interpretation.*" However, the possibility of simultaneous interpreting at a party's own expense remained, R.109.2 s. 2 RoP.

[38] Further, according to R.7.1 RoP documents like written evidence shall be lodged in the language of the proceedings "*unless the Court … otherwise provide*". To avoid translation costs in particular regarding the translation of English documents in case the language of the proceedings is not English, corresponding requests need to be filed and were readily granted e. g. by the LD Munich (CFI_2/2023, ORD_459746/2023 and CFI_17/2023, ORD_459996/2023) or by the LD The Hague (CFI_239/2023, ORD_555528/2023).

[39] According to R.207.2 RoP, protective letters shall be filed in the language of the patent. If the language of subsequent proceedings deviates, the LD Munich found that the contents of the protective letter need to be incorporated in a defence brief in the language of proceedings (e. g. CFI_2/2023, ORD_459746/2023 and CFI_17/2023, ORD_459996/2023).

VI. Security for legal costs

[40] According to Art. 69 (4) UPCA, R.158 RoP the Court "*may order a party to provide security for legal costs*". Thus, the Court has discretion in this respect (cf. CFI_15/2023, CFI_214/2023, CFI_239/2023, CFI_252/2023).

[41] In CFI_15/2023, ORD_576853/2023 and in CFI_252/2023, ORD_574057/2023,[18] the LD and CD Munich found that "*factors to be considered include the financial position of the other party that may give rise to a legitimate and real concern that a possible cost order might not be recoverable and/or the likelihood that a possible cost order by the UPC may not, or in an unduly burdensome way, be enforceable.*" In CFI_214/2023, ORD_572699/2023 and ORD_581208/2023, the LD Helsinki found that the Defendants did not sufficiently prove the risk of insolvency but gave no further guidance on the applicable principles.

[42] In CFI_15/2023, ORD_576853/2023, the LD Munich found the mere fact that claims for reimbursement of costs would have to be enforced in the USA being insufficient to pass the second afore mentioned test.

[43] In CFI_252/2023, ORD_574057/2023,[19] the CD Munich ordered the Claimant to provide security. The underlying considerations included difficulties of enforcement in UK following Brexit and doubts on the financial stability of the Claimant.

[44] In CFI_239/2023, ORD_586897/2023, the LD The Hague rejected an application for a security for procedural costs with both parties being SMEs and the Claimant in the main proceedings being domiciled in the Netherlands. Besides the lack of enforcement issues, access to justice was considered.

[45] In CFI_255/2023, ORD_578356/2023, the CD Paris rejected a request for security for the legal costs. Here the CD found that the circumstance that: "*the respondent is at the moment, not active in the market and that it has a share capital of only euro 10,000.00 is not a sufficient reason to believe that it will not be able to enforce its claim for reimbursement of costs. Indeed, the fact that the Respondent does not run any business at the moment can be justified by its recent establishment and by the need to carry out a preparatory activity, while the low amount of share capital is not necessarily a sign of a lack of financial availability, taking also in account that the company is included in a corporate group and that there is no allegation that the group is in financial difficulties*".

18 GRUR-RS 2023, 45467.
19 GRUR-RS 2023, 45467.

[46] In CFI_513, 514 and 515/2023 (not yet published), the LD Munich found that neither the circumstance that the Claimant was domiciled in the USA, nor that it was a process vehicle with no assets, but the patents enforced, was sufficient to order a security. Instead, "*concrete evidence of the alleged difficulties in the future enforcement against Claimant of an order to reimbursement of legal costs*" and "*precise evidence of an actual risk of insolvency*" would be required.

[47] Finally, in CFI_495/2023, ORD_23494/2024, the LD Paris ordered the Claimant to provide security. While difficulties in enforcing a cost order against the US-based Claimant are not found to be decisive, the financial situation of the Claimant was found to justify this step. The Applicants submitted that no public records about the Respondent's assets and financial situation existed. The Respondent itself argued in the Statement of claim, that the company had only been founded by the inventor in 2021 and the only income came from licensing his patents. Taking an insurance was not found to be sufficient, because on the one hand, the purpose of this insurance was to provide a financial protection for the insured party and not to protect the potential rights of the other party. On the other hand, the full terms had not been disclosed, and it was unclear what the actual terms were. LD Paris pointed out: "*In order to guarantee the secure recovery of the legal costs … a bank guarantee by a bank licensed to operate in EU must be provided.*"

VII. Time periods and extensions

[48] According to R.9.3, 4 RoP the Court may extend most "time periods" referred to in the Rules of Procedure or imposed by the Court on a "*reasoned request*" by a party.

[49] The following grounds were accepted as "*reasoned request*": difficulties with the CMS and application of the Rules of Procedure at an early stage of the Court (LD Munich – CFI 14/2023, ORD_566193/2023[20] and CFI_15/2023, ORD_557291/2023 and ORD_562614/2023; LD The Hague – CFI_239/2023, ORD_2223/2024); retrospectively, where a Statement of defence was filed in time and a first attempt was made to file the Counterclaim for revocation in time and was filed without culpable delay after expiry of the time limit (LD Düsseldorf – CFI_355/2023, ORD_7103/2024);[21] exhibits becoming available with delay (CoA_320/2023, ORD_580110/2023; CD Munich – CFI_1/2023, ORD_536514/2023; LD Hamburg – CFI_22/2023, ORD_581626/2023); alignment of deadlines with agreement of all Defendants and Claimants (LD Hamburg – CFI_278/2023, ORD_576288/2023;[22] LD Mannheim – CFI_118/2024, LD Munich – CFI_117/2024, LD Paris – CFI_395/2023, ORD_7657/2024 and CFI_425/2023, ORD_7664/2024[23]); delayed access to full defence due to applications for protection of confidential information (LD Hamburg – CFI_54/2023, ORD_589355/2023).

[50] The following grounds were not accepted as "*reasoned request*": request for an extension in proceedings for provisional measures without reasons why a response is not possible within the original time period (LD Düsseldorf – CFI_463/2023, ORD_9718/2024;[24] CD Paris – CFI_454/2023, ORD_9060/2024); applying for an extension only on the last day of a time period where it was foreseeable that the deadline will not be met (CD Paris – CFI_412/2023, ORD_4804/2024[25]); noting only four weeks after service that certain exhibits cannot be opened and failure to explain why this prevented from preparing the defense (LD Paris – CFI_358/2023, ORD_590941/2023)

[51] Further, R.263 RoP forsees a leave to change claim or amend the case. Where on this basis a new patent is asserted, the Court of Appeal clarified in CoA_44/2024, ORD_13028/2024, that for such new patent the Defendant has the same time limit for filing a Statement of defense and Counterclaim for revocation as it would be the case if a new action had been brought.

VIII. Confidentiality

[52] R.262.2 and R.262A.1 RoP allow for requesting certain information to be kept confidential with respect to the public or to restrict use or access within parties. Practical issues were mainly discussed with respect to the latter.

[53] In CFI_355/2023, ORD_7096/2024,[26] the LD Düsseldorf discussed in great depth considerations to achieve the right balance between the adequate level of protection of confidential information of the Defendant and the right of the Claimant to have sufficient access to the information in order to exercise its right to be heard. Ultimately, a total of 9 persons and the representatives was granted access to confidential information, partially with immediate effect, partially subject to a potential appeal and a potential application for suspensive effect. Further considerations of the LD Düsseldorf on the persons required to get access in proceedings for provisional measures can be found in CFI_463/2023, APP_8500/2024 and ORD_8550/2024.[27]

[54] A recurring question is whether access to confidential information can be limited to legal representa-

20 GRUR-RS 2023, 28551.
21 GRUR-RS 2024, 5116.
22 GRUR-RS 2023, 47399.
23 GRUR-RS 2024, 9127.
24 GRUR-RS 2024, 5120.
25 GRUR-RS 2024, 6221.
26 GRUR-RS 2024, 7098.
27 GRUR-RS 2024, 9141.

tives or whether always at least one natural person (or more) must have access.

[55] In CFI_54/2023, ORD_577763/2023,[28] the LD Hamburg went for a two-stage approach, limiting access preliminarily to the legal representatives of a party to facilitate the proceedings for protection of confidentiality, but granting differentiated access also to natural persons within the party subsequently. This approach was followed by the CD Munich in CFI_80/2023, ORD_584830/2023, also limiting the number of persons in the final confidentiality order to be "not greater than necessary".

[56] In CFI_239/2023, ORD_590350/2023,[29] the LD The Hague limited access to financial information in the context of a R.158 application to the legal representatives of a party. This was justified among others by the circumstance that this information would not be relevant for the main proceedings.

[57] Regarding production of documents and confidentiality regimes, see LD Mannheim, CFI_210/2023 on February 2024[30] and CFI_218/2023, ORD_14581/2024.

IX. Provisional measures

[58] R.205 et seq RoP provide for the possibility of provisional measures. By end April, 24 applications had been filed.

[59] Two applications led to ex parte decisions in trade fair situations (LD Düsseldorf – CFI_177/2023, ORD_525740/2023, ORD_526778/2023[31] and CFI_452/2023, ORD_592936/2023),[32] the remainder was dealt with in inter partes proceedings. In CFI_177/2023, a seizure of infringing goods under R.211.1b) RoP was granted, which is a particularly useful means in a trade fair situation. Also, the LD Düsseldorf found a balanced way to deal with the requirement of a security: it had to be provided within 10 days after service of the order. However, the order was preliminarily enforceable right away to handle the trade fair situation. Only, in the event the security would not have been provided in time, the enforceability would have ceased to exist until the security would have been provided.

[60] Two decisions were reviewed by the Court of Appeal (CoA_335/2023, ORD_595990/2023[33] and CoA_1/2024, ORD_17447/2024). In CoA_335/2023 the Court of Appeal explained the principles of claim construction as applied by the UPC. Further, it explained the prerequisites for provisional measures, in particular the "*sufficient degree of certainty*" under R.211.2 RoP. This is summarized in headnote 3 as follows:

"*3. A sufficient degree of certainty pursuant to R.211.2 RoP, in conjunction with Art. 62(4) UPCA (see also Art. 9(3) Directive 2004/48/EC) requires that the court considers it on the balance of probabilities at least more likely than not that the Applicant is entitled to initiate proceedings and that the patent is infringed. A sufficient degree of certainty is lacking if the court considers it on the balance of probabilities to be more likely than not that the patent is not valid.*

The burden of presentation and proof for facts allegedly establishing the entitlement to initiate proceedings and the infringement or imminent infringement of the patent, as well as for all other circumstances allegedly supporting the Applicant's request, lies with the Applicant, whereas, unless the subject-matter of the decision is the ordering of measures without hearing the Defendant pursuant to Art. 60(5) in conjunction with Art. 62(5) UPCA, the burden of presentation and proof for facts concerning the lack of validity of the patent and other circumstances allegedly supporting the Defendant's position lies with the Defendant."

[61] The "more likely than not" test does not seem to require any particular strength of the patent, but only more than 50 %. These standards (both on claim construction and "*sufficient degree of certainty*" were confirmed in CoA_1/2024.

X. Access to the register

[62] While decisions and orders made by the court shall be published under R.262.1a) RoP, written pleadings and evidence shall be available to the public "upon reasoned request" under R.262.1b) RoP.

[63] In CFI_1/2023, ORD_550152/2023,[34] the CD Munich found that R.262.1b) RoP a "*concrete and verifiable, legitimate reason*". To this end, the "*wish from a natural person to form an opinion on the validity of a patent out of a personal and a professional interest*" was perceived as insufficient in this respect. Likewise, in CFI_75/2023, ORD_552745/2023,[35] the CD Munich found "*to be informed of the proceedings before the Unified Patent Court for the purposes of education and training*" does not qualify as concrete and verifiable, legitimate reason.

[64] In contrast, in CFI_11/2023, ORD_543819/2023,[36] the Nordic-Baltic Regional Division ("RD") found a "*credible explanation*" sufficient to grant access to the Statement of claim in absence of any need to keep the information confidential. In support of this

28 GRUR-RS 2023, 35538.
29 GRUR-RS 2024, 9129.
30 GRUR-RS 2024, 4940.
31 GRUR 2023, 1370.
32 GRUR-RR 2024, 97.
33 GRUR 2024, 527; see also Meier-Beck GRUR Patent 2024, 178; Heinze GRUR Patent 2024, 209; Szynka/Jacobsen/Schröder GRUR Patent 2024, 138; Leistner GRUR 2024, 514; Kanz/Wollschlaeger GRUR 2024, 622.
34 GRUR 2023, 1615 with legal commentary by W. Tilmann.
35 GRUR 2023, 1617.
36 GRUR-RS 2023, 38749.

request, the Applicant stated "*inter alia, that he is interested to see how the claim filed in the Nordic-Baltic division was framed, particularly since it was filed in parallel with cases in other divisions, and that he believes there is broader public interest in this information being made available for public scrutiny and discussion as the new court system launches and develops.*"

[65] The order in CFI_11/2023 got appealed (CoA_404/2023, ORD_19369/2024)[37]. In these proceedings, the Court of Appeal found first that a member of the public who is requesting access to the Register pursuant to R.262.1b) RoP must be represented before the UPC. Subsequently, the Court of Appeal gave guidance on the application of R.262.1b) RoP:

"*When a request to make written pleadings and evidence available to a member of the public is made pursuant to R.262.1(b) RoP, the interests of a member of the public of getting access to the written pleadings and evidence must be weighed against the interests mentioned in Art. 45 UPCA. These interests include the protection of confidential information and personal data ('the interest of one of the parties or other affected persons') but are not limited thereto. The general interest of justice and public order also have to be taken into account. The general interest of justice includes the protection of the integrity of proceedings.*"

[66] At this opportunity, the Court of Appeal also ruled that Art. 9 (1) UPCA must be interpreted such that it may decide non-technical matters without technically qualified judges.

[67] For completeness, in CFI_240/2023, ORD_569313/2023, the LD Milan clarified that R.262.1 b) RoP does not apply for a representative of a Defendant pretending to be only entrusted with a file inspection, not with representation.

XI. Failure to comply with orders and penalty payments

[68] According to Art. 82 (4) UPCA, R.354.4 RoP the Court may decide on penalty payments if a party has failed to comply with the terms of an order.

[69] In CFI_177/2023, ORD_526778/2023,[38] the LD Düsseldorf gave detailed considerations on the nature and appropriate amounts of penalty payments. Further the facts to be decided gave reason to discuss what is meant by "offering" in Art. 25 (a) UPCA:

"*The term "offering" within the meaning of Art. 25 (a) UPCA is to be understood in patent law in a purely economic sense. In the case of a product, it includes any act committed within the territory of the European patent in question which, according to its objective explanatory value, makes the object of demand available in an outwardly perceptible manner for the acquisition of the power of disposal. Therefore, the exhibiting of goods at a trade fair taking place within the territory of the respective patent is an offering within the meaning of this provision.*

For an offering, not all features of the patent claim need to be shown in the advertising and thus also at a trade fair stand, if, when objectively considering the circumstances actually existing in the case in dispute, it must be assumed that the product shown corresponds in its technical design to the subject matter of the patent. It depends on whether the patent-compliant design can be reliably inferred from the existence of other objective circumstances. A key aspect here is the view of the relevant public regarding the objective explanatory value of the advertising, which must be determined taking into account all the factual circumstances of the individual case."

[70] In CFI_2/2023, ORD_577241/2023,[39] the LD Munich clarified that provisional measures in accordance with Art. 62 UPCA do not require notice under R.118.8 RoP, since Art. 62 UPCA is not listed in R.118.1 RoP. Further it found that penalties may be decided immediately without further requirements.

XII. Conclusion

[71] In its first year, the UPC gave guidance on many questions of practical relevance shaping its own practice. The second year will inevitably bring further harmonization by the Court of Appeal. However, already now it is clear that the discussion regarding the scope of R.262 RoP and the finally agreed general publication of decisions and orders was key to allow for developing such new practice quickly and efficiently. If the search functionality on the Court's "Decisions and Orders" database was further improved going forward, this may even more enhance the process.

37 GRUR-RS 2024, 6739.
38 GRUR 2024, 280.
39 GRUR-RS 2023, 40583.

KLAUS HAFT*, SABINE AGÉ** AND GIULIA-ISABELLA OTTEN***

The Unified Patent Court – A case law overview II

In the new edition of the authors' regular case law overview for GRUR Patent, they provide a succinct, yet detailed where necessary, insight in the UPC's most recent verdicts.

In der neuen Folge der regelmäßigen Rechtsprechungsübersicht für die GRUR Patent wird ein Überblick über die aktuellen Anordnungen und Entscheidungen des Einheitlichen Patentgerichts gegeben.

I. Introduction

[1] On June 1, 2024, the Unified Patent Court celebrated its first birthday. Until then, more than 200 orders and decisions had already been issued which we aimed to summarize in a first case law overview.[1] Since then, another 100 orders and decisions of the Court of First Instance and the Court of Appeal have been added to the impressive work result after such short period of time. Most of them still provide for guidance on procedural questions, some on material patent law. Furthermore, the first decisions on the merits were issued approximately 12 months after the respective complaints were filed, which means that the UPC is complying with its strict time regime. Thus, it appears worthwhile to supplement our initial case law overview in the following.

II. Opt-Out and withdrawal

[2] Art. 83(3) UPCA provides for the possibility that "a proprietor" of a European bundle patent (or application or SPC) may opt-out from the exclusive competence of the Court. In so far, the Court of Appeal found in CoA_79/2024, ORD_30505/2024 of June 4, 2024,[2] that "*Art. 83(3) UPCA must be interpreted such that a valid opt-out application requires that it is lodged by or on behalf of all proprietors of all national parts of a European patent*". This was found not to be clear from the ordinary meaning of the wording of Art. 83(3) UPCA, because it only requires "*a proprietor*" or "*an applicant*". However, the object and purpose of Art. 83(3) UPCA make clear that the opt out application must be lodged by or on behalf of all proprietors of all national parts if there are more validations. If a proprietor could opt out with effect for all national parts, including those he does not own, this would lead to a situation in which the proprietors of the other national parts would be deprived from enforcing their national parts of the European patent before the UPC without having consented to it or even having been informed about it. This is not in accordance with the fundamental legislative decision according to which the UPC is the default venue for legal proceedings concerning European bundle patents. This interpretation of Art. 83(3) UPCA is also compliant with the fundamental rights of a patent proprietor. The UPC only provides a new forum for legal proceedings and does not interfere with these property rights themselves.

III. Competence of the UPC and of the divisions of the Court of First Instance

[3] In CFI_130/2024, ORD_30434/2024 of June 19, 2024,[3] the LD The Hague aimed to assess the scope of an order sought and in this context found that Ireland is a Contracting Member State, as it is a signatory state to the UPCA, even though Ireland has not yet ratified the Agreement. This was contradicted by the Court of Appeal in CoA_388/2024, ORD_47551/2024 of August 19, 2024.[4] The Court of Appeal clarified that only countries that have not only signed but also ratified[5] the UPCA are Contracting Member States (cf. Art. 84(2) UPCA). Ireland is therefore not (yet) a Contracting Member State.

[4] According to Art. 33(3) UPCA, the local or regional division can decide on the further procedure with a Counterclaim for Revocation (Art. 32(1)(e) UPCA), which was brought in the case of an action for infringement according to Art. 32(1)(a) UPCA. It may decide whether to (a) proceed with both the action for infringement and with the Counterclaim for Revocation; (b) refer the Counterclaim for Revocation for decision to the central division and suspend or proceed with the action for infringement; or (c) with the agreement of the parties, refer the case for decision to the central division. According to R.37.1 RoP, the decision is to be made as soon as practical after the closure of the written procedure, but according to R.37.2 RoP it may be taken earlier after the parties have been given an opportunity to be heard. In CFI_459/2023, ORD_36553/2024 of June 20, 2024, the LD Düsseldorf applied R.37.2 RoP to facilitate planning in light of the limited availability of part time judges. At the same time, a joint hearing in the infringement and revocation proceedings was found to be

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1 GRUR Patent 2024, 223.
2 GRUR-RS 2024, 12503.
3 GRUR-RS 2024, 14271.
4 GRUR-RS 2024, 20797.
5 Referendum on UPC was postponed by the Irish government: https://enterprise.gov.ie/en/news-and-events/department-news/2024/april/20240416.html.

advantageous in that it allows a decision to be made on both validity and infringement on the basis of a uniform interpretation by the same panel of judges in the same composition.

[5] In the case CFI_410/2023, ORD_35569/2024 of July 10, 2024,[6] almost all attacks against the patent in suit contained in a Counterclaim for Revocation were also already asserted in a previously filed Central Revocation action. In view of these circumstances and to safeguard the principle of procedural economy, the LD Mannheim exercised its discretion exceptionally to refer the Counterclaim for Revocation to the Central Division pursuant to Art. 33(3)(b) UPCA. In addition, the LD Mannheim found that after the patentee requested an amendment to the patent (R.30 RoP) and the Counterclaim for Revocation was referred to the Central Division, the request for amendment also had to be referred to the Central Division.

[6] In an order of July 24, 2024 in CFI_440/2023, the LD Paris dealt with a situation, where on the one hand, an infringement action was pending before the LD Paris, in which the defendant was joined by an intervener supporting him in the proceedings and, and on the other hand, a revocation action regarding the same patent was pending before the CD Paris, brought by the intervener. On July 24, 2024, the LD Paris rejected the request to suspend the infringement proceedings until a decision is reached in the revocation proceedings under R.118.2(b) RoP, ORD_41423/2024.[7] The LD Paris found that even in the presence of a [only] partial identity of the parties, it is highly probable that the Central Division will not retain jurisdiction to rule on the revocation claim. In this case, such a claim for invalidation of the patent on which the infringement action is based could only be brought before the Local Division in the context of a counterclaim. Further, the central revocation action was at an early stage while the written procedure in the infringement proceedings were already concluded such that a stay would also have been against the guiding principle of efficiency.

IV. Language of proceedings and translations

[7] According to Art. 49(1) and (2) UPCA, R.14 RoP, the language of the proceedings is an official language of a Contracting Member State hosting a division or an official language of the EPO, i. e. in practice English. Further, according to Art. 49(3)-(6) UPCA, the language in which the patent was granted may be used as language of the proceedings. In this respect, R.321-323 RoP foresee applications by one or both parties or a proposal by the judge-rapporteur to use the language of the patent. Further, Art. 51(2) UPCA, R.109 RoP allow for simultaneous interpretation during oral hearings as part of the procedural costs (R.109.1 RoP) or at party's costs (R.109.2 RoP).

1. Change of Language

[8] A change of the language of the proceedings from German (one of the official languages of the LD Düsseldorf) into English (language of the patent) was ordered on May 30, 2024, in CFI_26/2024, ORD_25299/2024. The President of the Court of First Instance referred to the order of the Court of Appeal dated April 17, 2024 (CoA_101/2024, ORD_18194/2024[8]), which found that *"in particular the position of the defendant is to be taken into account"*. If the outcome of balancing of interests was equal, the position of the defendant prevailed. Considering the circumstances, the initial use of German as the language of proceedings turned out to be disadvantageous for both parties, but even more for the defendant which did not choose the language in which it was sued and needed to organize its defense in English before the submissions were translated. In contrast, for the other party, English as language of the proceedings did not result in any inconvenience, as it had already used English in its communication and preparatory work on the case. To emphasize the importance of the English language, in this case the President of the Court of First Instance also pointed out that above all, English is used broadly in most of the Contracting Member States – it is the sole available language to the Nordic-Baltic RD and most prior art documents and literature in the relevant technical field were in English.

[9] In CFI_88/2024, ORD_36444/2024 on July 25, 2024,[9] the LD Hamburg also decided in favor of a change from German to English (language of the patent). It held that the position of the defendant is decisive if the result of the balancing of interests is equal. As both parties were international, globally active companies, the size and resources of the parties to the dispute were comparable, and English was the common language in the relevant technological field (namely medical devices and systems). It further played a role that one of the defendants agreed to change the language even though it was based in Germany.

[10] In CFI_99/2024, ORD_27452/2024 and CFI_100/2024, ORD_27765/2024 of June 18, 2024, the LD Düsseldorf dismissed the application to change the language of the proceedings to the language in which the patent at issue has been granted (English). According to the LD Düsseldorf, the plaintiff had relevant reasons to file its infringement action in German, namely the language skills of the contact person likely to follow-up the proceedings on its behalf and the existence of parallel proceedings handled in German with limited internal resources compared to those that could be mobilized by the defendant. In this case, the requested change would have represented a signifi-

6 GRUR-RS 2024, 17098.
7 GRUR-RS 2024, 17867.
8 GRUR 2024, 746.
9 GRUR-RS 2024, 18271.

cant inconvenience for the plaintiff, while resulting in a slight advantage for the defendants. These specific relevant circumstances allowed to deviate from the general rule defined by the Court of Appeal in CoA_101/2024, ORD_18194/2024 (see above), according to which the language of the patent as the language of the proceedings is typically not considered to be unfair for the plaintiff.

2. Translation

[11] To date, requests for simultaneous translations have been handled very restrictively. The LD The Hague rejected a request for simultaneous translation from/to Polish in CFI_195/2024, ORD_35405/2024 of June 25, 2024.[10] It assessed the individual case on the basis of a two-step-test ("*double appropriateness-test*"): (1) "*Should simultaneous translation be allowed?*" and affirmed this to effectively meet the requirements of the fundamental right to be heard as well as a low approval threshold for applications in accordance with R.109.1 RoP. The court dealt with the second question (2) "*Who shall bear the costs of interpretation?*" more strictly and pointed out that although Polish is neither an official language of the Contracting States nor of the "CMS" or the LD The Hague, the applicant had expanded its business outside Poland to UPC-territory and also deliberately took the risk that it would be taken to court over patent infringement in the Netherlands.

[12] In CFI_363/2023, ORD_41235/2024 of July 12, 2024,[11] the LD Düsseldorf confirmed the previous handling of simultaneous translations and found that a Korean and English-speaking plaintiff had the opportunity to conduct the proceedings in English instead of German when filing the action. If the plaintiff had made use of this option, the oral proceedings would have had to be conducted in English and the question of simultaneous translation pursuant to R.109.2 RoP would have been unnecessary.

[13] On August 6, 2024, in CFI_67/2024, ORD_40041/2024,[12] the LD Munich dismissed an application for an order for no translation of several exhibits and stated that it is always a question of the individual case if a waiver of the translation of exhibits into the language of the proceedings (Art. 51(1) UPCA) is appropriate and requires a comprehensive balancing of interests. In particular, the language skills of the parties and their representatives and the language skills of the panel had be taken into account. The volume, the length or the quantity and the nature of the documents in question and their relevance to the proceedings shall also be considered.

V. Time periods, extensions and service

1. Time periods and extensions

[14] According to R.9.3, 4 RoP the court may extend most "*time periods*" referred to in the Rules of Procedure or imposed by the court on a "*reasoned request*" by a party.

[15] As already been affirmed in several cases (e. g., LD Mannheim, CFI_210/2023, ORD_40636/2024 of July 9, 2024; LD Düsseldorf, CFI_456/2023, ORD_35903/2024 of June 24, 2024;[13] LD Hamburg, CFI_54/2023, ORD_589355/2023 of December 5, 2023),[14] a "*reasoned request*" for an extension of time pursuant to R.9.3 RoP is given if the access to a pleading in the unredacted version is initially restricted to the representatives due to a request for confidential information under R.262A RoP. This is, because only by granting access to the relevant information to the party's knowledgeable employees it can be ensured that the party concerned can exchange information with its representatives, develop a strategy taking into account the arguments of the other party and, if necessary, provide technical and/or economic input

[16] Dissenting views were expressed regarding the question when the time limit for filing a pleading starts to run in such case. On the one hand, the LD Düsseldorf has expressed that the limit runs from the date of service, even if an application for protection of confidential information (R.262A RoP) has been filed, cf. LD Düsseldorf CFI_456/2023, ORD_35903/2024 of June 24, 2024.[15] On the other hand, there is the opinion that the time limit for filing a pleading only runs from the date on which a completely unredacted version of a writ in question was served on the opposing party. This does, however, not affect the running of the time limits for filing pleadings relating to the Counterclaim for Revocation, whereby there are again dissenting views on extending the latter, cf. LD Munich, CFI_220/2023, ORD_39924/2024 and ORD_26378/2024 of July 4, 2024; LD Munich, CFI_221/2023, ORD_40297/2024 of July 10, 2024; LD Hamburg, CFI_54/2023, ORD_589355/2023 of November 28, 2023.[16]

[17] In CFI_219/2023, ORD_35648/2024 of June 13, 2024, the LD Mannheim differentiated in relation to the request for an extension of a deadline between the statement on technical aspects such as infringement and validity on the one hand, and the statement on FRAND aspects on the other hand. The LD Mannheim denied the extension for a statement on the technical aspects, which were directly accessible to the defendants and pointed out that a divergence of time limits would not be in conflict with R.29(d) RoP. However, to safeguard the right to be sufficiently

10 GRUR-RS 2024, 14676.
11 GRUR-RS 2024, 19649.
12 GRUR-RS 2024, 19414.
13 GRUR-RS 2024, 18049.
14 GRUR-RS 2023, 50074.
15 GRUR-RS 2024, 18049.
16 GRUR-RS 2023, 39304.

heard, the deadline for a statement on FRAND aspects had been extended, because the respective pleadings were initially not freely accessible for the appropriate group of people of the opposing party.

[18] A more generous decision regarding a complete extension of time limits was made by the LD Düsseldorf in CFI_457/2023, ORD_36435/2024 on June 27, 2024. Even if an application for confidentiality related only to a definable part of a pleading, such as the statements on the FRAND objection, a partial extension of the deadline limited to the affected part can be dispensed if the conduct of the oral hearing is not jeopardized by an extension of the deadline relating to the entire pleading.

[19] In CoA_223/2024, ORD_29608/2024 (and in eight other identical orders) of May 22, 2024, the Court of Appeal denied the appellants' request for expedited appeal proceedings pursuant to R.225(e) RoP, R.9.3 RoP regarding a decision to deny securities for procedural costs. Appellants argued that they would continually incur uncovered defense costs while the appeal was pending. However, as the appellants had exhausted their 15-day appeal period, there was no reason in light of principles of fairness and equity to shorten the defendant's 15-day response period unless the parties demonstrated a relevant interest in filing the response by a certain date.

[20] The Court of Appeal also rejected the (subordinate) request for expedition of the appeal proceedings in CoA_301/2024, ORD_36664/2024 of June 19, 2024,[17] and pointed out that in considering such a request, the court has to balance the interests of both parties, with due regard to the principles of due process, including equality of arms. On July 30, 2024, in CoA_402/2024, ORD_44363/2024 and CoA_405/2024, ORD_44368/2024, the Court of Appeal rejected the request to expedite the appeal on the grounds of lack of urgency, because the appellant's efforts to obtain patent protection as soon as possible and the fact that the appeal concerns a purely legal issue are not sufficient.

[21] In CFI_484/2023, ORD_33370/2024 of July 2, 2024,[18] the CD Paris denied the plaintiff's request to reject the defendant's application to amend a patent as inadmissible. The CD Paris found that the application to amend has been filed within the 2-month time limit of R.49.1 and 2 RoP, although the wrong workflow was used in the CMS:

"Ambiguities arising from the CMS, particularly shortly after the launch of the UPC, should not be to the detriment of the parties and should not render a submission inadmissible (see also Ordonnance ORD_25657/2024 ACT_578871/2023 UPC_CFI_360/2023)."

Nevertheless, the parties were required to use the correct workflows in future, as this makes the case management system more transparent and more accessible.

[22] In another case, the Court of Appeal ordered that, due to technical issues relating to the CMS, the time limit for filing a Statement of Response will end on the 15th day after the unredacted version of one of the appellant's exhibits (here: exhibit 4 – a copy of the insurance policy) had been made available to the appellee's representative. The Court of Appeal agreed with the defendant that due process requires that the representative has access to the unredacted version relied upon by the appellant in the main appeal proceedings, CoA_301/2024, ORD_40335/2024 of July 07, 2024.

[23] The LD Brussels dealt in CFI_376/2023, ORD_37783/2024 of July 8, 2024, with the question of whether it is admissible for the plaintiff in its response to defendants' Statement of Defense (R.24 RoP, R.29(b) RoP) to: *(i) supplement the factual framework, (ii) supplement the infringement argument with an equivalence argument, and (iii) amend the application and this in light of the application of rules in the RoP*. In doing so, the court referred to R.13.1.(l)-(o) RoP, R.24 (b)-(g) RoP, R.29(b) and (c) and R.263 RoP. With reference to R.13, one can speak of a "*front loaded*" procedural system, as a claim is usually followed by a response, after which the plaintiff is given the opportunity to elaborate on its claims and pleas or develop alternative pleas. The new facts, arguments and the amended application correspond to the original subject matter of the action as expressed in the Statement of Claim and are to be regarded as a response to the Statement of Defense, which fits into the procedural course of a legal dispute. Nevertheless, the LD Brussels granted the defendants an extension of time for an appropriate reply in accordance with the interpretation of the procedural rules of the UPC.

[24] In CFI_169/2024, ORD_43090/2024 on July 25, 2024, the LD Hamburg clarified once again that the need to coordinate with suppliers located outside Europe, whose components are at the core of the infringement allegation, does not constitute a convincing reason for an exceptional extension of a time limit and refers to its previous order dated August 22, 2023 (UPC_CFI_54/2023, ORD_560542/2023).[19] The LD Hamburg considered the time limit regime and stated that the time limit for filing a Statement of Defense under R.23 RoP (three months) is already calculated in such a way that it allows for clarification of the facts and internal coordination in international patent

17 GRUR-RS 2024, 17908.
18 GRUR-RS 2024, 19632.
19 GRUR-RS 2023, 30110.

disputes falling within the jurisdiction of the Unified Patent Court. The LD Hamburg also pointed out that restrictive confidentiality obligations of the defendants do normally not justify an extension as R.262A RoP provides an option to protect confidential information specifically for this purpose.

2. Service

[25] The LD Düsseldorf stated that according to R.271.5(a) RoP, service may be effected at any place within the Contracting Member States where the company or other legal person has a permanent or temporary place of business. The latter may be the case for a trade fair stand if – as is usually the case – at least deliveries are also advertised there, CFI_316/2024, ORD_36068/2024 of June 17, 2024.

[26] In CoA_69/2024, APL_8972/2024 and CoA_70/2024, APL_8977/2024 of July 29, 2024,[20] the Court of Appeal clarified in the headnotes that a defendant company in China cannot be served with a Statement of Claim by email to a person who is not authorized to accept service. Neither can such service be effected by public service in the form of a written notice to be displayed in the publicly accessible premises of a UPC Local Division at this stage. Attempts to serve in China by any method provided for by the Hague Convention pursuant to R.274.1 (a)(ii) RoP shall normally be made before service according to R.274.1 (b) RoP or by alternative methods/at an alternative place (R.275 RoP) is permitted.

[27] In CoA_86/2024, ORD_34249/2024; CoA_183/2024, ORD_34252/2024[21] and CoA_205/2024, ORD_34253/2024 of August 5, 2024, the Court of Appeal also clarified in the headnotes that a defendant company in China or Taiwan may not initially be served with a Statement of Claim through a company of the same group in a Contracting Member State. Such a group company cannot automatically be seen as a statutory seat, central administration or principal place of business, nor a place where the company has a permanent or temporary place of business pursuant to R.271.5(a) RoP. Regarding the service by the Hague Convention, the above applies.

[28] In CFI_330/2024, ORD_44601/2024; CFI_332/2024, ORD_44597/2024 and CFI_335/2024, ORD_44656/2024 of July 31 and August 1, 2024,[22] the LD Mannheim noted that in these proceedings the formal options of service to Hong Kong under R.270-274 RoP have been exploited and ordered that the steps already taken as described above constituted legally valid service. The LD Mannheim found in the headnotes that *"a further attempt to serve the application under an alternative procedure or at another place pursuant to R.275.1 RoP is not required as soon as all possibilities of service under R.270-274 RoP have been exploited and the central authority of the requested State competent under the Hague Convention seriously and definitively refuses service because and as long as the designation of the defendant's place of business by the plaintiff does not correspond to its political ideas."*[23]

[29] In CFI_498/2023, ORD_44084/2024 of August 6, 2024,[24] the LD Munich found that a written statement by the party can be proof of service. As a result, in this case there was no need to wait for further proof of service from the Chinese authorities. The Registry was then instructed to enter the date in the written statement in the CMS as the date of service and the lawyers named in the statement as representatives.

[30] The Court of Appeal found in CoA_405/2024, ORD_44709/2024 of August 8, 2024,[25] that pursuant to R.278 RoP written pleadings are served by the Registry in the electronic Case Management System ("CMS") unless service cannot be made in the form of electronic communication. The prior communication between the parties themselves via another electronic system like the German special lawyer's mailbox ("besonderes elektronisches Anwaltspostfach (beA)") does not constitute effective service within the meaning of R.278 RoP.

VI. Confidentiality and access to the register

[31] R.262.2 RoP and R.262A.1 RoP allow for requesting certain information to be kept confidential with respect to the public or to restrict use or access within parties. Practical issues were mainly discussed with respect to the latter.

1. Confidentiality between the parties

[32] The LD Milan found in CFI_241/2023, ORD_23384/2024 on May 6, 2024, that access to confidential information may be limited to "*attorney's eyes only*" with the consent of the parties. The UPCA and RoPs in conjunction with the EU Trade Secrets Directive allow for *"case by case"* application.

[33] In UPC_CoA_234/2024, ORD_37131/2024 on June 20, 2024, the Court of Appeal found in the headnote that "*a non-appealed order by the Court of First Instance pursuant to R.262A RoP that restricts access to certain information or evidence to specific persons, unless otherwise stated in the order, continues to apply after the proceedings, and therefore applies also to the appeal proceedings.*" Therefore, if the same information or evidence is already protected by a R.262A RoP order, there is no need for a new confidentiality order in the appeal proceedings.

20 GRUR-RS 2024, 18501.
21 GRUR-RS 2024, 19415.
22 GRUR-RS 2024, 18684; GRUR-RS 2024, 18707; GRUR-RS 2024, 19173.
23 Public announcement on the website: Orders regarding the replacement of formal service in infringement proceedings against Xiaomi H.K. Limited | Unified Patent Court (unified-patent-court.org).
24 GRUR-RS 2024, 19383.
25 GRUR-RS 2024, 19704.

[34] The LD Munich found that it is an inadmissible approach, if an "*unredacted*" version of a pleading still has numerous redactions. However, as the problem was addressed by the UPC for the first time, the LD Munich made an exception, CFI_220/2023, ORD_39924/2024 of July 04, 2024.

[35] In CFI_471/2023, ORD_33986/2024, of July 3, 2024, the LD Mannheim clarified again that access to confidential information can be granted according to the circumstances of the individual case by weighing up the opposing interests and restricting access to at least one natural person and the representatives. In addition, in the case of complex technical issues, the restriction must be extended to three natural persons, whose field of activity must be disclosed when they are named. The LD Mannheim denied the plaintiff's request for access to information from parallel proceedings in the United Kingdom, as this is a separate proceeding that concerns different territories and is conducted independently of the UPC proceedings. The defendant, as the holder of the confidentiality, is free to share information from the UPC proceedings with its UK team; the fact that the plaintiff does not have this option is due to the nature of the matter and does not require compensation.

[36] In CFI_140/2024, ORD_42284/2024 of August 8, 2024,[26] the LD Düsseldorf found that in summary proceedings, it may be necessary to widen the circle of persons who have access to confidential information from the outset and even before the confidentiality order is issued. In summary, the court must strike a balance between the applicant's interest in expediting the proceedings, the right to be heard and the confidentiality interest of the party applying for the order. This means that a different confidentiality order may be requested in the summary proceedings than in the main proceedings. The LD Düsseldorf referred to the order of the LD Mannheim dated July 3, 2024 (CFI_471/2023, ORD_33986/2024) and confirmed the view that there is no reason to limit the authorized representatives of a party to a certain number or even to UPC representatives. However, it must be clear who has the obligation to maintain confidentiality in order to be able to hold the person responsible and liable in the event of a breach of the confidentiality order. It is the party's responsibility to name the persons who will be granted access so that the other party then has the opportunity to present reasons against it.

[37] On July 10, 2024, the LD Mannheim found in CFI_219/2023, ORD_40950/2024 that even in sensitive FRAND matters, access to the confidential information may be granted to three natural persons of the party, depending on the circumstances of the individual case.

[38] In contrast to the LD Munich on July 4,2024 (CFI_220/2023, ORD_39924/2024), the LD Mannheim found in CFI_210/2023, ORD_40642/2024 of July 9, 2024, that access to confidential information in proceedings before the UPC can only be granted to authorized representatives pursuant to Art. 48 UPCA. If representatives are admitted in other jurisdictions, it seems no longer possible to check how they are established in the confidentiality regime and whether further disclosure to other litigation teams may occur.

[39] In its order of July 9, 2024, the LD Mannheim decided how to deal with confidentiality. The LD Mannheim found in that the conclusion of a non-disclosure agreement (NDA) does not obviate the need for legal protection for an application for confidentiality under R.262A RoP. The mere fact that the UPC provides for enforceable penalty payments in its Contracting Member States in the form of a publicly enforceable order (cf. R.354.3 RoP) strengthens the protection of the information in need of protection compared to an absolute private law agreement. In addition, the application under R.262A RoP also serves the purpose of preventing third parties from gaining unrestricted access to the relevant submission in the event of a request for access to the file. A court order on confidentiality is therefore of great interest, CFI_210/2023, ORD_40642/2024.

[40] Furthermore, the LD Mannheim also ruled that it is not sufficient to redact the names of the contracting parties in third-party license agreements. Rather, the content must be kept secret. After all, companies operating in the same industry will regularly be able to easily identify the contracting parties from the contractual agreements.

[41] The LD Mannheim also addressed the scenario in which an unredacted version is inadvertently loaded into the wrong workflow in the CMS. First, the legal representatives can be trusted to recognize the confidential nature of the information and not disclose it to their clients, and second, confidential information does not lose its confidential nature just because it was inadvertently uploaded to the wrong workflow.

[42] The LD Düsseldorf found in CFI_457/2023, ORD_25519/2024 of July 22, 2024,[27] and ORD_42107/2024 of July 30, 2024,[28] that interveners must be treated as parties pursuant to R.315.4 RoP and are also involved in the proceedings due to the principle of equal treatment. As a result, R.262A.6 RoP also applies to interveners. Interveners are therefore entitled to extend the group of authorized persons who have access to at least one natural person in addition to the authorized representatives.

[43] On July 22, 2024, the LD Mannheim found that the order deciding on an application pursuant to

26 GRUR-RS 2024, 20931.
27 GRUR-RS 2024, 17543.
28 GRUR-RS 2024, 18574.

R.262A RoP is a case management order in accordance with R.333 RoP, which can be reviewed by the panel. In this case, there was no indication that the persons named in the order are untrustworthy, so that the persons were rightly not excluded in the order of 3 July 2024 (CFI_471/2023, ORD_33986/2024) from access to the information, CFI_471/2023, ORD_42880/2024.[29]

[44] In CFI_240/2023, ORD_28787/2024 and ORD_40568/2024 of July 23, 2024, the LD Milan stated that the prohibition of access by individual natural persons is only possible in the following cases: *(i) by mutual agreement of the parties; (ii) waiver of the right of access by an interested party; or (iii) in the specific hypotheses provided for in the Antitrust Regulation*. These grounds are compatible with the unitary patent system. Thus, due process and the right of defense are guaranteed in practice in view of the case-by-case approach.

[45] In CFI_278/2023, ORD_39257/2024 of August 9, 2024,[30] the LD Hamburg granted the defendants' joint request for protection of confidential information for a mere limitation of use (out-of-court use) relating to, inter alia, the defendants' quality control thresholds, details of the supply chain and manufacturing tools and constituting part of a trade secret. The LD Hamburg stated that the existence of a trade secret does not have to be established to the satisfaction of the court, but it is sufficient if it is predominantly probable, Art. 9 (1) and (2) (a) of Directive (EU) 2016/943. The LD Hamburg further stated that a limitation on the use of the said information does not require the same strict balancing of interest as a limitation of access within the proceedings. A request for confidentiality for any use outside of the proceedings is therefore not only reasoned when the characterization as a trade secret is predominantly likely, but also if it is less likely.

2. Confidentiality with respect to the public

[46] In CFI_130/2024, ORD_39917/2024 and CFI_131/2024, ORD_39938/2024 of July 29, 2024,[31] the LD The Hague granted a member of the public access to the written pleadings and evidence and referred to the decision of the Court of Appeal (UPC_CoA_404/2023, ORD_19369/2024 of April 10, 2024)[32] in which it was stated that *"[…] a member of the public generally has an interest that written pleadings and evidence are made available. This allows for a better understanding of the decision rendered, in view of the arguments brought forward by the parties and the evidence relied on. It also allows scrutiny of the court, which is important for trust in the court by the public at large. […]"*

In addition, the LD The Hague stated that while applying for confidentiality under R.262A RoP, the applicant had not provided any specific reasons for the confidentiality of any of its annexes.

[47] According to the CD Paris, in CFI_367/2023, ORD_39244/2024 of July 30, 2024,[33] the question of whether the preliminary estimate of the costs of the litigation to be submitted after the interim hearing pursuant to R.104(k) RoP is confidential information within the meaning of Rule 262A RoP is to be determined on the basis of a balancing of interests. In principle, the public has an understandable interest in knowing the extent of the costs of litigation in order to assess whether the risk of the costs is worthwhile for its own future litigation. However, since attorneys' fees in patent litigation are usually agreed on an individual basis in fee agreements anyway, it is not possible to draw any well-founded conclusions about possible own costs in other litigation from the knowledge of incurred and accruing attorneys' fees. Thus, at least the request pursuant to R.262.2 RoP for confidential treatment of the information vis-à-vis the public must be granted.

[48] On August 12, 2024, the LD Vienna rejected in CFI_33/2024, ORD_39223/2024[34] the requests for access to written pleadings including the evidence under R.262.1(b) RoP. The LD Vienna stated that the protection of the integrity of the ongoing proceedings, including the personal data contained in the pleadings, already outweighs the mere interest in information, even if there are no allegations to assert claims against the parties or difficulties in providing evidence. In this way, the parties can present their arguments and evidence and the court can conduct the proceedings impartially and independently, without the influence and interference of outsiders from the public sector.

[49] Regarding completed proceedings, the CD Munich granted access to written pleadings and evidence lodged and recorded in the register after personal data has been redacted in UPC_CFI_75/2023, ORD_591107/2023 on August 22, 2024. The CD Munich stated that

"in weighing the interests of the applicant against the interests mentioned in Art. 45 UPCA, once the proceedings have come to an end, as in the present case by way of settlement, the integrity of proceedings is no longer at stake and the balance of interests will normally be in favor of granting access to written pleadings and evidence pursuant to Rule 262.1(b) RoP."

VII. Stay of proceedings

[50] R.295 et seq RoP deal with the possibility, the duration and the effects of staying of proceedings.

29 GRUR-RS 2024, 17565.
30 GRUR-RS 2024, 19761.
31 GRUR-RS 2024, 18449; GRUR-RS 2024, 19568.
32 GRUR 2024, 742.
33 GRUR-RS 2024, 18556.
34 GRUR-RS 2024, 20065.

[51] Following the rejection by the CD Paris (CFI_263/2023, ORD_591040/2023 of January 8, 2024)[35] of the request for stay proceedings pending the outcome of the opposition proceedings before the EPO, the Court of Appeal also dismissed the related appeal in CoA_22/2024, ORD_25123/2024 of May 28, 2024.[36] The Court of Appeal based its decision on the following points: According to Point 7 of the Preamble to the RoP's, proceedings before the UPC must be conducted in such a way that the final oral hearing at first instance can normally be held within one year. This results in the general principle that the court will not stay proceedings. Pursuant to Art. 33 (10) UPCA and R.295(a) RoP, the court has a discretionary power to stay proceedings if a rapid decision can be expected from the court. "Rapid" and "rapidly" in these provisions must be interpreted in light of the relevant circumstances of the individual case, such as the stage of opposition proceedings and revocation proceedings. The Court of Appeal further stated that the answer to the question whether a stay of proceedings should be granted depends on the balancing of the interests of the parties.

[52] In CoA_227/2024, ORD_37317/2024 of June 21, 2024,[37] the request for a stay of the first instance revocation proceedings pending a final decision on the preliminary objection was declared inadmissible by the Court of Appeal. The exceptional circumstances for granting a stay of proceedings were denied.

[53] The Nordic-Baltic RD dismissed the request to stay the proceedings in CFI_380/2023, ORD_16663/2024 of August 20, 2024. According to Art. 33(10) UPCA and R.295(a) RoP the Court may stay proceedings when a rapid decision may be expected from the EPO. The defendants main request for stay is based on an opposition pending at the EPO challenging the validity of the patent in suit and that there is a high likelihood that the relevant claims of the patent will be held to be invalid by the EPO. In this case, the notice of opposition against the grant of the patent in suit was filed on March 7, 2024, and a future decision by the Opposition Division will be subject to an appeal. Therefore, a final decision cannot be expected rapidly.

[54] In CFI_230/2023, ORD_43896/2024 of August 21, 2024, the CD Paris found that pursuant to R.295 (m) RoP, an appeal against the denial of provisional measures does generally not justify a stay of revocation proceedings. Otherwise, the party filing an appeal against a decision rejecting provisional measures could influence the timing, which would be contrary to the requirement to hold an oral hearing within one year.

VIII. Admissibility of interventions

[55] According to R.313 RoP, an application to intervene may be lodged at any stage of the proceedings before the Court of First Instance or the Court of Appeal by any person. The prerequisite for this is that the person demonstrates a "*legal interest*" in the outcome of an action submitted to the court. The judge-rapporteur decides on the admissibility of the application to intervene by order after the other parties have been given the opportunity to be heard, R.314 RoP.

[56] In CoA_404/2023, APL_584498/2023 of January 10, 2024,[38] the Court of Appeal found the question of the *"legal interest"* is a substantive test:

"An interest in the result of the action within the meaning of R.313.1 RoP means a direct and present interest in the grant by the court of the order or decision as sought by the party, whom the prospective intervener wishes to support and not an interest in relation to the pleas in law put forward. It is necessary to distinguish between prospective interveners establishing a direct interest in the ruling on the specific request sought by the supported party, and those who can establish only an indirect interest in the result of the case by reason of similarities between their situation and that of one of the parties. A similarity between two cases is not sufficient."

[57] In CFI_457/2023, ORD_37232/2024 of June 26, 2024, the LD Düsseldorf confirmed that the "*legal interest*" required for the admissibility of the intervention is given if the intervener has a direct and present interest in the issuance of the order or decision requested by the assisted party. The court affirmed a *"legal interest"* if the patent in dispute was contributed to a patent pool by the plaintiff, the intervener was entrusted with the performance of the plaintiff's FRAND obligations and with the licensing of the portfolio including the patent in dispute and the defendant claims that the other party did not meet its FRAND obligations due to alleged inadequacies of the intervener's license offers.

[58] The LD Vienna found in CFI_33/2024, ORD_37208/2024 of July 31, 2024,[39] that the "*legal interest*" can be affirmed if it is alleged that the product purchased by the intervener infringes the patent in suit, since the intervener is interested in having the infringement objection ultimately raised against it rejected.

[59] Regarding the forced intervention under R.316A RoP, the LD Paris held in CFI_440/2023, APP_588685/2023 on February 12, 2024,[40] that the defendant submitted a reasoned request for a forced intervention of its supplier for the accused chips (referring to the obligations of the seller under the United

35 GRUR-RS 2024, 9144.
36 GRUR-RS 2024, 16704.
37 GRUR-RS 2024, 17903.
38 GRUR-RS 2024, 209.
39 GRUR-RS 2024, 19365.
40 GRUR-RS 2024, 19507.

Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980) (CISG)) and also found there is no risk that the duration of the proceedings will be significantly extended, as the one-month time limit is strictly regulated in R.316A.2 RoP.

IX. Plaintiff's entitlement to sue

[60] Art. 47 UPCA refers to the plaintiff's entitlement to sue. Since according to Art. 47(1) UPCA the patentee is entitled to bring actions before the court, plaintiffs who are not the (sole) proprietor of the patent must provide proof of their entitlement, Art. 47(2) and (3) and R.13(f) RoP.

[61] In CFI_54/2023, ORD_28831/2024 of June 4, 2024, the defendants denied the plaintiff's entitlement to act and objected to the lack of effective authorization of the persons acting by the board of directors, in particular due to an inadmissible self-dealing. The LD Hamburg found that in principle, the legitimacy to assert annex claims from European patents depends on the substantive entitlement and that therefore the entry in the patent register has a significant indicative effect when assessing the question of who the substantive owner of the patent is (cf. BGH, judgment of May 7, 2013 – X ZR 69/11, GRUR 2013, 713, para. 57 et seq. – Fräsverfahren). As no further provisions of the UPCA applies, the court must therefore assume a rebuttable presumption. The LD Hamburg referred to an order of the Court of Appeal, CoA_335/2023 of February 26, 2024,[41] in which the Court of Appeal has already taken the same approach for patents with unitary effect and assumed that this person should be treated as the proprietor of the patent on the basis of his corresponding entry in the Register for Unitary Patent Protection, R.8.4 RoP.

X. Provisional measures

[62] R.205 et seq RoP provide for the possibility of provisional measures. One year after the UPC opened its doors, 32 applications had been filed by end of July.[42]

[63] The LD The Hague granted in CFI_130/2024, ORD_30434/2024 of June 19, 2024,[43] an application for provisional measures and found that a unilateral cease-and-desist declaration, which had already been breached several times, was not sufficient to avoid the preliminary injunction. Neither the defendant had applied for security for enforcement nor did the court see a need to order the security of enforcement ex officio pursuant to R.211.5 RoP. Since the defendants were largely absent from the markets where the patent was in force and the unilateral injunction was still in place, no damages were to be expected from the enforcement of the preliminary injunction.

[64] In CFI_131/2024, ORD_30431/2024 of June 19, 2024,[44] an application for provisional measures (based on R.206 RoP) has been denied because of the balance of probabilities. The LD The Hague found that the patent would more likely than not be held to be invalid in proceedings on the merits because of an added matter issue. The LD The Hague has stated that an intermediate generalization can only be considered admissible if it was clearly established that there is no structural or functional relationship between the admitted feature and the other features incorporated into the claim. In this case, the plaintiff had failed to demonstrate the absence of structural and functional link.

[65] The LD The Hague issued a preliminary injunction on July 31, 2024, in CFI_195/2024, ORD_44133/2024 for the territories of the Netherlands, Germany, France and Italy with respect to any act of infringement under Art. 25(a) UPCA involving the brown mushroom variety Cayene, as specified in the application. The LD The Hague dealt with the question of urgency and determined that unreasonable delay in starting the proceedings pursuant to R.211.4 RoP, and consequently possible lack of temporal urgency required for the ordering of provisional measures, only exists if the applicant has behaved in such a negligent and hesitant manner after it became aware of the infringement of the patent that, from an objective perspective, it must be concluded that the applicant is not interested in promptly enforcing its rights, so that the request for provisional measures must be denied. In assessing unreasonable delay, the applicant has the burden of presentation and proof for facts allegedly establishing the entitlement to initiate proceedings and the infringement or imminent infringement of the patent, as well as for all other circumstances allegedly supporting the applicant's request. Further the LD The Hague provided guidelines and explanations on this topic and stated in substance that a mushroom strain is not considered to be excluded from patentability, Art. 53(b) EPC.

[66] R.13 and R.206.2(a) RoP set out the requirements that the application for provisional measures must fulfil. Specifically, R. 13.1(h) RoP, according to which the application should contain information on prior or pending proceedings before the UPC, the EPO and any other court or authority relating to the patent in suit, serves the purpose of limiting the risk of contradictory decision and lis pendens situations, which can formally be avoided based on the requirements to inform the UPC of prior or pending proceedings relating to the patent concerned before the case

41 GRUR-RS 2024, 2829.
42 See https://www.unified-patent-court.org/sites/default/files/upc_documents/Case%20load%20of%20the%20Court_end%20July_2024_31072024.pdf.
43 GRUR-RS 2024, 14271.
44 GRUR-RS 2024, 14271.

is attributed to a panel. However, the LD Lisbon found that there was no legal basis for the request that the applicant has to provide copies of all prior art relied on in all of the referenced proceedings, together with pleadings, statements of case and expert reports from such proceedings, CFI_317/2024, ORD_46326/2024 on August 16, 2024.[45]

XI. Rights and obligations of representatives

[67] Pursuant to R.290.2 RoP, representatives appearing before the UPC under Art. 48(1) and (2) UPCA must strictly comply with the Code of Conduct for Representatives adopted by the Administrative Committee.[46]

[68] On June 26, 2024, and July 2, 2024, the CD Paris in CFI_164/2024, ORD_27206/2024 and CFI_164/2024, ORD_33379/2024 considered the defendant's objection of inadmissibility of the application raised on the grounds of a violation of R.290.2 RoP in relation to the non-compliance with the code of conduct by the plaintiff's representative. Because the plaintiff's representative is also the named inventor of the patent-in-suit and the original applicant of the application underlying the patent-in-suit, the managing director of the first assignee of the patent-in-suit, the managing director of the subsequent assignee of the patent-in-suit and plaintiff in the present proceedings, the defendant believed that there would be a violation of Art. 2.4.1 of the Code of Conduct regarding the need for the representative to be "*independent*". However, the CD Paris pointed out that the lack of independence must be assessed not in an absolute sense, but with reference to the possible harm to the interests of the party on whose behalf the representative acts and the direct interest in the outcome of the case is not decisive in order to consider that the representative is not independent. In addition, the CD Paris generally stated that the violation of the obligation of independence can only be asserted by the party in whose favor such an obligation was placed and never by the other party, who has no interest in such a determination.

XII. Appeal

1. Withdrawal of an appeal

[69] In CoA_183/2024, ORD_31567/2024 and in CoA_205/2024, ORD_31569/2024 of June 4, 2024, the Court of Appeal declined the partial withdrawal of the appeal against two defendants. It does not consider R.263.3 RoP to be applicable, since it allows for an unconditional limitation of a claim in an action, while the present withdrawal is a matter of limiting not the claim but the respondents in the appeal proceedings. However, the wording of R.265 RoP indicates that it is primarily drafted with a view to comprehensive withdrawals of whole actions before the Court of First Instance and the Court of Appeal. Nevertheless, the Court of Appeal considers a partial withdrawal to be possible depending on the circumstances of the individual case. For this purpose, the Court of Appeal examined the service of the Grounds of Appeal to these respondents and the legitimate interest in the decision on the appeal.

[70] The Court of Appeal permitted the requested withdrawal of the appeal by mutual consent in CoA_234/2024, ORD_38556/2024 of July 5, 2024, and found that R.265 RoP applies equally (mutatis mutandis) to an appellant who requested to withdraw its appeal. R.265.2 RoP provides that if the withdrawal is permitted, the court shall issue a cost decision but, in this case, both parties requested that the cost reimbursement be decided after a decision in the proceedings on the merits. The Court of Appeal agreed that the determination of the amount to be reimbursed can properly be done at that stage and was of the opinion that in case of a withdrawal of an appeal, the appellant shall be considered to be the unsuccessful party who shall bear the costs (cf. R.151 (d) RoP).

2. Suspensive effect of the appeal

[71] According to Art. 74(1) UPCA, the appeal has no suspensive effect unless the Court of Appeal decides otherwise on a reasoned request by one of the parties. In CoA_301/2024, ORD_36664/2024 of June 19, 2024,[47] the Court of Appeal rejected the application for suspensive effect. In principle, it is possible to suspend the effect of an order pursuant to R.220.1 RoP (Art. 74(1) UPCA, notwithstanding R.223.5 RoP). But the Court of Appeal shall only give suspensive effect to appealed orders under exceptional circumstances, e. g. if the appeal is devoid of purpose due to the lack of suspensive effect of the contested order or if the contested order is manifestly incorrect.

XIII. Settlement agreement

[72] Settlements before the UPC are governed by R.365 RoP. Insofar as the parties have concluded their action by way of settlement, the court can confirm the settlement upon request by the parties and the decision may be enforced as a final decision of the court, R.365.1 RoP. If the parties have concluded their action by way of settlement the party liable for the court fees will be refunded part of the court fees pursuant to R.370.9 (c) RoP.

[73] On July 3, 2024, the LD Düsseldorf found in CFI_133/2024, ORD_39595/2024 that the refunding of part of the court fees applies regardless of whether the case is on the merits or an application for provisional measures. The wording of the English version of R.370.9 (c) RoP speaks of an "*action*", the German and French versions are more sophisticated ("*Verfah-*

45 GRUR-RS 2024, 20701.
46 https://www.unified-patent-court.org/sites/default/files/upc_documents/ac_06_08022023_en_code-of-conduct-representatives.pdf.
47 GRUR-RS 2024, 17908.

ren" or "*affaire*"). The intention to motivate the parties to end the proceedings with a settlement due to a partial reimbursement is not only present in proceedings on the merits but also in an application for provisional measures.

[74] In CFI_75/2023 and CFI_80/2023, ORD_38648/2024 of July 23, 2024, the CD Munich stated that the parties may at any time conclude their action by way of settlement, even without seeking a confirmatory court decision as meant in R.365 RoP. In this case they requested the court to dispose of the actions as they have become devoid of purpose and there was no longer any need to adjudicate thereon (cf. R.360 RoP). The CD Munich stated that the reimbursement of 20 % of the (fixed) court fees also apply in this case. R.370.9 (c) RoP is not limited to concluding an action by way of a (court-approved) settlement within the meaning of Rule 365 RoP. This follows from the wording of R.370.9(c) RoP, which speaks generally of "*settlement*" and a missing specific reference regarding R.365 RoP.

[75] In CFI_419/2023, ORD_43695, on July 26, 2024, the LD Paris confirmed a settlement reached between the parties on June 20, 2024. As the settlement was reached before the end of the written proceedings, the parties were entitled to reimbursement of 60 % of the court fees. The Court confirmed the settlement pursuant to R. 365.1 ROP and a redacted version of the settlement agreement is attached to the decision.

XIV. Request to lay open books

[76] R.141 et seq RoP deal with the Request to lay open books, the content of the request, the defense, the further procedure and the decision on the request. The request to lay open books falls under Chapter 4 of the RoPs, which regulates the procedure for determining damages and compensation.

[77] In CFI_7/2023, ORD_598324/2023 of July 3, 2024,[48] the LD Düsseldorf clarified that the request to lay open books under Art. 68 UPCA in conjunction with R.131.1(c) and R.141 RoP is part of the procedure to determine the amount of damages and there is no obligation to disclose the books in the infringement proceedings. However, the plaintiff was entitled to request an order to communicate information he needed in order to be able to check the accuracy of the information produced by the defendant and to obtain indications for its calculation of damages pursuant to Art. 68(3)(a), (b) UPCA in conjunction with R.191 s.1 alt. 2 RoP. In this case, the request was directed at information relating to the costs taken into consideration by the defendant when calculating its profit. Art. 67(1) UPCA on the communication of information was found to also allow the court to order the communication of invoices or, alternatively, of delivery notes.

XV. Costs of the legal dispute, provision of security, penalty payments and the binding effect of decisions or orders subject to security

[78] In CFI_33/2024, ORD_37208/2024, of July 30, 2024,[49] the LD Vienna found that R.158 RoP (in comparison to Art. 69(4) UPCA) allows an order for security for costs against "the parties" and thus also an intervener if it was admitted. Since it was not possible to enforce an order on costs against an intervener located in China due to the lack of a corresponding agreement and there was therefore a risk of lack of enforcement of such potential order, the application for security for legal costs against the intervener was granted.

[79] In CFI_373/2023, ORD_35905/2024 of August 5, 2024,[50] the LD Düsseldorf dismissed the request for security of costs and agreed with the already developed and existing UPC case law that the security for legal costs serves to protect the position and the (potential) rights of the defendant where the financial position of the other party may give rise to a legitimate and real concern that a possible order for costs might not be recoverable and/or the likelihood that a possible order for costs by the UPC may not, or in an unduly burdensome way, be enforceable (see LD Munich, UPC_CFI_15/2023, Order delivered on 29 September 2023; CD Munich, UPC_CFI_252/2023, Order delivered on 30 October 2023;[51] LD Paris, UPC_CFI_495/2023, Order delivered on 21 May 2024). The LD Düsseldorf found that the mere alleged conduct of failing to comply with a future cost decision does not justify the provision of security for costs.

[80] The Nordic-Baltic RD stated once again in CFI_380/2023, ORD_14940/2024 of August 20, 2024, that factors to be taken into account when deciding whether to order security include the financial situation of the other party and/or the likelihood that a possible costs order by the UPC cannot be enforced or can only be enforced at disproportionate expense. In this case, the Nordic-Baltic RD found that the fact that the claimant is located in the United States and the obvious lack of experience from enforcing orders by the UPC in the United States, is not in itself sufficient for ordering security for costs.

[81] In the substantive decision CFI_7/2024, ORD_598324/2023 of July 3, 2024,[52] the LD Düsseldorf refrained from providing security pursuant to Art. 82(2) UPCA, R.118.8 s. 2 RoP. The infringement of the patent in suit by the accused embodiments was undisputed between the parties and the defendant had not substantiated an alleged private prior use right at

48 GRUR-RS 2024, 17732.
49 GRUR-RS 2024, 19365.
50 GRUR-RS 2024, 19337.
51 GRUR-RS 2023, 45467.
52 GRUR-RS 2024, 17732.

first instance (such that he could not do so at the appeal stage either) Therefore, no significant risk of damages requiring protection could be identified. In addition, the LD Düsseldorf set the penalty payment for each infringing product at a minimum of EUR 1,000 and at least EUR 250 per day of delay in laying open books, product recall and destruction of the products.

[82] R.352 RoP deals with the binding effect of decisions and orders subject to the rendering of a security. Pursuant to R.352.2 RoP, the court may order the release of a security upon application. According to the LD Düsseldorf, all requirements for such a release order were met in case CFI_452/2023, ORD_29486/2024 of August 5, 2024.[53] The LD Düsseldorf found in the headnotes that

"1. If the court grants the claimant the right to choose between a deposit and the provision of a bank guarantee with regard to the type of security to be provided and if the claimant also provides a bank guarantee following the deposit, the resulting double security may be the reason and cause for a corresponding release decision. 2. This does not mean that such an exchange of security is at the discretion of the applicant in the sense that he can exercise his right of choice granted for the provision of the security as often as he wishes with the consequence that the security originally provided is always released after another security has been provided. In the context of the discretionary decision to be made in accordance with R.352.2 of the Rules of Procedure, the interests of the opposing party and the court must be taken into account in addition to the interests of the applicant in such an exchange of the security. 3. The applicant's interest in exchanging the security may be recognized if the applicant initially opted for the deposit, which he considers to be quicker, in the interest of rapid execution of an exparte order but has in the meantime obtained a bank guarantee and provided this as security."

[83] In CoA_335/2024, ORD_27444/2024 of August 6, 2024,[54] the Court of Appeal clarified that R.118.5 RoP, according to which the court decides in principle on the obligation to bear the costs of the litigation, does not preclude the Court of Appeal from deciding on the allocation of costs in summary proceedings. Rather, it follows from Art. 32(1)(c) UPCA that actions for provisional measures pursuant to Art. 62 UPCA are independent actions which conclude with the decision in the appeal proceedings. There is therefore a legal basis for a decision on costs in R.242.1 RoP.

XVI. Decisions on the merits

1. CFI_7/2023

[84] On July 3, 2024, the UPC (LD Düsseldorf) issued the first decision on the merits and ordered a permanent injunction in CFI_7/2023, ORD_598324/2023,[55] which covered seven UPC Contracting Member States. The LD Düsseldorf held that the patent in suit for a bathtub sanitation device was invalid in its granted form but was upheld in an amended form pursuant to an auxiliary request.

[85] In its decision, the LD Düsseldorf referred to the principles for the interpretation of a European patent claim under Art. 69 EPC in conjunction with the Protocol on the interpretation of Art. 69 EPC already established by the Court of Appeal on February 26, 2024, in CoA_355/2023, ORD_595990/2023,[56] which stated "*the description and the drawings must always be used as explanatory aids for the interpretation of the patent claim and not only to resolve any ambiguities in the patent claim*". Regarding the inventive step the LD Düsseldorf used a problem-solution approach similar to the EPO's approach.

[86] The LD Düsseldorf rejected a prior use defense and pointed out the narrow and clear wording of Art. 28 UPCA. Any user of the technology according to the invention can only invoke the rights granted to him by the respective national regulations of the respective Contracting Member States. Therefore, the existence of a right of prior use needed to be demonstrated for each of the protected states (Austria, Belgium, Denmark, France, Italy, Luxembourg and the Netherlands) under their national conditions.

[87] When assessing indirect infringement (Art. 26 UPCA), the LD Düsseldorf questioned whether the double territorial requirement pursuant to which the offer and/or delivery must take place in the same territory where the invention is used is met for a European bundle patent (i) if the offer / delivery takes place in one of the contracting member states and is intended for direct use of the invention in another contracting member state or (ii) whether both must take place in the same contracting member state. The LD Düsseldorf did not answer this question because the defendant also fulfilled the objective element of contributory patent infringement according to the narrower view.

2. CFI_230/2023

[88] In CFI_230/2023, ORD_37297/2024,[57] the LD Paris issued also its first decision in an action for infringement with a Counterclaim for Revocation on July 4, 2024. Less than twelve months after filing of the Statement of Claim, the court revoked the patent in suit regarding a glucose monitoring system. The infringement claims based on the patent in suit were consequently dismissed.

53 GRUR-RS 2024, 19357.
54 GRUR-RS 2024, 19407.
55 GRUR-RS 2024, 17732.
56 GRUR-RS 2024, 2829.
57 GRUR-RS 2024, 16255.

[89] Regarding the question of *lis pendens* the LD Paris stated that its jurisdiction was not precluded by an action for nullity of the German part of the patent in dispute pending before the Federal Patent Court before June 1, 2023, since most of the parties involved in the German action are not identical to those in the proceedings before the UPC.

[90] In addition, the LD Paris denied a request to stay the proceedings until the decision of the German court based on Art. 29-30 Brussels I Reg recast (which the LD Paris considers applicable in contrast to CD Paris in CFI_484/2023, ORD_13023/2024), referring to the principles of efficiency and proper administration of justice.

[91] The problem-solution approach (as per decision on July 03, 2024, CFI_7/2023, ORD_598324/2023) without explicit reference to the EPO was used to evaluate the inventive step. The LD Paris found that the claimed monitoring system was obvious starting from a prior art document and the skilled person common general knowledge. The LD Paris stated that the claims of a first auxiliary request did not cure the lack of inventive step, and claim 1 of a second auxiliary request was not allowable on the grounds of added matter.

3. CFI_233/2023

[92] In CFI_233/2023, ORD_598372/2023, of July 31, 2024,[58] the LD Munich issued a decision on the merits in an action for infringement with a Counterclaim for Revocation. The LD Munich entirely revoked the patent in suit, which is a divisional of EP 3 435 866 (the patent in suit in the decision of the LD Paris in CFI_230/2023, ORD_37297/2024 of July 4, 2024) for communication systems regarding an analyte monitoring system for all 17 UPC Contracting Member States due to a lack of inventive step. The auxiliary requests and all infringement claims were dismissed.

XVII. Central revocation actions

[93] On July 16, 2024, in CFI_1/2023, ORD_598362/2023,[59] the CD Munich handed down approximately one year after the action was filed the first central revocation judgment of the UPC (as well as the referred Counterclaim of Revocation in CFI_14/2023, ORD_598363/2023)[60], holding invalid the patent in dispute over cholesterol-lowering drugs due to lack of inventive step.

[94] The CD Paris issued its first decision in the Revocation Action (CFI_255/2023, ORD_598365) and the referred Counterclaims for Revocation (CFI_15/2023, ORD_598366 and ORD_598367) on July 19, 2024. The Revocation Action was unsuccessful. The CD Paris ruled that the proposed amendments to the patent were suitable to address the plaintiff's objections regarding added matter, lack of novelty and lack of inventive step.

XVIII. Preservation of evidence

[95] In CoA_177/2024, ORD_36778/2024 of July 23, 2024,[61] the Court of Appeal overruled a decision of the Court of First Instance (LD Milan) to revoke measures to preserve evidence and inspect the premises. The Court of Appeal rejected all grounds for revocation of the measures in this case and looked more closely at the principles for the revocation of orders for preserving evidence and inspection of premises. It found that, since the court did not grant the appellant (and applicant in the proceedings before the Court of First Instance) access to the evidence and there is no final order rejecting its request for disclosure, the time period for bringing an action leading to a decision on the merits had not started to run. The court must grant the appellees and defendants in the proceedings before the Court of First Instance access to the evidence and provide them with the opportunity to request confidentiality. The Court of Appeal stated that if they make such a confidentiality request, the Court must allow the representatives of the appellant who the court authorized to be present during the execution of the measures, to respond, subject to appropriate terms of non-disclosure.

XIX. Case Management System, physical exhibits and further exchanges of written pleadings

[96] On July 25, 2024, CFI_159/2024, ORD_43151/2024, the LD Mannheim pointed out and explained that a specific procedure must be followed in order to submit a physical exhibit (a USB stick with video recordings that exceed the maximum size for exhibits to be uploaded to the CMS) with a written pleading:

"If a physical exhibit to a written pleading is to be submitted, the CMS provides that a "physical exhibit description" is uploaded to the CMS together with the respective pleading instead of the exhibit itself. This is necessary because otherwise the physical exhibit submitted by mail cannot be registered to the CMS. To do so, the respective party has to create a document which indicates the subject-matter of the physical exhibit to be submitted by mail. This document has to be uploaded together with the written pleading via the function "add file" in the section "Upload documents" of the workflow for uploading the written pleading and the exhibits to it. In order to add the document with the description of the physical exhibit the following settings shall be chosen:

58 GRUR-RS 2024, 19369.
59 GRUR-RS 2024, 17255.
60 GRUR-RS 2024, 17755.
61 GRUR-RS 2024, 17581.

- *Document Type: "Physical exhibit description"*
- *Document Title: title of the respective exhibit (e. g. exhibit 1)*
- *Additional relevant information: type of the physical exhibit (e. g. USB stick)"*

[97] The LD Mannheim clarified that if the procedure described above had not been followed in the main proceedings, a separate application must be submitted in accordance with R.9 RoP because no exhibit can be registered to the CMS without a written pleading.

[98] In CoA_469/2024, ORD_48195/2024 of August 21, 2024, the Court of Appeal held that R.9.1 RoP cannot be interpreted as giving the parties the right to make submissions on their own initiative. Rather, according to R.36 RoP, additional submissions require a reasoned application by a party and the admission by the judge. In CoA_354/2024, ORD_48026/2024 of August 21, 2024, the Court of Appeal emphasized once again that an application under R.36 RoP must be made before the interim procedure.

[99] In CFI_398/2023, ORD_47694/2024 of August 21, 2024, the LD Paris excluded parts of the Rejoinder not limited to a response to the Reply as inadmissible. For an additional exchange of new arguments, an application pursuant to R. 36 should have been filed. In this order, the judge-rapporteur referred to the course of proceedings in the written procedure pursuant to R. 12 RoP and emphasized the efficiency and process economy as reasons for the course, which is accompanied by strict deadlines.

XX. Leave to change claim or amend case, R.263 RoP and withdrawal, R.265 RoP

[100] On July 26, 2024, CFI_347/2024, ORD_42132/2024,[62] the LD Düsseldorf clarified that the scope of R.263 RoP is not limited to the main proceedings and also applies to applications for provisional measures. The word *"action"* does not contradict this because on the one hand the use of language in this rule is not uniform and sometimes broader and on the other hand R.263 RoP is to be found in Part 5 under *"General Provisions"*. The LD Düsseldorf also stated in its second headnote that

"If the applicant adds a feature to its claims which was previously only "alternatively" claimed, this narrows the scope of a possible preliminary injunction or other preliminary measures. Embodiments which satisfy all the other features but not the now added feature are no longer covered by a possible preliminary injunction. This is therefore a limitation of the claim. If this limitation is unconditional, R.263.3 RoP applies."

[101] In CFI_41/2024, ORD_25797/2024[63] and CFI_42/2024, ORD_27411/2024 of August 6, 2024, the LD Munich denied the plaintiff`s application for leave to amend the claim. Pursuant to R.263.2 RoP the applicant must satisfy the court that *"(a) the amendment in question could not have been made with reasonable diligence at an earlier date; and (b) the amendment will not unreasonably hinder the other party in the conduct of its action"*. The LD Munich stated that both conditions must be met independently and if either condition is not met, the court's discretion is reduced to zero and it must deny the application. The burden of proof that both the requirements are met (R.263.1 RoP) and there is no ground for exclusion (R.263.2 RoP) is on the applicant. According to the LD Munich, in this case, the applicant could have filed the application earlier with reasonable diligence.

[102] In CFI_122/2024, ORD_39433/2024 of August 9, 2024,[64] the CD Paris stated that the withdrawal of the Statement for Revocation before it has been served has the same legal effect as if it had not been lodged at all and did not give rise to any rights or obligations for the defendant.

[103] In CFI_513/2024, ORD_39075/2024 of August 13, 2024, the LD Munich permitted the withdrawal only in relation to two of several defendants (partial subjective withdrawal of action) who have declared their consent, because R.265.1 RoP also applies if the action is not withdrawn in its entirety, but only in relation to some of several defendants.

XXI. Amendments to the patent

[104] In CFI_263/2023, ORD_598395/2023 of July 29, 2024, the CD Paris stated in their headnotes that

"1. The request to amend the patent which concerns both claims challenged by the Revocation Action and claims not challenged by it is inadmissible (only) with regard to these latter claims. 2. In a situation in which the patent is not entirely attacked, the patent proprietor is entitled to propose amendments to the challenged claims also by inserting features, omitted in the original claims, mentioned in the non-attacked claims. 3. Grounds for Revocation that could have been included in the initial Statement for Revocation are inadmissible if they do not relate to the content of the defence raised by the opposing party or to the application to amend the patent and, therefore, do not constitute a legitimate response to them."

[105] The LD Düsseldorf found in CFI_355/2023, ORD_40833/2024 of August 2, 2024, that if auxiliary requests filed in the context of an application for amendment of the patent are to be amended later, the conditions under which applications for amendment of the patent are admissible are laid down in R.30

62 GRUR-RS 2024, 18263.
63 GRUR-RS 2024, 19386.
64 GRUR-RS 2024, 19876.

RoP rather than R.263 RoP. In addition, LD Düsseldorf stated that even if an application for amendment of a patent is to be amended, such a request is to be regarded as a further request for amendment within the meaning of R.30.2 RoP and is only admissible with the permission of the court. In view of Art. 34 UPCA and the requirement of a unitary decision, a territorial limitation of a request for amendment of the patent should only be considered if there are objective reasons for such a limitation, since the amendments form the basis for the subsequent decision.

[106] On August 5, 2024, the LD Düsseldorf reviewed an order by the adjudicating body pursuant to R.333.1 RoP and clarified in CFI_363/2023, ORD_42131/2024,[65] that R.30.2 RoP leaves the time of a decision on the admission of a request to amend the patent open and is therefore at the discretion of the court. Therefore, the rapporteur may also postpone such a decision. The two-month time limit laid down in R.32.1 RoP for replying to a request for amendment of the patent does not apply to subsequent requests for amendment under R.30.2 RoP.

XXII. Procedure for cost decision

[107] On July 29, 2024, in CoA_1/2024, ORD_38645/2024 the Court of Appeal dealt with the special and separate costs procedure according to Part 1, Chapter 5 of the Rules of Procedure (R.150 et seq RoP). The Court of Appeal found that the application for determination of costs shall be submitted to the Court of First Instance and shall be decided by the judge-rapporteur of that instance. This even applies if the application is made after an order or a decision of the Court of Appeal and thus relates exclusively or partially to the costs of the appeal proceedings, as the Rules of Procedure do not provide for any special procedure in relation to the appeal procedure.

XXIII. Order to communicate information

[108] The LD Paris dismissed the request to communicate information pursuant to Art. 67(1) UPCA and R.191 RoP regarding the exact distribution chain of the infringing products for each of the relevant Contracting Member States in CFI_425/2023, ORD_36398/2024 of July 31, 2024,[66] because the applicant failed to demonstrate that the requested information is reasonably necessary for the purpose of advancing that party's case. It further found that the request to communicate information can be invoked at different stages of the procedure, during the procedure or at the end, to obtain this information pursuant to the final decision (aligned with the LD Düsseldorf in CFI_7/2023, ORD_598324/2023 of July 03, 2024)[67] and must be sufficiently justified and proportionate.

[109] In CFI_358/2023, ORD_43600/2024 of August 2, 2024, the LD Paris referred to the order of LD Düsseldorf dated 3 July 2024 in CFI_7/2023[68] and their own order dated 31 July, 2024, in CFI_425/2023[69] regarding the requirements of R.191 RoP (see above) and stated that a request to communicate information under R.191 RoP must be sufficiently justified and proportionate to be granted. In this case, the LD Paris found that there was sufficient justification and proportionality with regard to the question of whether the defendant is a manufacturer, importer and/or offers, markets and sells the allegedly infringing products in accordance with Art. 25 UPCA on the basis of a reference on its own website.

XXIV. Rehearing of the proceedings

[110] Art. 81(1) UPCA and R.245 et seq RoP deal with the procedure for application for rehearing. Pursuant to R.245 RoP an application for rehearing may be filed by any party adversely affected by a final decision of the Court of First Instance for which the time for lodging an appeal has expired or of the Court of Appeal. This application must be submitted within two months of the discovery or after service of the final decision in the event of a fundamental procedural error or in the case of a criminal offence within two months of the date on which a criminal offence was committed or after service of the final decision. The further rules deal with the content of the application, the understanding of a fundamental procedural defect according to Art. 81(1) UPCA, the definition of criminal offence, a fee for the rehearing and the examination and assignment of application for rehearing.

[111] In CoA_335/2024, ORD_27444/2024 of August 6, 2024,[70] the Court of Appeal rejected the application for rehearing due to alleged fundamental procedural errors, based on a violation of the right to be heard in the proceedings (Art. 76 UPCA, R.247(c) RoP) and a violation of Art. 6 of the Convention for the Protection of Human Rights and Fundamental Freedoms (R.247(e) RoP) as inadmissible, R.255(a) RoP. In essence, the applicant justified the request for a rehearing by arguing that the words "*In the opinion of the court with technical expertise*" in the Court of Appeal's reasoning should be understood to mean that the Court of Appeal had taken the personal opinion of one (or more) of its judges as evidence. The Court of Appeal denied that the contested order suffers from a fundamental procedural error and clarified that the quoted sentence had obviously been misunderstood and was merely intended to express that the court was particularly equipped and qualified to assess the arguments and evidence presented in a technically complex matter. Thus, the Court of Appeal did not base its reasons on the personal opinion

65 GRUR-RS 2024, 19289.
66 GRUR-RS 2024, 18756.
67 GRUR-RS 2024, 17732.
68 GRUR-RS 2024, 17732.
69 GRUR-RS 2024, 18756.
70 GRUR-RS 2024, 19407.

of one or more of its judges, but on evidence, including the patent description.

XXV. Conclusion

[112] Within the first quarter of the second year of the Unified Patent Court, there was significant growth in the issuance of orders and decisions. The Court is clearly on its way "full steam ahead", with a constantly increasing level of guidance and certainty for users. The level of harmonization among the various divisions appears promising. It seems like a true success story has begun.

KLAUS HAFT*, SABINE AGÉ**, GIULIA-ISABELLA OTTEN***, NATALI GOGINASHVILI**** AND ALIX FOURMAUX*****

The Unified Patent Court – a case law overview III

After almost one and a half years, more than 550 orders and decisions have already been issued by the Court of First Instance and the Court of Appeal, which demonstrates the UPC's high workload and efficiency. Most of them still provide key guidance on procedural questions, some on material patent law. More and more decisions on the merits have been issued in compliance with the strict time limit regime of 12 months after the respective complaints were filed. Thus, it appears worthwhile to provide an overview to facilitate access to the early guidance to the UPC Agreement ("UPCA") and Rules of Procedure ("RoP") given by the court.

Nach fast eineinhalb Jahren haben das Gericht erster Instanz und das Berufungsgericht bereits mehr als 550 Entscheidungen und Anordnungen erlassen, was die hohe Arbeitsbelastung und Effizienz des EPG belegt. Die meisten dieser Entscheidungen und Anordnungen enthalten vor allem wichtige Hinweise zu Verfahrensfragen, einige auch zum materiellen Patentrecht. Immer mehr Entscheidungen in der Sache werden innerhalb des strengen Fristenregimes von zwölf Monaten nach Einreichung der Klagen getroffen. Es erscheint daher sinnvoll, einen Überblick zu geben, um den Zugang zu den ersten Hinweisen des Gerichts zum EPGÜ und zur Verfahrensordnung zu erleichtern.

I. Change in parties, R.305 RoP

[1] Pursuant to R.305 RoP, the court may, at the request of a party, order that a person (a) be added as a party, (b) cease to be a party, (c) be substituted for a party. The court shall invite the other parties to the proceedings to comment on the application as soon as possible after it has been served. If the court orders a person to become a party or to withdraw as a party, it may make appropriate orders in respect of that party as to the payment of court fees and costs. Pursuant to R.306 RoP, the court issues instructions to regulate the effects on the conduct of proceedings if one of the cases from R.305.1 RoP is ordered and determines the extent to which a new party is bound by the previous state of proceedings.

[2] In CFI_221/2024, ORD_40296/2024 of September 2, 2024, the LD Munich rejected the request for the admission of a new party to the proceedings. The request was found to be late filed because the claimant did not deny that it had known about the activities of the other desired additional party so that the application for permission to expand the parties could have been submitted much earlier. In addition, the LD Munich dealt with the circumstances of the individual case, but did not see any reason to allow the party to be added.

II. Involvement of a technically qualified judge

[3] On September 2, 2024, the President of the Court of First Instance dismissed the request to review the allocation of a technical qualified judge (TQJ), for the purpose of allocating a TQJ with experience in a technical field claimed by the defendants to be that of the inventions (field of mechanical engineering), CFI_368/2024, ORD_48962/2024. The President stated that the only reason on which a party may object to a judge taking part in the proceedings is provided for by the provisions of the Art. 7.4 UPCA[1] relating to partiality.

III. Discretionary review, R.220.3 RoP

[4] The Court of Appeal rejected the request for discretionary review pursuant to R.220.3 RoP after in the impugned order, the Court of First Instance rejected the claimant's request for leave to change its claim, CoA_489/2024, ORD_48358/2024 of September 6, 2024. The Court of Appeal found that the claimant failed to demonstrate that a review of the impugned order was necessary to ensure a consistent application and interpretation of the RoP (regarding

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***** Attorney, HOYNG ROKH MONEGIER, Paris.

1 Although the Court refers to the "UPCA", it must be the "Statute of the Unified Patent Court".

point 8 of the Preamble of the RoP) or any other objective of the discretionary review procedure. The claimant's mere contention that the impugned order was incorrect and did not contain a detailed interpretation and subsumption that would allow a clarification of the standard with regard to R.263 RoP and a generalization of the decision was not sufficient.

[5] In CoA_586/2024, ORD_55372/2024 of October 9, 2024,[2] the Court of Appeal dismissed the request for discretionary review and stated in the headnotes that:

"A party who wants to appeal an order in accordance with R.220.3 RoP must, unless leave to appeal has already been granted in the order, request the Court of First Instance to grant leave to appeal (R.220.2 RoP). Only if such a request has been denied is it possible to request a discretionary review."

IV. Security for costs and costs of the legal dispute

[6] In CFI_373/2023, ORD_48181/2024 of September 6, 2024, the LD Düsseldorf repeated in the headnotes the principles developed for the granting of security for costs:

"Factors to be considered when ordering a security order include the financial position of the other party that may give rise to a legitimate and real concern that a possible cost order might not be recoverable and/or the likelihood that a possible cost order by the UPC may not, or in an unduly burdensome way, be enforceable. Imposing a security for legal costs serves to protect the position and (potential) rights of the Defendant."

The Court dismissed the application for panel review under R.333.1 RoP to review the previous dismissed order to provide security. The judge-rapporteur held that according to this general principle, neither a financial risk nor a likelihood of unenforceability is presented to the Court. In fact, the defendant confirmed it in its application (par. 6 "no insolvency risk is at hand").

[7] On September 16, 2024, the Court of Appeal stated in its headnotes in CoA_301/2024, ORD_50692/2024 that

"a bank guarantee issued by a bank licensed in the USA does not provide sufficient security as required by R.158 RoP. Since the reason for the refusal to issue a bank guarantee by a bank licensed in the USA was not based solely on nationality but on material grounds, this did not violate any prohibition of discrimination."

[8] In CoA_217/2024, 219/2024, 221/2024, ORD_48916/2024 and CoA_218/2024, 220/2024, 222/2024, ORD_48922/2024 of September 17, 2024, the Court of Appeal found that the relative financial position of the claimant as compared to that of the defendant (in this case, a SME and a massive automotive company faced each other) was not as such a criterion under R.158 RoP, especially where the (limited) level of funding provided to a special purpose patent enforcement entity is a deliberate business decision.

[9] In its order from September 27, 2024 (CoA_217/2024, 219/2024 and 221/2924, ORD_53777/2024)[3], the Court of Appeal stated that it had specified the time limit within which the defendant must provide the required security in accordance with R.158.4 RoP, thereby informing the court hearing the main action that it must issue a default judgment in the event of non-performance (R.355 RoP).

[10] In CoA_217/2024, 219/2024, 221/2024, ORD_53777/2024 and CoA_218/2024, 220/2024, 222/2024, ORD_53742/2024 of September 27, 2024,[4] the Court of Appeal pointed out that it did not follow from R.158.4 RoP that the information mentioned there must necessarily be included in the ruling. It was therefore sufficient that the information within the meaning of R.158.4 RoP was communicated to the parties by a separate order.

[11] The CD Paris granted on September 27, 2024, in CFI_164/2024, ORD_45914/2024[5] the request to provide security for costs in an amount of EUR 300,000.00, either by deposit or by a bank guarantee issued by a bank licensed in the European Union, within one month from the date of service of the order. In exercising its discretion, the court had to consider whether the defendant's financial situation gave rise to a legitimate and real concern that a possible costs order could not be recovered and/or whether there was a likelihood that a possible costs order of the Unified Patent Court could not be enforced or could only be enforced at unreasonable expense. The defendant was a company that had been founded only seven months before the action and whose managing director and board member was the person who controlled 100 % of the company's shares and had no other employees. By submitting the correspondent publicly available financial information, it became apparent that the company did not generate sufficient income or any significant cash flow. The applicant also pointed out that the respondent had no equity capital at all, did not maintain any other business, did not own any physical assets, and did not even have any office space.

[12] The LD Munich also granted the request to provide security for costs in an amount of EUR

2 GRUR-RS 2024, 32029.
3 GRUR-RS 2024, 25562.
4 GRUR-RS 2024, 25562.
5 GRUR-RS 2024, 25669.

100,000.00 by depositing into the bank account of the Unified Patent Court on October 2, 2024 (CFI_54/2024, ORD_45269/2024).[6] The US-based claimant was a non-practicing entity with no assets other than the patents, which it used to generate revenue through litigation and licensing and asserted several worldwide lawsuits. The claimant failed to substantially challenge these reasons and facts.

[13] On October 4, 2024, the Court of Appeal dealt in CoA_2/2024, ORD_42972/2024[7] with the question: "*Which party is the successful party within the meaning of Art. 69(1) UPCA in the context of a disposal of an action following a cease-and-desist undertaking by the defendant?*" and stated in the headnotes that in this case it was generally not necessary to examine the admissibility and the merits of the case in order to determine who was the successful party. The undertakings of the defendants implied that the plaintiff's requests were met and that the plaintiff was the prevailing party. The Court of Appeal further stated that there could be an exception to the general rule of Art. 69(1) UPCA if a plaintiff initiates proceedings without first sending a warning letter and the defendant issues a cease-and-desist declaration immediately at the beginning of the proceedings. In such a case, it could be justified that the claimant has to bear the costs.

[14] In CFI_300/2023, ORD_56109/2024 of October 11, 2024,[8] the LD Munich dealt with the division of costs after a withdrawal by the applicant, following the invalidation of its patent at the EPO. The court considered the plaintiff as a losing party and decided that it should bear the costs for the infringement and invalidity proceedings. Since the action had been withdrawn before the conclusion of the written procedure, and there was no request for a specific amount of costs, the court applied Rule 370.9(b) RoP, which provides that 60 % of the court fees paid are to be refunded to the parties when the action is withdrawn.

[15] In CFI_230/2024, ORD_47273/2024 of October 14, 2024,[9] the CD Paris ruled that the commitment made by one party not to pursue its infringement case unless it wins the preliminary injunctions on appeal, did not eliminate the risk that the infringement case could still proceed. It also noted that, in case of a possible transfer of the patent in suit, the assignee of the patent would arguably not be bound by an obligation not to sue. Therefore, the court required the patentee to provide security to cover potential costs.

[16] In CFI_515/2024 ORD_61204/2024 of November 15, 2024,[10] the applicant withdrew its application one day after filing the application for provisional measures. The court applied R. 370.9(b) RoP by analogy and ordered that the applicant be reimbursed 60 % of the court fees.

V. Time limits and extensions

[17] On September 9, 2024, the LD Mannheim dismissed in CFI_219/2023 and CFI_223/2023, ORD_47201/2024[11] the defendant's application for review of the order of the judge-rapporteur pursuant to R. 262A RoP of July 25, 2024. The panel exercised the power to order the extension of the time limit in the same way as the judge-rapporteur but found that an extension of the deadline by two full months was not appropriate. The panel agreed with the opinion of the LD Düsseldorf that in case of applications for the protection of secrets pursuant to R.262A RoP, the time limits run from the date of service of the submission, even if an application for protection of confidential information (R.262A RoP) has been filed, but the delayed access due to redactions constitutes a "*reasoned request*" for an extension of time pursuant to R.9.3 RoP. In this case, the allocated 6 weeks were sufficient for the rejoinder regarding the FRAND aspects to the reply (Part II – non-technical part) in the infringement proceedings and the reply in the nullity proceedings. In addition, the court emphasized that the defendants had to seriously expect and take into account in their time planning that the unedited version of the reply (Part II – non-technical part) would be available before the expiry of the previous deadline. Nor did the fact that external experts had to be consulted for the unpacking of license agreements justify the extent of the requested extension of time. Since the defendants had to expect this, they were able to organize the involvement of external experts in advance. The LD Mannheim also pointed out that in CFI_UPC_219/2023, it was added that a further extension of the deadline would jeopardize the hearing date and the adequate time to prepare for the technically qualified judge.

[18] The CD Paris extended retrospectively the time period referred to in R.49 RoP for lodging the Counterclaim for Infringement due to technical issues with the CMS and the dedicated workflow. The representatives submitted the counterclaim by way of an application under R.9 RoP and an e-mail to the Court explaining the technical issues, enclosing all documents and requesting assistance with the next steps, CFI_189/2024, ORD_45922/2024 of September 17, 2024.[12]

[19] The Court of Appeal dismissed the application for a discretionary review (R.220.4 RoP) and stated in

6 GRUR-RS 2024, 26003.
7 GRUR-RS 2024, 30309.
8 GRUR-RS 2024, 29402.
9 GRUR-RS 2024, 29381.
10 GRUR-RS 2024, 31370.
11 GRUR-RS 2024, 25617.
12 GRUR-RS 2024, 30232.

its order of September 30, 2024, in CoA_543/2024, 544/2024, 545/2024, ORD_53866/2024[13] that there was no need to clarify the inconsistent opinion of the various local divisions of the Unified Patent Court as to when the duplicate period begins to run when a redacted version is filed. Finally, it was at the discretion of the court by how much time a court extends a time limit in a particular case.

[20] In CFI_189/2024, CFI_434/2024, ORD_55287/2024, of October 8, 2024, the CD Paris stated in their headnotes:

"The procedural efficiency must yield to the principle of the fair trial. Therefore a request for extension of a time period must be denied where the opposing party has already met the correspondent shorter, ordinary time period."

[21] The LD Düsseldorf denied a request to postpone the oral hearing until the Court of appeal's decision on the security of costs in CFI_373/2023, ORD_55600/2024 of October 10, 2024,[14] which was considered neither efficient nor cost effective. It also noted that the orders for security for costs are not mentioned in Art. 74 (3) UPCA according to which an appeal against certain procedural orders shall not prevent the continuation of the main proceedings.

[22] The LD Munich rendered a default judgment on October 11, 2024, in CFI_193/2024, ORD_47439/2024, where the defendant was properly served with the action but did not respond within the three-month period. The court ruled that under Article 37(1) UPC Statute, this situation allows for a default judgment, despite the Rules of Procedure (R. 27, 24 and 355) not providing it. R. 355 RoP was said to implicitly recognize the possibility of default judgments in such cases. In this case, the defendant had approximately four months to defend itself and was informed of the potential consequences by the court.

VI. Opt-out and jurisdiction of the UPC, Art. 83 UPCA and R. 5.8 RoP

[23] In CoA_489/2023, CoA_500/2023, ORD_598488/2023 and ORD_598489/2023 of November 12, 2024,[15] the Court of Appeal clarified the term "*actions*" in Art. 83 UPCA. In this case, the patent in suit was opted-out during the sunrise period, but the opt-out was withdrawn. On the same day, the patentee initiated infringement proceedings before the LD Helsinki. The LD Helsinki dismissed the actions on the grounds that the withdrawal of the opt-out was ineffective due to proceedings before national courts that were commenced before the entry into force of the UPCA and are still pending. The Court clarified that the term "*action*" in Art. 83 UPCA refers to all actions listed in Art. 32 UPCA over which the UPC has jurisdiction, i. e., actions brought during the transitional period and not before. The Court of Appeal concluded that Art. 83(4) UPCA must be understood as meaning that an earlier opt-out cannot be effectively withdrawn if an action has been brought before the national court at any time during the transitional period. Actions brought before the transitional period, whether pending or not, do not prevent an effective withdrawal of an opt-out. The same applies to R. 5.8 RoP. The impugned orders were set aside, and the infringement proceedings were referred back to the same panel of the CFI for further adjudication.

VII. Competence of the UPC, Art. 33 UPCA and preliminary objection, R. 19 RoP

[24] In CoA_188/2024, ORD_42716/2024 of September 3, 2024,[16] the Court of Appeal rejected the appeal, which was based on the UPC's alleged lack of international jurisdiction based on Art. 7 (2) in conjunction with Art. 71b (1) of Brussels I recast Regulation or any other provision. The Court of Appeal clarified once again that the UPC has international jurisdiction to hear infringement actions under Article 7(2) in conjunction with Article 71 b(1) of Brussels I recast Regulation if the European patent asserted by the plaintiff is in effect in at least one Contracting Member State and the alleged damage may occur in that Contracting Member State. The Court of Appeal further stated that the place "*where the actual or threatened infringement has occurred or may occur*" as referred to in Art. 33(1)(a) UPCA must be interpreted in the same way as the place "where the harmful event occurred or may occur" of Art. 7(2) of Brussels I recast Regulation is interpreted in relation to alleged patent infringements. In matters concerning the internet the place where the damage occurred may vary (cf. CJEU October 3, 2013, C-170/12, Pinckney/KDG Mediatech[17] and April 19, 2012, C-523/10, Wintersteiger/Products 4U[18]). Thus, when a damage is caused via the internet the question is whether it is possible to obtain infringing products from a website accessible within the territory of a Member State where the European Patent has effect. In this case the European Patent affected Germany, the appellant's videos were offered to German consumers via the internet and this offering in Germany was alleged to constitute a sufficient indirect infringement. It is irrelevant where the servers were situated. However, it is relevant that the media files causing the alleged infringement and the harm were available in Germany. Furthermore, the requirement of double territoriality (offering and use in the same country, here: Germany) was not decisive, even if it was fulfilled in this case.

[25] The Court of Appeal rejected the appeal and stated in CoA_106/2024, ORD_42780/2024 of Sep-

13 GRUR-RS 2024, 25615.
14 GRUR-RS 2024, 30405.
15 GRUR-RS 2024, 30903.
16 GRUR-RS 2024, 29446.
17 GRUR 2004, 100.
18 GRUR 2012, 654.

tember 5, 2024, that a connection joinder under R.340 RoP cannot result in a referral of an action to another division of the Court of First Instance outside the possibilities for referral of actions under Art. 33 UPCA. An interpretation of R.340 RoP that would allow such referrals would be in conflict with the jurisdictional scheme of the UPCA and thus in conflict with Art. 41(1) UPCA and R.1.1 RoP, which prescribe that the provisions of the UPCA take precedence over the Rules of Procedure. Furthermore, R. 340 RoP specifically requires that Art. 33 UPCA be observed.

[26] In CFI_88/2024, ORD_28786/2024 of September 9, 2024,[19] the LD Hamburg dismissed the requests to stay the proceedings and to hear the infringement action and the revocation action under Art. 33(5) UPCA together before the LD Hamburg. If invalidity proceedings between the same parties and relating to the same patent are already pending before the Central Division, the Local Division may decide whether to stay or continue the infringement proceedings pursuant to Art. 33(5) and (3)(b) UPCA. Based on the principles of the fundamental right to an effective legal remedy and a fair and public hearing within a reasonable time (Art. 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms), proportionality, flexibility, fairness and equity (point 2 and 7 of the Preamble of the RoP), the need to avoid irreconcilable decisions and for harmonization of decisions, a stay of the proceedings could not be considered in the present case. The plaintiff's interest in continuing the proceedings outweighed the defendant's interest in staying the proceedings. In addition, the parties to the revocation action were not identical to those of the infringement action and the counterclaim for revocation, so that no uniform decision covering all parties could be issued in this respect either.

[27] According to R.37.2 RoP, the panel may decide on the procedure under Art. 33(3) UPCA before the written procedure is completed, if it takes into account the submissions of the parties and grants them the right to be heard. On September 13, 2024, the LD Düsseldorf exercised its discretion to the effect that it will hear, with the involvement of a technically qualified judge, both the infringement action and the counterclaim for revocation (Art. 33(3)(a) UPCA) for reasons of efficiency, CFI_11/2024, ORD_50641/2024.

[28] The Court of Appeal clarified in CoA_227/2024, ORD_43637/2024[20] of September 17, 2024, in the headnotes that:

"In the light of the objective of Art. 29 to 32 of the Brussels I recast Regulation, Art. 71c(2) of the Brussels I recast Regulation must be interpreted as meaning that the provisions apply where, during the transitional period of Art. 83 UPCA, proceedings are pending before the UPC and a national court, even if the proceedings before the national court were initiated prior to the transitional period.

Art. 31 of the Brussels I recast Regulation does not depart from the general principle of Art. 29 of that Regulation, according to which a court is required to decline jurisdiction only if the proceedings involve the same cause of action and the same parties.

The request for a stay pursuant to Art. 30 of the Brussels I recast Regulation is to be regarded as a preliminary objection within the meaning of R. 19 RoP."

[29] In CFI_380/2024, ORD_51234/2024 of September, 24, 2024[21], the CD Milan declined a connection joinder pursuant to R.340 RoP between the CD and the LD Milan and acted in accordance with the CoA (CoA_106/2024, ORD_42780/2024) that "*a joinder pursuant to R. 340 RoP cannot result in the referral of an action to another division beyond the possibilities provided for referral of actions in Art. 33 UPCA*". The CD Milan stated further that instead of a forced connection joinder, the same two judges were assigned to each of the two panels. However, the court recalled that the risk of inconsistency can never be 100 % excluded because each panel must decide on the basis of the facts and the available evidence.

[30] In CFI_317/2024, ORD_52116/2024, of October 15, 2024, the LD Lisbon found that it was territorially competent to hear the case under Art. 33(1)(a) UPCA, which is applicable regardless of whether the defendant is an infringer or an intermediary. It stated in the headnotes that "*there is no legal basis for taking different views of the infringer and the intermediary in terms of competence*".

[31] The CD Munich, in CFI_252/2023 ORD_598480/2023, of October 17, 2024,[22] concluded that it has international jurisdiction in view of Art. 29 (declining jurisdiction where proceedings involving the same cause and the same parties are pending before different Member States court) and Art. 30 (stay of proceedings in case of related actions before different Member States court) of Brussels I recast Regulation, despite the pending German revocation action in relation to the same patent. In this case, it is undisputed that the present action was launched after the revocation action before the German Federal Patent Court. However, the parties to both actions are not the same. The fact that they belong to the same group of companies and have the same parent family is insufficient to conclude that their

19 GRUR-RS 2024, 32990.
20 GRUR-RS 2024, 26877.
21 GRUR-RS 2024, 32007.
22 GRUR-RS 2024, 32950.

interests are identical and indissociable. Article 29 of the Brussels I recast Regulation was not applicable to this case. As for Article 30 of the same Regulation, the Court decided that the action will not be stayed because the interests of the parties and procedural economy outweigh the risk that UPC CoA and German BGH proceedings may run in parallel (with a related risk of contradictory decisions).

[32] In CFI_9/2024, ORD_16070/2024, of October 29, 2024,[23] the Nordic-Baltic RD dismissed the requests to decline jurisdiction regarding Art. 83(1) UPCA, Art. 71c(2), Art. 29-32 Brussels I recast Regulation. First, the RD indicated that the parties in a parallel case before a Belgian national court were not identical and that their interests were not indissociable (Art. 29 Brussels I recast Regulation). In a decision that is not yet legally binding, the Belgian court had declared that it has jurisdiction over the claims submitted with regard to the Belgian part of the patent, but that it had no jurisdiction over the claims submitted with regard to the other member states in which the EP is in force (alleged infringements in Latvia and Portugal). Furthermore, the oral proceedings before the UPC were scheduled for February 2025, while the oral proceedings before the Belgian court were not scheduled until June 2025, so there were not sufficient reasons for staying the UPC proceedings based on Art. 30 Brussels I recast Regulation.

VIII. Confidentiality and access to the register

1. Confidentiality, R.262A RoP

[33] In CFI_219/2023, ORD_50015/2024 of September 3, 2024, the LD Mannheim ruled in accordance with R. 9.2 RoP that the presentation in the defendant's reply, insofar as it concerned two third-party license agreements, would not be considered in the further proceedings. It further stated that a party which considers itself to be dependent on an order against itself or a company of the same group to submit third-party license agreements must submit a request for this purpose early enough and within the applicable deadlines. If, in the event that the requested access restrictions pursuant to R. 262A RoP are not granted in full, the party makes its submission subject to the further condition that the submission shall be deemed not to have been filed and may not be used in the proceedings by the opponent and the court if it does not expressly declare within a certain period of time that the information and/or documents shall nevertheless be deemed to have been filed and may be used in the proceedings by the opponent and the court, nothing else applies. In this respect, too, the party must regularly obtain an order restricting access to third-party license agreements in good time so that it can make its submission within the applicable time limits.

[34] Concerning the application under R.333 RoP, the CD Paris set aside the judge-rapporteur's order of June 26, 2024 (CFI_164/2024, ORD_27206/2024[24]), regarding a violation of R.290.2 RoP in relation to the non-compliance with the code of conduct and declared the R.262A RoP application for confidentiality inadmissible, CFI_164/2024, ORD_41174/2024 of September 16, 2024. The panel pointed out that with regard to Art. 48(5) UPCA (similar to Art. 19 (5) of the Statute of the Court of Justice of the European Union), in the present case, there was no question that the representative was also the managing director and main shareholder of one party and that, as a result, he enjoyed extensive administrative and financial powers within the corporation he represented. Therefore, this person could not be considered independent to effectively represent his client in the ongoing proceedings and his application for confidentiality was inadmissible. Nevertheless, the persons who had access to the confidential information per the order issued following this application remained under the obligation not to disclose this information.

[35] In CFI_169/2024, ORD_51859/2024, of October 11, 2024,[25] the LD Hamburg ruled on a request to review a confidentiality order to extend the access to the disclosed information (initially given to the company representatives and managing director) to the claimant's US attorney who coordinated the litigation. The court reasoning is based on the protection of trade secrets under Directive (EU) 2016/943 and R. 262A RoP. The claimant's request to grant access to a US attorney was seen as extending beyond the needs of this specific litigation and while US patent attorneys were acknowledged as bound by professional ethics, the panel determined that the defendants' concern for confidentiality was justified, particularly given that the technical data was not available in parallel US litigation. The order emphasized that the UPC system functions independently, and it is not the defendants' obligation to facilitate the claimant's broader international litigation strategy.

2. Access to the register, R.262 RoP

[36] In the second quarter of the second year of the Unified Patent Court, the Court continues to be restrictive when it comes to access to the files. In CFI_8/2023, ORD_36322/2024, ORD_36465/2024, ORD_36468/2024, ORD_36456/2024, and ORD_36466/2024 of September 18, 2024,[26] the Nordic-Baltic RD rejected the request for access to pleadings and evidence because of a need of the information to be kept secret:

23 GRUR-RS 2024, 29663.
24 GRUR-RS 2024, 28902.
25 GRUR-RS 2024, 32778.
26 GRUR-RS 2024, 30210.

"Article 45 UPCA means that also the written procedure of the Court shall, in principle, be open to the public unless the Court decides to make it confidential, to the extent necessary, in the interest of one of the parties or other affected persons, or in the general interest of justice or public order. If a person has made an application under Rule 262.1(b) for access to pleadings or evidence and provided a credible explanation for why he/she wants access, the application shall be approved unless it is necessary to keep the information confidential."

In this case, the applicant was relying to a general interest and concern as a competitor regarding the validity of the patent of the proceedings with regard to a third-party product under development potentially similar to the allegedly infringing products of the defendants. The court found that this alleged legitimate interest was not outweighing that of the parties to protect the integrity of the ongoing proceedings.

[37] On September 23, 2024, also the CD Paris rejected in CFI_189/2024, ORD_36092/2024[27] a request for access to pleadings and evidence and found that the argument of being active in the same field as the patent in suit was not sufficient, whereby it was not alleged or proven that the applicant was competitor of the party to the litigation and as such affected by the validity of the patent. When weighing up the interests, the protection of the integrity of the ongoing proceedings outweighed the general interest in information asserted by the applicant.

[38] By contrast, on October 14, 2024, in CFI_255/2023, ORD_36095/2024,[28] the CD Paris granted a third party access to all pleadings and evidence used in an already terminated revocation action, where the third party was developing a product to enter a market where the patent was relevant. The court emphasized the public nature of the UPC register and proceedings, unless confidentiality or public interest demands restriction. The applicants were granted access to case documents as their interest in market entry justified it, without proof of direct competition. Since the proceedings had ended, there was no compelling reason to limit access for confidentiality or public order concerns. Conditions on using accessed materials were also denied, as no valid confidentiality issues were raised, and lawful business use of public records is permitted.

[39] Also, in UPC_1/2023, ORD_47238/2024, ORD_47230/2024, ORD_47235/2024, of October 22, 2024,[29] the CD Munich granted access to the written pleadings and evidence lodged and recorded in the register, after redaction of personal data within the meaning of Regulation (EU) 2016/679. The Court pointed out that after a decision has been made, the balance of interests is normally in favour of granting access to members of the public. This allows for a better understanding of the decision rendered, in view of the arguments brought forward by the parties and the evidence relied on. It also allows scrutiny of the Court, which is important for trust in the Court by the public at large. However, R. 261.1(b) RoP does not provide a legal basis for making available documents that are not written pleadings or evidence (such as letter to the registry, correction of formalities, proof of payment, reply to preliminary order, etc.). Further requests in this respect are rejected.

[40] In CFI_75/2023, ORD_55220/2024 of November 4, 2024,[30] the CD Munich ruled in favour of granting the applicant access to unredacted documents who argued that the information claimed as confidential was either publicly available or insufficiently justified as confidential. The applicant had emphasized the public's interest in accessing court pleadings and evidence, particularly for understanding case valuation procedures under the UPC, which differ from many domestic legal systems. Given that no further arguments were submitted against this request, the court ruled that the information was not confidential and should be disclosed.

IX. Language of proceedings

[41] On September 5, 2024, in CoA_207/2024, ORD_42779/2024,[31] the Court of Appeal rejected the appeal and found that the President of the Court of First Instance was right to reject the request for a change of language from German to English pursuant to Art. 49(5) UPCA. The Court found that the fact that the parties are domiciled in a country in which the language of proceedings chosen by the plaintiff is an official language and the size of the parties in relation to each other (international company that claims to operate in 100 countries worldwide or a small or medium-sized national company) were important factors in the balancing of interests. In addition, the Court of Appeal emphasized that Art. 49(5) UPCA does not clarify the question of when the request for a language change must be filed. In this context, R.323.3 RoP is to be interpreted as not precluding the filing of the request before filing the statement of defense. In fact, it would be more expedient to schedule the language before the statement of defense is filed, as this would ensure that the language could be changed as early as possible in the proceedings if the application is successful.

[42] In CoA_354/2024, ORD_48659/2024 and CoA_349/2024, ORD_48660/2024 of September 18, 2024,[32] the Court of Appeal expanded with reference to its order of April 17, 2024 (CoA_101/2024,

27 GRUR-RS 2024, 30816.
28 GRUR-RS 2024, 32752.
29 GRUR-RS 2024, 30640.
30 GRUR-RS 2024, 29833.
31 GRUR-RS 2024, 24891.
32 GRUR-RS 2024, 24894.

ORD_18194/2024[33]) the stated circumstances when deciding on a request to change the language of proceedings into the language of the patent on grounds of fairness: the internal working language of the parties, the possibility of internal coordination and of support on technical issues must be considered in future orders. In addition, the fact that other proceedings are pending between the parties before a national court does not relate to the dispute or the parties and is of rather limited relevance in such an order.

[43] In CFI_525/2024, ORD_55580/2024, of October 22, 2024,[34] the LD Hamburg ordered the change of the language of the proceedings to the language in which the patent was granted (English), as expressly agreed by the Claimant in the main proceedings. Remained the request for translations of the Statement of Claims and exhibits submitted in German. It appeared from the present circumstances that for reasons of both fairness and convenience, the Claimant should provide an English version of the Statement of Claim along with the four abovementioned exhibits at its cost and within 10 days.

X. Provisional measures

[44] In CFI_165/2024, ORD_50564/2024 and CFI_166/2024, ORD_50565/2024 of September 6, 2024,[35] the LD Düsseldorf rejected the application for provisional measures because the Court could not find that the defendant's conduct regarding the promotion of its biosimilar drug used in the treatment of asthma already constituted an imminent infringement pursuant to Art. 25 UPCA. In this case, the judges *"cannot find that the Defendants have already completed all the pre-launch preparations"*. A marketing authorization and the public advertising were not sufficient for the judges to order provisional measures in the form of a provisional injunction.

[45] One day after the application for provisional measures, the LD Hamburg granted a cease and desist order in a trade fair case in CFI_516/2024, ORD_50890/2024 on September 9, 2024. The LD Hamburg prohibited the offering or placing on the market and/or importing or possessing for those purposes of an electric toothbrush that infringed claim 1 of the patent EP 3 197 316 in the territory of one or more of the Contracting Member States of the UPCA under a penalty of EUR 250,000 for each individual infringement of the order. The defendant is also ordered to hand over all products under its control at the trade fair to a bailiff until a final decision has been made on the merits on the claimant's claim for destruction. The order is enforceable without security, because the defendant had submitted a declaration of discontinuance and undertaken to no longer market de accused products, such that no damages could arise from the injunction.

[46] The Court of Appeal affirmed in CoA_182/2024, ORD_44387/2024 of September 25, 2024,[36] a granted preliminary injunction (LD Düsseldorf, CFI_452/2023, ORD_3347/2024 and ORD_13918/2024[37]) over devices for the search of persons buried under an avalanche (EP3466498). It was the first PI application that was successful in both instances of the UPC. The Court of Appeal pointed out that to ensure legal certainty and the proper administration of justice, the grounds of appeal must be sufficiently clear and precise to enable the appellant to prepare the defense of the defendant to prepare a defense of the first-instance judgment and the appellate court to decision on the appeal. Thus, the appellant had to present facts and arguments himself. A reference to the pleadings in the related main proceedings was not sufficient. The Court also dealt with the question of urgency in its headnotes and confirmed the previous practice:

"The period of waiting within the meaning of R.211.4 of the RoP is to be measured from the day on which the applicant has or should have had such knowledge of the infringement as would enable him to file an application for interim measures in accordance with R.206.2 of the Rules of Procedure. The relevant point in time is therefore the time at which the applicant has the necessary facts and evidence within the meaning of R.206.2(d) RoP or should have had them if he had exercised due diligence."

[47] In CFI_317/2024, ORD_52116/2024 of October 15, 2024, the LD Lisbon dealt with the issue of urgency and dismissed the application for provisional measures because the applicant has failed to provide sufficient temporal elements enabling the Court to assess its diligence in initiating proceedings. The LD pointed out that "*the burden of proving urgency and due diligence in initiating proceedings is not satisfied if the Applicant fails to provide the Court with the exact date when it became aware of the infringement, particularly when the Court has no other factual or objective temporal indication beyond the date the infringement commenced*".

[48] On October 24, 2024, in CFI_98/2024, ORD_34196/2024,[38] the LD Munich dealt with the reimbursement of costs in the case of withdrawal of an application for provisional measures. In this case, the applicant withdrew its application for provisional measures after the oral hearing, but the defendants took the view that they had a legitimate interest in obtaining an order and requested that the applicant pay all the costs of the proceedings. The Court clari-

33 GRUR-RS 2024, 7901.
34 GRUR-RS 2024, 30608.
35 GRUR-RS 2024, 25464; GRUR-RS 2024, 25454.
36 GRUR-RS 2024, 25707.
37 GRUR 2024, 97 and GRUR 2024, 932.
38 GRUR-RS 2024, 30606.

fied in its headnotes that "*there is no legitimate interest in a decision on an application for provisional measures where the application has been withdrawn*", but also that "*there is no legal basis for the defendant to bear its own costs provisionally in the event of a withdrawal of the application*". Consequently, the costs of the proceedings, including the costs of filing the protective letter, are to be borne by the applicant.

[49] On October 31, 2024, the LD Düsseldorf granted two applications for provisional measures regarding EP 3 320 602 (Rotary electric machine provided with a reservoir of lubricant for lubricating a rolling bearing and for cooling the machine) and EP 3 320 604 (Rotary electric machine equipped with a means of adjusting the angular position of the shaft) in CFI_347/2024, ORD_56545/2024 and CFI_368/2024, ORD_56534/2024.[39] In these PI's, the LD Düsseldorf dealt in particular with issues as assessment of patent ownership, urgency and balance of interests. The court referred to R.8.5(a) RoP, according to which the person registered in the national register should be treated as the patent proprietor and may initially rely on a rebuttable presumption, R.8.5(c) RoP. In PI proceedings, this presumption could only be rebutted if the title was manifestly erroneous. In addition, the court stated that if the patent ownership is to be contested, this must be done as early as possible. The question of urgency and therefore when a PI must be filed is answered by the court using a generous margin of discretion:

"Whether a delay is unreasonable within the meaning of R. 211.4 RoP depends on the circumstances of the individual case. There is no fixed deadline by which the applicant must submit its application for provisional measures. The question is always whether the applicant's conduct as a whole justifies the conclusion that the enforcement of its rights is not urgent."

Upon weighing the parties' interests, the court granted the sought provisional measures but allowed the defendants to keep fulfilling their obligations to deliver the accused product to their only customer, BMW. The court noted that "*The threatened damages in the event of a preliminary injunction covering the Defendants' current supply obligations to BMW are so high that an order to provide security is not a suitable instrument for providing adequate security. The amount of security required would be so high that the injunction would be ineffective. On the other hand, setting a lower security would not provide adequate protection for the Defendant.*"

XI. Rectification by EPO of contested decision

[50] On September 13, 2024, in CFI_427/2024, ORD_51358/2024[40] the CD Paris informed the claimant that the action is closed due to the rectification by the EPO of the contested decision (R.88 and R.91 RoP) after the claimant requested the Court of First Instance of the UPC (CD Paris) to annul the contested decision of the EPO. The CD Paris processed the application and forwarded it for interlocutory revision to the EPO. The Office rectified the contested decision in accordance with the request.

XII. Application for rectification of an order

[51] On November 20, 2024, in CFI_347/2024, ORD_60265/2024 and CFI_368/2024, ORD_60264/2024, the LD Düsseldorf issued the first UPC orders examining an application for rectification under R. 353 RoP. On October 31, 2024, the Court had issued an injunction but allowed for the fulfillment of existing supply obligations to a car manufacturer for five specific car models to prevent extensive disruption to production and sales. However, one car model using the injuncted product was inadvertently not included in the list of excluded models. A request was made to rectify this *"obvious slip"*. The Court ruled that under R. 353 RoP, *"obvious slips"* refer to incorrect or incomplete expressions of the Court's actual intent. Here, since the non-excluded model had not been introduced earlier during the proceedings, was not the subject of the written submissions prior to the oral hearing, nor of the oral hearing itself, it's absence in the Order could not be considered an *"obvious slip"*. The rectification request was denied.

XIII. Decision on the merits

[52] In CFI_390/2023, ORD_598464/2023 of September 13, 2024,[41] the LD Munich issued in one of the UPC's first telecommunication lawsuits a comprehensive injunction and infringement ruling against the defendant for Germany, Belgium, France, Finland, Italy, The Netherlands, Austria and Sweden and upheld patent EP 2 867 997 regarding wireless inductive power transfer to charge batteries of portable devices in its entirety. The LD Munich also dealt with the scope of the injunction against intermediaries under Art. 63 UPCA second sentence and ruled that a CEO of an infringing company could be considered an "intermediary". The Court considered a patent infringer a person who, as a manufacturer or supplier, or by otherwise causing it to be so understood by the relevant public, purports to be the person who, in his own name and for his own account, manufactures and/or sells the goods.

[53] In CFI_363/2023, ORD_598458/2023 of October 10, 2024, the LD Düsseldorf[42] dealt with the patent validity and proportionality of a permanent injunction. The court held that each defendant has the right to independently determine whether to contest the validity of a patent. Since Defendant 1 opted not

39 GRUR-RS 2024, 31324.
40 GRUR-RS 2024, 31167.
41 GRUR-RS 2024, 29497.
42 GRUR-RS 2024, 31768.

to raise an invalidity challenge, the court treated the patent as valid for this party. Defendant 2's counterclaim for invalidity was examined and rejected. The court granted the injunction after finding that LEDs used in mobile phones were infringing and held the injunction proportional, rejecting the defendants' argument that the LEDs represented only a minor component of the mobile phones' total value. The court emphasized that the injunction would impact only certain mobile phones, thereby enabling the defendants to continue trading in other models. The defendants' submission to make enforcement dependent on a security was dismissed. The court found that the defendants did not show the injunction would threaten them with damages that cannot be effectively enforced directly against the plaintiff and that the requested security amount — ten times the litigation value — was excessive.

In the Counterclaim for Revocation, CFI_483/2023, ORD_598459/2023 of October 10, 2024,[43] the LD Düsseldorf invalidated the patent in suit for Germany, France, Italy and Netherlands, dismissing infringement claims. The court found that the subject-matter of claim 1 extended beyond the application as filed.

[54] On October 31, 2024, in CFI_373/2023, ORD_598499/2023, the LD Düsseldorf found that the product of the defendant infringed the plaintiff's EP 1 793 917, "a device for carbonating a liquid with pressurized gas", and issued a permanent injunction. The defendant responded in the proceedings with a nullity objection; the "Gilette (or Formstein) defense". The aim of this defense is to prove non-infringement by demonstrating invalidity without having to interpret the patent claims. The defendant has to argue that the alleged infringing acts are part of the prior art. This objection is accepted as a non-infringement one by several UPC countries but not recognized in Germany. The LD Düsseldorf was not convinced and found that the Gillette defense was inadmissible in a case before the UPC. The publication under Art. 80 UPCA requested by the plaintiff was rejected by the court, which found that publication would be an extraordinary punishment and was not appropriate because the ordered remedies were sufficient to protect the plaintiff's interests.

[55] In CFI_358/2023, ORD_598511/2023 of November 13, 2024, the LD Paris held one patent invalid for lack of novelty as granted and for lack of inventive step as amended. The other patent was held valid and infringed. The court considered that the UPC has jurisdiction over infringement that began before the entry into force of the UPC and that the national provisions are not applicable in this respect: Art. 25 and 26 UPCA apply. Furthermore, under Art. 29 UPCA on exhaustion of rights, the court held that the UPC has jurisdiction to determine whether the exception applies to the case at hand. This was not the case here. Furthermore, the court clarified that under Art. 25 UPCA (relating to direct infringement), the plaintiff does not have to prove that the defendant (which was selling the accused products but not manufacturing them) had prior knowledge of the existence of the patent and of the alleged infringement.

[56] On November 4, 2024, CFI_241/2023, ORD_598484/2023, the LD Milan found infringement by promoting and offering the patented product at a trade fair and granted an injunction restraining the infringer from selling, marketing and promoting the product in Italy and Germany, under a penalty of EUR 12 000 for each breach of the injunction, namely prohibition of repetition of already established infringing conduct and restraining future infringing conduct. On repetition, the court ruled that the burden was on the defendant to prove no risk of recurrence, which it failed to do as a mere promise to cease was deemed insufficient. On future infringement, the court highlighted both objective and subjective factors in assessing future risk, noting that the defendant's promotional activities were closely tied to commercialization efforts. While the injunction was granted, a final order for withdrawal from the market was not issued, contrasting with other cases where product recalls were mandated. The court granted a permanent injunction but did not order product recall. Although the infringer had not sold any product, the damages were evaluated at EUR 15 000 (including reputational damage), but the costs were split so that the infringer would bare 80 % thereof.

[57] On November 5, 2024, CFI_309/2023, ORD_598482/2023 and CFI_315/2023, ORD_598483/2023[44] the CD Paris revoked one patent (EP 115) and maintained the other (EP 991). For EP 115, the court found all claims invalid for extending beyond the scope of the original and parent applications. More specifically, its claim 1 was derived from a claim in the parent application but omitted a feature that was originally disclosed. This omission resulted in a new combination of features, presenting the skilled person with subject matter not directly and unambiguously derivable from the original disclosure. The court placed the burden of proof on the patentee to demonstrate compliance with Art. 123(2) EPC. For EP 991, diverging from the EPO's problem-solution approach, which requires selecting a closest prior art, the court evaluated inventive step relative to any relevant state of the art. More specifically, the court reasoned that the reference to the person skilled in the art in Art. 56 EPC is an element of objective approach such that the subjective considerations or the subjective knowledge and skill of individuals, like the named inventor(s) or the parties to the case, do not have an influence on the evaluation of inventive step. It then

43 GRUR-RS 2024, 31768.
44 GRUR-RS 2024, 29916; GRUR-RS 2024, 30221.

established that the state of the art shall be held to comprise everything made available to the public before the date of filing and an invention shall be considered as involving an inventive step if, having regard to any element that forms part of the state of the art, it is not obvious to a person skilled in the art. It was however highlighted that claimant defines the scope of evaluation for a revocation action and the Court did not evaluate inventive step from starting points in prior art on which the claimant did not advance arguments.

[58] On November 15, 2024, in CFI_15/2023, ORD_598479/2023,[45] the LD Munich confirmed that the UPC has jurisdiction over acts of infringement committed prior to the entry into force of the UPCA. It also discussed the issue of staying proceedings in the event of a referral of the counterclaim for revocation to the Central Division. In this case, the plaintiff brought an infringement action against the defendants before the LD Munich. Subsequently, another company of the defendants group filed a revocation action against the patent in suit before the CD Paris. Before the LD Munich, the defendants also filed a counterclaim for revocation of the patent in suit, and the court issued an order referring the counterclaim to the CD Paris pursuant to Art. 33(3)(b) UPCA and R.37.2 RoP. The CD Paris dismissed both, the revocation action and the counterclaim for revocation and maintained the patent in an amended form. This decision was appealed. The defendants applied to the LD Munich for a stay of the infringement proceedings pending the outcome of the appeal. The court rejected this request. It clarified that, pursuant to Art. 33(3)(b) UPCA, the counterclaim for revocation may be referred to the Central Division and the infringement action may be continued following such a decision. Once the Central Division has made its decision and upheld the patent in amended form, a stay of the infringement action may only be based on R.295(c)(i) or (m) RoP. In either case, the court is free to exercise its discretion to grant or not grant a stay. Consequently, a decision on the infringement action may be rendered prior to the CD decision on the referred counterclaim. After the Central Division has decided on the referred counterclaim, the local or regional division must take the next step in the case management, which is usually a decision on the infringement action. There are only a few cases in which this standard next step in the case management process may be deviated from. These cases arise when the losing party can demonstrate that the decision of the Central Division is manifestly and prima facie erroneous in a formal and/or material way. The Court considered that this was not the case here. With regard to the infringement of the patent in suit, the LD Munich found that the patent had been infringed and ordered an injunction under penalty payment, the recall of the infringing goods and their definitive removal from the distribution channel, their destruction under penalty payment, the publication of the decision in five public media, provisional damages and immediate enforceability.

[59] On November 22, 2024, in CFI_210/2023, ORD_598506/2023, the LD Mannheim issued the first decision of the UPC on a standard essential patent. The patent is held valid and infringed. Oppo is considered an unwilling licensee. Based on the CJEU decision in Huawei v. ZTE, Panasonic is entitled to an injunction and to full damages for past infringement which are not restricted to a FRAND royalty. The Court states that it would have jurisdiction to establish the FRAND conditions of a license agreement between the parties as part of an action for infringement of a European patent (with unitary effect or not), if the patent holder were to file a request for an injunction conditional on the defendant not taking the license which FRAND terms are to be determined by the Court.

[60] On November 22, 2024, CFI_239/2023, ORD_598516/2023, the LD The Hague issued the first UPC ruling examining infringement by equivalence, literal infringement being rejected. The test applied by the Court to assess infringement by equivalence entails answering the following four questions in the affirmative. *(i) Technical equivalence: does the variation solve (essentially) the same problem that the patented invention solves and perform (essentially) the same function in this context? (ii) Fair protection for patentee: Is extending the protection of the claim to the equivalent proportionate to a fair protection for the patentee? (iii) Reasonable legal certainty for third parties: does the skilled person understand from the patent that the scope of the invention is broader than what is claimed literally? (iv) Is the allegedly infringing product novel and inventive over the prior art?* The test was said to be based on the practice in various national jurisdictions but is mostly based on a Dutch Supreme Court decision. The Court further established that the prosecution files of patents in general do not form part of the common general knowledge of the skilled person. The patent was found valid and infringed.

XIV. Appeal

1. Expedition of an appeal

[61] The Court of Appeal rejected in CoA_464/2024, CoA_457/2024 and CoA_458/2024, ORD_48422/2024 and ORD_ 48424/2024 of September 6, 2024, the requests for expedition of the appeals pursuant to R.9.3 RoP, because after a balance of interests of both parties, the interests of the appellant did not justify the expedition of the appeals at the expense of the respondent's legitimate interest in having the appeals dealt within the timeframe provided for by the RoP.

45 GRUR-RS 2024, 31369.

In the procedural order the Court of Appeal stated that:

"The possibility that the Munich Local Division might grant an injunction on the basis of a patent that has been upheld by the Court of First Instance but may subsequently be revoked by the Court of Appeal, is not sufficient to justify expediting the appeals."

Further, the Court stated that if the validity of the patent is subject to appeal, the LD Munich would have had various options to mitigate the risk of an injunction being granted or the damage caused by such an injunction, for example by suspending the infringement proceedings or by deciding under the condition subsequent that the patent is not declared invalid by a legally binding decision in invalidity proceedings (R.118.2 RoP), which the appellant in the infringement proceedings had requested.

[62] In CoA_584/2024, ORD_55415/2024, of October 9, 2024,[46] the Court of Appeal rejected the request for expedition of the appeal regarding the joint negotiation of the parallel proceedings before the LD and CD Milan. There was no reason for the expedited appeal, as there was insufficient justification in view of the expressed interest in summarizing the cases at first instance in order to prevent irreconcilable decisions after the upcoming oral proceedings. Furthermore, it was not clear why the appellant was initially given sufficient time to await the decision of the CD on the application for leave to intervene before the request for expedition was filed.

2. Admissibility of the appeal

[63] On October 15, 2024, in CoA_PC 01/2024,[47] the Court of Appeal declared an appeal inadmissible because the leave to appeal the order of first instance was not expressly granted by the CFI. The mention "*is subject to appeal under the conditions laid down by the provisions of R. 220.2*" in the operative part of the impugned order is not sufficient, and if the court of first instance had decided to "*grant leave to appeal*", it would have expressly granted such leave by wording consistent with that provision, stating for example that "l*eave to appeal is granted*".

3. Suspensive effect

[64] In CoA_549/2024, ORD_53377/2024 of October 29, 2024,[48] the Court of Appeal ordered suspensive effect insofar as enforcement against the defendant managing directors was concerned and stated in the headnotes that suspensive effect may be ordered if the order against which the appeal is directed is which the appeal is directed is manifestly erroneous. In this case, the Court pointed out the false assumption that the managing director was an "intermediary" and clarified that a managing director of a patent-infringing company is a representative of this company. This company cannot therefore be a "*third party*" in relation to this managing director within the meaning of Art. 63 UPCA and Art. 11 of Directive 2004/48. Therefore, liability under Art. 63(1) S. 2 UPCA as an intermediary cannot arise solely from the function as managing director of a patent infringing company.

[65] In CoA_691/2024, ORD_61229/2024 of November 14, 2024,[49] the Court of Appeal suspended the effect of the impugned order granting preliminary injunction on the ground that the defendants had filed an application for rectification (R. 353 RoP) of the said order. The Standing Judge considered that the defendants' interest in maintaining the status quo pending the decision on the application for rectification outweighed the plaintiff's interest in immediate enforcement and that it was appropriate for the impugned order to be suspended pending the decision of the Court of First Instance on the application for rectification.

[66] In CoA_719/2024 and UPC_CoA_720/2024, ORD_62333/2024 and ORD_62341/2024 of November 21, 2024,[50] the Court of Appeal suspended the effect of two orders (ORD_56545/2024 and ORD_60265/2024 of the LD Düsseldorf) until panel 2 of the Court of Appeal has decided on the Appellants' request to suspend the effect of the impugned orders, insofar as the injunction issued therein does not include a specific model of vehicle which was not mentioned expressly in the impugned orders as being excluded from the injunction.

4. Grounds of appeal

[67] On October 9, 2024, in CoA_297/2024, ORD_53013/2024, the Court of Appeal referred to R.226 RoP for the requirements of the grounds of appeal and emphasized that the question of whether the information provided by the appellant was sufficient (level of detail) would be assessed on a case-by-case basis depending on, e. g. how detailed the impugned order was in the contested parts. The Court of Appeal stated that, however, the general statement that all submissions from the pleadings submitted at first instance are maintained in full was not sufficient.

XV. Examination of witnesses

[68] The LD Mannheim rejected the claimant's request to question the claimant's party expert as a witness in the oral hearing, CFI_210/2023, ORD_52137/2024 of September 17, 2024.[51] Initially, the application was late following the conclusion of the interim proceedings. The formal conclusion of the interim proceedings in accordance with R.110 RoP documented that the proceedings were sufficiently

46 GRUR-RS 2024, 32006.
47 GRUR-RS 2024, 29401.
48 GRUR-RS 2024, 29496.
49 GRUR-RS 2024, 31323.
50 GRUR-RS 2024, 32748.
51 GRUR-RS 2024, 31155.

prepared for the hearing from the rapporteur's point of view. The assertion that it only became apparent after analyzing the expert opinion that the time limit was not sufficient does not change the fact that no request for an extension of the time limit was made. Furthermore, a party expert is not a *"witness"*. Witnesses are questioned about their own perceptions, whereas party experts present their expert opinion. However, there was no reason to question the party expert in accordance with R.181 RoP.

XVI. Actions found to fail or manifestly inadmissible

[69] Pursuant to R.361 RoP, the Court may give a decision by way of order *"where it is clear that the Court has no jurisdiction to take cognisance of an action or of certain of the claims therein or where the action or defence is, in whole or in part, manifestly inadmissible or manifestly lacking any foundation in law"*.

[70] In CFI_164/2024, ORD_43015/2024 of September 16, 2024, the CD Paris stated that:

"For the purposes of applying Rule 361 'RoP', the condition of manifest inadmissibility implies that the inadmissibility must be clearly evident from the pleadings and its assessment does not require any particular in-depth analysis."

Further, it continued that it must be a prima facie inadmissibility which follows from simple factual findings, which was consistent with the literal wording of the provision and with the principle of proportionality.

[71] The Court of Appeal upheld the rather strict interpretation of R.361 RoP of CD Paris (see above) and further stated in CoA_264/2024, ORD_48996/2024 and CoA_265/2024, ORD_49041/2024 (and in further case numbers) of September, 18, 2024,[52] that the question of whether any claim has been sufficiently argued and substantiated in the Statement of claim was not a matter to decide under R.361 RoP. Whether claims have been sufficiently stated, substantiated and, if required, proven was for the Court of First Instance to decide in the main proceedings after full consideration of all (further) submissions and evidence. A detailed statement of claim in relation to an infringing embodiment (and including a list of further embodiments) did not belong to an action that was manifestly lacking any legal basis in this regard within the meaning of R.361 RoP.

[72] On September 25, 2024, the LD Munich rejected the applications to grant the parties the right to be heard in accordance with R.361 RoP and to reject the counterclaim as manifestly futile in accordance with R.361, 363 RoP, CFI_114/2024, CFI_448/2024, ORD_53396/2024.[53] The LD Munich clarified that the requirements for proceeding according to R.361, 363 RoP were not met. A claimant of a counterclaim for revocation should not have to conduct any inquiry into who is the owner of the material rights and therefore, a counterclaim for revocation may be directed against both the R.8.6 proprietor, i. e. the registered proprietor, and the R.8.5(a) or (b) proprietor, the substantive proprietor. If the registered proprietor and the substantive proprietor differ, the registered proprietor must file a request under R.305.1 (c) RoP so that the parties can be exchanged by order.

XVII. Leave to change claim or amend case, R.263 RoP

[73] In CFI_494/2023, ORD_52883/2024 of September 25, 2024, the LD Paris found that the authorization under R.263 RoP applied only to amended applications that have the effect of modifying the subject matter and scope of the dispute. If the amended applications have merely supplemented the previously submitted applications, they did not, apart from the fact that they were made in the alternative, constitute substantial amendments that changed the subject matter of the dispute and its scope. They related exclusively to the modalities of the implementation and enforcement of a possible conviction. In this case, the amended applications therefore did not fall within the scope of R.263 RoP.

[74] By contrast, the LD Paris rejected a defendant's request to amend its claims to include its new product in CFI_395/2023 of October 11, 2024. The court recalled that R.263 RoP requires two conditions to be fulfilled: *(i) that the amendment could not have reasonably been made earlier, and (ii) that it does not unreasonably hinder the opposing party's case.* While the court found that the first condition was met since the applicant disclosed the relevant new information at an interim conference which was also the date of launch of the new product, this late request did not allow other party sufficient time to gather evidence and prepare for the oral hearing. The applicant was advised to pursue a separate action for non-infringement related to the new product.

[75] The LD Munich partially granted the application for the amendment to the complaint in CFI_114/2024, CFI_448/2024, ORD_36668/2024 of September 25, 2024,[54] and clarified that an unconditional limitation of the claim is always permitted. In addition, the Court stated that an amendment to the application before a judgment becomes final (e. g. of the Federal Patent Court of Germany, in which only the method claim asserted in the alternative was upheld) would be possible but is not required under R.263 RoP.

52 GRUR-RS 2024, 28413.
53 GRUR-RS 2024, 25709.
54 GRUR-RS 2024, 25709.

[76] In CFI_430/2023, ORD_55063/2024 of October 7, 2024, the Nordic-Baltic RD dismissed the request to change claims and stated that the request and the reasoning should have been included in the application instead of just in an annex because the court was not obliged to search for the parties' positions in the attached documents in the adversarial, front-loaded proceedings. Furthermore, the court found that these "changes" were not just corrections, so they should have been formulated much earlier.

XVIII. Requests for orders to produce evidence, R.190 RoP and communicate information, R. 191 RoP

[77] In CoA_298/2024, 299/2024, 300/2024, ORD_48652/2024, ORD_48655/2024 and ORD_48654/2024 of September 24, 2024,[55] the Court of Appeal dismissed the appeal over two requests to produce evidence pursuant to R.190 RoP and stated:

"A balance must be struck between the defendant's interest in obtaining evidence which may be useful for its FRAND-defence, and the interest of the other party and its contracting parties in protecting confidential information. The Court of First Instance has a margin of discretion when adjudicating on a request for an order to produce evidence pursuant to R.190 RoP. The margin of discretion includes decision-making on the request in accordance with what the judge-rapporteur, the presiding judge or the panel has decided regarding the order in which issues are to be decided pursuant to R.334(e) RoP."

In this case, the appellant requested the further submission of license agreements in order to check whether they violate FRAND provisions and was of the opinion that the Court of First Instance (LD Mannheim) did not make sufficient use of and abused its discretion under R.190 RoP, which the Court of Appeal denied.

[78] In CFI_327/2024, ORD_44108/2024 of October 14, 2024, the LD The Hague granted the application for order to produce evidence, being sufficiently convinced that a prima facie infringement case existed and presumed the validity of the patent (based on the granted by the EPO) not to be overturned before the JR in absence of clear-cut invalidity. The requested technical specification documents were found sufficiently specific and pertinent for the fulfillment of several features that were suspected to be infringed.

[79] On October 20, 2024, in CFI_471/2023, ORD_47065/2024,[56] the LD Mannheim dismissed the application for order to produce source code of the media players used under several browsers on the grounds that it is unclear whether at this stage the source code may be required for the purpose of the infringement action and acknowledged that ordering the submission of source code constitutes a significant interference. In addition, the plaintiffs have not exhausted all available, reasonable means of evidence which they can be expected to use after weighing up the interests of the parties concerned. Against this background, the order to produce the source code is currently disproportionate.

[80] In the same case (CFI_471/2023), ORD_47055/2024 and ORD_47058/2024, of October 20, 2024, the plaintiffs requested that the defendants be ordered to provide information on the content delivery networks (CDNs) they use and how the video files accessible via their respective streaming services have been encoded. After recalling the principles applicable to such an application and stating that "*an order to communicate information is generally not available as long as the other party has not yet replied to the applicant's statement of claim, for which it can in principle exhaust the time limits applicable to the statement of defence*", the LD Mannheim rejected the applications stating that, at this stage, it was not clear how the defendants will respond to the allegations of infringement in their defence and that the plaintiffs have not justified why the information is necessary for advancing their case. In addition, the state of the facts and disputes as to the interpretation, infringement and validity of the patent in suit did not justify burdening the defendants with an order to communicate the requested information according to R.191 RoP. However, the court expressly ruled that the present order did not preclude future application for order to communicate information if there are significant lacunae in the defendants' submissions and if the lack of certain information was relevant to the resolution of the dispute.

XIX. Permission of subsequent request to amend the patent, R. 30.2 RoP

[81] On October 17, 2024, in CFI_252/2023, ORD_598480/2023,[57] the CD Munich clarified that:

"*Under the front-loaded system of UPC proceedings, parties are under an obligation to set out their full case as early as possible. Permission for subsequent request to amend under Rule 50.2 RoP in connection with Rule 30.2 RoP is not given as the auxiliary request could and should have been filed earlier.*"

In this case, the subsequent application to amend was filed late in the proceedings, after the closure of the written proceedings and after the interim conference, less than 1.5 months before the oral hearing. The fact that a CoA order was issued interpreting the claim in the way argued by the Claimant could not have come

55 GRUR-RS 2024, 25841.
56 GRUR-RS 2024, 28094.
57 GRUR-RS 2024, 32950.

as a surprise and does not justify allowing the new auxiliary request at this stage of the proceedings.

XX. Interventions

[82] On October 1, 2024, in CFI_380/2024, ORD_52068/2024,[58] the CD Milan rejected the request for intervention in the interim injunction proceedings and stated that:

"Intervention in interim injunction proceedings is only available in exceptional cases. Following an interim injunction, proceedings on the merits must be initiated, (R. 213.1 RoP) within a short timeline. The reason for this is that no final decision is made in interim injunction proceedings and the creation of fait accompli shall be prevented. The need to expedite the proceedings has procedural consequences: only a summary examination is carried out and [..] no [..] res judicata."

The CD Milan also explained that the main purpose of the interim injunction proceedings is therefore to speed up the proceedings and that the main proceedings should only be initiated later. Therefore, the interim injunction proceedings should not be overloaded, e. g. with interventions that could slow down the proceedings and can be carried out primarily in the main proceedings.

[83] In CFI_153/2024, 487/2023, 498/2023, ORD_46842/2024, ORD_54526/2024, ORD_46866/2024 and ORD_46985/2024,[59] the LD Munich issued a substantive order on October 2, 2024. The Court affirmed that a patent pool administrator possesses a direct and present legal interest in the outcome of a lawsuit within the meaning of R.313 RoP and recognized that a judgment impacting the validity or infringement of the pooled patent directly affects the administrator's legal standing and ability to perform its duties (to negotiate licenses for the pooled patent, collect royalties, and potentially face claims from pool members). The LD Munich further stated that the mere possibility of information exchange between a patent pool administrator and a party in a lawsuit did not automatically constitute an infringement of EU competition law. The admission of the intervention was not precluded by the fact that it did not prevent a violation of Art. 101 TFEU, as the applicant and one party had the opportunity to exchange information sensitive to competition law in their pleadings. Rather, the intervener was granted access to the file in accordance with R.315.4 RoP in order to enable the proceedings to be conducted properly. If the court had already classified certain information as confidential and granted only limited access to the party on whose side the intervener intervened pursuant to R.262A RoP, the intervener could not be granted unlimited access to this information.

XXI. Request for further written submissions, R.36 RoP

[84] In CFI_355/2023, ORD_54796/2024 of October 30, 2024,[60] the LD Düsseldorf denied the request for further written submissions and stated that the fact that the plaintiff only had one opportunity to comment in writing on the right of prior use pursuant to the Rules of Procedure and the time limits provided for therein. A further statement would only have been possible if it did not delay the proceedings. Since the plaintiff filed the request pursuant to R. 36 RoP only one day before filing the rejoinder in the Counterclaim for revocation, although the plaintiff could have filed it immediately, admission of further pleading would lead to a delay in the proceedings in view of the oral hearing in December.

[85] The LD Düsseldorf also denied the request for further written submissions in CFI_16/2024, ORD_59195/2024 of October 30, 2024.[61] The request for further written submission regarding a further affected product, although it was not subject of the preliminary injunction proceedings or the main proceedings, was not justified. Furthermore, in addition to the plaintiff's supplementary submissions, the defendant should also have been allowed to respond with a view to safeguarding the right to be heard, which would have led to a delay in the proceedings due to the oral hearing already scheduled for November 26, 2024.

XXII. Conclusion

[86] The UPC has quickly given detailed guidance on how it operates. It is currently doing the same on the merits. The start-up phase is clearly coming to an end and the new court has become an integral part of the European IP landscape in record time.

58 GRUR-RS 2024, 25999.
59 GRUR-RS 2024, 26000.
60 GRUR-RS 2024, 29358.
61 GRUR-RS 2024, 29364.

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UPC Digest, Issue no. 1: The UPC's time period regime and its established legal practice so far

In each issue of our quarterly UPC Digest, we throw a spotlight on a specific topic in the UPC's case law. To start the series, we firstly discuss the subject of time periods, which at first glance may not be the Mont Ventoux of patent infringement and validity proceedings before the UPC, but it still presents a number of obstacles on the way there: even the start of a time period is not always clear-cut, and one question that arises in a variety of situations is whether there is justification for extending or shortening a period. As yet, of course, there is no established, let alone harmonised handling of these aspects by the various Divisions of the Court. This article aims to provide a commentary overview of the problems addressed in UPC practice so far and of the approaches towards solving them, to shed light on some remaining unresolved issues and thus to provide practitioners with an initial guide.

Mit der Reihe UPC-Digest beleuchten wir jedes Quartal ein Thema aus der Rechtsprechungspraxis des EPG. Zum Start der Reihe wenden wir uns dem Thema Fristen zu, das auf den ersten Blick nicht den juristischen Mont Ventoux des Patentverletzungs- und Bestandsverfahrens vor dem EPG darstellt, jedoch auf dem Weg zu diesem einige Hindernisse bietet: Nicht einmal der Fristenbeginn ist immer eindeutig, in verschiedensten Konstellationen stellt sich die Frage, ob eine Verlängerung oder Verkürzung gerechtfertigt ist und zu alledem gibt es natürlich noch keinerlei gefestigte, geschweige denn harmonisierte, Handhabung durch die Kammern des Gerichts. Dieser Beitrag soll einen kommentierenden Überblick über die bisher in der EPG-Praxis behandelten Problemstellungen und Lösungsansätze geben, verbleibende offene Fragen beleuchten und so dem Praktiker einen ersten Leitfaden bieten.

I. Introduction

[1] Issues in procedural law relating to how time limits are handled should not be underestimated, especially given the tight schedules applying to patent infringement and revocation proceedings before the UPC. The Rules of Procedure (RoP) include an evenly balanced time limit regime for the written procedure for infringement and revocation actions, which according to para. 7 of the Preamble to the Rules of Procedure is so designed that proceedings at first instance can be completed within one year. This can only be achieved in general if the proceedings are conducted in such a way that the prescribed time limit regime is left untouched. As soon as the Statement of claim has been served, the 3-2-2-1-1-month sequence of time periods is specified for patent infringement proceedings with a Counterclaim for revocation and an application to amend the patent, for example, and imposes unrelenting requirements on the parties; cf. Rules 23, 25, 29, 30, 32 RoP.

[2] This is exacerbated by the fact that the Rules of Procedure already stipulate in the Preamble that the parties must set out their arguments in full as early as possible in the proceedings and must otherwise fear that their submissions will be dismissed as being too late.[1] Depending on the party's perspective, any change in the time periods due to postponement, extension or shortening is therefore not just a 'relief' or an 'annoyance', but above all can be a strategic resource that is decisive for success in the proceedings: the scope for establishing the facts of the case can be extended or narrowed, and the threat of an injunction can be desirably or undesirably delayed. It is imperative, therefore, to be aware of the opportunities for modifying time periods that are provided by the Rules of Procedure and their practical application.

II. Start of time periods

[3] The relevant event initiating the time period is generally the service of the respective document.[2]

[4] Reference is made here solely to the order issued by the Paris Central Division on 22 January 2024, which applies Rule 278.4 RoP and Rule 271.6 RoP to clarify that it is not the actual receipt that is decisive for the start of a time period, but receipt of an electronic message in which the representative is informed by the Registry that a document and its Annexes are available in the Case Management System (CMS).[3] This is not obvious, if the wording of the referenced rules in the Rules of Procedure are applied, because Rule 278.1 RoP, especially, refers to the service of the document by means of electronic communication, and not to an electronic message that the document is available in the CMS. In the final analysis, however, the conclusion drawn by the Paris Central Division is proper and is supported by

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1 CD Paris, order of 12 June 2024, UPC_CFI_308/2023 ACT_571565/2023.

2 At this point we do not dwell on the specifics of serving the initial Statement of claim, which will be the focus of a more in-depth discussion in the next issue of the UPC Digest.

3 CD Paris, order of 22 January 2024, UPC_CFI_308/2023 App_159/2024. This only applies to the case in which the representative has given notification via the CMS that they have been appointed to represent a party.

the Rules of Procedure when Rule 271.2 RoP is applied via Rules 278.4 and 271.6 RoP. If, pursuant to Rule 271.2 RoP, service of the Statement of claim may be effected within the closed electronic system of the CMS as soon as a representative of the defendant has been appointed, this must also apply a fortiori to pleadings subsequent to the Statement of claim.

[5] If service of the Statement of claim or further pleadings is decisive for the time limit for filing the respective pleadings in reply, the question that regularly arises is whether the time limit is affected by deficiencies in the preceding pleadings. In the first year of the UPC, its case law has already addressed a number of different case scenarios.

1. Inappropriate CMS workflow

[6] The CMS provides different workflows, depending on the type of pleadings. For example, the Counterclaim for revocation pursuant to Rule 25 RoP or the Preliminary objection pursuant to Rule 19.1 RoP are to be filed in a separate workflow from the Statement of defence. The question invariably raised is whether the time period for the respective pleadings in reply starts if the pleadings from the opposing party that initiate the time period were not submitted via the CMS to the workflow provided for that purpose (but to somewhere different instead). In an order issued on 17 January 2024, the Hague Local Division ruled on this question for the case in which the Counterclaim for revocation was wrongly submitted (only) to the infringement action's main workflow, and affirmed that the time period had nevertheless started.[4] One must agree with that decision, since the defendant of the counterclaim had already gained full access to the Counterclaim for revocation due to its submission to the main workflow. It would be pure formalism to ignore the actual acknowledgement of receipt, simply because a CMS workflow not intended for that purpose was used. Moreover, at no point do the Rules of Procedure require that specific CMS workflows be used. It refers to a 'closed electronic system of the UPC Case Management System (CMS)' (Rule 271.2 RoP) and electronic forms (Rule 4.1 RoP), but does not specify a particular structure or design for that system. As long as pleadings are submitted in the correct proceedings and are available for all the relevant parties to view, and can therefore be found by all the parties to the proceedings, this should generally be sufficient to start the time period.

2. Request for confidentiality

[7] According to the case law up to now, an application for the protection of confidential information under Rule 262A RoP can significantly affect the start of the time period. Similar to the procedure in German law for protecting confidential information, this Rule provides a way to restrict access to certain information included in pleadings.

[8] In the recent practice of the UPC, there is already an established procedure that is applied relatively reliably by the Divisions. A provisional confidentiality order is firstly issued, under which access to the information to be protected is granted only to certain representatives of the opposing party (not the entire legal team yet) and in special cases to one natural person (such as the managing director) from the opposing party. After the opposing party has given its written comments (cf. Rule 262A.4 RoP), a final order concerning protection of the information is then made. This sequence generally results in the opposing party initially not knowing the content of the respective pleadings to the extent that may be necessary, depending on the content of the confidential information, to draw up the pleadings in reply.

[9] According to two orders handed down by the Hamburg Local Division on 28 November 2023[5] and 19 January 2024[6], the start of the time period is generally postponed in such cases to the day on which the final decision is made on the application for protection of confidential information pursuant to Rule 262A RoP. Bearing in mind the right to be heard and one's interest in proper defence, it is necessary in the case of applications for confidentiality to consider the point in time from which the representatives of the parties can discuss the opposing party's pleadings in full with their own party or with the group of persons from their own party who are granted access. This is not possible as a rule until the procedure pursuant to Rule 262A RoP for protecting confidential information has been completed. The Local Division emphasises that this postponement of the start of the time period is not an extension of the period and that, unlike an extension of the time period, does not require that the opposing party be heard.[7] In the cases in question, the relevant confidential information related in each case to statements in the Statement of defence concerning the technical implementation of the accused product and were therefore undoubtedly an integral part of the Statement of defence, without knowledge of which it is not possible to draw up a reply.

[10] In the cases to be ruled upon by the Hamburg Local Division, the problem also arose as to whether, if the start of the time period for the reply is post-

4 LD The Hague, order of 17 January 2024, UPC_CFI_239/2023 ORD_2223/2024; referring to the difficulties for all concerned during the early days of the UPC, however, the Local Division granted a subsequent extension of the time limit for the late Statement of defence in response to the Counterclaim for revocation.

5 LD Hamburg, order of 28 November 2023, UPC_CFI_54/2024 App_589355/2023.

6 LD Hamburg, order of 19 January 2024, UPC_CFI_22/2023 App_2889/2024.

7 In the case of an extension of a time period, according to LD Hamburg Rule 264 RoP requires that a party shall be given an opportunity to be heard.

poned, the time period for replying to the Counterclaim for revocation is also extended automatically and does not start until after the procedure pursuant to Rule 262A RoP has been completed. Against that, one could argue that drafting the reply to the Counterclaim for revocation is not directly dependent on having the information about the accused product. On the other hand, there is no denying a connection per se via the interpretation of the patent claim in question. The Hamburg Local Division resolved this ultimately by refusing to postpone the start of the time period, but at the same time granting an extension of the time limit for replying to the Counterclaim for revocation, referring thereby to the need for synchronised time limits in the interest of procedural efficiency.[8]

[11] In an order dated 23 February 2024, the Düsseldorf Local Division refused to postpone the start of the time period until the decision on the protection of confidential information, in any case for preliminary injunction proceedings pursuant to Article 62 UPCA.[9] It argues that such postponement is incompatible with the nature of summary proceedings. The Local Division also points out, with regard to the particularities of the case to be decided upon, that the information in question is exclusively of a non-technical and purely commercial nature and relates only to a very limited part of the facts and arguments submitted.

[12] These two Local Divisions are thus unanimous in refusing to postpone the start of the time period until completion of the confidentiality proceedings under 262A RoP, regardless of the specific content of the confidential information.[10] In our view, this is the proper approach for the simple reason that such a forced postponement is not provided for in the Rules of Procedure and would conflict with the objective, defined in the Preamble, that proceedings be conducted in a brisk manner. Furthermore, information such as the amount of royalties specified in licensing agreements brought in as evidence may be worthy of protection, but of no material relevance for the case to be decided. It would be improper to accept a delay in proceedings simply for the sake of protecting such information. Both Local Divisions base their decisions, accordingly, on the importance of the information for the case at hand and above all for drafting the pleadings that are subject to the time limit.

[13] The question that is raised as a consequence is whether it would be more appropriate to decide on this aspect only in response to an application for an extension of the time period. Assessing the relevance of the information in question is a gradual process. Initially unavailable information regarding the design of the accused product will slow down the process of drafting the pleadings in reply to a greater extent than licence details that are relevant only as regards the right of action. This can be taken into consideration better when calculating the extension of a time period than if the decision is based on when the confidentiality procedure under 262A RoP is completed – for the simple reason that the latter depends significantly on the workload and availability of the judge-rapporteur and is thus to a large degree random from the perspective of the parties. As the Hamburg Local Division establishes, applying the general principle of Rule 264 RoP means that the opposing party must also be heard if a time period is to be extended. Involving the opposing party in the gradual assessment of the relevance of the information in question is conducive to its right to be heard and would appear to foster a balanced decision on the amount of additional time needed and granted for it to draft a reply. Extending a time period also provides greater flexibility to additionally take account of the procedural situation for assessing the additional drafting time to be granted, for example if the date for oral hearing is approaching.[11]

[14] From the perspective of the representative before the UPC, it must always be borne in mind that an application for protection of confidential information under Rule 262A RoP may cause the proceedings to be delayed. This should be taken into account when applying for provisional measures, in particular. If a speedy injunction is the primary objective in the proceedings and there is no way to prevent confidential information from being disclosed, it is advisable to assess the relevance of the protected information prophylactically when submitting the application for provisional measures, with regard to a potential extension or postponement of the start of the time period for the opposing party. As regularly proposed by the Munich I Regional Court in German national proceedings, for example, it may also be helpful, before even submitting the pleadings, to request the opposing party to designate a group of persons to which access to the confidential information is to be granted for reasonable preparation of the case, and to include that group of persons in the request for confidentiality.[12]

[15] It is conceivable, on the other hand, that one party submits repeated requests for confidentiality under Rule 262A RoP in order to prevent a quick decision. That tactic could also be countered by adapting the procedure applied by the Munich I Regional Court, namely by imposing a procedural obligation

8 LD Hamburg, order of 5 December 2023, UPC_CFI_54/2023 App_589355/2023; LD Hamburg, order of 27 January 2024, UPC_CFI_22/2023 ORD_3057/2024.
9 LD Düsseldorf, order of 23 February 2024, UPC_CFI_463/2023 App_8500/2024, GRUR-RS 2024, 5120.
10 However, LD Hamburg tends to generally postpone and to only not postpone if the confidential information is of minor importance.
11 LD Düsseldorf took the same view: order of 23 February 2024, UPC_CFI_463/2023 App_8500/2024, GRUR-RS 2024, 5120. This seems now to be the general solution of the LD Düsseldorf, see order of 24 June 2024, UPC_CFI_456/2023 App_34724/2024 and App_34727/2024.
12 Unless an element of surprise has relevance and/or an ex parte decision is requested.

on the party requesting confidentiality under Rule 262A RoP to provide the opposing party an opportunity beforehand to designate a group of persons authorised to access the information.

3. Missing or incorrect Annexes

[16] Just as in the case where there is no access to information due to an application for confidentiality under Rule 262A RoP, the question of postponing the start of a time period is raised when incorrect or no Annexes are submitted with pleadings that require a reply. However, the Court of Appeal[13] and the Hamburg Local Division[14] see no reason here to postpone the start of the time period. This should apply, in any case, when the Annexes in question serve purely as evidence and therefore are not an integral part of the pleadings and in particular of the Statement of claim initiating the proceedings within the meaning of Rule 271 RoP and the EU Regulation on the service of documents.[15]

[17] One must agree with that point, because the absence of Annexes that serve purely as evidence does not significantly impede the drafting of pleadings in reply, and absence of the evidence is detrimental to the respective other party anyhow. Further to that, however, the absence of Annexes should not stop the time period from running, regardless of the relevant regulations governing the service of documents. Whether or not an Annex serves purely as evidence, or is an integral part of the pleadings, is a question that cannot be clearly answered in many individual cases. Making the running of a time period dependent on this would be detrimental to legally secure and clearly structured proceedings. The party whose litigation is adversely affected by the absence of the Annex should instead be given an opportunity to extend the time period – as in the case of a request for confidentiality. When reaching a decision, the importance of the missing Annex and the extent to which the respective party was affected by its absence when drafting the pleadings in reply could then be taken into account in a flexible manner.

III. Extension of periods

[18] Pursuant to Rule 9.3 RoP, the time periods referred to in the Rules of Procedure may basically be extended or shortened at the request of a party, even retrospectively, according to Rule 9.3 (a) RoP. According to Rule 9.4 RoP, the only exceptions in which time periods may not be extended are the time periods for initiating proceedings on the merits of the case following an order to preserve evidence (Rule 198.1 RoP), following an order for provisional measures (Rule 213.1 RoP) and for submitting the Statement of appeal (Rule 224.1 RoP). The German term for these time periods is *Notfristen* ('statutory deadlines').

[19] In the following, we present some specific cases for the extension of time periods that have been addressed so far by the UPC's established practice, and derive some principles that have already emerged from that practice.

1. Need for worldwide consultation

[20] In an order dated 22 August 2023, the Hamburg Local Division rules that the need to consult with suppliers outside Europe whose components are at the core of the infringement allegation is not sufficient to obtain an extension of the time limit for submitting a Statement of defence.[16] The three-month period for lodging a Statement of defence, pursuant to Rule 23 RoP, is already calculated in such a way that, in international patent disputes, the facts of the case can also be clarified with external undertakings.

2. Holiday season

[21] If the time limit for written pleadings is during the holiday season, this likewise is no reason to extend the time limit.[17] Holiday seasons are already factored into the respective time limits.[18] A different assessment can only be made, at most, when certain key persons cannot be reached because of holidays during the 'greater part of the time period'.[19] This is hardly ever likely to occur in the case of a two- or three-month time limit, and if such a long period of absence is due to holidays, then attention would have to be drawn to the fact that organisational arrangements for the exchange of information must be made.

3. Multiple defendants

[22] If there are several defendants domiciled in different countries and with different dates on which the Statement of claim is served, the question that regularly arises is whether the time periods for the defendants on whom service could be made earliest may be extended in such a way that the time limits for all the defendants are synchronised. In an order issued on 4 October 2023, the Hamburg Local Division acknowledges that this would facilitate the handling of the case, especially since all the workflows could be synchronised in the CMS.[20] However, there is no essential need for such alignment.[21] The Munich Local Division also points out that synchronised time pe-

13 CoA, order of 13 October 2023, UPC_CoA_320/2023 APL_572929/2023, GRUR 2023, 1761.
14 LD Hamburg, order of 27 October 2023, UPC_CFI_22/2023 App_581626/2023, GRUR-RS 2023, 47377.
15 An extension of a time period is possible, however (more on this below).
16 LD Hamburg, order of 22 August 2023, UPC_CFI_54/2023 App_560414/2023.
17 LD Hamburg, order of 22 August 2023, UPC_CFI_54/2023 App_560414/2023; LD Munich, order of 10 August 2023, UPC_CFI_15/2023 App_557291/2023, GRUR-RS 2023 47560.
18 LD Hamburg, order of 22 August 2023, UPC_CFI_54/2023 App_560414/2023.
19 LD Hamburg, order of 22 August 2023, UPC_CFI_54/2023 App_560414/2023.
20 LD Hamburg, order of 4 October 2023, UPC_CFI_278/2023 App_576228/2023, GRUR-RS 2023, 47399.
21 LD Hamburg, order of 4 October 2023, UPC_CFI_278/2023 App_576228/2023, GRUR-RS 2023, 47399; LD Munich, order of 23 August 2023, UPC CFI 15/2023 App_561742/2023.

riods could also be achieved by shortening the time periods.[22]

[23] However, this is assessed differently if a representative is appointed for all the defendants, thus allowing service to be made quickly on all the parties. An extension of the time period should be possible here.[23] This may provide considerable potential to circumvent prolonged difficulties in serving documents on subsidiaries. Negotiations to delay proceedings in return for easier service of documents may often be involved, which may lead to synchronisation of all the parallel time periods if agreement is reached to appoint the representative for all the defendants, with a coordinated application for an extension of time periods.

4. Change in the language of the proceedings

[24] Although changing the language of the proceedings may involve additional work, it should not be able to justify an extension of time periods.[24] If the change was made with the agreement of both parties,[25] in any case, such an extension would not be required by the principle of fair proceedings.[26] Particularly if the change of language was made in good time before the end of the respective time limit for pleadings, drafting them would not be significantly impeded. One month before expiry of the time limit for the Statement of defence is still in good time, in that respect.[27]

5. Technical problems with the CMS

[25] Technical problems with the CMS that have prevented pleadings from being uploaded within the time period may justify an extension.[28] It is important here that the extension of time period under Rule 9.3 RoP may be granted retrospectively,[29] given that such technical problems do not usually become apparent until documents are being submitted, and thus in many cases on the day on which the time period originally expired.

[26] Technical problems with the CMS have been unfortunately recurrent in its early days. The fact that the Local Divisions, above all, compensated for this with the procedural means at their disposal, such as the retrospective extension of a time period, is much to be welcomed and is legislatively supported by paras. 2 and 4 of the Preamble to the Rules of Procedure, which require that the procedural rules be applied in a flexible and balanced manner so that proceedings be organised efficiently and fairly. Nevertheless, only a specific technical problem justifies an extension. The Düsseldorf Local Division did not accept the mere reference to the CMS being unavailable for a longer period of time as sufficient reason to grant an extension of a time period.[30]

6. Missing or incorrect Annexes

[27] As already mentioned above, an extension of a time period is justified, according to several decisions of the Court of Appeal and the Local Divisions, if Annexes are not available.[31] However, it is questionable whether the nature and content of the respective Annex must be taken into consideration, whether it is relevant that the Annexes were available to the opponent in some other manner or that the opponent had knowledge of them, and whether the time period must always be extended by the amount of time that the Annexes were not available.[32]

[28] The Court of Appeal has taken a rather formal approach in answering these questions. Neither the nature and content of the Annexes, nor the potential availability of the Annexes from parallel proceedings or public sources are of any relevance. The Court of Appeal refers to Rules 13.2 and 16.1 RoP, which define the check by the Registry and make no reference at all the actual content of the respective documents. Furthermore, it is unfair to impose on the defendant the burden of assertion that the Annexes are relevant for drafting the Statement of defence, if the claimant did not submit all the Annexes simultaneously with the Statement of claim, in contravention of Rule 13.2 RoP. It is also irrelevant whether most of the Annexes are known to the defendants from parallel proceedings and are already available to it or in the public domain anyhow, because it would not be clear beyond a doubt to which particular document the claimant is referring and what the exact content of that specific document is. The time period must consequently be extended by the same period in which the Annexes were not available. The claimant has to tolerate the corresponding delay in the legal dispute, since it failed to provide the Annexes, contrary to Rule 13.2 RoP.

22 LD Munich, order of 23 August 2023, UPC_CFI 15/2023 App_561742/2023, GRUR-RS 2023, 30111.
23 LD Düsseldorf, order of 19 January 2024, UPC_CFI_457/2023 App_1714/2024, GRUR-RS 2024, 5096; LD Hamburg, order of 4 October 2023, UPC_CFI_278/2023 App_576228/2023, GRUR-RS 2023, 47399; LD Paris, order of 12 February 2024, UPC_CFI_425/2023 ORD_7664/2024, GRUR-RS 2024, 9127.
24 LD Munich, order of 9 April 2024, UPC_CFI_501/2023 ORD_15012/2024 and ORD_16619/2024.
25 According to UPCA Article 49(5), the language of the proceedings may be changed at first instance at the request of only one party. However, pursuant to Article 50 (2) UPCA, the consent of both parties is required before the Court of Appeal.
26 LD Munich, order of 9 April 2024, UPC_CFI_501/2023 ORD_15012/2024 and ORD_16619/2024.
27 LD Munich, order of 9 April 2024, UPC_CFI_501/2023 ORD_15012/2024 and ORD_16619/2024.
28 LD Düsseldorf, order of 20 January 2024, UPC_CFI_363/2023 App_2249/2024, GRUR-RS 2024, 5106; LD Düsseldorf, order of 21 February 2024, UPC_CFI_355/2023 App_6926/2024, GRUR-RS 2024, 5116.
29 LD Düsseldorf, order of 20 January 2024, UPC_CFI_363/2023 App_2249/2024, GRUR-RS 2024, 5106; LD Düsseldorf, order of 21 February 2024, UPC_CFI_355/2023 App_6926/2024, GRUR-RS 2024, 5116.
30 LD Düsseldorf, order of 20 January 2024, UPC_CFI_363/2023 App_2249/2024, GRUR-RS 2024, 5106.
31 CoA, order of 13 October 2023, UPC_CoA 320/2023 APL_572929/2023, GRUR 2023, 1761; LD Munich, order of 27 May 2024, UPC_CFI_498/2023 App_24843/2024.
32 Unless the Annexes are an integral part of the Statement of claim initiating the proceedings within the meaning of Rule 271 RoP and the relevant regulations on the service of documents, in which case the time periods do not run due to the lack of service.

[29] The advantage of this approach by the Court of Appeal is that it provides unambiguous clarity, but we are not convinced by the conclusions being derived purely on the basis of formal requirements. It is the Court and not the Registry that decides on extending a time period under Rule 9.3 RoP. In contrast to the Registry, that decision is based not only on a formal examination, but must also take the principles of proportionality, fairness and equity into account (para. 2 of the Rules of Procedure).[33] That cannot be guaranteed by a merely formal analysis.

[30] Fortunately, however, the Court of Appeal provided a back door here, according to which 'specific circumstances of the individual case', which have to be presented by the party that failed to file the Annexes, may lead to a different outcome.[34] However, according to a decision by the Munich Local Division, such an exception does not already exist if the missing Annex is a technical standard, for example, that is in the public domain, known to the opposing party, and the passages therein that are relevant for the allegation of infringement are quoted in the Statement of claim.[35] Against the background of this surprising decision, the question arises as to when the exception left by the Court of Appeal could ever take effect.

7. Preliminary objection under Rule 19.1 RoP

[31] The case law until now denies that a Preliminary objection under Rule 19.1 RoP is relevant for the time limit for the Statement of defence. This is consistent with the principle laid down in Rule 19.6 RoP, according to which the period for lodging a Statement of defence is not affected by the lodging of a Preliminary objection, unless the judge-rapporteur decides otherwise. According to the Paris Central Division, such a decision may be handed down, in particular, if the reasons for the Preliminary objection show it is not possible for the Statement of defence to be prepared in the proper manner.[36] According to the Munich Local Division, the clearly non-existent connection between the Preliminary objection and the Statement of defence, due to Rule 19.6 RoP, also means that an extension of the time limit for the Preliminary objection does not also justify extending the time period for the Statement of defence.[37]

8. General principles

[32] The UPC's practice on extending time periods already shows that the Divisions of the UPC are unanimously reluctant to make use of the possibility of extending time periods. Any departure from the evenly balanced time limit regime specified in the Rules of Procedure should only be possible in reasoned exceptional cases.[38] Extensions of time periods, which are common in the comparatively liberal German practice due to pressure of work, absence on holiday, technical complexity or the need to consult with persons resident abroad who speak a foreign language, will only be granted by the UPC in well-founded exceptional cases. The case law established so far rigorously implements the requirement laid down in the Preamble of the UPCA, namely to ensure that decisions are made expeditiously, and the requirement laid down in the Rules of Procedure that proceedings be conducted as quickly as possible. The deciding bodies seem to have their sights firmly set on the objective defined in para. 7 of the Preamble, namely that proceedings at first instance be normally completed within one year. To what extent formalistic tendencies will prevail, as in the case of missing Annexes, for example, remains to be seen. As far as time limit issues are concerned, in any case, such an approach is not without its attractions for all the parties concerned due to the predictability it achieves, even if some flexibility is lost as a result.

IV. Shortening of time periods

[33] A time period may be shortened under Rule 9.3 (b) RoP. As expected, there have not been all that many decisions so far in that regard, although an important principle for shortening time periods can already be identified. When the principles of proportionality, fairness and equity are applied, an application for a time period to be shortened will generally only succeed if the applicant does not exploit in mirror-image fashion the available time limits for procedural actions, but performs the respective actions of its own accord at an early stage, in accordance with its request for shortening.

[34] The Court of Appeal thus rejected a request for a shorter time limit that was not lodged with the Statement of appeal until the last day of the time period for the Statement of appeal and the Statement of the grounds of appeal pursuant to Rule 224.1(b), 224.2(b) RoP, and that related to the time period for the Statement of response.[39] An exception to the rule should not be justified by the fact that the refusal to shorten the time period will result in a Statement of defence having to be filed in the proceedings before the court of first instance, the content of which is affected by the decision in the appellate instance.[40]

33 CD Paris, order of 20 February 2024, UPC_CFI 454/2023 App_8391/2024.
34 CoA, order of 13 October 2023, UPC_CoA 320/2023 APL_572929/2023, GRUR 2023, 1761.
35 LD Munich, order of 27 May 2024, UPC_CFI_498/2023 App_24843/2024.
36 CD Paris, order of 20 February 2024, UPC_CFI 454/2023 App_8391/2024.
37 LD Munich, order of 10 August 2023, UPC_CFI_15/2023 App_557291/2023, GRUR-RS 2023, 47560.
38 CoA, order of 13 October 2023, UPC_CoA 320/2023 APL_572929/2023, GRUR 2023, 1761; LD Düsseldorf, order of 20 January 2024, UPC_CFI_363/2023 App_2249/2024, GRUR-RS 2024, 5106; LD Düsseldorf, order of 19 January 2024, UPC_CFI_475/2023 App_1714/2024; LD Hamburg, order of 22 August 2023, UPC_CFI_54/2023 App_560414/2023.
39 CoA, order of 22 May 2024, UPC_CoA 218/2024 APL_25922/2024; CoA, order of 22 February 2024, UPC_CoA_36/2024 APP_7580/2023; CoA, order of 20 December 2023 UPC_CoA_478/2023 App_594342/2023.
40 CoA, order of 22 February 2024, UPC_CoA_36/2024 APP_7580/2023.

V. Possibility of review

[35] According to Rule 331.1 and 334(a) RoP, the judge-rapporteur has the responsibility for decisions on the extending and shortening of time periods under Rule 9.3 RoP. This also applies to the decision to postpone the start of a time period. This is a minus point compared to the extension of time periods under Rule 9.3 RoP.[41]

[36] From the procedural perspective, it should be noted that a case management decision by the judge-rapporteur (such as postponing the start of the time period, extending or shortening a time period) cannot be challenged directly with an appeal.[42] According to Rule 333.1 RoP, it is firstly necessary to lodge an application for review by the panel.[43] Not until the case management order made by the judge-rapporteur has been affirmed by the panel can it be challenged by an appeal pursuant to Rule 220.2 RoP, provided the appeal is admitted by the panel.[44] If the appeal has not been admitted, a request for a discretionary review may be made under Rule 220.3 RoP.

VI. Summary

[37] The UPC's first year has already produced a substantial amount of established legal practice regarding the procedural treatment of time limits. Its importance for legally secure and transparent proceedings that are therefore accepted by the parties and provide legal peace is not to be underestimated. It is clearly evident that all Divisions and the Court of Appeal are making every effort to handle cases in a consistent manner and in particular are taking a restrictive approach to handling extensions of time periods, without losing sight of the fairness principle. Formalistic tendencies seem to be intentional, but appear somewhat alien to practitioners in Germany and raise concerns as to whether elements of material justice are being sacrificed for the sake of a lean structure with little latitude.

[38] It remains to be seen, in particular, whether the case law of the Hamburg Local Division on the start of time periods in the case of requests under Rule 262A RoP will become established. Extending time periods would provide greater flexibility.

41 LD Hamburg, order of 28 November 2023, UPC_CFI_54/2024 App_589355/2023.
42 According to Rule 334 (a) RoP, orders relating to time periods are case management orders; on this point, see CoA, order of 21 March 2024, UPC_CoA_486/2023 APL_595643/2023.
43 CoA, order of 21 March 2024, UPC_CoA_486/2023 APL_595643/2023.
44 CoA, order of 21 March 2024, UPC_CoA_486/2023 APL_595643/2023.

VOLKMAR HENKE* AND MARTIN DREWS**

UPC Digest, Issue no. 2: The UPC service regime

In this second issue of our UPC Digest, we continue to focus on formal aspects at a time when the first main proceedings are being completed before the Unified Patent Court and the various Divisions of the Court are increasingly able to address matters of substantive law. This time we take a look at service issues, an important area that harbours a number of pitfalls, not only for attorney practitioners. An effective and legally secure service regime is essential if the new patent system is to develop the authority and acceptance hoped for it, if only because of the delays that can arise in the early stage of the proceedings. This article provides a commentary overview of the problems addressed in UPC practice so far and of the approaches towards solving them, the aim being to give practitioners some initial guidelines.

Während vor dem Einheitlichen Patentgericht die ersten Hauptsacheverfahren abgeschlossen werden und sich die Kammern des Gerichts zunehmend den Fragen materiellen Rechts zuwenden können, bleiben wir mit der zweiten Ausgabe unseres UPC-Digest noch bei den Formalia. Dabei nehmen wir mit den Zustellungsfragen einen Themenkomplex in den Blick, der nicht nur für die anwaltliche Praxis von Bedeutung ist und etliche Fallstricke bereithält. Allein schon wegen der zu Beginn drohenden Verfahrensverzögerungen ist ein wirkungsvolles und rechtssicheres Zustellungsregime notwendige Voraussetzung für die erhoffte Durchschlagkraft und Akzeptanz des neuen Patentsystems. Dieser Beitrag gibt einen kommentierenden Überblick über die bisher in der UPC-Praxis behandelten Problemstellungen und Lösungsansätze und möchte dem Praktiker einen ersten Leitfaden bieten.

I. Introduction[1]

[1] It is a common notion that the creators of the new European patent system were propelled by the idea of creating a strong and efficient judicial system. The aim was to enable patent proprietors to enforce their claims quickly, relatively simply and with extensive territorial reach. And it was also essential that rule of law principles (e. g. the right to be heard) be safeguarded to the highest standards.

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1 See also the Lux/Kottmann article in this issue on the same topic, in which the structure and systematics of the new law are identified and illustrated.

[2] The right to service also falls within that scope. In this issue, we show how the UPC is wrestling to find an appropriate balance between these conflicting aims. Two factors make it more difficult to achieve such a balance when service issues are involved: firstly, the right to service is necessarily a formal (not to say formalistic) right. Secondly, the very first service in proceedings before the UPC (namely service of the initial Statement of claim) can have a decisive impact on the entire proceedings. The moment the Statement is served is the basis for calculating the time periods for pleadings and thus the end of the written procedure – and hence also the duration of the proceedings as a whole. Should formalities (rather than aspects of substantive patent law) be the ultimate determinant of how efficient the judicial system actually is?

[3] In the following, we show how the UPC has tried to resolve these conflicting objectives during the first year and a half of its existence. In Section II below, we start by briefly outlining the legal framework of the Rules of Procedure. In Sections III, IV and V, we then navigate the relevant case law produced so far, using the UPCA's system of service rules. Finally, in Section VI, we discuss the specific complex concerning service to multiple subsidiaries of Asian parent companies. Last summer, the Court of Appeal handed down an important series of decisions in that respect.

II. Systematics of Rules 270 ff. RoP

[4] Service of documents is governed by Rules 270 to 279 RoP, which are organised into four sections. Sections 1 and 2 relate to service of the Statement of claim within and outside the Contracting Member States, respectively. Section 3 (Rule 275 RoP) then adds 'alternative methods' of service that allows other, secondary[2], service variants – likewise confined to the Statement of claim. Section 4 contains modifications for other kinds of court orders and decisions, in particular for decisions by default and for written pleadings exchanged in the course of proceedings.

III. Service within the Contracting Member States

[5] Since the Rules of Procedure can create its own law concerning service within the Contracting Member States, the Rules in the first section are relatively detailed.

1. By electronic means?

[6] For the initial Statement of claim that opens proceedings, the new, 'modern' forms of service (by email, R. 271.1 RoP), highly praised at times, are of little significance. This is because they all require that the potential defendant has agreed to receive the originating pleading by electronic means. But who would want to give their consent and thus make it easier for a potential attacker to open proceedings against them?[3] In most cases, service will still be made the usual way, namely by registered letter with acknowledgement of receipt (R. 271.4(a) RoP).

[7] The requirement of consent is interpreted narrowly by the Court. In the context of the UPC_CoA_69/2024 decision, the claimant had requested an order that the Statement of claim be served on employees of the defendant who had previously dealt with the matter out of court and who had validly signed non-disclosure agreements on behalf of their companies. The Court of Appeal does not presume 'consent' even in such a situation.[4]

2. Date of service

[8] For the "regular" route of service (by registered letter) the RoP define a statutory assumption in order to ease the calculation: The service is deemed to be served on the addressee on the tenth day following posting (unless the addressee can demonstrate that the letter has been received later or has not been received). In future, this assumption may also be applied, by way of analogy, to services in non-contracting member states in order to avoid discrimination on grounds of nationality (Art. 18 TFEU).[5]

[9] If consent is given and service is made by electronic means, it is important to note for the calculation of time periods that the date of service is the day on which it was possible for the appointed representative to learn of the Statement of claim via the CMS (by logging in).[6] On that day, the time period starts to run against them. When they actually become aware of the Statement of claim is irrelevant.

3. Place of service

[10] The rule specifying the place where service is to be effected seems more significant (R. 271.5 RoP), namely (in short) at the statutory seat or 'at any place within the Contracting Member States' where the party has a place of business.

[11] This statutory provision has recently been made more precise in a decisive respect. The Düsseldorf Local Division acknowledges that a trade fair stand (as a temporary place of business) is generally also an admissible 'place of service' within the meaning of this

2 See the discussion below on the Court of Appeal decision UPC_CoA_69/2024, GRUR-RS 2024, 18501.
3 This contrasts with protective briefs or Counterclaims for revocation, where the recipient has a vested interest in receiving the Statement of claim. The two decisions by the Munich LD presented at the end of this section also relate to such cases.
4 Unfortunately, this factual aspect is not addressed as a problem in the judgment. In the reasons for the decision, there is only the finding that there is no evidence to suggest that the employee in question was authorised to receive service (UPC_CoA_69/2024, GRUR-RS 2024, 18501 para. 37).
5 This concept was considered by the Court of Appeal during the oral proceedings of UPC_CoA_188/2024. However, the precise date of service finally was not decisive so that this reasoning of the Court did not find its way in the decision.
6 Munich LD final decision of 10 August 2023 (UPC_CFI_15/2023) and procedural order of 14 August 2023 (UPC_CFI_249/2023), GRUR-RS 2023, 30108.

rule. This applies in any case if deliveries are also advertised there. From the perspective of claimants, this dictum is highly welcome, of course, and in many cases may open up an effective 'new' channel for service. However, we consider the (very brief) reasons given to be questionable. It is not immediately clear what the place of business has to do with the infringement of rights ('offering'). As case law develops, in any case, mere 'advertising' is unlikely to remain the sole criterion for applying R. 275.5 RoP, because otherwise there would be no 'downward' demarcation. Service (with its very significant legal effect of formalised awareness) cannot simply be made with legal effect wherever advertising is carried out.

[12] Last year, R. 271.5 RoP also played a major role in a situation involving an international corporate group, where the claimant side had tried to serve on Asian parent companies via their European subsidiaries. More on this in Section VI below.

4. Translation requirement

[13] Headaches had been caused by the requirement in R. 271.7 RoP to provide a translation. The rule says that the Statement of claim must be accompanied by a translation into a language that the defendant 'understands' (if the Statement of claim has not already been written in that language and is not in an official language of the respective country where service is to be effected).

[14] It would be highly welcome to have interpretational guidance from the Court in this respect (for example, that it can basically be assumed that English is understood by foreign subsidiaries of an international corporate group), but no such guidance has been forthcoming. In practice, therefore, there will always be minor doubts as to whether English can be understood as a lingua franca in business life. However, it is consoling for the claimant side to know that the risk is well shared. If the defendant alleges that it does not understand the Statement of claim, it may refuse to accept service of it (R. 271.7 RoP) – but in that case it also bears the risk that the refusal of service is dismissed as unsubstantiated, and ultimately bears the risk of a judgment by default.

[15] It is certain, at least, that the translation requirement does not extend to the attached exhibits, because these do not belong to the 'information' required by Rule 13.1(a) – (p) (cf. end of R. 271.8) and serve purely as evidence. To be on the safer side, practitioners should ensure that important 'foreign-language' quotes are already translated into the language of proceedings in the Statement of claim itself, or in any case into English (whatever the case may be).

5. Attached exhibits

[16] In countries where more 'exotic' languages are spoken, it may be advisable to have the Statement of claim served without attached exhibits. The exhibits are not an essential part of the Statement of claim pursuant to R. 13(1)(a) – (q), and substantial translation costs can be saved in some cases by leaving them out.

[17] However, care must be exercised to ensure that two particular requirements are met. The Statement of claim as a whole (even without attached exhibits) must be understandable on its own.[7] Secondly, the time limit for the Statement of defence (three months) is calculated from the day on which the exhibits are made available to the defendant or its representative.

[18] This was not only the view taken by the Hamburg Local Division[8], but has also been affirmed in the meantime by the Court of Appeal. The UPC_CoA_320/2023 decision[9] explicitly states that a Statement of claim is served with legal effect pursuant to R 271.1 RoP (within the European Union in any case) even if exhibits are not attached. Given that R. 13.1 RoP, in particular, requires that the claimant lodge a full Statement of claim in which it must fully substantiate its claim, it is also possible for the defendant to assert its own rights sufficiently based on its knowledge of the Statement of claim, even in the absence of exhibits. However, an application to extend the time period must be granted if the exhibits are not uploaded simultaneously with the Statement of claim to the CMS, which constitutes "only" a breach of R 13.2 RoP and has no bearing on the validity of the service itself.

IV. Service outside the Contracting Member States

[19] According to R. 274 RoP, service outside the Contracting Member States remains subject to familiar international law: to Regulation (EU) 2020/1784 within the European Union (i. e. service by registered letter with acknowledgement of receipt), and outside the European Union to the Hague Service Convention or to service through diplomatic or consular channels. If service thus effected is not successful, a second attempt may be made by any method that is permitted by the law of the state where service is to be effected (R. 274.1(b) RoP).

[20] Meticulous attention must then be given to the specific details, however. For example, the Court of Appeal has briefly raised the issue of whether service effected in China by email is permitted even if not all the exhibits have been translated into Chinese and if the recipient's consent has not been obtained.[10]

7 So that the exhibits do in fact serve purely as evidence (R. 13.1 and R.271.7 RoP). On this point, see also *v. Falck/Stoll* in: Tilmann/Plassmann, Einheitspatent, para. 28 on R. 271 RoP.
8 Cf. Hamburg LD procedural order of 27 October 2023, UPC_CFI_22/2023, GRUR-RS 2023, 47377.
9 CoA order of 13 October 2023, UPC_CoA_320/2023, GRUR 2023, 1761.
10 CoA order of 29 July 2024, UPC_CoA_69/2024, GRUR-RS 2024, 18501 para. 36; the case did not have to be decided upon at that point, however.

V. Alternative methods of service

[21] Irrespective of where service is to be effected (within or outside the Contracting Member States), the Rules of Procedure specify two 'alternative methods of service' in R. 275 RoP. According to paragraph 1, the Court may permit service by an alternative method or at an alternative place, if (i) 'normal' service in accordance with Section 1 or 2 was not successful and (ii) if the Court is of the view that there are good reasons for doing so. According to paragraph 2, the Court may order that steps already taken to serve the Statement of claim are recognised as 'good service'. By these alternative methods, the Courts could be able to effect public service, so the first condition ((i) unsuccessful attempt at service) acquires particular importance.

[22] 1. According to the wording of the law, the question that arises here is whether it is a general condition for both of the alternative methods of service in R. 275 RoP that a 'normal' attempt at service was actually unsuccessful – i. e., whether an order pursuant to paragraph 2 that 'good service' has been effected can only be issued after a failed attempt at service. The Munich Local Division kept to the wording of paragraph 2, which in contrast to paragraph 1 does not stipulate any such requirement, but the Local Divisions in Mannheim and Hamburg felt compelled to read this as an implicit additional requirement into paragraph 2.[11]

[23] The Court of Appeal understands Rule 275 unitarily in this respect and thus accepts the view taken by the Local Divisions in Mannheim and Hamburg.[12] A request to establish that attempts already made to bring the Statement of claim to the attention of the defendant can only be successful if an attempt at service has already proved unsuccessful. In that respect, R. 275.2 is subordinate to R. 275.1 and in a given case is only the ultima ratio. This followed, the Court argues, from the systematic context of the rule, and also given its purpose of ensuring that the addressee of service personally obtains knowledge of the information addressed to them.

[24] This decision is correct in its outcome. The argument, based on the wording of the rule, that led the Munich Local Division to decide to the contrary, is a weighty one, but in the final analysis there was 'only' an error in drafting the Rules of Procedure.[13]

[25] 2. Nor is a further (second) attempt at service (e. g. to a different place) required before applying the service measures pursuant to R. 275 RoP, if the service options pursuant to Rules 270 to 274 RoP have been exhausted and the competent authority in the respective state for service under the Hague Service Convention has earnestly and finally refused service.[14] In the case ruled upon, the Chinese authorities had taken exception to the terminology used for the 'Special Administrative Region' Hong Kong. The Mannheim Local Division argued that it was solely up to the claimant to decide which information it considers necessary to bring an action with legal effect (which is also why the document to be served cannot be censored or edited by the seised court (i. e. the UPC) for reasons of political expediency). Also, there were no apparent reason why a further attempt at service could be successful.

VI. Service to group parent companies in the Far East

[26] Service in non-EU states and non-Contracting Member States generally involves delays which are caused from the outset by implementation of the Hague Service Convention, although delays for important 'service countries' are within reasonable limits. For example, service to the USA service is done using specialised service companies and registered agents, so that delays are generally limited to one or two months. Within the same time frame, it is generally possibly to effect service to the United Kingdom. Service in Turkey appears to take only a little longer, although strict care must be taken there to ensure that all the documents involved are translated into Turkish (including the exhibits, if these are to be served).[15]

[27] It should therefore come as no surprise that the case history on this interesting complex is mostly based on cases in which at least one defendant has its (principal) domicile in the Far East, mostly in China or Taiwan. The time needed for service to these countries is unpredictable, to put it mildly. It is interesting, from the legal history perspective at least, how three Local Divisions in Germany have handled such service – namely in a similar manner in each case to the customary practice under national law for the respective places of jurisdiction.

1. Practice before the Local Divisions

[28] In proceedings against multiple subsidiaries of an international mobile communications corporation, the parent company of which is domiciled in China, the **Mannheim Local Division** has separated the proceedings against the Chinese companies (also) being sued, pursuant to R. 303.2 RoP.[16] Even after consi-

11 Munich LD procedural order of 27 September 2023, UPC_CFI_5/2023, GRUR-RS 2023, 51614; Mannheim LD order of 8 December 2023, UPC_CFI_219/2023, GRUR-RS 2023, 47582; Hamburg LD procedural order of 18 April 2024, UPC_CFI_169/2024; for a more detailed account of this internal court dispute, see paras. 39 ff in the Lux/Kottmann article in this issue.

12 CoA order of 5 August 2024, UPC_CoA_86/2024, GRUR-RS 2024, 19418, para. 19.

13 Lux/Kottmann, ibid., para. 42., point out, for example, that paragraph 2 of Rule 275 was not included in the Rules of Procedure until a late stage.

14 Mannheim LD order of 31 July 2024, UPC_CFI_330/2024, GRUR-RS 2024, 18684.

15 This is not a requirement imposed by the UPC, but practice among the Turkish courts.

16 Mannheim LD order of 6 May 2024, UPC_CFI_218/2023.

derable time had elapsed since the Statement of claim had been lodged, no representative had been appointed for these companies, and the representatives of the European companies had stated that they were not authorised to accept service. The Local Division ruled that case separation made sense and was necessary here. Due to the international service to be effected under the Hague Service Convention, it was to be expected that the service process would take a considerably long time. This almost sounds like a judicial euphemism, because the Court goes on to argue that, in the absence of effective service and thus in the absence of a legal relationship under procedural law, the proceedings against the Chinese defendants could not be allowed to continue for the time being. These defendants could not even be issued with court orders. However, since this is unsatisfactory on the whole (or so may the court be understood), and in order to promptly continue the proceedings against the other defendants represented by attorneys, it was necessary to separate the proceedings.

[29] This dictum by the Mannheim Local Division sounds resignatory, but in practice it is often likely to produce satisfactory solutions. The UPCA's strict time period regimes are duly addressed insofar as the proceedings are initially continued against the European defendants only, to some extent to set an example. Customary practice before the national place of jurisdiction in Mannheim or Karlsruhe has shown that these cases could often be ended or settled before any service was even effected in China.

[30] Such separations of proceedings were viewed negatively by the national courts in Düsseldorf. Following in that tradition, the **Düsseldorf Local Division** still tries to get parties to settle their differences. A 'deal' involving both parties is often reached. In return for the representatives also appointing themselves for the Asian defendants, the European defendants are granted generous extensions of the time period for their Statement of defence. That is not always successful, of course.

[31] The **Munich Local Division** has different intentions, which seem to be aimed at continuing the practice before the national Munich District Court. In a similar constellation (with European and Asian defendants), the claimant had requested a ruling that it was permitted to send the Statement of claim by email, or (alternatively) that public service be effected. Both were 'alternative methods of service' within the meaning of Rule 275.1 RoP, and the public service approach has proved in national law to be highly effective.[17] However, the UPC´s Munich Local Division has now ruled[18] that this option is not available under the UPCA. In contrast to national German law, R. 275.1 RoP does not provide the option of using alternative methods of service even when 'normal' service has no chance of success. Instead, R. 275.1 RoP required a real but unsuccessful attempt at service.

2. Court of Appeal decisions

a. Public service

[32] In its UPC_CoA_69/2024 decision, the Court of Appeal upholds the decision handed down by the Munich Local Division. On the one hand, the Court of Appeal accepts the Local Division's argument relating to the wording of the rule ('requirement of a prior service attempt'). The reasons for the decision, on the other hand, are based on the Hague Service Convention, to which R. 275.1(ii) RoP refers. More specifically, Article 15.2 of the Convention implies that alternative service options may not be considered until six months have elapsed after the necessary documents have been sent to the state where service is to be effected, even if no certificate of service has been received. The claimant's request that transmission by email be ordered as an alternative method of service failed for the same reason.[19]

[33] In its analysis, the Court briefly reflects on the fact that a responsible person from the sued Asian company was in fact already aware of the action being brought against it. But it then chooses the formal pathway: if the decision were purely based on such actual awareness, the formal requirements for service would be circumvented. Service was ultimately about informing the defendant about the specific assertion of claims, which is why the claimant was not helped by the fact that the case concerned an SEP: willingness to license does not signify knowledge of the actual Statement of claim having been lodged.

[34] Even if the 'Munich route' (public service) is likely to be blocked in future, the decision of the Court of Appeal does provide some consolation for claimants. Following its own rationale, alternative methods of service are not precluded,[20] and the Hague Convention blocks service for six months only. That, of course, is still a painful slowdown of proceedings. It does not stop at six months, either, because that period only specifies the duration between sending the documents and requesting public service. A total delay of one year may result in the case of Asian defendants. However, a practicable route to take, in conjunction with the Mannheim decision discussed above, may be to conduct proceedings, after separation, against Western defendants to begin with (if at all possible), in

17 Section 185 no. 3 of the Code of Civil Procedure (ZPO) In practice, public service is hardly likely to occur. Simply ordering it mostly results in the Asian defendants arranging their representation.
18 Munich LD order of 5 February 2024, UPC_CFI_487/2023.
19 There was also the question as to whether and under what conditions China permits service by email (cf. R. 275.4 RoP). However, in our opinion this is not fully clarified in the Court of Appeal's decision (UPC_CoA_69/2024, GRUR-RS 2024, 18501 para. 36); service by email failed for the simple reason that, in the view of the Court, it was unclear to whom service by email had to be made.
20 CoA order of 29 July 2024, UPC_CoA_69/2024, GRUR-RS 2024, 18501 para. 41.

order to then keep another lever against the Asian defendants up one's sleeve for subsequent proceedings, the effectiveness of which would not be postponed so long that it would be regarded as being completely abstract.

b. Addressee of service

[35] The decisions handed down by the Court of Appeal in the UPC_CoA_86/2024 and UPC_CoA 183/2024 cases are ultimately in the same vein, albeit in relation to different legal issues. Although the points of departure were similar (European and Asian defendants from one corporate group), the claimants in those cases had chosen a different tactic and had requested the Court to find that the service which had already been made to a German subsidiary constitutes effective service on the Asian parent companies, or that service had to be effected on the parent companies by means of service on the German subsidiary. The Mannheim and Hamburg Local Divisions had dismissed the requests, and the Court of Appeal has now upheld those decisions.

[36] The core issue in this set of decisions concerns R. 271.5 RoP and whether the domicile of the domestic subsidiary can also be considered a place of service for the Asian parent company. After all, the second part of the rule also permits service 'at any place within the Contracting Member States where the company … has a permanent or temporary place of business'. The Court of Appeal refers significantly to the systematics of the rules for service laid down in the Rules of Procedure and to the fact that R. 271 as a whole can only be applied to service on such companies which are domiciled within the Contracting Member States.[21] For other companies, R. 274 RoP is applicable, as is the Hague Service Convention, therefore.

[37] According to the Court of Appeal, it cannot be presumed that subsidiaries are authorised to receive legal documents on behalf of their parent companies.[22] There is the principle in the national legal systems that different companies are separate legal entities ('principle of separation of liability'), and this is also a source of law for the UPC pursuant to Article 24(1)(e) UPCA.[23]

[38] The decisions conclude here again with a reference to the fact that alternative methods of service may be permitted at a later date pursuant to R. 275 RoP.

VII. Summary

[39] Again, the UPC's first year has produced a substantial amount of established legal practice. Some of the pressing questions seem to be resolved by the Court of Appeal – not always in favour of speedy proceedings, but certainly in favouring the general acceptance of the new Court system. Respecting the principle of separation of liability and respecting the clear language of the RoP for issues of formal service provide legal certainty.

[40] The practitioners must say good-by to short-cut solutions that have been developed by the national courts. But this does not differentiate the law of service from other areas. In a sense, the UPC-law needs fresh minds and new ideas.

21 CoA order of 5 August 2024, UPC_CoA_86/2024, GRUR-RS 2024, 19418, para. 32; UPC_CoA_183/2024, GRUR-RS 2024, 19415 para. 36.
22 CoA order of 5 August 2024, UPC_CoA_86/2024, GRUR-RS 2024, 19418, para. 25, with references to the case law of the CJEU.
23 CoA order of 5 August 2024, UPC_CoA_86/2024, GRUR-RS 2024, 19418, para. 41, with references.

MATTHIAS LEISTNER*

SEPs in the UPC-System: The Issue of Market Dominance after Huawei/ZTE

This two-part article discusses how SEP disputes should be handled before the Unitary Patent Court. The first part addresses the double nature of the Huawei/ZTE framework for the enforcement of SEPs: It explains how the obligations for the enforcement of SEPs, laid down in Huawei/ZTE, equally follow from EU competition law as well as from the FRAND undertakings in conjunction with the Union law principle of good faith. The second part (to be published in GRUR-Patent 8/2024) will discuss how the UPC should treat cases, where two generally willing licensees cannot reach agreement on FRAND terms and conditions. It will show ways how the UPC, based on the Huawei/ZTE case law, by way of an active case management could stimulate arbitration settlements and, as an ultima ratio, engage in the setting of FRAND terms and conditions thereby following the example of the English courts.

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Dieser zweiteilige Beitrag befasst sich mit der Frage, wie SEP-Streitigkeiten vor dem Einheitlichen Patentgericht behandelt werden sollten. Der erste Teil des Beitrags zeigt die Doppelnatur der Verpflichtungen aus dem Huawei/ZTE-Urteil auf: Diese beruhen nicht lediglich auf dem Unionskartellrecht, sondern sind gleichermaßen in der vertragsrechtlichen Seite der FRAND-Selbstverpflichtungserklärungen und dem Prinzip von Treu und Glauben im Unionsprivatrecht verwurzelt. Der zweite Teil (der in GRUR-Patent 8/2024 erscheint) wird sich mit der Frage befassen, wie das Einheitspatentgericht in Fällen vorgehen sollte, in denen sich zwei grundsätzlich lizenzwillige Parteien nicht auf FRAND-Lizenzbedingungen einigen können. Basiert auf dem autonomen unionsrechtlichen Rahmen aus Huawei/ZTE werden Lösungswege aufgezeigt, wie das EPG im Zuge eines aktiven case managements für die Beibringung der erforderlichen Informationen sorgen sollte, wie die Parteien zu Arbitration-Lösungen stimuliert werden könnten und in welchen Fällen das EPG (nach dem Vorbild der englischen Gerichte) selbst im Kontext von Verletzungsverfahren über die Festsetzung von FRAND-Lizenzbedingungen entscheiden kann und sollte.

I. Introduction

[1] Naturally, the pending SEP Regulation has sparked a lot of interest and a broad discussion in literature.[1] By contrast, there is surprisingly little specific research on how the UPC should deal with cases of SEP enforcement in its future case law. Meanwhile, first cases have reached the Local Divisions of the Court. The future SEP Regulation will not yet be applicable to those cases. Also, while some positive aspects might be expected[2], presumably (also due to a number of flaws in the current proposal), the future SEP Regulation will not have a vital positive impact on the proceedings in SEP enforcement before the UPC in the foreseeable future.

[2] Thus, it seems there is a need for some thoughts on how the UPC should deal with SEP enforcement cases. Some issues, where case law in the (former) Member States, in particular in England and Germany, differs significantly in principle or in detail, shall be discussed in this two-part paper. The first part of this paper will discuss the issue whether market dominance is a strict requirement for triggering the applicability of the Huawei/ZTE framework. This relates to the fundamental principles underpinning the CJEU's judgment (see below at II.), but also, inter alia, to the questions of whether and how the contract law aspect of (F)RAND[3] undertakings, entered into by patentees in the course of including their patents as essential to the standard, should be taken into account by the UPC in SEP enforcement litigation (see below at III.). In this latter context, this paper can borrow from earlier research by the author on the specification of the contract law side of FRAND commitments, concerning both, choice of law as well as substantive law aspects[4], that will be specifically referenced in this part.

[3] The second part of this paper, which will be published in GRUR-Patent 8/2024, will address a broader issue: The question of how the UPC should implement and specify the Huawei/ZTE standard for the negotiation scheme in SEP enforcement cases under autonomous EU law and the rules of the UPC Agreement. Most importantly, this part will address the fundamental legal and policy question of whether the UPC should engage in the setting of FRAND terms and conditions, such as the English courts have done it in a couple of past and also will do in further currently pending cases.[5]

II. The CJEU's Huawei/ZTE framework and the requirement of market dominance on the level of EU law

1. Huawei/ZTE is applicable in the UPC system

[4] According to Art. 24 (1) the UPC shall base its decisions on Union law, the UPCA, the EPC, certain other international agreements and national law. Thus, EU primary law, EU secondary law (including the choice of law rules in the Rome I Regulation[6]), the common principles of EU law[7] and, namely, the Huawei/ZTE case law, interpreting certain fundamental rights of the EU Charter of Fundamental Rights (Charter), certain provisions of the Enforcement Directive[8], and Art. 102 TFEU, are applicable and prior in nature.[9]

1 Proposal for a Regulation of the European Parliament and of The Council on standard essential patents and amending Regulation (EU)2017/1001 of 27.4.2023, COM(2023) 232 final (SEP Regulation Proposal). For reactions to the proposal (instead of many more) see GRUR Position Statement, GRUR 2023, 1350; 'Picht Draft SEP Regulation – coherence issues', available at https://ssrn.com/abstract=4595731 (last visit March 27, 2024). The Parliament has approved the Commission's proposal (introducing amendments). Currently the proposal is pending before the Council awaiting a final decision.

2 For a closer look on this, see the second part of this two-part-paper in GRUR-Patent 8/2024.

3 In the following, I will sometimes refer to (F)RAND declarations, where I discuss certain differences, in particular with regard to the substantive applicable law for ETSI's FRAND declaration, on the one hand, and the International Telecommunication Union's (ITU's) RAND declaration (see further on the ITU's standardisation processes in Leistner/Kleeberger GRUR 2022, 1261), on the other, or where I want to particularly emphasise that certain statements apply to both, FRAND declarations and RAND declarations, respectively. Mostly I will just talk of FRAND declarations. In this case, the respective general analysis applies to both, FRAND as well as RAND declarations, respectively.

4 Leistner/Kleeberger GRUR 2020, 1241; Leistner/Kleeberger GRUR 2022, 1261.

5 Unwired Planet v Huawei [2017] EWHC 711 (Pat); Interdigital v Lenovo [2023] EWHC 539 (Pat). See further Leistner GRUR-Patent 8/2024 (in the second part of this article).

6 Regulation EC/593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ L 177 of 4.7.2008.

7 See CJEU 17.12.1959 – case 14/59, ECLI:EU:C:1959:31 – Société des fonderies de Pont-à-Mousson v High Authority of the European Coal and Steel Community; Metzger, Extra legem, intra ius: Allgemeine Rechtsgrundsätze im Europäischen Privatrecht, 2009, p. 325 et seq.

8 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157 of 30.4.2004.

9 Cf. also Leistner GRUR 2024, 514 (517 et seq.).

2. Legal principles of EU law underlying Huawei/ZTE and the requirements for their application

[5] In line with the reference questions of the LG Düsseldorf, the CJEU's Huawei/ZTE judgment gives guidance on the interpretation of Art. 102 TFEU or, even more precisely, on the question what constitutes an abuse contrary to Art. 102 TFEU in SEP enforcement cases.[10] By contrast, the Court does not deal with the requirement of a dominant position under Art. 102 TFEU in SEP cases.[11]

a) Requirement of a dominant position as an element of Art. 102 TFEU in SEP cases

[6] The application of Art. 102 TFEU requires a dominant position on the side of the SEP holder.[12] Undoubtedly, such a dominant position typically presupposes actual essentiality of the patent in question for implementing the respective standard. It is a matter for discussion, however, whether standard essentiality *always* leads to a dominant position of the SEP holder, whether it establishes a presumption of a dominant position of the SEP holder[13], or whether the requirement of a dominant position always has to be assessed taking into account all particular circumstances of the case in hand and, namely, whether it requires that the use of the standard in question (i. e. the standardised element or service) is in turn indispensable to offer a product that customers in the relevant downstream market will accept[14].

[7] Member States' courts and literature differ on that question.[15] The mere reference to the CJEU's case IMS Health[16] and other general competition case law in the realm of 'refusal to license'-cases[17] does not really help to answer it either. This is, firstly, because in the cited paragraph of IMS Health, the CJEU is not concerned with the definition of the relevant upstream market, but with its very existence. Secondly, in the Huawei/ZTE case, the CJEU clearly *distinguished* its earlier case law on refusals to license as an abuse under certain 'exceptional circumstances'.[18] According to the CJEU in Huawei, the very fact that the patent at issue was essential to a standard[19] (and thus changed in regard to its status and economic potential[20]) (*functionality argument for the standard*) and that the "patent at issue obtained SEP status only in return for the proprietor's irrevocable undertaking to the relevant standardisation body, that it was prepared to grant licences on FRAND terms"[21] (*contract law argument*) are the main distinguishing factors in this regard.[22]

[8] To be sure, there are decent arguments under general EU competition law that a dominant position of the SEP holder requires, apart from actual essentiality for the standard, an indispensability of the implementation of the standardised element or service as such to be capable of competing in the respective downstream consumer market.[23] However, whether and how

10 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 44 – Huawei v ZTE.

11 See expressly CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 43 – Huawei v ZTE.

12 CJEU 13.2.1979 – case C-85/76, ECLI:EU:C:1979:36 paras. 21 et seqq. – Hoffmann-La Roche v Commission; CJEU 11.12.1980 – case C-31/80, ECLI:EU:C:1980:236 paras. 24 et seqq. – L'Oréal v. PVBA; CJEU 9.11.1981 – case 322/81, ECLI:EU:C:1983:313 para. 30 – Michelin v Commission; CJEU 3.7.1986 – case C-62/86, ECLI:EU:C:1991:286 paras. 35 et seqq. – AKZO Chemie v Commission; CJEU 6.4.1995 – cases C-241/91 P and C-242-91 P, ECLI:EU:C:1995:98 paras. 46 et seq. – Magill; CJEU 26.11.1998 – case C-7/97, ECLI:EU:C:1998:569 paras. 31 et seq.– Bronner v Mediaprint; CFI 14.9.2017 – case T-751/15, ECLI:EU:T:2017:602 para. 78 – Contact Software v Commission.

13 Unwired Planet v Huawei [2017] EWHC 711 (Pat), para. 634; similarly, (but more open) Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 paras- 53-58 – Huawei v ZTE; cautiously in favour of a presumption also Picht GRUR Int. 2017, 569 (578).

14 German Federal Court of Justice (BGH) GRUR 2020, 961 para. 58 – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 para. 49 – FRAND Defence II (both essentially relying on the CJEU's case law in CJEU 29.4.2004 – case C-418/01, ECLI:EU:C:2004:257 para. 28 – IMS Health v. NDC Health, where the Court required indispensability of the standard for the downstream product market as a prerequisite for the assumption of a (hypothetical) upstream market for the licensing of standard essential patents in relation to that standard; similarly Düsseldorf Higher Regional Court (OLG Düsseldorf) GRUR 2017, 1219 – Mobiles Kommunikationssystem; against this background denying a dominant position Düsseldorf Higher Regional Court (OLG Düsseldorf) GRUR-RS 2020, 37066 para. 73 – Decodieranordnung (approving Düsseldorf Regional Court (LG Düsseldorf) GRUR-RS 2019, 41061 paras. 92 et seq. – Decodieranordnung). Cf. also (demanding case by case assessment) Düsseldorf Regional Court (LG Düsseldorf) in numerous judgments, see only Düsseldorf Regional Court (LG Düsseldorf) GRUR-RS 2021, 46276 para. 134 – Signalsynthese III; Düsseldorf Regional Court (LG Düsseldorf) GRUR-RS 2021, 46275 para. 121 – Signalsynthese II; Düsseldorf Regional Court (LG Düsseldorf) GRUR-RS 2021, 27668 para. 172 – Signalsynthese I. Cf. also Batista/Mazutti IIC 2016, 244 (250); Leistner, 'FRAND Patents in Europe in the Post-Huawei Era: A Recent Report from Germany' in Liu/Hilty (eds), SEPs, SSOs and FRAND, 2020, p. 329 (336 et seq.) (available at https://ssrn.com/abstract=3278769, last visit March 27, 2024); Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (174); Leistner/Kleeberger GRUR 2020, 1241 (1243 et seq.); Scheer [2023] MCLR 7 (1) 45 (59 et seq.).

15 See the references in footnotes 13 and 14.

16 CJEU 29.4.2004– case C-418/01, ECLI:EU:C:2004:257 – IMS Health. Cf. German Federal Court of Justice (BGH) GRUR 2020, 961 para. 58 – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 para. 49 – FRAND Defence II.

17 Cf. CJEU 5.10.1988 – case 238/87, ECLI:EU:C:1988:477, Volvo v Veng; CJEU 6.4.1995 – cases C-241/91 P and C-242-91 P, ECLI:EU:C:1995:98 – Magill.

18 See clearly CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 48 – Huawei v ZTE referring to Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 para. 70 – Huawei v ZTE. Cf. also Leistner GRUR 2022, 1633 (1643); Scheer [2023] MCLR 7 (1) 45 (72).

19 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 49 et seq. – Huawei v ZTE.

20 Cf. Ullrich, 'Patente und technische Normen: Konflikt und Komplementarität in patent- und wettbewerbsrechtlicher Sicht' in Leistner (ed.) Europäische Perspektiven des Geistigen Eigentums, 2010, p. 14 (73 et seq.); cf. also CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 52 – Huawei v ZTE.

21 See CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 51 – Huawei v ZTE.

22 In fact, the Court takes this role of the FRAND declaration and the resulting special status of the case and the (proprietor of the) patent in suit so seriously that it lists and outlines "The ETSI rules" among the provisions in the "Legal context" part of the judgment, see expressly CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 12 et seq. – Huawei v ZTE. Contextually, this shows that the CJEU bases its judgment, essentially, also on the (contractual) provisions of the ETSI IPR Policy (and its function for the standardisation process and for shaping the legitimate market expectations), even if this were only in the function of a preliminary question to further interpret Art. 102 TFEU in the light of the FRAND undertaking submitted by the SEP holder under ETSI's IPR Policy. Cf. also Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 paras. 21 et seq., 65, 70, 74 – Huawei v ZTE, putting emphasis on the FRAND commitment (also thus distinguishing the case from pure 'refusal to license' cases under Art. 102 TFEU).

23 Cf. Leistner, 'FRAND Patents in Europe in the Post-Huawei Era: A Recent Report from Germany' in Liu/Hilty (eds), SEPs, SSOs and FRAND, 2020, p. 329 (336 et seq.) (available at https://ssrn.com/abstract=3278769, last visit March 27, 2024); Scheer [2023] MCLR 3 (1) 45 (59 et seq.).

this approach should be specified in SEP cases is far from clear in practice, given that some European courts apply a presumption of dominance in SEP cases[24], some courts do not[25], and some courts at first sight seem to avoid the question altogether.[26] Thus, beyond clear cases (and most of the hitherto case law related to such clear cases because the standards in question were indispensable for the possibility to produce and viably offer the resulting devices in the respective consumer markets – but this might change increasingly in the future, when 'can have' elements might play an ever larger role), the further specification of the requirement of a dominant market position of the SEP holder in borderline cases (where the standardised element arguably is a 'can have'-element of the ultimate product or even of the standard as such) might well require a preliminary reference to the CJEU in the future.

[9] However, at a closer look, the CJEU's case in Huawei/ZTE is not exclusively based on pure competition law principles anyway, but also on the *FRAND undertaking* of the SEP holder as such and its particular *function* in the light of the EU's Charter of Fundamental rights, general EU law principles, namely the *principle of good faith*, as well as (national) contract law and European IP enforcement law (namely the Enforcement Directive). These principles, and in particular the *contract based effect* of the FRAND commitment, do not as such require a dominant position on the side of the SEP holder.[27] By contrast, as the CJEU has put it succinctly in Huawei/ZTE[28], they are essentially based on the very fact that the SEP obtained its "SEP status only in return for the proprietor's irrevocable undertaking, given to the standardisation body in question, that it is prepared to grant licences on FRAND terms"[29] and that this commitment gives rise to certain *legitimate expectations* of the affected market participants (i. e. actual or potential implementers)[30].

[10] Given that the legal effect of FRAND (or RAND) commitments in the context of standardisation, and namely the important question of *third-party beneficiary effect*, technically depend on the applicable national law[31], this begs the question to what extent the necessary interpretation and application of that national law (or now also the UPC's law depending on the case in hand) and its effects in SEP patent infringement cases post-Huawei are *pre-framed by prior EU law* and namely by the principles developed by the CJEU in Huawei/ZTE.

b) FRAND commitment as basis of the SEP status and the legitimate expectation of third parties

aa) General legal principles behind the CJEU's Huawei/ZTE judgment and the role of the FRAND undertaking

[11] The Huawei/ZTE Court starts out by noting that the case was about an SEP conflict concerning patents, in regard to which both parties had undertaken to grant licences to third parties on FRAND terms.[32] The Court further holds – on a high level – that such cases are about striking a balance between the maintenance of free competition, on the one hand, and the SEP holder's intellectual property rights, and namely their substantive and procedural protection under Art. 17 (2) and Art. 47 of the Charter on the other. AG *Wathelet* had further explained that the goal to maintain free and undistorted competition is equally rooted in the implementers' freedom to conduct a business (cf. Art. 16 Charter) and had – in this context – specifically referred to the possibly "unfair or unreasonable conduct" by an SEP-holder, because of being *"at variance with" the FRAND-commitment*[33], if filing actions for injunctive relief in relation to willing licensees.[34] In essence, from the very outset, the Huawei/ZTE judgment, while interpreting Art. 102 TFEU in line with the preliminary questions of the LG Düsseldorf, is thus also rooted in an area-specific balance of the affected fundamental rights of the parties, in a balance between free and undistorted competition (including the prohibition of unfair commercial practices) and the Enforcement Directive's general requirements for an effective, proportionate and dissuasive enforcement of patents (see Art. 3 (2) Enforcement Directive), and, namely, in the very fact that the SEP holder submits *a FRAND declaration* and that it would therefore amount to an unfair business practice if he later did not comply with the requirements of

24 Unwired Planet v Huawei [2017] EWHC 711 (Pat), para. 630. Cf. also Picht GRUR Int. 2017, 569 (578).
25 Cf. references above in footnote 14. Cf. also Picht GRUR 2020, 972: positive requirement of market dominance in the German Court of Justice's FRAND Defence I-judgment and rather high threshold.
26 Munich I Regional Court (LG München I) GRUR-RS 2022, 26267 para. 108 – Pitch-Lag-Schätzung; Munich I Regional Court (LG München I) GRUR-RS 2022, 34498 para. 101 – "keepawake-message"; Munich I Regional Court (LG München I) GRUR-RS 2022, 34499 para. 109 – Tonhöhenschätzung; Munich I Regional Court (LG München I) GRUR-RS 2023, 11247 para. 147 – Mehrbaum-Unterteilungsinformation. Cf. also Picht GRUR Int. 2017, 569 (577 et seq.): little case law, often undecided, significant differences between the approach in different Member States.
27 See at this point for a comprehensive overview with regard to the ITU-T and ITU-R standards/RAND commitment Leistner/Kleeberger GRUR 2020, 1241 (1245 et seq.); Leistner/Kleeberger GRUR 2022, 1261 (1269); Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (177 et seq.); for comparable analyses of the ETSI-standard/FRAND commitment see e. g. McGuire GRUR 2018, 128; cf. also P. Tochtermann, GRUR 2021, 377.
28 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 – Huawei v ZTE.
29 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para 51 – Huawei v ZTE.
30 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 53, 54 & 64 – Huawei v ZTE (referring to Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 para. 86 – Huawei v ZTE). Emphasis by this author.
31 See already McGuire GRUR 2018, 128 et seq.; see also Leistner/Kleeberger GRUR 2020, 1241 (1242 et seq.); Leistner/Kleeberger GRUR 2022, 1261 et seq.; Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 et seq.
32 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 40 – Huawei v ZTE.
33 Emphasis by this author.
34 Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 paras. 68 et seq., in particular para. 74 – Huawei v ZTE.

that FRAND undertaking.[35] Contextually, the essential role of the FRAND declaration as such for the CJEU's judgment is further underlined by the fact that the Court lists ETSI's IPR Policy, including the necessary FRAND commitments, expressly among the outlined sources of law in the "Legal context" part of the judgment under the heading "The ETSI rules".[36]

[12] The general EU law bases of the judgment, i. e., a proportionate balance of the involved fundamental rights, the concept of free and undistorted competition vs. effective enforcement, and the focus on the FRAND commitment with regard to the legitimate expectations it triggers among the relevant market participants, are further specified in the following parts of the CJEU's judgment on abuse as follows.

bb) Specific application and legal 'import' of the FRAND commitment and the resulting legitimate expectations in Huawei/ZTE

[13] While the CJEU mentions and quotes the established case law on 'refusal to license'-situations, namely Volvo/Veng[37], Magill[38] and IMS Health[39], to lay the basis for its specific considerations[40], in what follows, it *distinguishes* the SEP constellation in hand from those older cases and expressly refers to AG *Wathelets* Opinion, at para. 70, in that regard.[41] In this paragraph, the Advocate General had pointed out that while the element of indispensability was similar in Huawei/ZTE and the earlier cases, the major difference between them was that Huawei had voluntarily notified the ETSI of the patent at issue (for inclusion into the standard) and "voluntarily gave a commitment to license that patent to third parties on FRAND terms" and that therefore in the Huawei/ZTE case "everything w[ould] hinge on the manner in which Huawei fulfilled its commitment to ETSI to license the patent at issue on FRAND terms".[42] Thus, the major factor of abuse in SEP cases hinges on the question whether the SEP holder duly fulfilled its obligations following from the FRAND commitment.

[14] The CJEU, in this respect, expressly notes "that the patent at issue obtained SEP status only in return for the proprietor's irrevocable undertaking, given to the standardisation body in question, that it is prepared to grant licences on FRAND terms"[43] and further explains in the immediately following paragraph how the inclusion in the standard infuses the patent with additional (leveraging) value in regard to the manufacture of standard compliant products.[44] In fact, this picks up on both, the *contract law side* of the FRAND commitment[45] as well as its *functional side* for standardisation in regard to the welfare enhancing role of standards that undisputedly requires the FRAND commitment as a necessary balance for the otherwise inefficiently over-leveraged position of the (typically rather large) number of SEP holders.[46] The Court wraps this up by taking into regard "the fact that an undertaking to grant licences on FRAND terms creates legitimate expectations on the part of third parties that the proprietor of the SEP will in fact grant licences on such terms"[47] and basing the analysis of the abusive nature of the SEP holder's behavior expressly on this aspect, which is, moreover, repeated in the next paragraph explaining how this can give rise to a defence to actions for a prohibitory injunction according to Art. 102 TFEU.[48]

[15] Of course, this entire argument on the role and function of the *FRAND commitment*, on which the case effectively hinges, is framed by the abuse analysis under Art. 102 TFEU that was the basis of the preliminary questions of the referring court. However, these repeated references to the importance of the FRAND commitment, its role as a *mutual obligation* (tit for tat for the inclusion of the patent into the standard) and its *functional role* as a necessary limitation of the leveraging potential on the side of SEP holders, show that the court essentially based its objective analysis of abusive behavior on the FRAND undertaking and the *legitimate expectations* of the relevant market participants raised by this commitment.[49]

[16] In short: While the Court does not expressly decide on the validity and enforceability of FRAND commitments as a defence in actions for injunctive relief

35 Cf. Leistner/Kleeberger GRUR 2020, 1241 (1242); Cf. also Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (176).
36 Cf. CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 12 et seq. – Huawei v ZTE. See further footnote 22 above.
37 CJEU 5.10.1988 – case 238/87, ECLI:EU:C:1988:477, Volvo v Veng.
38 CJEU 6.4.1995 Cases C-241/91 P and C-242-91 P, ECLI:EU:C:1995:98, Magill.
39 CJEU, Case C-418/01, ECLI:EU:C:2004:257, IMS Health v. NDC Health. See further Leistner [2005] ZWeR 3 (2), 138-162 (in English language).
40 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 46 et seq. – Huawei v ZTE.
41 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 48 – Huawei v ZTE.
42 Opinion of AG Wathelet 20.11.2014 – case-170/13, ECLI:EU:C:2014:2391 para. 70 – Huawei v ZTE.
43 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 51 – Huawei v ZTE.
44 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 52 – Huawei v ZTE.
45 See on the contract law side in (former) Member States' case law namely Unwired Planet v Huawei [2017] EWHC 711 (Pat), paras. 99 et seq.; cf. also Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37, para. 14; cf. also Gerechtshof Den Haag Zaaknr. 200.221.250/01, ECLI:NL:GHDHA:2019:1065, para. 4.187 – Philips vs. Wiko; Gerechtshof Den Haag, Zaaknr. 200.233.178/01, ECLI:NL:GHDHA:2019:3537, para. 4.205 – Philips v. Wiko, both considering the third party beneficiary-contract based argument, but denying the defence already because of the lack of willingness to license on the part of the alleged infringer.
46 Cf. e. g. Düsseldorf Higher Regional Court (OLG Düsseldorf) GRUR-RS 2019, 6087 para. 118 – Improving Handovers.
47 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 53 – Huawei v ZTE.
48 This also applies to other actions for prohibitive or corrective measures under Art. 64 UPCA which have to be appropriate (Art. 64 (1) UPCA) and proportionate (Art. 64 (4) UPCA). In that context, it has also to be noted that orders for communication of information against the infringer, under Art. 67 (1) UPCA also have to be proportionate.
49 See Leistner GRUR 2022, 1633 (1643) with further references. Cf. also Picht [2016] ECLR 37 (9), 365 (368); Batista/Mazutti IIC 2016, 244 (248) (particularly footnote 17).

(since it could not do so in answering the questions of the LG Düsseldorf), it *presupposes* the very *validity* of the FRAND obligation and its *function* with regard to the legitimate expectations of the market participants in a standardised technology field as a necessary *precondition* – or at least important element – of its abuse analysis. From this follows, namely, as Advocate General *Wathelet* explained in his Opinion, that the genuinely defining aspect behind the Huawei/ZTE negotiation framework is the SEP holder's necessary compliance with the FRAND declaration based duty:

„In those circumstances, which are characterised, on the one hand, by the infringer's technological dependence following the incorporation into a standard of the teaching protected by the patent and, on the other hand, by unfair or unreasonable conduct by the SEP-holder, *at variance with its commitment to grant licences on FRAND terms*, towards an infringer which has shown itself to be objectively ready, willing and able to conclude such a licensing agreement, the bringing of an action for a prohibitory injunction constitutes recourse to a method different from those governing normal competition; it has an adverse effect on competition to the detriment, in particular, of consumers and the undertakings which have invested in the preparation, adoption and application of the standard; and it must be regarded as an abuse of a dominant position for the purposes of Article 102 TFEU."[50]

[17] This link between the FRAND commitment (and its content) and the element of abuse in Huawei/ZTE is important, because it shows that the competition law based FRAND negotiation program and the contract law (and functionality) based obligation from the FRAND commitment as such are *identical* at heart.[51] It is the very non-compliance with the *FRAND obligation* that helps to assert the abusive nature of the SEP holder's behavior under Art. 102 TFEU. Thus, the CJEU, in order to establish the element of 'abuse' under that provision, *presupposes* that the SEP holder is under an obligation, *following from the FRAND commitment as such,* to negotiate fairly and reasonably, which latter obligation is laid out and further specified in the following part of the judgment.

[18] Thus, obviously, the CJEU *assumes* (as an element of its abuse analysis) that the FRAND commitment as such has legal effects in the sense of a respective obligation of the SEP holder and that accordingly it raises "*legitimate expectations*" of third parties. But is there also a legal basis in *autonomous EU law* on how to deal with an unfair and unreasonable self-contradictory disappointment of "legitimate expectations" on the part of third parties by a party that itself gave rise to these very expectations in a specific market through by submitting a FRAND undertaking? This would require that the principle of 'good faith' and, namely, the defence of *venire contra factum proprium,* i. e. the prohibition of unjustified inconsistent (self-contradictory) behavior in legal matters, is a principle of autonomous EU law.

cc) Common principles of EU law, namely the principle of good faith, back this interpretation

[19] A closer look at the common principles of EU law reveals that this is indeed the case. The CJEU has developed the method of so-called normative comparative law[52] and in particular developed and applied the concept of "principles generally accepted in the legal systems of the Member States" since many decades.[53] Particularly, it has applied the concept of good faith in numerous judgments, in which the Court expressly and specifically refers to the principle of 'good faith' and its observance (first in relation to public law[54], then also in private law relations and in regard to 'good faith' as a defence against self-contradictory behavior ('contrary to good faith')[55]). Accordingly, the very *protection of legitimate expectations* by means of a good faith defence is an acknowledged concept of European Union law.[56]

[20] This is further supported by an even brief and cursory analysis of Member States' laws in that regard. As *Zimmermann* & *Whittaker* point out in their seminal comparative law study on 'Good Faith in European Contract Law' that analyses 30 on-the-edge 'good faith' cases under the different Member States' laws: Not only the common general acknowledgement of the principle of good faith cases is to be noted[57], but also the rather remarkable similarity of the contours of the concept in several Member States[58], which is particularly striking in the *core area of rising legitimate expectations on the part of third parties* and then unfairly and unreasonably act in conflict to one's own earlier declarations and/or behavior (*venire contra factum proprium*)[59].

[21] Apart from Union law, the CJEU's case law, and comparative law (as a source of autonomous common principles of EU law proper), secondary EU law also shows that the principle of good faith has meanwhile undoubtedly developed into a main

50 Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 para. 74 – Huawei v ZTE. Emphasis by this author.
51 See more comprehensively and specifically for the RAND commitment of the ITU-T and the ITU-R under the applicable Swiss law Leistner/Kleeberger GRUR 2022, 1261; even more generally P. Tochtermann GRUR 2021, 377.
52 Seyr [2010] JRP 18, 230-239.
53 CJEU 21.6.1958 – case 8-57, ECLI:EU:C:1958:9 – Groupement des hauts fourneaux et aciéries belges v High Authority of the European Coal and Steel Community (OJ 1957-1958, 245, at 256).
54 CJEU 15.7.1960 – cases 43/59, 45/59 and 48/59, ECLI:EU:C:1960:37 para. 6 – Lachmüller/Peuvrier/Ehrhardt v Commission of the European Economic Community.
55 CJEU 14.12.1976 – case 25-76, ECLI:EU:C:1976:178 para. 11 – Segoura SPRL v Rahim Bonakdarian.
56 Metzger, Extra legem, intra ius: Allgemeine Rechtsgrundsätze im Europäischen Privatrecht, 2009, p. 337; Cf. also Zimmermann/Whittaker, Good Faith in European Contract Law, 2000, p. 692.
57 Zimmermann/Whittaker, Good Faith in European Contract Law, 2000, p. 691.
58 Zimmermann/Whittaker, Good Faith in European Contract Law, 2000, p. 690 et seq.
59 Zimmermann/Whittaker, Good Faith in European Contract Law, 2000, p. 691 et seq.

pillar of the (hitherto fragmented and patchy) EU (private) law framework. In total, more than 100 instruments of secondary Union law refer to 'good faith' one way or the other.[60] In private law, originally rooted in the EU's Directives on consumer protection[61], meanwhile, the concept has been considerably broadened and also applies in B2B-relationships in certain areas, such as in regard to the new fairness check for certain data related contracts in Art. 13 (2) Data Act[62] (concerning non-personal industrial data) and, generally, in data protection law. In addition, the observance of fair commercial practices is at the heart of EU unfair competition law, most centrally in the Unfair Commercial Practices Directive, albeit limited to B2C practices, where the concept of 'professional diligence' is defined by compliance with 'honest market practice and/or the general principle of good faith in the trader's field of activity'[63], which rather closely resembles the CJEU's reference to "recognised commercial practices in the field and … good faith" in Huawei/ZTE.[64]

[22] In sum, the principle of 'good faith' is a vital part of autonomous EU law and the prohibition of unjustified self-contradictory behavior to the detriment of third parties, in whom legitimate expectations had been raised by one's own declarations or actions, is one of the very core elements of that principle as an autonomous principle of EU law. This is, in fact, the basis to which the CJEU refers in the respective parts of the Huawei/ZTE judgment quoted above.[65] Thus, the program of mutual obligations of the SEP holder as well as the implementer, respectively, laid down in Huawei/ZTE on the level of autonomous EU law, is based in equal parts in the prohibition of abuse of a dominant position according to Art. 102 TFEU (relating to the protection of free and undistorted competition in SEP constellations) and the Union law principle of 'good faith' that requires the SEP holder to comply with its earlier FRAND declaration in the interest of third parties, on whose part legitimate expectations were raised. In fact, the roots of the overall SEP negotiation program in the concept of 'good faith' become even more apparent in regard to the reaction duties of the implementer, in whose context the CJEU even *expressly* develops the respective obligations of the implementer "in accordance with recognised commercial practices in the field and in good faith'.[66]

dd) Result

[23] From this follows that, while the Huawei/ZTE judgment served to answer certain questions on the interpretation of Art. 102 TFEU and therefore was restricted to the interpretation of this provision or, more precisely, the element of abuse of a dominant position within this provision, the ratio decidendi of the judgment goes beyond that specific realm. The judgment – in its analysis of abusive behavior – is based on the fact that the SEP holders, in order to acquire SEP status for their IP rights, (have to) submit FRAND declarations. In light of the "legitimate expectations" this raises on the part of third market participants and the function of those FRAND declarations for free and undistorted competition in "standardised" markets, it would violate the Union law principle of good faith and the concept of free and undistorted competition in EU primary and secondary law, if the SEP holders did not later act in accordance with that obligation by duly negotiating a FRAND licence with willing implementers in line with the negotiation program laid down in the judgment.

[24] This obligation, as it is not exclusively based on Art. 102 TFEU, but equally on the principle of good faith and the protection of free and undistorted competition in the realm of the acquisition of SEPs and their subsequent use and enforcement, does not as such depend on the SEP holder being in a dominant market position in the sense of Art. 102 TFEU.[67] Instead, the functional lynchpin of the judgment (or at least its equal basis) is the very fact that the SEP holders (have to) submit a FRAND declaration in order to acquire SEP status for their IP rights in the context of the established standardisation processes, such as ETSI's and the ITU's standardisation activities in the telecommunication and electronics sector. EU law's principle of good faith, and namely the prohibition to unjustifiedly act in a self-contradictory manner when one's own declarations or acts gave rise to legitimate expectations on the part of third parties, mandatorily require this result. The judgment only interprets Art. 102 TFEU; but to do so it assumes that an SEP holder's refusal to comply with the Huawei/ZTE's negotiation steps, in light of the earlier FRAND declaration and the legitimate expectations triggered by that declaration on the part of third market participants, amounts to an unfair commercial activity that effectively violates the principle of good faith under autonomous EU law.

[25] This result is independent from the SEP holder being in a dominant position in the sense of Art. 102 TFEU. As such it only requires that the patent in

60 Based on a tentative search in the European Union law database limited to "Regulations" and "Directives": 196 results containing the term "good faith" (and 63 results containing the German term "Treu und Glauben").
61 Cf. e. g. Art. 3 (1) Council Directive 93/13/EEC on unfair terms in consumer contracts of 5 April 1993, *OJ L 95 of 21.4.1993*.
62 Regulation (EU) 2023/2854 of the European Parliament and of the Council on harmonised rules on fair access to and use of data and amending Regulation (EU) 2017/2394 and Directive (EU) 2020/1828 of 13 December 2023, *OJ L, 2023/2854 of 22.12.2023 (Data Act)*.
63 Cf. Art. 2 (h) Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council of 11 May 2005, *OJ L 149 of 11.6.2005* (Unfair Commercial Practices Directive).
64 Cf. CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 65 – Huawei v ZTE.
65 I. 2. b) bb).
66 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 65 – Huawei v ZTE.
67 Picht ECLR 37(9), 365 (370 et seq.).

question is indeed essential to the standard, because otherwise the FRAND declaration would not apply.[68] By contrast, it does not require that the SEP holder be in a dominant position in the sense of Art. 102 TFEU in regard to the possibility to offer products in the relevant downstream product market (such as in cases where this remains possible without implementing the standard at all).

c) Leeway for the Member States and the UPC in implementing the Huawei/ZTE framework and possible duty to file preliminary references to the CJEU

[26] To be sure, Union law only prescribes this mandatory *result* (result duty)[69]: Compliance with the Huawei/ZTE program on the side of the SEP holder (the details also depending on the behavior of the implementer) is a mandatory requirement for the granting of injunctive relief in SEP cases, i. e. whenever the SEP holder has entered into a FRAND undertaking and if the patent in question is indeed essential to the standard. Arguably, the SEP holder being in a dominant position in the sense of Art. 102 TFEU technically is not a necessary requirement for the application of the Huawei/ZTE obligations as a defence in cases of non-compliance. How to *implement* this in the practice of the respective patent infringement courts, on the basis of competition law, contract law or a combination of both (which seems the most logical and doctrinally sound way to do it[70]), is a matter for national law or – now – for the UPC to decide under the applicable Union law, the UPCA, the EPC and the applicable national law provisions.

[27] Importantly, if in a case, where the dominant position of the SEP holder under Art. 102 TFEU is in dispute, because the implementation of the standard or a 'can have'-element of that standard are not obviously indispensable for workable competition in the downstream product market, and the UPC would take the view that the Huawei/ZTE negotiation program does not apply, the related questions on the interpretation of autonomous EU law would have to be referred to the CJEU by way of a preliminary ruling. This is because in the light of the foregoing considerations, these relevant legal questions would touch upon at least two currently open issues on the interpretation of EU law: First, how to interpret the requirement of a dominant market position in SEP cases and whether and to which extent presumptions might apply in this context. Secondly, whether the application of the Huawei/ZTE framework and possible defence always require a dominant market position or not.

III. The implementation: Autonomous instruments of the UPC to comprehensively ensure the application of the CJEU's Huawei/ZTE Union law framework for all SEPs

1. Competence of the UPC

[28] If Union law requires that the Huawei/ZTE negotiation program apply as a defense whenever a SEP is subject to a FRAND undertaking vis-à-vis the respective standardisation body, then this raises the question of how this result shall be achieved on the basis of the applicable UPC's or national law. According to Art. 32 UPCA, the UPC has exclusive competence for infringement actions and related defences, including counterclaims concerning licences. This also comprises competence in respect of a competition law based, IP enforcement law based and/or contract law based FRAND defence.[71]

2. Competition law – Based on Art. 102 TFEU

[29] If a dominant position of the SEP holder in the sense of Art. 102 TFEU can be established on the facts of the case, Art. 102 TFEU is applicable (if the SEP holder is in a dominant position this will obviously cover the internal market or a substantial part thereof in practically all relevant SEP cases). Consequently, compliance with the Huawei/ZTE program and a respective defence of the implementer against actions for injunctive relief can and has to be construed directly on the basis of Art. 102 TFEU. This also applies to the UPC due to Art. 24 (1) (a) UPCA.

[30] If the defence, according to Art. 102 TFEU in its interpretation through the CJEU, is applicable, injunctive relief has to be denied on the basis of Art. 25, 63 UPCA ('may grant an injunction').[72] Art. 102 TFEU and the CJEU's Huawei/ZTE case require that result and, as for SEPs enforced by a dominant undertaking, conclusively govern the existence and reach of the defence.[73]

3. Contract law – Based on the (F)RAND declaration

[31] Irrespective of whether a dominant position of the (F)RAND-encumbered SEP holder can be established or not (the latter being conceivable in particular in cases where the implementation of the standard

68 According to the ETSI General IPR Licensing Declaration form an IPR holder declares to grant licenses "to the extent that the IPR(s) are or become, and remain ESSENTIAL to practice that/those STANDARD(S) or TECHNICAL SPECIFICATION(S)", ETSI Directives, Version 48 of 1st December 2023, Statutes, Annex 6, Appendix A. With regard to the RAND declaration which does not contain this condition, the situation is even more differentiated and one might argue that at least the contractual obligation should also apply in cases of over-declaration as this might help to reduce the incentives for this practice. Cf. for the argument Leistner/Kleeberger GRUR 2020, 1241 (1245), where we have left the question open in regard to the contractual effects of the RAND declaration (i. e., does certainly not require dominant position as long as at least part of the standard).

69 Compare for another example of such "duties to achieve a result" (or "result duties") the CJEU's copyright case law on "fair compensation" in the sense of Art. 5 (2) Directive 2001/29/EC of the European Parliament and of the Council on the harmonisation of certain aspects of copyright and related rights in the information society of 22 May 2001, *OJ L 167 of 22.6.2001*, e. g. CJEU 16.6.2011 – case C-462/09, ECLI:EU:C:2011:397 – Stichting v Opus; CJEU 27.6.2013 – cases C-457/11 to C-460/11, ECLI:EU:C:2013:426, VG Wort v Kyocera.

70 See immediately below III.

71 Cf. Grabinski/W. Tilmann in Tilmann/Plassmann (eds), Einheitspatent, Einheitliches Patentgericht, 2024, EPGÜ Artikel 32, para. 16.

72 Leistner GRUR 2022, 1633 (1643); Cf. also Leistner/Pless, 'European Union' in Husovec/Contreras (eds) Injunctions in Patent Law, 2022, p. 26 (52); Cf. also Marfé et al. [2015] JIPLP 10 (3), 180, 189.

73 Cf. Leistner GRUR 2022, 1633 (1643).

is a mere non-essential 'can have' feature of the downstream product in which the standard is implemented or where a 'can have' element of the standard itself is concerned), the protection of the market participants' legitimate expectations in accordance with the principle of good faith through a Huawei/ZTE defence, has to be construed on the basis of the applicable Member States' law or – for the UPC – the substantive law applicable according to Union law and the other sources of law as listed in Art. 24 (1) UPCA. The necessary legal analysis mainly relates to the contract law side of (F)RAND declarations in such cases.

[32] This raises the question which substantive law applies in regard to the validity and interpretation of the most common (F)RAND declarations for SEPs, namely ETSI's FRAND declaration and ITU's RAND declaration and their possible third-party beneficiary effect. In the EU, choice of law questions with regard to contractual obligations are governed by the Rome I-Regulation.[74] According to Art. 24 (1) (a) UPCA, those rules equally apply in the UPC system. According to the freedom of choice principle (Art. 3 Rome I-Regulation), ETSI's FRAND declaration, which contains a choice of law clause, choosing substantive French law, has to be interpreted in accordance with French substantive law concerning its validity and the necessary interpretation with regard to its legal effects.[75] As we have comprehensively shown elsewhere, according to Art. 4 (4) Rome I Regulation, the ITU's RAND declaration, which does not contain a choice of law clause, is governed by Swiss substantive law in these matters.[76]

[33] While the issue has remained contentious to a certain degree[77], European and U. S. courts have taken the contractual effects of ETSI's FRAND declaration into account, and, where they have done so, have in the majority come to the conclusion that ETSI's FRAND declaration has legal validity and third-party beneficiary effect (in favour of willing licensees) as an obligation on the claimant (and as a defence for the implementer) in patent infringement actions.[78] Literature has agreed with this.[79] The scope and details of the respective obligation(s) following from this in cases of identified infringement have not specifically been laid down in the FRAND declaration and therefore have to be developed through contract interpretation in line with the principle of 'good faith' as it has been defined and specified for FRAND declarations in the Huawei/ZTE judgment. In short: The scope and details of the SEP holders' negotiation and licensing obligations on the *contractual basis* of their respective FRAND undertakings are in essence *identical* to those developed by the CJEU in the framework of Art. 102 TFEU.[80]

[34] We have shown elsewhere that the same applies, to the best of our knowledge, to the ITU's typical RAND declarations under Swiss contract law.[81] Similarly, the ITU's RAND declarations have binding legal effect on the SEP holders, who declared their respective willingness to license, and they do have, to the best of our knowledge, third party beneficial effect for the implementer in patent infringement actions for injunctive relief.[82] The scope and details of the obligation to license the respective SEPs on a worldwide, non-discriminatory basis and on reasonable terms and conditions, according to the principle of 'good faith' as laid down in both, autonomous EU law as well as Swiss law, are identical at heart to those developed by the CJEU in its Huawei/ZTE judgment in the framework of Art. 102 TFEU.[83]

[35] And both, in the context of ETSI and ITU standard setting, the contractual basis for these obligations exists independently and separate from the antitrust obligations under Art. 102 TFEU.

74 Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (164); Leistner/Kleeberger GRUR 2022, 1261 (1263); McGuire GRUR 2018, 128 (131).

75 See Optis v Apple [2022] EWCA Civ 1411, paras. 31, 35; Optis v Apple [2021] EWHC 1739 (Pat), paras. 353 et seq.; Optis v Apple [2021] EWHC 2564 (Pat), paras. 135 et seq.; Unwired Planet v Huawei [2017] EWHC 711 (Pat), paras. 98 et seq.; McGuire GRUR 2018, 128 (131).

76 Leistner/Kleeberger GRUR 2022, 1261 (1264 et seq.); Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (165 et seq.).

77 Cf. Unwired Planet v Huawei [2017] EWHC 711 (Pat), paras. 98 et seq.; characterising the FRAND declaration as a mere invitatio ad offerendum Düsseldorf Regional Court (LG Düsseldorf) BeckRS 2016, 8288 para. 390 – Handover; Düsseldorf Regional Court (LG Düsseldorf) BeckRS 2016, 8379; Düsseldorf Regional Court (LG Düsseldorf) BeckRS 2016, 14979; Düsseldorf Regional Court (LG Düsseldorf) GRUR-RS 2012, 9682 para. 178 – Zugriffsschwellenwert.

78 Cf. Unwired Planet v Huawei [2017] EWHC 711 (Pat), para. 146; In re Innovation IP Ventures, LLC Patent Litigation, MDL Docket No. 2303 (N. D. Ill. 27 September 2013), 6; *Microsoft Corp. v. Motorola, Inc.*, 854 F. Supp. 2 d 993, 103 U. S. P. Q.2d 1235 (W. D. Wash. 2012), 999; *Apple, Inc. v. Motorola Mobility, Inc.*, 886 F. Supp. 2 d 1061 (W. D. Wis. 2012), 1083; Gerechtshof Den Haag Zaaknr. 200.233.178/01, ECLI:NL:GHDHA:2019:3537, paras. 4.205 et seq. – Philips v. Wiko.

79 McGuire GRUR 2018, 128 (131 et seq.); Picht GRUR Int. 2017, 569 (576 et seq.).

80 P. Tochtermann GRUR 2021, 377; Cf. Leistner/Kleeberger GRUR 2022, 1261 (1268); Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (173).

81 Leistner/Kleeberger GRUR 2022, 1261 (1268); Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153, (172 et seq.); Cf. from the Swiss literature we identified: *Brunner* sic! 2019, 1, (6) with further references; de Werra ZSR 2015, 123 (149 et seq., 152).

82 Leistner/Kleeberger GRUR 2022, 1261 (1268); Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (172 et seq.); *Brunner* sic! 2019, 1 (6 et seq.).

83 Leistner/Kleeberger, 'FRAND Declarations and the 'Third-Party Effect': A Contract Law and Competition Law Perspective' in Godt/Lamping (eds), A Critical Mind, Hanns Ullrich's Footprint in Internal Market Law, Antitrust and Intellectual Property, 2023, p. 153 (173); open for functionally reasonable deviations Leistner/Kleeberger GRUR 2022, 1261 (1268); on a general level P. Tochtermann GRUR 2021, 377.

4. UPCA and Enforcement Directive – Based on Art. 25, 63 UPCA and Art. 3 Enforcement Directive

[36] It follows that where an SEP is covered by a valid FRAND declaration, submitted to one of the established standardisation organisations, namely the ETSI and the ITU, the UPC will have to deny injunctive relief based on Art. 25, 63 UPCA, if the duties of the SEP holder under Huawei/ZTE (further specified in light of the reactions of the defendant) are not met, irrespectively of whether the SEP holder is in a dominant market position in the sense of Art. 102 TFEU or whether he is not.

[37] This is because in such a case, the defendant has a parallel defence based on the *contractual effects* of the FRAND declaration submitted by the claimant (interpreted on the basis of 'good faith' in light of the necessary protection of the legitimate expectation of third parties in standardised market settings with FRAND encumbered patents). This contract based defence has to be taken into account in the decision whether to grant an injunction under Art. 25, 63 UPCA.[84] The same result is also supported by the very *function* such FRAND declarations have in the overall standardisation procedure and the resulting effect on the function and enforceability of the FRAND encumbered SEPs.[85] According to Art. 3 (2) Enforcement Directive, any IP enforcement measures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. In light of the foregoing considerations and with particular regard to the legitimate expectations of market participants on the basis of FRAND declarations, given by SEP holders to introduce their IP rights into the respective standards, the granting of injunctive relief in a case where the owner of a FRAND encumbered SEP did not comply with the Huawei/ZTE procedure, would amount to an abuse of the SEP and to the creation of a barrier to legitimate trade as follows from the CJEU's Huawei/ZTE case law. Therefore, in such a case, in addition to the contract based defence, there is also an autonomous EU law based defence on the grounds of Art. 3 (2) Enforcement Directive and injunctive relief must not be granted.

IV. Summary

[38] **1.** By contrast to clear cases, such as in Huawei/ZTE (where the patent is *essential* to the standard, and the standard, in turn, is objectively *indispensable* for the very possibility to produce and viably offer the resulting devices in the respective consumer markets), the specification of Art. 102 TFEU's requirement of a dominant position within the internal market (or a substantial part thereof) in SEP cases, where the standardised element arguably is a 'can have'-element of the ultimate product or even of the standard as such, is neither acte clair nor acte éclairé. Member States' courts' approaches differ. Such cases will be of increasing practical importance in the future. Hitherto there is no directly applicable CJEU case law. Conclusive assessment of market dominance in such cases will thus require a preliminary reference to the CJEU in the future where the existence of a dominant position in the market and thus the applicability of Art. 102 TFEU seems in doubt.

[39] **2.** While the Huawei/ZTE judgment served to answer certain questions on the interpretation of Art. 102 TFEU and was therefore restricted to the interpretation of this provision or, even more precisely, the interpretation of the element of abuse of a dominant position within this provision, the *ratio decidendi* of the judgment goes beyond the specific realm of competition law. The judgment – in its analysis of abusive behavior – is based on the fact that the SEP holders in order to acquire SEP status for their IP rights (have to) submit FRAND declarations. Because of the "legitimate expectations" this raises on the part of third market participants and the function of the FRAND declarations for free and undistorted competition in "standardised" markets, it would thus violate the Union law principle of good faith and the concept of free and undistorted competition in EU primary and secondary law, if the SEP holders did not later act in accordance with that obligation by duly negotiating a FRAND licence with willing implementers.

[40] The obligation to act in line with the FRAND commitment, as it is laid down and further specified in Huawei/ZTE, is thus not exclusively based on Art. 102 TFEU, but equally on the autonomous Union law concept and principle of good faith and the protection of free and undistorted competition in the realm of the acquisition of SEPs and their subsequent use and enforcement. Therefore, it does not depend on the SEP holder being in a dominant position in the sense of Art. 102 TFEU. Instead, the functional lynchpin of the judgment (or at least its equal basis) is the very fact that the SEP holders (have to) submit a (F)RAND declaration in order to acquire SEP status for their IP rights in the context of the established standardisation processes, such as ETSI's and the ITU's standardisation processes in the telecommunication and electronics sector, and that this raises legitimate expectations on the side of third party market participants which makes the related markets function. The applicability and binding effect of Huawei/ZTE's *ratio decidendi*, i. e. the established negotiation framework and FRAND defence, is thus independent from the SEP holder being in a dominant position in the sense of Art. 102 TFEU. As such it only requires

84 For contract law based defences cf. W. Tilmann in Tilmann/Plassmann (eds.), Einheitspatent, Einheitliches Patentgericht, EPGÜ Artikel 63, para. 16.
85 See above II. 2. a). and II. 2. b).

that the SEP in question is indeed subject to a valid FRAND or RAND declaration.

[41] As a consequence, Union law requires the applicability of the Huawei/ZTE framework (and the possible FRAND defence based on non-compliance with that framework) for all (F)RAND-encumbered SEPs in the sense of a "result duty". As to the question how to technically achieve this result, based on the applicable patent law, competition law and/or contract law, Member States (and now the UPC) have certain discretion.

[42] **3.** If a dominant position of the SEP holder in the sense of Art. 102 TFEU can be established on the facts, Art. 102 TFEU is applicable. Consequently, compliance with the Huawei/ZTE program and a respective defence of the implementer against actions for injunctive relief can be construed directly on the basis of Art. 102 TFEU. This also applies to the UPC due to Art. 24 (1) (a) UPCA.

[43] At least for SEPs covered by ETSI's FRAND Declaration or the ITU's RAND Declaration[86] under the respectively applicable (French or Swiss) contract law, the same result (necessary compliance with Huawei/ZTE) also (cumulatively) follows from the character of the (F)RAND declaration as a valid contract with third-party beneficiary effect. Naturally, this is of particular importance, where a dominant position of the SEP holder cannot be established on the facts of the case. The specification of the resulting contractual duty to negotiate a FRAND license with willing licensees in good faith is identical at heart with the specific framework laid down in Huawei/ZTE under EU competition law. Thus, to comply with the respective result duty following from Union law in cases, where the SEP in question is subject to a valid (F)RAND undertaking vis-à-vis ETSI or the ITU-T/ITU-R, but where the dominant market position of the SEP holder remains in doubt, the UPC can straightforwardly base the application of Huawei/ZTE on the contractual effects of the respective (F)RAND undertaking on the part of the SEP holder under the applicable law.

86 Those two have been analysed in this article and in past research of this and other authors. See the specific references in the text.

MATTHIAS LEISTNER*

SEPs in the UPC-System: How the UPC should implement Huawei/ZTE

This two-part article discusses how SEP disputes should be handled before the Unitary Patent Court. The first part (GRUR-Patent 2024, 272) has addressed the double nature of the Huawei/ZTE framework for the enforcement of SEPs: It explains how the obligations for the enforcement of SEPs, laid down in Huawei/ZTE, equally follow from EU competition law as well as from the FRAND undertakings in conjunction with the Union law principle of good faith. This second part will discuss how the UPC should treat cases, where two generally willing licensees cannot reach agreement on FRAND terms and conditions. It will show ways how the UPC, based on the Huawei/ZTE case law, by way of an active case management could stimulate arbitration settlements and, as an ultima ratio, engage in the setting of FRAND terms and conditions thereby following the example of the English courts.

Dieser zweiteilige Beitrag befasst sich mit der Frage, wie SEP-Streitigkeiten vor dem Einheitlichen Patentgericht behandelt werden sollten. Der erste Teil des Beitrags (GRUR-Patent 2024, 272) hat die Doppelnatur der Verpflichtungen aus dem Huawei/ZTE-Urteil aufgezeigt: Diese beruhen nicht lediglich auf dem Unionskartellrecht, sondern sind gleichermaßen in der vertragsrechtlichen Seite der FRAND-Selbstverpflichtungserklärungen und dem Prinzip von Treu und Glauben im Unionsprivatrecht verwurzelt. Dieser zweite Teil wird sich mit der Frage befassen, wie das Einheitspatentgericht in Fällen vorgehen sollte, in denen sich zwei grundsätzlich lizenzwillige Parteien nicht auf FRAND-Lizenzbedingungen einigen können. Basiert auf dem autonomen unionsrechtlichen Rahmen aus Huawei/ZTE werden Lösungswege aufgezeigt, wie das EPG im Zuge eines aktiven case managements für die Beibringung der erforderlichen Informationen sorgen sollte, wie die Parteien zu Arbitration-Lösungen stimuliert werden könnten und in welchen Fällen das EPG (nach dem Vorbild der englischen Gerichte) selbst im Kontext von Verletzungsverfahren über die Festsetzung von FRAND-Lizenzbedingungen entscheiden kann und sollte.

I. Introduction

[1] Naturally, the pending SEP Regulation has sparked a lot of interest and a broad discussion in literatu-

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re.[1] By contrast, there is surprisingly little specific research on how the UPC should deal with cases of SEP enforcement in its future case law. Meanwhile, first cases have reached the Local Divisions of the Court. The possible future SEP Regulation will not yet be applicable to those cases. Also, while some positive aspects might be expected[2], presumably (also due to a number of flaws at least in the current proposal), the future SEP Regulation will not have a vital positive impact on the proceedings in SEP enforcement before the UPC in the foreseeable future. For current practive, it seems, the more important development indeed is the recent Decision of the German Competition Authority (*Bundeskartellamt*) of 10 June 2024 (B4-136/23), in which the German Competition Authority expressly tolerated the formation of a users' licensing negotiation group (the Automotive Licensing Negotiation Group (ALNG) comprised of large parts of the German automotive industry and related businesses) under certain conditions.

[2] Thus, it seems there is a need for some thoughts on how the UPC should deal with SEP enforcement cases. Some issues, where case law in the (former) Member States, in particular in England and Germany, differs significantly in principle or in detail, are discussed in this article. The article is part of a two-part paper. The first part, which has been published in GRUR-Patent 2024, 272, has discussed whether market dominance is a strict requirement for triggering the applicability of the Huawei/ZTE framework and how the contract law side of valid FRAND undertakings in relation to SEPs should be appreciated and applied.

[3] This second part of the paper addresses a broader issue: The question of how the UPC should implement and specify the Huawei/ZTE standard for the negotiation scheme in SEP enforcement cases under autonomous EU law and the rules of the UPC Agreement. First, the comparatively easy aspect, of how to specify Huawei/ZTE as a workable procedural framework to identify holdup (noncompliant SEP holder) or holdout situations (unwilling licensee), is briefly outlined (see below at II). Secondly, the more intricate questions relating to the issue of how to further develop Huawei/ZTE as a framework to moderate the conflict between willing licensing parties in SEP cases shall be discussed comprehensively (see below at III.), including a brief discussion of the important issue of how to deal with typical situations of information asymmetry at III. 3.). Thirdly, it shall be outlined how the UPC can concretely implement the proposals to further develop the Huawei/ZTE standard in its future case law (see below at IV.). In particular, this last part will also address the fundamental legal and policy question of whether the UPC should engage in the setting of FRAND terms and conditions, such as the English courts have done it in a couple of past and also will do in further currently pending cases.[3]

II. Huawei/ZTE as a procedural framework to identify holdup (noncompliant SEP holder) or holdout situations (unwilling licensee)

[4] While at first sight, the CJEU's mutual information and negotiation duties in Huawei/ZTE are structured in a strictly consecutive way[4], most Member States' highest courts have leaned towards a more flexible overall approach, effectively turning the Huawei/ZTE obligations into a flexible system of elements to identify holdup (unwilling SEP holders) or holdout (unwilling licensees) situations.[5] Namely, the German Federal Court of Justice in its FRAND I and FRAND II judgments has emphasised the requirements on the defendant to show that he is indeed a willing licensee[6] (from the outset) throughout the entire negotiation process.[7] Different approaches exist, putting stronger emphasis on the early duty of the SEP holder, after the alleged infringer has expressed its willingness to conclude a licensing agreement on FRAND terms, to present to that alleged infringer a specific, written offer for a licence *on FRAND terms* in line with the FRAND obligation and as a necessary precondition for further obligations of the implementer.[8]

[5] For the UPC this case law matters only indirectly[9] – since the main guidepost for the UPC's specification and application of the framework, according to Art. 24 (1) (a) UPCA, is autonomous EU law and, namely, the Huawei/ZTE judgment as such. Undoub-

1 Proposal for a Regulation of the European Parliament and of the Council on standard essential patents and amending Regulation (EU)2017/1001 of 27.4.2023, COM(2023) 232 final (SEP Regulation Proposal). For reactions to the proposal (instead of many more) see GRUR Position Statement, GRUR 2023, 1350; Picht Draft SEP Regulation – coherence issues, available at https://ssrn.com/abstract=4595731 (last visit March 27, 2024). The previous Parliament had approved the Commission's proposal (introducing amendments). Currently the proposal is pending before the Council awaiting a final decision with the election of a new European Parliament and the appointment of a new Commission adding to the uncertainty of its perspektive.

2 For a closer look on this, see the first part of this two-part-paper in Leistner GRUR-Patent 2024, 272.

3 See for further references later in this article.

4 P. Tochtermann GRUR 2022, 1121 (1123 et seq.); cf. also Leistner, 'FRAND Patents in Europe in the Post-Huawei Era: A Recent Report from Germany' in Liu/Hilty, SEPs, SSOs and FRAND, 2020, p. 329 (333 et seq.) (available at https://ssrn.com/abstract=3278769, last visit March 27, 2024); Picht Wirtschaft und Wettbewerb 2018, 234.

5 Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37, para. 158; Unwired Planet v Huawei [2018] EWCA Civ 2344, paras. 268 et seq.; Unwired Planet v Huawei [2017] EWHC 711 (Pat), paras. 713 et seq. (e.g. 738); German Federal Court of Justice (BGH) GRUR 2021, 585 paras. 66 et seq. – FRAND Defence II; Gerechtshof Den Haag Zaaknr. 200.233.178/01, ECLI:NL:GHDHA:2019:3537, paras. 4.169, 4.173 – Philips v. Wiko; as well as Gerechtshof Den Haag, Zaaknr. 200.219.487/01, ECLI:NL:GHDHA:2019:1066, paras. 4.10, 4.14 – Philips v. Wiko (for an English translation see GRUR Int. 2020, 174).

6 German Federal Court of Justice (BGH) GRUR 2020, 961 paras. 91 et seq. – FRAND Defence I (for an English translation see GRUR Int. 2021, 89).

7 German Federal Court of Justice (BGH) GRUR 2021, 585 paras. 66 et seq. – FRAND Defence II. This has been criticised in parts of literature as sitting uncomfortably with the main focus of the CJEU's judgment on the FRAND-encumbered SEP holder, Cf. Keßler/Palzer GRUR Patent 2023, 127 (129); P. Tochtermann GRUR 2022, 1121 (1123 et seq.).

8 Düsseldorf Higher Regional Court (OLG Düsseldorf) GRUR 2022, 1136 para. 182 – Signalsynthese II. See also the instructive comparison and proposal for a middle-way by P. Tochtermann GRUR 2022, 1121 (1123 et seq.).

9 Under Art. 24 (1) (e) UPCA to the extent that common principles can be derived from the hitherto rather diverse landscape of European SEP case law under the Huawei/ZTE regime.

tedly, in a flexible understanding, the Huawei/ZTE negotiation program can be helpful to identify unwilling licensees, engaging in delaying tactics contrary to the principle of good faith, and thus holdout cases, where injunctive relief should be granted.[10] Vice versa, if the SEP holder is not willing to make an offer at least not obviously non-FRAND, the defence applies and injunctive relief has to be denied. In the future, the mandatory out of court FRAND determination procedure, foreseen in the SEP Regulation Proposal[11], might be helpful in certain cases. The resulting documents might help the UPC to determine the general willingness of the respective parties to conclude a license under FRAND terms and conditions and thus identify unwilling parties.[12]

[6] The major open question will be how to specify and apply this mainly process oriented framework in cases, where *two generally willing parties* cannot reach agreement on what is FRAND or where the defendant is deprived of vital information in order to come up with a realistic FRAND counteroffer.[13] Such situations are treated differently by the English courts and the German courts. While the English courts have engaged in the setting of global FRAND licences, though not "out of thin air" but based on the differing positions of the parties before them[14], the German courts have not engaged in this endeavor. Instead, the German courts have focused less on the FRAND terms as such, and more relied on the procedural side of the Huawei/ZTE scheme in order to identify holdout and have hitherto limited themselves to the decision whether to grant an injunction or not.[15]

[7] This (roughly outlined) European panorama faces the UPC with the following situation: Ample experience and a rather developed (though diverse) case law exist for distinguishing willing from unwilling licensees as a basis for a balanced unitary approach. By contrast, in regard to the settlement of FRAND terms between *generally willing parties*, the UPC is faced with the current divide between the English and the German courts. While the former have set global FRAND licences in such situations (on the basis of the existing mutual offers of the parties as a basis for a more or less court moderated negotiation based on an active case management), the German courts have not yet engaged in this. Instead, they have relied on the procedural side of Huawei/ZTE, and, apart from that, resorted to the old Federal Court of Justice's Orange-Book-Standard case (effectively at least opening an avenue for the implementer to conclude a licence, accepting whatever the SEP holder later proposes to be FRAND, thus defending himself from the injunction and leaving the likely necessary judicial control of the alleged FRAND determination by the SEP holder to later proceedings).[16]

[8] Against this background, the approach of the UPC should be developed based on Union law and, namely, the Huawei/ZTE judgment itself which at a closer look contains certain specific guideposts for the situation of remaining conflict between willing parties as well and, in a more general way, points to the autonomous EU law principle of 'good faith'[17] in order to deal with such genuinely open situations, where prima facie neither party can be identified as clearly acting abusive or unfair.

III. Huawei/ZTE as a framework to moderate the conflict between willing licensing parties in SEP cases

[9] The starting point in Huawei/ZTE is clear. While the obligations of the SEP holder mainly follow from the FRAND undertaking, interpreted in line with the general principle of 'good faith' with a specific view to the respective legitimate expectations of the market participants, the obligations of the implementer are more generally governed by the principle of 'good faith' in accordance with recognised commercial practices in the field and with a particular view to identify and sanction delaying tactics.[18]

[10] The question whether the parties have complied with the resulting procedural program has to be specified and assessed taking into account the specific legal and factual circumstances to ensure a fair balance between the interests concerned.[19] From what has been said in the preceding paragraphs follows that the main guideposts for this assessment are compliance with the FRAND declaration (on the part of the SEP holder) and compliance with recognised commercial practices in the field and the principle of good faith, in

10 Cf. Batista/Mazutti IIC 2016, 244 (249); cf. also Tsilikas IIC 2017, 151 (176).

11 Art. 34 et seq. Proposal for a Regulation of the European Parliament and of The Council on standard essential patents and amending Regulation (EU) 2017/1001 of 27.4.2023, COM(2023) 232 final (SEP Regulation Proposal). For reactions to the proposal see GRUR Position Statement, GRUR 2023, 1350; Picht Draft SEP Regulation – coherence issues, available at https://ssrn.com/abstract=4595731 (last visit March 27, 2024).

12 See further on the possibilities of the UPC to have the respective documents produced in court proceedings below III. 1.

13 See on the problem of information asymmetry German Federal Court of Justice (BGH) GRUR 2020, 961 paras. 75 et seq. – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 para. 53 – FRAND Defence II.

14 Unwired Planet v Huawei [2017] EWHC 711 (Pat); Interdigital v Lenovo [2023] EWHC 539 (Pat).

15 See namely German Federal Court of Justice (BGH) GRUR 2020, 961 – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 – FRAND Defence II.

16 German Federal Court of Justice (BGH) GRUR 2020, 961 – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 – FRAND Defence II; cf. also Karlsruhe Higher Regional Court (OLG Karlsruhe) GRUR-RS 2021, 9325 – Wurzelsequenzordnung, pointing to the possibility, foreseen in Orange-Book-Standard, for the implementer to accept the setting of licensing terms by the SEP holder in advance and thus defending himself from the threatened injunction; agreeing with this possibility Meier-Beck, 'Standardessentielle Patente als Infrastruktureinrichtung' in Joost/Oetker/Paschke (eds), Selbstverantwortete Freiheit und Recht, Festschrift für Franz Jürgen Säcker zum 80. Geburtstag, 2021, p. 275 (290 et seq.); Dornis GRUR Patent 2023, 231 paras. 33 et seq.; Kühnen, Handbuch der Patentverletzung, 15th edition, 2023, Chapter E. para 459; Rastemborski GRUR-Prax 2021, 315. Cf. also below III. 2. and IV. 2. on certain weaknesses of this approach in the UPC context as well as in general.

17 See further Leistner, GRUR-Patent, 272 (277 et seq.).

18 Cf. CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 59 and para. 65 – Huawei v ZTE.

19 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 55 et seq. – Huawei v ZTE.

particular that there are no delaying tactics, on the part of the alleged infringer.

1. FRAND offer and FRAND counter-offer possible: Both parties agree to leave determination of royalty to independent third party

[11] In a case, where all the necessary information to plausibly assess the fairness and in particular the non-discriminatory character of the licensing terms proposed by the SEP holder is accessible (i. e. typically in regard to SEPs with a non-discriminatory, fully published licensing program[20], and where special discounts and their justifiability or other factors that could give rise to questions in regard to the fairness and non-discriminatory character of the proposed licensing terms are obviously not an issue)[21], this will typically result in two mutual allegedly FRAND proposals (offer and counter-offer). If both these proposals are not obviously non-FRAND the remaining problem is how to reconcile the differences between the offers. National courts have taken different approaches in regard to this problem.[22]

[12] The UPC is bound by the procedural framework laid down in Huawei/ZTE. Where no agreement is reached on the details of the FRAND terms following the counter-offer by the alleged infringer, according to the CJEU's Huawei judgment, "the parties may, by common agreement, request that the amount of the royalty be determined by an independent third party, by decision without delay".[23] For the interim period the alleged infringer "from the point at which its counter-offer is rejected, [has] to provide appropriate security in accordance with recognised commercial practices in the field, for example by providing a bank guarantee or by placing the amounts necessary on deposit".[24] While there might also be different ways to proceed ("…the parties *may*…"; "…*for example* by providing a bank guarantee…"), the UPC should at least provide for those minimum possibilities to reach an agreement and regulate the interim period as they have been laid down in the CJEU's case law.

[13] Thus, the UPC, if the parties by common agreement request that the licensing terms be determined by an independent third party, should require an unconditional undertaking by both parties to accept the outcome of this agreed upon third party FRAND license determination process, deny injunctive relief and order the provision of appropriate securities by providing a bank guarantee or, in the alternative, deposition of the necessary amount. Since this is in line with recognised commercial practices and, in accordance with the principle of good faith, sufficient to fairly take into account the interests of the SEP holder, and also follows from the CJEU's case law (which is in turn followed in literature[25]), a bank guarantee should be regarded as sufficient.[26]

[14] Problems might of course result from the necessity to effectively set interim licensing terms in order to "appropriately" specify the amount for the past and the running amount (until the end of the third party determination process) as a basis for determining the necessary appropriate security by the alleged infringer.[27] Again, in the future, the mandatory out of court FRAND determination procedure, foreseen in the SEP Regulation Proposal[28], might be helpful in certain cases, since the resulting reasoned proposal of the conciliator for a determination of FRAND terms and conditions[29] and the conciliator's report[30] can at least deliver useful guideposts for the court to settle the amount and specifics of the necessary security. Confidentiality issues[31] would not stand in the way of ordering the submission of these documents to the UPC (see Rule 190 RoP), because both parties are previously submitted with these documents in the framework of the SEP Regulation's FRAND determination procedure anyway, according to Art. 55 (1), Art. 57 (1) SEP Regulation, and thus the UPC would only have to preserve confidentiality in regard to third parties or the public. This can comparatively easily be done by ordering these documents to be subject to limited disclosure and appropriate terms of non-disclosure (Rule 190.1 RoP) and – in case this should be discussed in parts of the oral hearing – by ordering those parts of the hearing to be confidential (see Rule 115 RoP).

2. FRAND offer and FRAND counteroffer possible: Parties do not agree to leave determination of royalty to independent third party

[15] Typically, of course, and this is a weakness of the hitherto patchy CJEU's approach to this problem, both parties will *not* commonly agree that the amount of the royalty be determined by an independent third party.

[16] For such cases, the German Federal Court of Justice in its older Orange-Book-Standard-judgment had foreseen the possibility for the implementer to declare his willingness to agree with any determination of FRAND licensing terms and conditions by the SEP holder, effectively leaving the setting of licensing

20 Cf. CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 64 – Huawei v ZTE: "public standard licensing agreement".
21 See further on situations, where the necessary information is not readily available below III. 3.
22 Cf. above II.
23 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 68 – Huawei v ZTE.
24 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 67 – Huawei v ZTE.
25 Haedicke/Timmann (eds.), Handbuch des Patentrechts, 2nd edition, 2020, § 13 para. 387; Maume/Tapia GRUR Int. 2010, 923 (925 et seq.).
26 Verhauwen GRUR 2013, 558 (564) (referring to Düsseldorf Regional Court (LG Düsseldorf) GRUR Int. 2013, 547 para. 48).
27 See on this problem and with proposals for a compromise solution Maume/Tapia GRUR Int. 2010, 923 (925 et seq.).
28 Art. 34 et seq. Proposal for a Regulation of the European Parliament and of The Council on standard essential patents and amending Regulation (EU) 2017/1001 of 27.4.2023, COM(2023) 232 final (SEP Regulation Proposal). For reactions to the proposal see GRUR Position Statement, GRUR 2023, 1350; Picht Draft SEP Regulation – coherence issues, available at https://ssrn.com/abstract=4595731 (last visit March 27, 2024).
29 Art. 55 SEP Regulation Proposal.
30 Art. 57 SEP Regulation Proposal.
31 Cf. Art. 58 SEP Regulation Proposal.

terms to the discretion of the patent proprietor, who on his part would be under a duty to exercise this discretion in an equitable way (in German law on the basis of Sec. 315 Civil Code). In such a case, the patent infringement court would have to deny the injunction, since – given the implementer's agreement with whatever terms were determined by the SEP holder – a licensing agreement would be in place and, consequently, the implementer's use would straightforwardly be justified. Judicial control of the FRAND licensing terms, set by the SEP holder, would effectively be left to later separate legal proceedings in order to assess whether the SEP holder's unilateral setting of the terms was indeed FRAND and thus in line with an equitable exercise of his discretion.[32]

[17] At first sight, this seems to resemble the approach of the High Court, to oblige the implementer to accept whatever terms were in fact FRAND.[33] However at a closer look there is a key difference: According to the High Court of England and Wales's approach that was subsequently accepted by the Court of Appeals[34] and the Supreme Court[35], what the implementer has to accept unqualifiedly, is whatever *the court later found* were FRAND terms and conditions.[36] Thus, the unqualified undertaking to accept whatever terms were later determined as FRAND does not relate to a *unilateral* determination by the SEP holder (only subject to later judicial control in separate proceedings), but in fact constitutes an unqualified undertaking to accept whatever licensing terms and conditions *the court* later determined were FRAND.[37]

[18] Obviously, this is a key difference not only for the negotiation dynamics but also in regard to the necessary setting of an amount for interim security that can be a powerful instrument to push the alleged infringer towards acceptance of a licensing offer – and which under the German Federal Court of Justice's approach, since a licence would be in place, would tend to be initially calculated along the lines of the terms unilaterally determined by the SEP holder. This weakness of the German approach is further aggravated by the fact that the Orange-Book court literally required a full deposit of the SEP holder's demand for the licensing fees[38] – as opposed to the later CJEU's Huawei/ZTE judgment pointing to the possibility of providing a bank guarantee in the alternative.[39] If those weaknesses were remedied on the level of UPC law, the Orange-Book approach towards a settlement between willing licensees, would in theory be a viable way forward and is consequently also still discussed by case law and literature in Germany as a possible solution.[40]

[19] Be this as it may, the UPC – for such constellations – will have to develop its own approach on the basis of autonomous EU law, and namely the CJEU's Huawei/ZTE judgment. On the one hand, this could be done by referring an appropriate case – with two prima facie generally willing parties, but who did not mutually agree on the determination of FRAND terms by an independent third party – to the CJEU for a preliminary ruling on the question how to interpret the obligations from the FRAND declaration (under Art. 102 TFEU and the Enforcement-Directive and in light of 'good faith' as a common principle in EU law) in such a case. On the other hand, the avenue shown by the CJEU in Huawei/ZTE[41] – i. e. determination of FRAND terms *by an independent third party* – also seems to leave an alternative possibility if it is consolidated with a particular view to the principle of good faith and the necessary fair balance of the interests concerned: If in such a situation, the SEP holder – having given the FRAND undertaking and being confronted with a willing licensee – refused to agree with the determination of the amount of the royalty by an independent third party (or the other way round with the alleged infringer refusing)[42], this might indeed violate the obligations from the FRAND agreement and/or to negotiate in good faith. The CJEU emphasises the need to take due account of all the legal and factual circumstances of the individual case.[43] Similarly, the Federal Court of Justice as well as the High Court have noted that the Huawei/ZTE negotiation program is, above all, a means to identify in the light of an overall analysis of the negotiation process, whether both parties comply with their obligation to negotiate in good faith to reach agreement on fair, reasonable and non-discriminatory terms.[44] In addition, the CJEU in Huawei/ZTE empha-

32 German Federal Court of Justice (BGH) GRUR 2009, 694 – Orange-Book-Standard.
33 Unwired Planet v Huawei [2017] EWHC 711 (Pat), para. 708; Optis v Apple [2021] EWHC 2564 (Pat), para 708.
34 Unwired Planet v Huawei [2018] EWCA Civ 2344.
35 Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37.
36 Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37, para. 158; Unwired Planet v Huawei [2018] EWCA Civ 2344, para. 259.
37 Hess NZKart 2022, 437 (439).
38 German Federal Court of Justice (BGH) GRUR 2009, 694, paras. 29, 36 – Orange-Book-Standard.
39 Against this background it seems an open legal question whether the condition of deposing the necessary amount of security is fully in line with the requirements of Union law in the field.
40 Karlsruhe Higher Regional Court (OLG Karlsruhe) GRUR-RS 2021, 9325 – Wurzelsequenzordnung; Munich I Regional Court (LG München I) GRUR-RS 2023, 24247 – Tonalitätsschätzung; Dornis GRUR Patent 2023, 231 (239); Meier-Beck, 'Standardessentielle Patente als Infrastruktureinrichtung' in Joost/Oetker/Paschke (eds.), Selbstverantwortete Freiheit und Recht, Festschrift für Franz Jürgen Säcker zum 80. Geburtstag, 2021, p. 275 (290 et seq.); Kellenter, 'Der FRAND-Einwand im Patentverletzungsprozess nach der EuGH-Entscheidung Huawei/ZTE' in Kühnen (ed.), 80 Jahre Patentgerichtsbarkeit in Düsseldorf, Festschrift zum 80-jährigen Bestehen des Patentgerichtsstandortes Düsseldorf am 1. Oktober 2016, 2016, p. 255 (274 et seq.); Rastemborski GRUR-Prax 2021, 315.
41 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 68 – Huawei v ZTE.
42 See further on the possible alternatives (either an arbitrator/arbitration tribunal [with the additional problem of achieving agreement on the concrete person or tribunal] or a competent court) in the following paragraphs.
43 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 56 – Huawei v ZTE.
44 Cf. German Federal Court of Justice (BGH) GRUR 2020, 961 paras. 81 et seq. – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 paras. 59 et seq. – FRAND Defence II; Unwired Planet v Huawei [2017] EWHC 711 (Pat), paras. 162 et seq.; Cf. also Unwired Planet v Huawei [2018] EWCA Civ 2344, paras. 266 et seq.; Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37, paras. 149 et seq.

sises the specific responsibility of the SEP holder, following from the FRAND declaration given to the standardisation body, which justifies the imposition of an obligation to comply with specific requirements when bringing an action for injunctive relief.[45] In light of these considerations, it seems that an SEP holder, who is, after the Huawei/ZTE program has been absolved by both parties, therefore confronted with a willing licensee, should be denied injunctive relief, if the defendant proposes the determination of FRAND terms by an independent third party, e. g. an arbitrator[46], and if the SEP holder refuses to agree with that proposal. The same would have to apply, based on the principle of good faith, if the alleged infringer refused a respective offer by the SEP holder – in this case he could no longer be deemed a willing licensee.

[20] Remarkably, AG *Wathelet,* in the part of his Opinion, which relates to para. 68 of the Court's judgment[47], had proposed this very solution (expressly complementing it with the possibility of an unconditional offer for the terms to be fixed by a court[48]):

"Furthermore, if negotiations are not commenced or are unsuccessful, the conduct of the alleged infringer cannot be regarded as dilatory or as not serious if it asks for those terms to be fixed either by a court or an arbitration tribunal."

[21] Thus, if either of two conflicting generally willing parties, refused the proposal by the other party of an independent determination of FRAND licensing terms and conditions by a respectively qualified third party arbitrator or a court, this party should be regarded as non-compliant with the FRAND obligation or an unwilling licensee, respectively. If the SEP holder refused such an offer, the injunction would have to be denied; if the alleged infringer refused such an offer, the injunction would have to be granted.

[22] In regard to the identification and appointment of a competent third party arbitrator, in the future the patent mediation and arbitration centre would be a good forum to provide a framework of arbitration rules and assist the parties in identifying a competent arbitrator (Art. 35 UPCA), whose decision would be enforceable according to Art. 35 (2), 82 UPCA. If an agreement on the person of the arbitrator could not be reached, the UPC should assist the parties to reach an agreement by way of judicial notices to the parties, possibly even comprising lists of proposed experts that could be based on respective lists of the patent mediation and arbitration centre according to Art. 35 (3) UPCA or even be decided upon by the UPC akin to the procedure laid down in Art. 57 (2) UPCA.[49] In addition, the UPC should order the provision of security for an appropriate amount of licensing fees for the past and the interim period until a settlement is reached; according to Huawei/ZTE[50] this security could be provided as a bank guarantee or, in the alternative, by placing the amounts necessary on deposit[51].

[23] Realistically, even with such active case management by the UPC, cases where both parties, engaged in infringement proceedings before the UPC, find themselves in a position to agree on the *person* of an independent arbitrator, will probably remain rare. In addition, any outcome of such arbitration procedure would still necessarily be subject to judicial control in regard to its ultimate compliance with the requirements of Art. 101, 102 TFEU and would thus often not finally settle SEP/FRAND-determination cases. As for the UPC, it would obviously not have jurisdiction for any such judicial control in later separate proceedings.[52]

[24] However, if one of the parties asked for the FRAND terms and conditions to be fixed either by an arbitration tribunal *or by the court,* in the alternative, the determination of FRAND terms and conditions could also be left to a competent court. This could be a national court in later separate proceedings according to national and Union law (akin e. g. to the Orange-Book-Standard approach). Since the respective civil procedural and substantive civil law conditions in that regard differ in the Member States to a considerable degree, however, an autonomous approach on the level of the UPC seems preferable to a patchwork of national solutions. At the same time, in this context, it has to be considered that the UPC in such a case would not have jurisdiction for later *separate* proceedings to determine FRAND terms and conditions, since such proceedings would no longer relate to a defence in an infringement action (cf. Art. 32 (1) (a) UPCA). In order to achieve an autonomous solution in a case, where either of the parties asked for FRAND terms to be determined by the court and declared its unconditional willingness to agree with whichever terms were later determined by the court as FRAND, the UPC would thus immediately have to engage itself in the determination of FRAND terms in the context of the pending infringement proceedings, similar to the approach actively practiced by the English courts in an increasing number of cases. In fact, at a closer look, such an approach might have a number of advantages for the functional development of the legal framework for the enforcement of SEPs in the

45 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 59 – Huawei v ZTE.
46 See further on the possible alternatives (either an arbitrator/arbitration tribunal [with the additional problem of achieving agreement on the concrete person or tribunal] or a competent court) in the following paragraphs.
47 Opinion of AG Wathelet 20.11.2014 – case-170/13, ECLI:EU:C:2014:2391 para. 93 – Huawei v ZTE.
48 Thus, following the specification by AG Wathelet the "independent third party" can either be a court or an arbitration tribunal.
49 Cf. further on criteria to choose objective and neutral independent third party arbitrators (in the different context of their de lege ferenda proposal for obligatory FRAND arbitration in Germany) Walz/Benz/Pichlmaier GRUR 2022, 446 (456).
50 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 67 – Huawei v ZTE.
51 See above III. 1. on the possibility that the mandatory out of court FRAND determination procedure, foreseen in the future SEP regulation, might help in setting guardrails for the calculation of the necessary security.
52 See on these jurisdiction problems and the degree of judicial control in regard to the outcome of independent arbitration proceedings also below IV. 2.

UPC system (compared to the 'arbitration option' and the 'national courts option'). These advantages will be further discussed below at IV 3.

3. FRAND offer possible but FRAND counteroffer impossible because of a lack of information on the part of the implementer (information asymmetry)

[25] The FRAND I and FRAND II cases of the German Federal Court of Justice have highlighted yet another problem, obvious in practice, that has not been discussed here yet. In particular, in regard to the non-discriminatory nature of the SEP holders alleged FRAND-offer, often further information will be needed on the part of the implementer in order to reasonably assess the SEP holder's offer and come up with an own reasonable and non-discriminatory counter offer on FRAND terms and conditions.[53] Generally, this problem has already been addressed by the CJEU in its Huawei/ZTE judgment, where the Court identified the problem of assessing the condition of non-discrimination in cases, where a fully published standard licensing agreement does not exist and where licensing agreements already concluded with other parties are not made public.[54] The Court concluded from the resulting information problem and from the obviously better position of the SEP holder in regard to that particular problem, that the initial burden should be on the SEP holder to make a written licence offer to willing licensees on FRAND terms.[55] Since then, and realistically taking into account and accepting actual negotiation tactics and strategy, several (former[56]) Member States' courts have tended to water down this requirement towards a mere condition of an initial not obviously non-FRAND licensing offer on the part of the SEP holder in order to ensure necessary negotiation leeway for both parties to the negotiation.[57] In light of the Huawei/ZTE judgment's consecutive structure of obligations, and in particular in light of the fact that the CJEU – with its obligation on the SEP holder to submit a FRAND offer in writing – tried to solve the mentioned information problem, which otherwise remains imminent, this more flexible framework to interpret the judgment is not beyond doubt. Following this more flexible approach instead of requiring full FRAND compliance of the initial offer of the SEP holder (when confronted with a willing licensee) from this author's viewpoint would therefore require a preliminary reference to the CJEU in order to clarify whether the Huawei/ZTE judgment can indeed be interpreted in that way.[58]

[26] Be this as it may, if the initial offer of the SEP holder does not have to be strictly FRAND, but instead an overall analysis of the behavior of both parties is applied, this obviously begs the question how a plausible FRAND counter-offer shall be made by the willing licensee in cases where he does not possess the necessary information in order to reasonably come up with it. From the CJEU's awareness of the problem in Huawei/ZTE and from the Court's initially proposed solution[59] follows that the initial *responsibility* for duly informing the willing licensee in such cases and explaining the details of his offer to allow for a plausible assessment of the reasonable and non-discriminatory character of the initial offer lies with the SEP holder.[60] The Court clearly held in Huawei/ZTE that the proprietor of the SEP (in particular in situations, where the licensing practice is not completely published and uniform), "is better placed to check whether its offer complies with the condition of non-discrimination than is the alleged infringer"[61]. From this – in line with the principle of good faith as a common principle of Union law – also follows a respective responsibility to inform the willing licensee about all factors necessary to assess whether the SEP holder's initial offer is non-discriminatory in nature, above all if one does not require strict FRAND compliance of that initial offer anyway.[62]

[27] In result, depending on all the circumstances of the case and under the usual conditions of proportionality in regard to the protection of the parties and the protection of third party licensing partners, EU law can require the production of licensing contracts in court, subject to appropriate confidentiality measures in the proceedings, even where the latter do not (and due to EU law cannot) entirely comply with pre-existing confidentiality clauses in those licensing agreements.[63] Thus, depending on the circumstances of the

53 German Federal Court of Justice (BGH) GRUR 2020, 961 para. 76 – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 para. 71 – FRAND Defence II. Cf. also Dornis GRUR Patent 2023, 231 para. 26.

54 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 64 – Huawei v ZTE; see also the reference in the judgment to Opinion of AG Wathelet 20.11.2014 – case 170/13, ECLI:EU:C:2014:2391 para. 86 – Huawei v ZTE.

55 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 63 – Huawei v ZTE.

56 In England: Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37, para. 158.

57 German Federal Court of Justice (BGH) GRUR 2020, 961 paras. 81 et seq. – FRAND Defence I (for an English translation see GRUR Int. 2021, 89); German Federal Court of Justice (BGH) GRUR 2021, 585 paras. 70 et seq. – FRAND Defence II; Cf. also Gerechtshof Den Haag, Zaaknr. 200.219.487/01, ECLI:NL:GHDHA:2019:1066, para. 4.26 – Philips v. Wiko (on the facts of the particular case in hand). Cf. also Dornis GRUR Patent 2023, 231 para. 26 with further references.

58 Cf. P. Tochtermann GRUR 2022, 1121 (1124), emphasising the consecutive character of the procedural steps established in Huawei/ZTE.

59 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 paras. 63 et seq. – Huawei v ZTE; Cf. also more generally on the information gap between the SEP holder and a willing licensee in regard to the condition of non-discrimination Opinion of AG Wathelet 20.11.2014 – case-170/13, ECLI:EU:C:2014:2391 para. 86 – Huawei v ZTE.

60 Cf. also German Federal Court of Justice (BGH) GRUR 2020, 961 paras. 75 et seq. – FRAND Defence I (for an English translation see GRUR Int. 2021, 89).

61 CJEU 16.7.2015 – case C-170/13, ECLI:EU:C:2015:477 para. 64 – Huawei v ZTE.

62 Cf. also German Federal Court of Justice (BGH) GRUR 2020, 961 paras. 75 et seq. – FRAND Defence I (for an English translation see GRUR Int. 2021, 89).

63 Cf. on the problem that the rather limited possibilities of the EU Trade Secrets Directive (and accordingly the UPC RoP's) for in camera proceedings do not always comply with the requirements of older, pre-existing confidentiality cases in licensing contracts under US law UPC (Mannheim Local Division), Order of 25 March 2024, UPC_CFI_365/2023 ORD_8841/2024; CFI (Düsseldorf Local Division), Order of 27 March 2024, UPC_CFI_355/2023

case, and typically in a subsidiary way, i. e. only after the respective party to the proceedings contacted its respective licensing partners and unsuccessfully required limited leave from respective opposing confidentiality clauses, the UPC can order the production of licensing agreeements, subject to the principle of proportionality as well as appropriate confidentiality measures under EU and UPC law.[64]

[28] The extent to which the SEP holder (or the implementer) should be burdened with the provision of specific information (which might entail confidential information, protected under the Trade Secrets Directive[65]), i. e. the degree of granularity of the information to be provided, will have to be assessed taking into account all circumstances of the individual case, including the previous negotiation behavior of both parties.[66] Generally, where necessary, the implementer should first be provided with any information, which, according to the recognised commercial practices in the field and in good faith, is necessary to draft and provide a plausibly reasoned FRAND counteroffer, which can entail the production of licensing contracts for comparison, where necessary and proportionate. In order to protect the justified interests of the SEP holder and of respective third party licensing partners, this information will typically be subject to the available measures for confidentiality under the UPC and the RoP's (which are effectively similar to the respective, limited possibilities under the EU Trade Secrets Directive) and third parties (in particular licensing partners) will have to be contacted in advance in order to give them the opportunity to argue their respective confidentiality interest. If the SEP holder does not sufficiently and expeditiously comply with this duty in good faith, this is not in line with the FRAND undertaking interpreted and specified in light of the principle of good faith and EU competition law, and injunctive relief should be denied by the UPC or the production of the respective information be ordered. Meanwhile, the UPC's Mannheim Local Division has developed and systematized a possible procedural way to do so (with respect to both parties and all conceivable constellations) that in this author's viewpoint is in line with both, the requirements of EU law as well as the UPCA and the RoP's.[67]

IV. Workability of the proposed options and possible impact of the future SEP Regulation: Determination of FRAND licensing terms and conditions by the UPC

1. Determination of FRAND terms and conditions by an independent arbitrator

[29] Notably, the first possible option outlined here for the UPC, i. e. to order appropriate security by way of a bank guarantee (or deposit) and require an unqualified undertaking from both (generally willing) parties to the dispute to agree with the determination of FRAND terms by an *independent third party* (namely a competent independent arbitrator under the umbrella of the UPC's patent mediation and arbitration centre's procedure), could in theory be developed in a way to lead to a a binding and enforceable result. This is because the UPC would have competence to deny the injunctive relief (or respectively grant it), if either party did not agree with such an arbitration procedure to determine licensing terms and conditions with binding effect on both of them. Thus, the subsequent arbitration decision, would be enforceable according to Art. 35 (2), 82 UPCA.

[30] In addition, the outcome of the subsequent arbitration process could not be appealed with regard to the FRAND obligation as such (its contractual side), since the UPC – within its exclusive competence according to Art. 32 (1) (a) UPCA to decide about the granting of injunctive relief – could effectively try to actively push both parties towards an unqualified undertaking to unconditionally accept the outcome of the subsequent arbitration procedure by otherwise denying injunctive relief (to the unwilling SEP holder) or granting injunctive relief (against an unwilling infringer).[68] However, subsequent judicial control in regard to the permissibility of the arbitration result under Art. 101, 102 TFEU (the competition law side of the SEP/FRAND constellation) would always remain possible. Thus, practically, if the arbitrator's setting of terms and conditions allegedly exceeded the permissible FRAND range, parties could inevitably legally challenge the arbitration result based on the EU's competition law provisions.[69] Since such later, separate proceedings to legally review the arbitration's result before the courts would not relate to a defence in an infringement action, the UPC would not have jurisdiction for such

ORD_7096/2024. Cf. for the approach of the German courts in relation to the disclosure of existing licensing contracts Düsseldorf Higher Regional Court (OLG Düsseldorf), Decision of 17 January 2017, 2 U 31/16, BeckRS 2017, 156523; Düsseldorf Higher Regional Court (OLG Düsseldorf), Decision of 25 April 2018, I-2 W 8/18, GRUR-RS 2018, 7036.

64 See exactly right from my point of view UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_218/2023; UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_223/2023; UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_219/2023. See further Leistner GRUR 16/2024 (forthcoming).

65 Directive (EU) 2016/943 of the European Parliament and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure of 8 June 2016, *OJ L 157 of 15.6.2016 (Trade Secrets Directive)*.

66 Cf. also German Federal Court of Justice (BGH) GRUR 2020, 961 para. 79 – FRAND Defence I (for an English translation see GRUR Int. 2021, 89).

67 See UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_218/2023; UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_223/2023; UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_219/2023.

68 In fact, even if the terms and conditions determined by the independent arbitrator would not be *exactly* FRAND, this would not pose a legal problem, because in this case both parties would have complied with their respective duty to negotiate in good faith and in such a case – once a valid license agreement were concluded – competition law does not require a comparatively strict control, whether the terms and conditions of that compromise agreement fall unambiguously into the FRAND range, cf. further on this issue Unwired Planet v Huawei [2017] EWHC 711 (Pat), paras. 155, 162 et seq., 168.

69 Cf. (in the slightly different context of their de lege ferenda proposal for obligatory arbitration in FRAND cases) Walz/Benz/Pichlmaier GRUR 2022, 446 (449).

competition law based actions and thus a uniform approach would presumably at best be achieved in an indirect way and in the rather long term.

2. Determination of FRAND terms and conditions in separate court proceedings before national courts

[31] The larger flexibility of arbitration proceedings and neutral position of the arbitrator, resulting in a larger likelihood of an arbitrator's decision generally being within the FRAND range, would nonetheless be advantages of the solution proposed in the preceding part[70], at least compared to e. g. applying the Federal Court of Justice's Orange-Book approach proper, i. e. to leave the setting of FRAND terms to the *unilateral* discretion of the SEP holder (and its legal control to later separate proceedings in the Member States).

[32] The Federal Court of Justice's approach is beset with an even larger likelihood of immediately provoking subsequent judicial control of the ultimate licensing agreement in regard to its FRAND compliance, i. e. the question whether the SEP holder exercised its discretion equitably and thus in compliance with his FRAND undertaking, *in separate court proceedings*.[71] Notably, in the UPCA's framework, again, the UPC would not have exclusive competence for such separate proceedings since, once a license has been concluded and the terms and conditions been determined (unilaterally by the SEP holder in this option), proceedings in regard to the resulting licensing contract and its FRAND compliance would no longer relate to a defence in the context of an action for actual or threatened patent infringement. Consequently, national courts would remain competent for such proceedings to assess the FRAND compliance of licensing terms, unilaterally set by SEP holders, according to Art. 32 (2) UPCA. Obviously, such a split approach in the realm of SEP enforcement would be inefficient, offer unwelcome ways to forum shopping for both parties and would not contribute to a functional development of uniform FRAND enforcement and licensing standards throughout the UPC system.

[33] These latter problems (diversity of approaches, possibility for forum shopping, inefficiency) obviously apply to any attempt to effectively leave the determination (or legal control) of the FRAND licensing terms and conditions to *later separate* court proceedings, whichever law and approach of national law might in result be followed.

3. Determination of FRAND terms and conditions by the UPC

[34] Most of the aforementioned problems could be solved if the UPC itself were prepared to determine FRAND terms and conditions between 'willing parties', if the implementer unconditionally accepts whatever terms the UPC later determined to be FRAND (in particular in cases where the parties cannot agree on the person of an independent arbitrator).

[35] First, as for the interim period until the ultimate determination of FRAND terms and conditions (during which security would have to be provided in accordance with the general principles developed in this article [deposition of the necessary amount or a bank guarantee]), such determination process by the UPC would naturally be of a more neutral (balanced) nature than the mere Orange-Book-approach (where the SEP holder would initially unilaterally determine FRAND terms only subject to later judicial control in separate proceedings).

[36] Secondly, according to Art. 32 (1) (a) UPCA the UPC itself has the competence to determine FRAND terms and conditions in the context of SEP infringement proceedings, since the setting of FRAND terms, to be accepted by the SEP holder and the alleged infringer, as such relates to a defence in an action for actual or threatened infringement of the SEP.[72] Also, such determination of FRAND licensing terms and conditions by the UPC is compliant with the CJEU's Huawei/ZTE judgment since the CJEU does not exclude alternative ways to determine FRAND licensing terms and conditions in addition to the possibility of a determination by an independent third party expressly mentioned in the judgment and since the Advocate General's opinion in this context even expressly points to the possibility to determine the FRAND terms before a court *or* an arbitration tribunal. Thus, in line with Union law, the UPC could itself develop a truly autonomous approach to the setting of FRAND terms and conditions for certain typical SEP situations. Ideally, such case law, could (even taking into account the rather individual character of most SEP cases and market conditions) step by step develop certain typological standards, e. g. for reasonable valuation theories in certain situations, which would obviously be more difficult to achieve if the UPC did not engage in FRAND setting and effectively left this to the national courts of the Member States or – e. g. in the case of the U. K. – non-Member States. The development of certain uniform typological approaches (and the accompanying production of reasonably typified market information with due respect to trade secret protection) would undoubtedly help to deal with SEP infringement cases within the UPC system more and more effectively in the future.

[37] Thirdly, the UPC would not have to engage in FRAND determination 'out of thin air'. Notwithstan-

70 Cf. further on advantages of obligatory out of court proceedings in FRAND cases Walz/Benz/Pichlmaier GRUR 2022, 446 (450 et seq.).
71 Cf. Karlsruhe Higher Regional Court (OLG Karlsruhe) GRUR-RS 2021, 9325 para. 46 – Wurzelsequenzordnung; Dornis GRUR Patent 2023, 231 para. 33; Körber NZKart 2013, 87 (89).
72 Cf. also Unwired Planet v Huawei, Huawei v Conversant, ZTE v Conversant [2020] UKSC 37, paras. 58, 90; Unwired Planet v Huawei [2018] EWCA Civ 2344: relating to usual relief available for patent infringement (for the protection territory) and not involving any jurisdictional expansionism.

ding its undeniable flaws and weaknesses, the likely[73] future SEP Regulation's mandatory FRAND determination procedure might at least help to provide the UPC with additional information (namely from the reasoned proposal of the conciliator and the conciliator's report[74]) not only on the negotiation willingness of the parties, but ideally also – to a certain degree – on the parties' proposed methodological approaches for the determination of possible FRAND licensing terms and conditions and in particular their material differences.[75] Even if this was not the case, the UPC, based on the arguments of the parties concerning the FRAND/competition law issues, could by way of an active case management require the parties to produce the necessary documents and information to prospectively enable the court to engage in the setting of FRAND terms.

[38] Fourthly, UPC FRAND determination in the context of infringement proceedings, since it would be laid down in a judgment of a Court recognized by Union law, could not be legally challenged in *separate* court proceedings (albeit a request for a preliminary reference to the CJEU *during* the proceedings would, of course, remain possible where necessary). Thus, the UPC's last instance judgments in this respect, determining FRAND terms and conditions in certain cases, could no longer be legally challenged, which makes this procedure seem not only more in line with the autonomous character of the entire UPCA system, but also more efficient compared to an approach that would leave the setting of FRAND terms to later arbitration or separate proceedings in national courts.

[39] A good argument can thus be made that the UPC, similar to the ongoing practice of the English courts, should engage in the determination of FRAND terms and conditions where necessary in the context of SEP infringement proceedings between willing licensing parties. Whether this will lead to a future situation, where – provided with the structured information from the likely future SEP Regulation's mandatory FRAND determination procedure, and based on a process, moderated by an active UPC case management, taking into account the differences between the parties' approaches[76] – the UPC will find itself in a position to set FRAND terms on its own, such as the English courts, which have relied on similar guideposts in regard to the main divergences between the parties to come up with their own setting of global FRAND licensing terms and conditions[77], remains to be seen. It would be a good idea.

V. Summary

[40] **1.** The main guidepost for the UPC's specification and application of the Huawei framework, according to Art. 24 (1) (a) UPCA, should be autonomous EU law, namely, the Huawei/ZTE judgment as such and the Union law principle of good faith. Relying on these elements and, where required, the applicable national law, the UPC should develop its own autonomous approach to implement Huawei/ZTE in line with Union law and the UPCA.

[41] **2.** The Huawei/ZTE obligations effectively work as a procedural framework to identify holdup (unwilling SEP holders) or holdout situations (unwilling licensees). An injunction should be granted, if the implementer is an unwilling licensee. An injunction should be denied, if the SEP holder is an unwilling, but FRAND bound patent holder.

There are indicators in Huawei/ZTE and ample case law in the Member States on how to identify unwilling SEP holders or unwilling licensees. However, Member States' case law is not consistent throughout the Union. The UPC should develop its own autonomous approach in line with the requirements following from Huawei/ZTE. In the future, the outcome of the possible future mandatory out of court FRAND determination procedure, foreseen in the SEP Regulation Proposal, could also help the UPC to further analyse and assess the parties' negotiation behavior in the run-up to the SEP holder filing an infringement action in court.

However, often, information asymmetries hamper the efficient working of Huawei/ZTE's negotiation scheme. Hence, situations need to be addressed, where the initial alleged FRAND offer by the SEP holder objectively does not contain sufficient information, in particular in regard to the non-discriminatory character of the offered terms and conditions, for the alleged infringer to draw up a plausible FRAND-counteroffer. From Huawei/ZTE follows that due to the FRAND commitment and in line with the EU law principle of good faith the *responsibility* for duly informing the willing licensee in such cases and explaining the details of the initial offer to allow for at least a plausible assessment of its reasonable and non-discriminatory character lies with the SEP holder.

In situations of information asymmetry, the alleged infringer must be provided with any information, which, according to the recognised commercial practices in the field and in good faith, is necessary to draft and provide a plausibly reasoned FRAND counteroffer. Depending on the circumstances of the case, this can include disclosure of existing licensing contracts. In order to protect the justified interests of the SEP holder, this information duty should be subject to the alleged infringer's readiness to submit to non-disclosure of that information, where appropriate, taking into

73 Before the general European election, the Parliament has approved the Commission's proposal (introducing amendments). Currently the proposal is pending before the Council awaiting a final decision.

74 Cf. also above III. 1.

75 Cf. SEP Regulation Proposal, Explanatory Memorandum, p. 2; GRUR Position Statement, GRUR 2023, 1350, 1358. See also above III. 1. on how to effectively protect trade secrets in this context.

76 Cf. in regard to the problem that the current Huawei/ZTE obligations rather incentivise a problematic negotiation practice of claimant/defendant that does not tend to produce the necessary information on remaining material differences Meier-Beck, 'Standardessentielle Patente als Infrastruktureinrichtung' in Joost/Oetker/Paschke (eds), Selbstverantwortete Freiheit und Recht, Festschrift für Franz Jürgen Säcker zum 80. Geburtstag, 2021, p. 275 (289 et seq.).

77 Unwired Planet v Huawei [2017] EWHC 711 (Pat), para. 169; cf. also Interdigital v Lenovo [2023] EWHC 539 (Pat).

account the circumstances of the particular case. If the SEP holder does not sufficiently and promptly comply with this duty in good faith, this is not in line with the FRAND undertaking and the principle of good faith, and injunctive relief should be denied by the UPC under Art. 63 UPCA. Depending on the circumstances of the individual case, a similar duty to disclose can also be imposed on the implementer in regard to his pre-existing licensing contracts. Meanwhile, e.g. the Mannheim Local Division of the UPC has also developed an appropriate procedure to produce the necessary information (including relevant licensing contracts) by way of respective court orders.

[42] **3.** The UPC will have to develop an autonomous approach in regard to the granting of injunctive relief in SEP cases, in which both parties are willing to negotiate a license, have submitted mutual alleged FRAND offers and counter-offers, but cannot achieve agreement on the respective terms and conditions.

[43] **a)** In such cases, closely following the CJEU's Huawei/ZTE approach and thus unambiguously in compliance with autonomous EU law, the UPC should, if *both* parties by common agreement request that the licensing terms be determined by an independent third party, i. e. an arbitrator or arbitration tribunal of their choice, require an unconditional undertaking to accept the result of this agreed determination process from both parties, deny injunctive relief and order the provision of appropriate securities (for the past and for the time period until the end of the subsequent determination process) by providing a bank guarantee or, in the alternative, deposition of the necessary amount. In the future, the outcome of the prior mandatory out of court FRAND determination according to the possible future SEP regulation, might further help to specify the appropriate amount of the securities.

[44] **b)** However, SEP litigation, where both parties, on their own initiative, agree on the determination of FRAND licensing terms and conditions by an arbitrator or arbitration tribunal (and on the person of this arbitrator or on the selection of the particular arbitration tribunal) during infringement proceedings before the UPC, obviously will be very rare. Thus the approach developed in Huawei/ZTE needs to be further developed in light of autonomous Union law and, namely, the principle of good faith as a common principle of Union law, as well as the necessary fair balance between the interests concerned.

From this author's viewpoint, in line with the CJEU's judgment and in light of AG *Wathelet's* Opinion there are generally *two* possibilities for the determination of FRAND terms and conditions by an independent entity: Either, *both* parties can agree (in an unqualified and unconditional undertaking) to be bound by the subsequent decision of an arbitrator (or arbitration tribunal) (see above 3.a)) or *either* of the parties can require to leave the determination of FRAND terms and conditions to a *court*.

Thus, if the SEP holder refuses to agree with the proposal of the alleged infringer that both parties conclude a license and unconditionally accept the subsequent determination of FRAND licensing terms and conditions by a competent court, injunctive relief should be denied under Art. 63 UPCA on the basis of the FRAND defence. Vice versa, if the implementer refuses to agree with the proposal of the SEP holder that both parties conclude a license and unconditionally accept the subsequent determination of FRAND licensing terms and conditions by a competent court, injunctive relief should be granted (if the other conditions for the granting of injunctive relief are met).

[45] **4.** In practical result, either *both* parties can agree on binding FRAND-determination by an arbitrator or an arbitration tribunal and in this case the UPC can order this accordingly, order appropriate securities for the past and the meantime until the end result of the arbitration proceedings and deny injunctive relief. In the alternative, *each* of the parties can require that the FRAND terms and conditions be determined by a competent court and provide an unconditional and unqualified undertaking to accept whatever the competent court decides are FRAND terms and conditions.

In this latter case, the necessary FRAND determination in court can be left to later separate proceedings. However, since the UPC does not have competence for such later proceedings, this option comes with the inevitable danger of leading to a patchwork of different approaches in different Member States' courts. This problem can easily be avoided, if the UPC – in the context of the pending infringement proceedings and thus based on its own exclusive competence – requires an undertaking by both parties to accept whatever terms the UPC later determines are FRAND and then *itself* engages in the determination of FRAND terms and conditions. Ideally this should be based on a court moderated procedure involving experts, all framed by an active case management of the UPC with a particular view to the available information from both, the mandatory out of court FRAND determination procedure, foreseen in the possible future SEP Regulation, as well as the previous proposals by the parties before the UPC itself.[78] From an academic perspective, this latter option is recommended to the UPC as it is based on a genuinely autonomous approach in line with the CJEU's Huawei/ZTE judgment, that will help to establish reasonable uniform standards for the UPC system and can thus avoid some of the disadvantages of the other possible options.

78 Cf. also instructively UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_218/2023; UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_223/2023; UPC (Mannheim Local Division), Order of 30 April 2024, UPC_CFI_219/2023 on the legal bases and ample possibilities for an active case management by the UPC in the UPCA (including the ordering of the necessary production of previous licensing contracts, where necessary and proportionate).

MARY-ROSE MCGUIRE*

Bundle patents before the UPC: Which substantive law to apply? A conflict-of-laws analysis of the EPC and the UPCA

A closer look at current case law in patent infringement litigation displays that claims for infringement of a European bundle patent brought before national courts are pleaded and decided based on the respective national law, whereas the same type of claim before the Unified Patent Court (UPC) is pleaded – and most likely soon to be decided – based on the Unified Patent Court Agreement (UPCA). The underlying interpretation of art. 3c UPCA that the UPCA governs procedural and substantive law for all patent lawsuits pending before the UPC is at least surprising, but most likely wrong. Whether the use of technology is a patent infringement or not – and which legal consequences this may have – should not depend on whether the rightholder enforces his claim before a national court or the UPC. Nor should the potential infringer be able to change the applicable rules by a preemptive strike.

Die nähere Betrachtung der aktuellen Rechtsprechung zur Patentverletzung zeigt, dass Ansprüche wegen der Verletzung von Bündelpatenten vor nationalen Gerichten weiterhin auf Basis des nationalen Rechts begründet und entschieden werden, während Klagen wegen derselben Ansprüche vor dem Europäischen Patentgericht (EPG) auf die materiell-rechtlichen Bestimmungen des Einheitspatentgerichtsübereinkommens gestützt und wahrscheinlich schon bald erste Fälle auf dieser Basis entschieden werden. Die unausgesprochen zugrundeliegende Annahme, dass nach Art. 3c EPGÜ die prozessualen und materiellrechtlichen Bestimmungen des EPGÜ auf alle Fälle zur Anwendung kommen, die beim EPG anhängig gemacht werden, ist zumindest überraschend, aber wahrscheinlich fehlerhaft. Ob die Nutzung einer Technologie eine Patentverletzung darstellt oder nicht – und welche Rechtsfolgen dies auslöst – sollte nicht davon abhängen, ob der Inhaber eines Bündelpatents seine Ansprüche vor dem EPG oder einem nationalen Gericht verfolgt. Noch sollte ein potentieller Verletzer diese Frage dadurch entscheiden können, dass er dem Rechtsinhaber mit seiner Klage zuvorkommt.

I. Two Pairs of Shoes: Jurisdiction and Substantive Unified Patent Law

[1] One year after the Unified Patent Court has opened its doors it has already attracted more than 200 cases, the overwhelming majority of which are patent infringement actions. Even though, so far, no final judgment on patent infringement has been rendered, quite a number of decisions have been published which either imply or even explicitly make a reference to the rules of the Unified Patent Court Agreement (UPCA[1]) on the scope of protection (art. 25 et seq. UPCA) and the legal consequences of infringement (art. 64 et seq. UPCA). Notably, the overwhelming majority of these proceedings at present are – and most likely for a while will be – based on "old" European bundle patents (EPs), which were issued before the UPCA came into force, and during the interim phase of at least seven years[2] could just as well be litigated before national courts. This raises the question, whether "bundle EPs" turn into "small UPs"[3] if litigated before the UPC.

[2] A glance at academic papers and first cases alike displays that the basis for the application of both procedural and substantive rules to "old" EPs in these ongoing cases is art. 3 UPCA (Scope of Application): "This Agreement shall apply to any: c) European patent which has not yet lapsed at the date of entry into force of this Agreement or was granted after that date, without prejudice to Article 83".[4] On its face this rule calls for the application of the UPCA as such, i. e., without any differentiation between procedure and substance. However, there is a further rule in art. 24 on "Sources of Law", which would be redundant if art. 3 UPCA as such settled the question. The mere existence of art. 24 therefore is a strong advocate for a careful conflict of law analysis. More importantly, the application of uniform substantive patent law rules comprised in the UPCA in place of national patent law in essence changes the rules for preexisting EPs with retroactive effect and therefore calls for a specific justification. What may sound like a merely academic glass bead game may have tangible impact on the decisions to be passed.

[3] Assume that back in 2020 G, a company with its principal place of business in Germany, has produced an active component in Germany and sold it into France, where F, another company with its principal place of business in France, has used it to produce a patent protected medication. G's acts in Germany would not be a patent infringement under German law, as the indirect use of an invention under § 10 German Patent Act requires that the means relating to

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1 Agreement on a Unified Patent Court, OJ C 175, 20.6.2013, p. 1.

2 Cf. art. 81 para 1 UPCA which provides for an exemption from the exclusive jurisdiction of the UPC under art. 32 UPCA.

3 Tilmann GRUR 2015, 527 (532): "*kleines Einheitspatent*"

4 Cf. Dornis GRUR Patent 2024, 280 (283 et seq.) with further references.

an essential element, i. e., the active ingredient, are supplied to a person for use within the "territorial scope of this act", i. e., Germany. By contrast, art. 26 (1) UPCA provides that it is prohibited to supply means, relating to an essential element of an invention to a person "within the territory of the Contracting Member States". Accordingly, the same factual situation will qualify as lawful under German law, but as a patent infringement under the UPCA.[5] However, in assessing whether his conduct was lawful G back in 2020 could not anticipate that he might be sued before the UPC and his case adjudicated on the basis of art. 26 UPCA.

[4] Assume that back in 2020 F, a company based in France, used G's patent protected in France without consent and produced and sold 100.000 units implementing the patented invention in France. From license contracts concluded with other companies G receives a license fee of 1 €/unit. Based on the established case law of the *Cour de Cassation* it is reasonable to expect that in infringement proceedings before a national court in France G may select that his damages will be determined on the basis of a contractual royalty rate, which will then be increased by 50 % to give heed to the fact that the patent holder is not in a position to refuse the conditions imposed on him by such infringement.[6] However, if F institutes a negative declaratory relief action before the UPC, G will be barred to turn to a national court. Seeking relief by means of a counterclaim before the UPC may change the outcome of the case,[7] as there is no indication that the UPC will follow the French approach in calculating damages under art. 68 (3) UPCA.

[5] These scenarios as such put the application of the "new" substantive UPCA rules to "old" European bundle patents into question. Whereas it is self-explanatory that the UPC – as any court – applies its own rules of procedure, this does not necessarily extend to substantive patent law. In fact, from a conflict of laws perspective, the unquestioned application of substantive unified patent law to traditional European bundle patents comes as a surprise. Rather, the tried and tested doctrine for cross-border disputes is to strictly distinguish between jurisdiction and applicable law and determine both independently – they often, but not by definition concur. Applying this rule, the jurisdiction of the UPC under art. 3c UPCA thus would not predetermine the application of the substantive patent law rules contained in art. 25 et seq. UPCA.

[6] Quite to the contrary, taking into account the competence of the respective legislator and the hierarchy of the different legislative texts, which together provide the basis for EPs, the application of substantive unified patent law to pre-existing patents would demand that the European legislator by attributing jurisdiction for EPs to the UPC simultaneously changed the law applicable to these bundle patents. Leaving aside whether the legislator actually intended to make such a severe (retroactive) change, this would further require that this is backed up by the legislator's competence. However, the law applicable to patents granted by the European Patent Office (EPO) is a matter of the European Patent Convention (EPC), not the European Union legislator or its Contracting Member States – unless the EPC provides for such special agreement and the European Union (or its Member States) has made use of this competence. Whereas the European Patent Regulation (UPR[8]) explicitly states that it is a special convention in the meaning of art. 142 EPC,[9] the UPCA is silent on this issue.

[7] To resolve the question whether the UPC's jurisdiction over EPs under art. 3 UPCA also implies that scope and infringement of EPs are adjudicated on the basis of the UPCA it appears useful to look at the complex chronicle of European patent law. The subsequent analysis will start with common ground and display both the basis for jurisdiction and for the determination of substantive law for national patents and European bundle patents (EPs) before the UPC came into force, as well as for European patents with unitary effect (UPs). On this basis it will discuss the scope of application under art. 3c UPCA, the sources of law under art. 24 UPCA and draw a conclusion for – old and new – European bundle patents before the UPC.

II. Common Ground: The Traditional Patent System

1. National Law for National Patents

[8] Starting with some undisputed facts it may be worthwhile to mention that the principle of territoriality is one of the foundational principles of intellectual property law.[10] For more than 140 years national patent offices have granted national patents based on their respective national law (*pre-grant*). So far, no one has put to doubt that these patents granted by a national office after grant are governed by the same national law (*post-grant*). It similarly is common ground that the state whose authority has granted the patent has exclusive jurisdiction for nullity issues. By contrast, with regard to infringement the general rules on jurisdiction apply. Thus, the courts at the seat of the defendant or at the place where the unpermitted act has occurred may adjudicate.

[9] This case is so obvious and straightforward that the underlying conflict of laws rules rarely are even mentioned. The starting point is that a state granting authority exercises its sovereign power based on its

5 This fact is acknowledged by Nieder GRUR 2015, 1178; Callens/Granata, The Unitary Patent and the Unified Patent Court, 2017, 164.
6 Cf. Veron Mitt 2006, 294 (294 et seq.).
7 Cf. on the many open issues Walz GRUR Int 2016, 515 (518 et seq.).
8 Regulation 1257/2012 implementing enhanced cooperation in the area of creating a unitary patent protection, OJ 31.12.2012, L 361, 1.
9 Cf. Götting ZEuP 2014, 349 (360) with further references.
10 Cf. Art. 2 Paris Convention (1883).

own national law. The sovereign authority – and consequently the patent granted – as a matter of public law is confined to the respective national territory. Deciding on patent nullity, in essence, revokes this granting act, and therefore must be left to the same state. This reservation has always been respected and has for example been codified by art. 16 Brussels Convention in 1968. Today art. 24 no. 4 Brussels Regulation (BR[11]) reserves exclusive jurisdiction to the respective state.[12]

[10] Once granted a patent is a private property right.[13] Thus, suits for infringement are classified as civil and commercial matters (art. 1 (1) BR) and follow the general rules. In cross-border cases art. 4 and 7 no. 2 BR[14] apply and – at the choice of the claimant – establish jurisdiction at the (foreign) seat of the defendant or the place of (potential) infringement. However, as the patent has only been granted for a specific country, it can only be infringed by acts in that respective country. This so-called principle of territoriality explains why by definition the same patent law applies to grant and infringement. Notably, this old and trusted rule is the basis for the European Union IP conflict of laws rules[15] and with regard to infringement[16] in the mean-time has been codified in art. 8 Rome-II Regulation.[17]

[11] This is not a peculiar rule of European Union law, but a broadly accepted principle. Switzerland may serve as an example. Of course, the formal source differs – jurisdiction is governed by art. 109 Swiss Act on International Private Law (IPRG)[18] and art. 16 Lugano Convention (LC[19]), the applicable laws by art. 110 IPRG[20] – but the substance of the rules is the same.

[12] What does that mean in practice?

- A French patent is granted by the INPI on the basis of the French *Code de la Propriété Intellectuelle*. French courts have exclusive jurisdiction for revocation and alternative special jurisdiction for infringement.
- A German patent is granted by the GTPO on the basis of the German Patent Act. The Federal Patent Court has exclusive jurisdiction for revocation, the German civil courts have alternative special jurisdiction for infringement.
- A Swiss patent is granted by the Swiss Federal Institute of Intellectual Property (IPI). The Federal Patent Court has exclusive jurisdiction for revocation, the Swiss civil courts have alternative special jurisdiction for infringement.

2. National Law for European Bundle Patents

[13] The system described above – pre-grant and post-grant are governed by the respective national law – is straightforward from a theoretical perspective. But it's a nuisance in practice. Inventors seeking patent protection in Europe have to apply for and follow up on their applications separately in all states according to their respective rules. Requirements, formulation of claims, date and fees may vary.

[14] To improve the protection European states started to discuss whether the piecemeal of national laws could be replaced by a genuinely European patent system as early as the 1950s.[21] For well-known reasons – the necessity to find a compromise between France and the United Kingdom[22] – the project was split into two parts: Pre-grant and post-grant.

[15] The pre-grant project has become a great success: In 1973 the EPC was established and starting in 1977 the EPO was vested with the authority to grant patents for all Contracting States (art. 2 EPC[23]). As a similar success for the post-grant phase was not on the horizon the EPC solved this problem by reference to national law.[24] Leaving opposition aside, lacking a

11 Regulation 2105/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ 2012, L 3151 as amended by amended by Regulation No 542/2014.

12 Art. 24 Brussels Regulation: Exclusive jurisdiction
The following courts of a Member State shall have exclusive jurisdiction, regardless of the domicile of the parties:
No. 4 ... in proceedings concerned with the registration or *validity of patents* ... required to be deposited or registered, ... the courts of the *Member State in which the deposit or registration has been applied for, has taken place* [Emphasis added in this and all following rules.].

13 Cf. Preamble TRIPS Agreement (1994).

14 Article 4 BR General provisions
1. Subject to this Regulation, persons *domiciled in a Member State* shall, whatever their nationality, be sued in the courts of that Member State.
Article 7 BR Special jurisdiction
A person domiciled in a Member State may be sued in another Member State:
(2) in matters relating to *tort*, delict or quasi-delict, in the *courts for the place where the harmful event occurred* or may occur.

15 Regulation No 864/2007 on the law applicable to non-contractual obligations (Rome II), OJ 2007, L 151, 1.

16 Recital 26 Rome-II: "Regarding infringements of intellectual property rights, the *universally acknowledged principle of the lex loci protectionis* should be preserved."

17 Article 8 Rome II: Infringement of IP rights
1. The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.

18 Chapter 8: Intellectual Property. Art. 109
(1) The Swiss courts of the defendant's domicile have jurisdiction to hear actions pertaining to the *validity or registration* in Switzerland of intellectual property rights. If a defendant does not have a domicile in Switzerland, these actions may be brought before the Swiss courts at the place of business of the representative recorded in the register or, in the absence of such representative, before the courts at the place where the authority keeping the register has its office.
(2) Actions pertaining to the *violation of intellectual property rights* may be brought before the Swiss courts at the defendant's domicile or, in the absence of a domicile, at the defendant's habitual residence. Moreover, the Swiss courts at the place where the act or the result occurred and, in actions pertaining to the operation of an establishment in Switzerland, the courts at the place of that establishment have jurisdiction.

19 Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ 2007 L 339, p. 3.

20 Applicable Law: Art. 110 (1) Intellectual property rights are governed by the law of the state for which protection of the intellectual property is sought.

21 Cf. Götting ZEuP 2014, 349 (351) with further references.

22 Cf. Tilmann GRUR 2022, 1099 (1101) with further references.

23 Art. 2 EPC European patent
(1) Patents granted under this Convention shall be called European patents.
(2) The European patent shall, in each of the Contracting States for which it is granted, *have the effect of and be subject to the same conditions as a national patent* granted by that State, unless this Convention provides otherwise.

24 Cf. Travaux Preparatoires CBE 1973, Partie II, art. 64.

judicial system within the EPO the exclusive jurisdiction to revoke the patent is left to the respective national courts. Art. 17 Brussels Convention (today art. 24 no. 4 BR[25]) was amended to cater for this case.

[16] Despite the ongoing discussion on the nature of the European patent, i. e., whether the EPO grants a genuinely European patent[26], a bundle of national patents[27] or a hybrid[28] it is acknowledged that as soon as the patent is granted the uniform application is apportioned into parallel patent rights with different fortunes – a bundle of patents governed by national patent law,[29] art. 64 (1) EPC.[30] Accordingly, also with regard to infringement these bundle patents follow the same rules as a respective national patent, art. 64 (3) EPC.[31] The same is true for jurisdiction, which is governed by art. 4 and 7 no. 2 BR (see above).

[17] What does that mean in practice?

- A European patent for France, Germany and Switzerland is granted by the EPO on the basis of the EPC.
- French courts have exclusive jurisdiction for revocation of the French part, German courts for the German part, Swiss courts for the Swiss part.
- In case of infringement – no matter whether a French, German or Swiss court is seized – the EP is treated as a national patent of the respective Contracting State. Infringement of the French part is governed by French law, infringement of the German part by German law and infringement of the Swiss part by Swiss law.
- In each country the courts may have jurisdiction depending on the domicile of the defendant, but they have at least alternative special jurisdiction based on the place of infringement, art. 7 no. 2 BR or art. 7 no. 2 LC respectively.

3. Unitary Patent Law for Unitary Patents

[18] As a post grant-convention for all Contracting States still seemed out of reach in 2000 the EPC was amended to allow groups of Contracting States to enhance cooperation. Art. 142 EPC provides that a group of states by special agreement may provide that a European patent has unitary character throughout their territories.[32]

[19] Despite being qualified as a regulation under EU law the European Patent Regulation (UPR) is exactly such a special agreement in the meaning of art. 142 EPC.[33] However, it does not make use of the option that the EPO may further on only grant patents with unitary character. Rather the granting procedure remains unchanged, the patentee then may choose whether he is content with the bundle or seeks unitary character. EPs and UPs co-exist.

[20] Only, if the patentee registers his patent with the Register for unitary patent protection and the requirements are met, the patent under art. 3 UPR will be attributed uniform character.[34] This means that the scope of protection under art. 5 UPR[35] – and its mirror image infringement – is governed by the national law which the Member State determined in accordance with art. 7 UPR[36] provides for unitary patents. This is not a reference to traditional national patent law, but to the substantive rules of art. 25 et seq. and art. 63 et seq. UPCA. The compromise of (re)moving substantive patent law from the UPR[37] and labeling the UPCA as "national law for unitary patents" is a by-pass intended to avoid the competence of the ECJ.[38] Insofar as the UPCA does not provide any rule, remaining gaps must be filled by a recourse to national law.[39] Particularly prominent gaps for example concern rights of prior use and compulsory licenses[40] but also many intricate details of tort law, such as contributory negligence.[41] Despite this complexity resulting from the interplay of different legal sources there is substantial improvement: the national laws of 18 Contracting States are repla-

25 Art. 24 BR Exclusive jurisdiction
4. […] Without prejudice to the jurisdiction of the European Patent Office under the European Patent Convention, the courts of each Member State shall have exclusive jurisdiction in proceedings concerned with the *registration or validity* of any European patent *granted for that Member State*.
26 Singer/Stauder/Luginbühl, EPÜ (2022), Art. 2 Rn. 3; Tilmann/Plassmann/v. Falck/Dorn, EPGÜ (2024), Art. 34 n. 2.
27 Ullrich, Select From Within the System: The European Patent with Unitary Effect, MPI Research Paper No. 12-11 (14); Bopp/Kircher, Handbuch Europäischer Patentprozess (2023), § 4 n. 32.
28 Dornis GRUR Patent 2024, 230 (232).
29 Cf. Dornis GRUR Patent 2024, 230 (235) and GRUR 2024, 282 (285) with further references.
30 Art. 64 EPC Rights conferred by a EP
(1) A European patent shall, subject to the provisions of, confer on its proprietor from the date on which the mention of its grant is published in the European Patent Bulletin, in each Contracting State in respect of which it is granted, *the same rights as would be conferred by a national patent granted in that State*.
31 Art. 64 EPC Rights conferred by a EP
(3) Any *infringement* of a European patent shall be dealt with by national law.
32 Art. 142 EPC Unitary patents
(1) Any group of Contracting States, which has provided by a *special agreement that a European patent granted for those States has a unitary character* throughout their territories, may provide that a European patent may only be granted jointly in respect of all those States.
33 Cf. Art. 2 (2) UPR which states: "This Regulation constitutes a special agreement within the meaning of Article 142 of the {EPC}."
34 Art. 3 UPR European Patent with unitary effect
(2) A European Patent with unitary effect shall have a unitary character. It shall provide uniform protection and shall have equal effect in all the participating Member States.
35 Art. 5 UPR Uniform Protection
(3) The acts against which the patent provides protection referred to in para 1 and the applicable limitations shall be those defined *by the law applied to European patents with unitary effect in the participating Member State* whose national law is applicable to the European patent with unitary effect as an object of property in accordance with art. 7.
36 Art. 7 Treating a European patent with unitary effect as a national patent
A European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating Member States as a national patent of the participating Member State in which that patent has unitary effect and in which, according to the European patent register,
a) the *applicant had his residence or principal place of business* on the date of filing of the application for the EP.
37 Luginbühl GRUR Int 2013, 305 (307); Götting ZEuP 2014, 349 (359).
38 Ullrich, Select From Within the System: The European Patent with Unitary Effect, MPI Research Paper No. 12 (14); Walz GRUR Int 2016, 513 (518).
39 For details see Dornis GRUR Patent 2024, 280 (285).
40 Cf. Dornis GRUR Patent 2024, 230 (234) with further references.
41 Cf. Dornis GRUR Patent 2024, 337 (337 et seq.).

ced by the UPCA – any remaining gaps filled by a single national law.

[21] A further improvement is that the Member States also made use of the freedom provided by art. 149a (1)a EPC[42] allowing a group of states to establish a European patent court common to the Contracting States. The respective special agreement is the UPCA. The UPC has exclusive jurisdiction for unitary patents both with regard to revocation and infringement (art. 31 et seq. UPCA).

[22] What does that mean in practice?

- If an applicant with his registered seat in France is granted a European Patent for all UPC Contracting Member States and opts in to the UPR by an application for unitary effect this UP will be governed by the UPCA with recourse to French law. The UPC has exclusive jurisdiction for both revocation and infringement of the UP.
- If an applicant with his registered seat in Germany is granted a European Patent for all UPC Contracting Member States and opts in to the UPR by an application for unitary effect this UP will be governed by the UPCA with recourse to German law. The UPC has exclusive jurisdiction for both revocation and infringement of the UP.
- If an applicant with his registered seat in Switzerland is granted a European Patent for all UPC Contracting Member States and opts in to the UPR by an application for unitary effect this UP will be governed by the UPCA with recourse to German law as the law at the seat of the EPO. The UPC has exclusive jurisdiction for both revocation and infringement of the UP.

[23] With regard to all EPC Contracting States covered by the application which are not UPC Contracting Member States at the time the patent is granted (art. 18 UPCA), the traditional European bundle rights remain in place.

III. The Controversial Issue: Applying Chapter IV UPCA to European Bundle Patents

1. The UPCA's Scope of Application

[24] Whereas this traditional system appears straight forward the UPCA seams to deviate from the doctrine of jurisdiction and conflict of laws in a number of ways. First, neither the heading of art. 3 UPCA[43] nor the text seem to distinguish between jurisdiction and applicable law. Second, on its face the rule clearly provides that the UPCA is applicable not only to unitary patents, but – "notwithstanding an opt out under art. 83 UPCA" – also to traditional bundle patents.[44]

[25] This rule early on has even spiked the discussion if national courts with regard to infringement claims based on a EP must from now on apply the substantive patent law provisions contained in the UPCA.[45] The argument ran along the lines that while art. 3 UPCA determines the scope of application for both jurisdiction and substantive law, the possibility to opt out under art. 83 (3) UPCA only concerns jurisdiction. Accordingly, the consequence of opting out (or bringing a case to a national court during the transitional period) would be that the UPC is no longer competent in that specific case, but the UPCA otherwise remains applicable. The UPC provisions on substantive patent law would take precedence over national patent law, even if a case is brought before a national court.

[26] This opinion has been firmly held in particular by *Winfried Tilmann*[46], whereas the preparatory committee for the UPC has taken the opposite stance.[47] Leaving aside the wording, which clearly is in favor of *Tilmann*'s interpretation, all other arguments support the committee's statement.

- First, there is no indication that the Contracting States intended to (retroactively)[48] change the law applicable to EPs.[49] Neither have art. 2, 64 EPC been amended, nor does any special convention in the meaning of art. 142 EPC relate to European bundle patents.
- Second, application of the substantive patent law rules contained in the UPCA by national courts would not be workable, because the national courts will continue to operate based on their respective national civil procedure law. These procedural rules are not coordinated with the UPCA, which in turn heavily relies on the Rules of Procedure (RoP).
- Third, it would not serve the overarching aim of the UPCA, which establishes the UPC as a common European court and by its appellate court ensures uniform interpretation by its different local and regional divisions.

42 Art. 149a EPC
(1) Nothing in this Convention shall be construed as limiting the right of some or all of the Contracting States to conclude special agreements on any matters concerning European patent applications or European patents which under this Convention are subject to and governed by national law, such as, in particular
(a) an agreement establishing a European patent court common to the Contracting States party to it.

43 Art. 3 UPCA Scope of Application
This Agreement shall apply to any:
(a) *European patent with unitary effect*; [...]
(c) *European patent which has not yet lapsed* at the date of entry into force of this Agreement or was granted after that date, without prejudice to; [...].

44 Nieder GRUR 2014, 627 (628); Tilmann Mitt 2014, 58 (59).

45 Cf. Dornis GRUR Patent 2024, 202 (202 et seq.).

46 Tilmann Mitt. 2014, 56 (56 et seq.); Tilmann, in: Tilmann/Plassmann, Einheitspatent (2024), Einführung n. 69; Augenstein, in: BeckOK Patentrecht (2024), Art. 83 EPGÜ, n. 24. Also see Nieder GRUR 2014, 627 and GRUR 2014, 955 and more recently Hoppe GRUR-Prax 2024, 31 (34).

47 Interpretative Note of the Preparatory Committee "Consequences of the application of Article 83 UPCA" of 29 Jan. 2014; for details see L. Tochtermann GRUR 2018, 337 (339).

48 As the UPCA is an international convention this would conflict with art. 28 of the Vienna Convention on the Law of Treaties 1969.

49 Vissel GRUR 2015, 619 (621); L. Tochtermann GRUR 2018, 337 (340). This criticism is shared by Ann, Patentrecht (8th edn. 2022), § 30a n. 86 (93), who argues that the UPCA is not applicable to EPs (only) during the transitional period.

2. European Bundle Patents before National Patent Courts

[27] Although the argument that the applicable law should not depend on whether the UPC or a national court is seized[50] as such is compelling, the solution to expand the applicability of art. 25, 64 et seq. UPCA to the national patent courts is not.[51]

[28] Neither is it supported by the drafting history. Whereas the extension of the UPC's jurisdiction to traditional EPs was the result of a policy decision to ensure a sufficient case load and has led to the compromise enshrined in the possibility to opt out under art. 83 (3) UPCA,[52] the re-allocation of substantive patent law from the UPR to the UPCA was a (possibly fruitless)[53] maneuver to exclude patent law from the competence of the ECJ.[54] The concept that this last minute shift from the UPR to the UPCA also extends the scope of substantive unified patent law to EPs was not even considered.

[29] The very idea that the UPCA offers an alternative for the users of the patent system and allows for a choice between the traditional EP system and the new UP system[55] would be undermined,[56] if both in essence were governed by the same unified rules. But neither would this expansive view serve the harmonization of European patent law. For it is quite likely that different national courts would at least initially take opposing views on particular issues, be it because of different rules of procedure or based on diverging interpretation of the UPCA. But there is no common appellate instance to remedy it, nor is there any possibility for national judges to refer questions to the UPC.[57] Whether – or rather to what extent – the ECJ has competence to rule on the interpretation of the UPCA is a matter of controversy of its own.[58] Insofar it comes as a great relief that national courts have not adopted this proposal and continue to apply their national patent law to EPs.[59]

3. European Bundle Patents before the UPC?

[30] Whereas both the argument that the rules of the UPCA are not workable without the RoP and that uniform interpretation is at stake, of course, are mute with regard to the adjudication by the UPC, the first argument – the reference to national patent law by art. 64 EPC – also is valid for bundle patents before the UPC. Yet, the UPC apparently operates on the assumption that the UPCA in its entirety is applicable if the UPC is seized.

[31] As mentioned above, the natural solution would be that jurisdiction as such does not have any impact on substantive law. Accordingly, the concept that the establishment of a new court system changes the applicable law to pre-existing patents (and even pre-existing claims) does require a thorough justification. In essence three arguments are brought forward in favor of applying the "new" rules to "old" bundle patents.

- First, art. 3 UPCA mentions unitary patents and bundle patents alike, while the opt out in art. 83 is restricted to jurisdiction.[60]
- Second, according to the wording of art. 24 UPCA the UPCA is ranked before both the EPC and national law.
- Third, applying the respective national law may simply not be feasible.

[32] These arguments mentioned in favor of this result are rarely fleshed out in more detail. But so far, these arguments may not yet have been thoroughly challenged either.

IV. Challenging the Predominant Position on Wording, Hierarchy and Workability

1. Art. 3 UPCA: A Rule on Jurisdiction

[33] The art. 3 UPCA-argument is based on the wording and in particular on the fact that the heading "Scope of Application" does not distinguish between jurisdiction and applicable law. However, a stringent application of this concept clearly shows its limitations.

- First, if art. 3 UPCA would also address the application of substantive law, art. 24 UPCA[61] would be redundant. The issue, that the UPCA applies, would already be settled.

50 Nieder GRUR 2014, 627 (631).
51 Luginbühl/Stauder GRUR Int. 2014, 885 (889); Vissel GRUR 2015, 619; L. Tochtermann GRUR 2018, 337 (339); Walz GRUR Int 2016, 513 (514); Dornis GRUR Patent 2024, 280 (286).
52 Cf. Teschemacher Mitt 2013, 153 (159).
53 Cf. Tilmann GRUR 2015, 527 (528); Dornis GRUR Patent 2024, 280 (288 et seq.).
54 Haedicke GRUR Int. 2013, 609 (610); Teschemacher Mitt 2013, 153 (160) Adam/Grabinski, in: Benkard, EPÜ (2023), Vor Präambel, n. 64.
55 Recital 26 UPR: "Patent applicants should remain free to obtain either a national patent, a European patent with unitary effect, a European patent taking effect in one or more of the Contracting States to the EPC or a European patent with unitary effect validated in addition in one or more other Contracting States to the EPC which are not among the participating Member States."; Götting ZEuP 2014, 349 (360); Walz GRUR Int 2016, 513 (514).
56 Walz GRUR Int. 2016, 513 (514); Ann, Patentrecht, § 30a n. 97.
57 Interpretative Note of the Preparatory Committee "Consequences of the application of Article 83 UPCA" of 29 Jan. 2014 n. 13.
58 Jaeger IIC 2013, 389; Tilmann GRUR 2015, 527 (528).
59 Cf. OLG Karlsruhe GRUR Prax 2024, 304 – Schneidmaschine, confirming the decision of the Regional Court of Mannheim "Das EPGÜ findet in Verfahren vor den nationalen Gerichten über die Verletzung des deutschen Teils eines europäischen Patents ohne Einheitliche Wirkung keine Anwendung. Das gilt auch für die Anwendung des in den Art. 25 ff. EPGÜ kodifizierten „materiellen" Rechts."
60 Nieder GRUR 2014, 627 (628); Tilmann, in: Tilmann/Plassmann, Einheitspatent, Einführung n. 69.
61 Art. 24 UPCA Sources of Law
In full compliance with Article 20, when hearing a case brought before it under this Agreement, the Court shall base its decisions on:
(a) Union law, including Regulation (EU) No 1257/2012 and Regulation (EU) No 1260/20127;
(b) *this Agreement*;
(c) *the EPC*;
(d) other international agreements applicable to patents and binding on all the Contracting Member States; and
(e) *national law*.

- Second, a literal interpretation that the entire UPCA applies to UPs and EPs alike would also read on EPs granted for countries not participating in the UPCA. Extending substantive law to all patents that come within the reach of the long-arm jurisdiction[62] would not leave any substantial room for art. 24 (3) UPCA – and is well beyond scope. Even those authors who argue in favor of applying the UPCA to EPs restrict this proposal to EPs of Contracting Member States and concede that this does not apply to Spain or Switzerland[63] – just to mention two important EPC-countries outside the UPCA.
- Last but not least, art. 3 (2) UPCA also refers to patents already granted. This would even include claims for infringement based on acts or omissions that have occurred before the UPCA came into force. This would alter the applicable law with retroactive effect.

[34] All these traps can easily be avoided if art. 3 UPCA is interpreted as a rule defining the competence of the UPC. A systematic interpretation therefore points in favor that the wording of art. 3 – as the title "Unitary Patent Court Agreement" and art. 1 UPCA[64] imply – only applies to jurisdiction.

2. Art. 24 (1) UPCA: A List of Sources

[35] With regard to art. 24 UPCA the additional argument has been brought forward that "this Agreement" is listed before the EPC and therefore prevails. This reliance on art. 24 (1) UPCA is based on the assumption that it is a conflict of laws rule. It builds on the concept that the order of mention depicts a hierarchy.[65] On this basis the UPCA – and in particular art. 3 UPCA – is held to take precedence over art. 2, 64 EPC. This argument is supposedly reinforced by the fact that art. 24 (3) UPCA mentions art. 25 to 28 UPCA on the same level as art. 54, 55, 64, 68 and 72 UPCA.[66]

[36] However, a comparison with other conflict of laws rules puts this to doubt. Usually, conflict of laws rules clearly establish the order of application, stating which source applies and referring to another only "in absence of applicable provisions". Art. 7 UPR and art. 24 (2) UPCA may serve as examples. By contrast, art. 24 (1) is a list of sources of uniform law,[67] but it does not mention any connecting factors, nor does the numerical order represent "rungs of a ladder of connecting factors".[68] Reading a hierarchy into art. 24 (1) UPCA – and putting the UPCA above the EPC – would also contradict the fact that the EPC is a special agreement in the meaning of art. 19 Paris Convention,[69] while the UPCA is a special agreement in the meaning of art. 149a (1) EPC – providing for a logical hierarchy which in itself settles that the Paris Convention prevails over the EPC and the EPC over the UPCA.[70]

[37] Similarly, the aim and structure of European conflict of laws rules on extra-contractual obligations speak in favor of a narrow interpretation of art. 3 UPCA. The overarching concept of the Rome II-Regulation is to establish legal certainty and predictability. To this end the Rome II-Regulation establishes a limited number of connecting factors, which allow for the determination of the applicable law. With regard to intellectual property rights even a subsequent choice of law is prohibited (art. 8 (3) Rome II).

[38] However, if – as we have seen above – the national courts continued to apply national patent law to EPs whereas the UPC would apply the substantive patent law rules of the UPCA to the same bundle patent at the time of the (unlawful) act, it would be impossible to determine the applicable law. It would only be defined at the point in time the claimant – the patent holder or the potential infringer – has chosen between the equally competent national court and the UPC (art. 83 (1) UPCA). How then would anyone know which law he must comply with and which consequences are impending if he doesn't?[71] And should the scope of a patent be determined according to art. 25 UPCA in proceeding against infringer 1 before the UPC whereas simultaneous infringement proceedings on the same EP against infringer 2 before national courts[72] are governed by national law?[73] Tying the applicable law to the forum would for many years bring uncertainty and feed forum shopping and abusive strategies.

3. Art. 24 (2) UPCA: Comparative Law in the Court Room

[39] But what about the strongest argument that applying the respective national law simply is not feasible? *Basil Markesinis* famously taught us that "Comparative law in the Courtroom and Classroom" are two entirely different things. Indeed, it's easy to establish a doctrine calling for the application of foreign law, but difficult to actually apply it. But if that meant that

62 Cf. Groh/Härtle Mitt. 2023, 489.
63 Nieder GRUR 2014, 627 (628) with note 3.
64 Art. 1 UPCA Unified Patent Court
A *Unified Patent Court* for the settlement of disputes relating to *European patents and European patents with unitary effect* is hereby established.
65 Schroer GRUR Int. 2013, 1102 (1107) "Normenhierarchie"; Haedicke, GRUR 2014 119 (120) "Stufenverhältnis"; Götting ZEuP 2014, 349 (367): also cf. Hüttermann/Kupka Mitt. 2015, 6 (8); Augenstein, in: BeckOK Patentrecht (2024), Art. 24 EPGÜ Rn. 1.
66 Nieder GRUR 2014, 627 (633).
67 Cf. McGuire Mitt. 2015, 537 (540) with further references.
68 Cf. the famous term "Anknüpfungsleiter" coined by Gerhard Kegel.
69 Preamble no. 3 EPC:
Desiring, for this purpose, to conclude a Convention which establishes a European Patent Organisation and which constitutes a *special agreement within the meaning of Article 19 of the Convention for the Protection of Industrial Property, signed in Paris* on 20 March 1883 and last revised on 14 July 1967.
70 McGuire Mitt. 2015, 537 (539); Vissel GRUR 2015, 619 (620).
71 See example 1 above.
72 Cf. Schroer GRUR Int. 2013, 1102 (1106).
73 See example 2 above.

comparative law was not feasible in practice, the UPCA would be doomed to fail. More importantly, it is simply contradicted by the many references to national law within the UPCA.

[40] Already with regard to unitary patents there are a number of issues which the UPC will have to decide based on the respective national law. This does not only apply to circumstances, which – such as a prior right (art. 28 UPCA) or a compulsory license – will rarely occur in more than one Contracting Member State, but also to claims for compensation, for which art. 67 EPC makes reference to the respective national laws. That the respective national rules display a broad variety is even reflected by the wording of art. 32 (1)f UPCA on "actions for damages or compensation derived from the provisional protection conferred by a published European patent application"; the replication of "damages" and "compensation" paying tribute to the different rules in the Contracting Member States.

[41] But more importantly, art. 5 and art. 7 UPR provide that all gaps must be filled by the national patent law of the Contracting Member State in which the first mentioned patent applicant has his seat (or in absence of such by German law). Last but not least, the UPC will have to apply national patent law to EPs valid in non-contracting Member States (such as Spain, Poland) and non-EU EPC states (such as Switzerland and Turkey). It is hard to argue why the UPC should have sufficient expertise to apply the law of European countries which are not represented on the bench, but not of its own participating Member States.

[42] Of course, the case load with regard to participating Member States will be much higher, putting a particular high work load on the judges who have to deal with this comparative analysis for the first time. Yet, national patent judges so far have faced the same challenge.[74] The UPC is composed of judges of different Member States who are particularly suited to master this task – and with each decision published in English (or French or German) the respective, perhaps less known, national patent law rules of other Contracting Member States will become more accessible. This said, it is of course conceded that applying national law is a matter of time and cost efficiency. But whether the current law is the best solution is not to be decided by judges or academics, but is a matter left to the legislator.

4. The Patent Holder's Choice: Opt-in and Opt-out

[43] And in fact, perhaps the strongest argument in favor of the continued application of national patent law to EPs – independent of the court seized – is that art. 2, 64 EPC have remained unchanged. Art. 2 EPC broadly states that a European Patent shall "in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless this Convention provides otherwise." On this basis art. 64 (1) EPC with regard to the scope of protections refers to the law applicable to "national patents". With regard to remedies and procedure in case of infringement art. 64 (3) EPC refers to "national patent law". In particular *Winfried Tilmann* has argued that this "national patent law" includes the newly adopted rules of the UPCA, which by virtue of ratification have become a part of the national law of the Contracting Member States.[75]

[44] However, giving such broader meaning to the phrase "national patent law" is in stark contrast to art. 5 UPR, which refers to "national patent law applicable to unitary patents". If at all it may perhaps be reconciled with the wording of art. 64 (3) EPC, whereas art. 64 (1) EPC clearly requires the patent to be treated like a "national patent".[76] Thus, even this broad interpretation cannot explain why art. 25 et seq. UPCA would apply to a European bundle patent.[77] As the scope of protection and infringement by definition are mirror images both should be governed by the same law. Thus, art. 2, 64 EPC must be continued to be read as a reference to traditional national patent law. Of course, art. 64 EPC could be replaced by a convention in accordance with art. 142 EPC. But it has not. The only convention based on this provision is the UPR, which undisputedly only applies to unitary patents. It is similarly undisputed that the UPCA, by contrast, is a special convention on a common court in the meaning of art. 149a (1)a EPC.[78]

[45] It should be added that the result of this analysis also is fully in line with the concept of the European legislator, which on purpose did not make use of the first option contained in art. 142 EPC, which would have allowed the Contracting Member States to simply replace the EP by a unitary patent. But the unitary patent is intentionally construed as an alternative to the traditional EP. Only, if within one month after grant the patent holder opts in to the UPC and applies for unitary effect (art. 3 UPCA) the reference to national law in art. 64 EPC will be replaced by art. 142 UPC in conjunction with the UPR (art. 5 and art. 7 UPCA), resulting in a change of applicable law. Similarly, the unitary patent court is meant to improve efficient remedies, but it is left to the patentee if he trusts the new system. True, the jurisdiction of the UPC is established by virtue of art. 149a (1)a EPC in conjunction with art. 3 (c), 31 UPCA. But the patent holder may opt out of and thereby exclude the juris-

74 This argument was voiced first by Vissel GRUR 2015, 619 (622).
75 Tilmann/Plassmann, Einheitliches Patentrecht, Einführung n. 74 et seq.; also see Nieder GRUR Int. 2014, 627 (633).
76 Vissel GRUR 2015, 619 (620).
77 Vissel GRUR 2015, 619 (620).
78 Tilmann GRUR 2023, 373 (376).

diction (art. 83 (3) UPCA). Clearly, the UP and the UPC wisely seek to attract the users, not to force them into an unwanted change.

[46] However, this result also implies that the judges at the UPC adjudicating claims based on EPs will have to apply the national law of many Member States, most likely unknown to them. This may undermine the efficiency and put the goal of closing infringement proceedings within a year at risk. A practical solution to this practical problem would be to adopt a doctrine which the Austrian Supreme Court has applied – it would not be surprising if other Member States did the same.

V. A Pragmatic Solution: The Enforcement Directive as a Basis for Presuming Similarity

[47] Confronted with the problem to apply Czech law unbeknown to the Austrian first instance court competent to hear a case on unfair competition, the Austrian Supreme Court held that the court may presume that Czech law and Austrian law concur.[79] It reasoned that the rule to be applied had been harmonized by a European directive and that the Austrian court may assume that the Czech Republic has faithfully transposed the directive into its national law – just as Austria has. Accordingly, it is fair to conclude that the rules transposing the directive into national law in both countries correspond. On this basis of presumed similarity, the Austrian court could apply the Austrian implementation of the directive, unless the party provide proof that the applicable Czech law deviates.

[48] Turning back to the UPCA this suggests that the same doctrine could alleviate the burden of applying national patent law. Based on the fact that art. 62 et seq. UPCA are a faithful adoption of the Enforcement Directive, the UPC could presume that the "measures in infringement proceedings" are in line with national patent law applicable to a bundle patent in the respective Member States. While national law remains applicable to EPs by virtue of art. 64 EPC, there is a presumption of similarity that the national law of all Member States of the European Union provides for the same remedies the UPCA does.

[49] The firm basis of such presumption is that the Enforcement Directive is applicable to national patents, European bundle patents and unitary patents alike.[80] It provides for the well-established sanctions in case of patent infringement – injunctions, cease and desist orders and damages – and for auxiliary remedies, such as information duties, which enable the patentee to establish or enforce his rights. All these rules establish minimum requirements which the national legislators had to implement into their national law. As the UPCA – virtually ignoring that this directive was meant to be implemented – has adopted the wording of the Enforcement Directive, the presumption of similarity is particularly well-founded.

[50] Of course, minimum harmonization implies that there may be countries in which the national legislator has gone beyond what has been prescribed. Thus, the UPC must be open to the argument that the national law in fact is different. An obvious example are the different views on calculation of damages mentioned above. Under art. 68 (1) UPCA[81] the patent holder is entitled to "appropriate" compensation. The question has been raised whether this may be less than full compensation.[82] Further, art. 64 (2) UPCA has adopted the wording "at least", seemingly open for a decision which would increase payable damages above the average license fee. In fact, French courts have taken a particularly generous approach. By contrast, § 139 (2) German Patent Act[83] does not allow for raising compensation above the actual damage suffered.[84]

[51] However, as the careful analysis of the differences between the Enforcement Directive and the UPCA displays, the number of issues which give rise to an argument, that the UPCA may not mirror national patent law, is quite restricted. Leaving aside the unresolved issue of intermediary patent infringement mentioned above,[85] the deviations with regard to re-

79 OGH 23 May 2013, 4Ob29/13p: "Im konkreten Fall ist allerdings zu beachten, dass die relevanten Normen beider Rechte auf einer gemeinsamen unionsrechtlichen Grundlage beruhen. Denn strittig ist das Vorliegen einer irreführenden Geschäftspraktik im Sinn der Richtlinie über unlautere Geschäftspraktiken. Da diese Richtlinie nicht bloß Mindeststandards vorsieht, sondern das verbraucherschützende Lauterkeitsrecht vollständig harmonisiert [...], ist im Zweifel nicht anzunehmen, dass das Recht des Herkunftslandes dem Diensteanbieter mehr Freiheiten gestattet als jenes des Marktorts iSv Art 6 Abs 1 Rom II-VO. Daher müsste der Diensteanbieter konkret behaupten, dass die Richtlinie im relevanten Bereich trotz der Vollharmonisierung einen Umsetzungsspielraum aufweist und im Herkunftsland (zulässigerweise) anders umgesetzt wurde als im zunächst zur Anwendung berufenen Recht des Marktorts. Solches hat die Beklagte hier nicht vorgebracht. Vielmehr stützt sie sich auch in der Revisionsrekursbeantwortung ausschließlich auf die einschlägigen Bestimmungen des österreichischen UWG. Eine parallele Prüfung nach tschechischem Recht hat unter diesen Umständen zu unterbleiben."

80 Enforcement Directive
Article 2 Scope
1. Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be *more favourable for rightholders*, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to *any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned*.

81 Art. 68 UPCA Award of Damages
When the Court sets the damages: [...]
(b) as an alternative to point (a), it may, in appropriate cases, *set the damages as a lump sum on the basis of elements such as at least the amount of the royalties* or fees which would have been due if the infringer had requested authorisation to use the patent in question.

82 Nieder GRUR 2014, 627 (631 et seq.).

83 § 139 Patent Act. Infringement.
(2) Any person who performs such act intentionally or negligently is obliged to compensate the aggrieved party for the damage caused. When assessing the compensation, consideration may also be given to the profit which the infringer has obtained by infringing the right. The claim for compensation may also be calculated on the basis of the amount which the infringer would have been required to pay as equitable remuneration if the infringer had obtained permission to use the invention.

84 Cf. Walz GRUR Int 2016, 514 (523).

85 Cf. Vissel GRUR 2015, 619 with further references.

medies in comparison are less significant – often they are not based on clear difference in wording, but rather on different national traditions.

[52] One potential trap, however, is that the UPCA does contain rules which are not based on the Enforcement Directive at all. The rule on limitation of action in art. 72 UPCA[86] may serve as a particular important example. Devoid of any basis in the Enforcement Directive it cannot apply to EPs.[87] At least, the patentee may argue that the limitation period has not yet started[88] or may be longer.[89] But arguably the drafters have seen this problem, which may explain the "contradictory"[90] rule that art. 72 UPCA is "without prejudice" to art. 24 (2) and (3) UPCA, accepting the primacy of national law.

[53] What does that mean in practice?

- A European Patent for France, Germany and Switzerland is granted by the EPO on the basis of the EPC. Unless the patent holder opts in to the UPR the EP remains a bundle of patents governed by national law.
- Unless the patent holder has opted out (art. 83 UPCA) the UPC has exclusive jurisdiction for revocation of the French and German parts, whereas jurisdiction for revocation proceedings of the Swiss part remains with the Swiss courts.
- With regard to the remedies for infringement the EP is treated as a national patent in each contracting state. An act of infringement in France is governed by French law, infringement in Germany by German law, infringement in Switzerland by Swiss law.
- If the claim for infringement is brought before the UPC the UPC may apply art. 63 et seq. UPCA to the French and German parts based on the presumption that the rules of the Enforcement Directive have been implemented faithfully in all EU Member States and therefore concur – unless one party establishes that the respective national law goes beyond the minimum standard the Enforcement Directive provides.
- It goes without saying that the consequences of infringement in Switzerland remain unaffected, Swiss law governs no matter which court is seized.

[54] The distinction whether the substantive rules of the UPCA are applied by virtue of art. 3 UPCA or based on the presumption of similarity in most cases will remain without significance. The further harmonization is achieved – be it by virtue of the French[91] or Dutch[92] national legislator embracing the upcoming UPCA[93] or by the ECJ paving the way for a uniform interpretation of the Enforcement Directive – the less the justification for applying substantive unitary patent law will matter. However, in a particular case it may impact whether infringement has occured, on the amount of damages or whether a claim is time-barred – and who therefore wins and who loses the case.

VI. Summary & Result

[55] The main result of this analysis is that the Unitary Patent Court Agreement first and foremost is an agreement on setting up a common court – and therefore on jurisdiction. It embraces jurisdiction for traditional European bundle patents, but it does not change the substantive law applicable to them.

1. National Patents are governed by national law. The same applies to European Bundle patents – no matter whether they are enforced before a national court or the UPC.
2. This solution fosters legal certainty and prevents undue advantages from a choice of forum.
3. It upholds the intended difference between the traditional European bundle patents and the new Unitary patent.

[56] For sake of ease and procedural efficiency, the UPC may presume that the national patent law of EU Member States to be applied concurs with the remedies provided by the UPCA – unless a party pleads that there is a relevant difference.

[57] In most cases the difference will not play out, because the Enforcement Directive effectively harmonizes national patent law throughout all EU Member States. But it may make all the difference in specific cases. And if so, the UPC owes it to parties not to disappoint their legitimate expectation that the bundle patents have remained the same.

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86 Art. 72 UPCA Period of limitation
Without prejudice to Article 24(2) and (3), actions relating to all forms of financial compensation may *not be brought more than five years* after the date on which the applicant became aware, or had reasonable grounds to become aware, of the last fact justifying the action.
87 But see Hoppe GRUR-Prax 2024, 31 (32), who takes the opposite view on the basis that art. 72 UPCA is a procedural rule, not a statute of limitation.
88 Cf. for example § 199 (1) no. 2 German Civil Code.
89 Cf. for example § 142 S. 2 German Patent Act in conjunction with §§ 852 German Civil Code.
90 Augenstein, in: BeckOK Patentrecht, Art. 72 n. 23.
91 Ordonnance n° 2018-341 du 9 mai 2018 relative au brevet européen à effet unitaire et à la juridiction unifiée du brevet.
92 Rijkswet van 30 oktober 2019 tot wijziging van de Rijksoctrooiwet 1995 in verband met de Overeenkomst betreffende een eengemaakt octrooigerecht en Verordening (EU) nr. 1257/2012.
93 Romandini/Hilty/Lamping GRUR Int. 2016, 554 (560) have recommended a similar strategy for Germany, i. e., proposed that §§ 9 et seq. Patent Act would either be adopted to the wording of art. 25 et seq. UPCA or make a reference to these provisions. Also cf. Augenstein, in: BeckOK Patentrecht, Art. 83 EPGÜ, n. 25.

SIMON KLOPSCHINSKI*

The Unified Patent Court: A Supranational Tribunal Embedded into a Complex System of Rules and Legal Cultures – Case Note on UPC (LD The Hague) GRUR-RS 2024, 14271

This article analyses a recent order by the UPC (Local Division The Hague) in an action for provisional measures which raises a number of complex questions regarding the interpretation of the claimant's requests, the concept of Contracting Member State to the UPCA, international jurisdiction under Article 31 UPCA, the territorial scope of decisions pursuant to Article 34 UPCA, cease-and-desist declarations, and the urgency of actions for provisional measures. To solve these issues the UPCA has to be interpreted in accordance with public international law and European law, taking into account the national practices of all Contracting Member States.

Dieser Artikel analysiert eine Anordnung des EPG (Lokalkammer Den Haag), die kürzlich im Rahmen einer Klage auf Erlass einstweiliger Maßnahmen ergangen ist und eine Reihe komplexer Fragen zur Auslegung von Klageanträgen, zum Begriff des Vertragsmitgliedstaates des EPGÜ, zur internationalen Zuständigkeit gemäß Art. 31 EPGÜ, zum territorialen Geltungsbereich von Entscheidungen nach Art. 34 EPGÜ, zu Unterlassungserklärungen und zur Dringlichkeit von Klagen auf Erlass einstweiliger Maßnahmen aufwirft. Um diese Probleme zu lösen, muss das EPGÜ im Einklang mit völker- und europarechtlichen Grundsätzen ausgelegt werden, wobei die nationalen Rechtspraktiken aller Vertragsmitgliedstaaten zu berücksichtigen sind.

I. Introduction

[1] On 19 June 2024 the Local Division of the Unified Patent Court (UPC) in The Hague issued a preliminary injunction with respect to Germany, France, and the Netherlands as well as Ireland, even though so far Ireland has not ratified the Agreement on a Unified Patent Court (UPCA).[1] At first glance, the case looks straight forward. The Claimant argued that the patent at issue was valid and infringed, whereas the Defendants pleaded neither invalidity nor non-infringement and did not contest the court's international jurisdiction concerning Ireland. They only argued that a cease-and-desist declaration which they had submitted, rendered the action for provisional measures devoid of purpose. The court was not convinced by this defence since the Defendants had not complied with their cease-and-desist declaration. Therefore, the Local Division allowed most of the Claimant's requests.

[2] A closer look reveals, though, that this case raises a number of complex questions in the fields of public international law and European law, e. g. regarding the concept of Contracting Member State (CMS) to the UPCA, international jurisdiction under Article 31 UPCA and the territorial scope of decisions pursuant to Article 34 UPCA. Furthermore, this decision makes clear that the UPC has not yet found a uniform approach to issues such as the interpretation of the claimant's requests, cease-and-desist declarations or urgency of an action for provisional measures, that are obviously handled differently in the individual CMS.

[3] Overall, the case exemplifies that the UPC is a complex court system, which raises entirely new issues of public international law and European law that do not arise in domestic patent litigation. Even supposedly simple matters therefore require careful examination and analysis that go far beyond the usual national practice, as is explained in more detail below.

II. Facts of the Case

[4] On 20 March 2024, the US Claimant filed an application for provisional measures with the Local Division The Hague against the Hong Kong-based Defendant 1 and the Netherlands-based Defendant 2. The European patent EP 2 713 879 (patent at issue) was in force in Germany, France, the Netherlands, Ireland and the UK and related to continuous glucose monitoring (CGM) devices for diabetes patients. The Defendants offered CGM devices manufactured in China (attacked embodiment) on the European market via the internet. In its application, the Claimant requested an injunction, information and seizure for all CMS in which the patent at issue was in force, but without specifically naming individual CMS in the request. The Claimant argued that the patent at issue was valid and would be infringed by the attacked embodiment.

[5] In their objection, the Defendants contested neither the validity nor the infringement of the patent at issue. The urgency of the application was also not

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1 See UPC (LD The Hague), order of 19 June 2024 – UPC_CFI_130/2024, GRUR-RS 2024, 14271 – Abbott Diabetes Care/Sibio Technology et al.

contested in the written phase. It was only at the oral hearing that the Defendants claimed that the Claimant had needed half a year to bring these proceedings, but this was disregarded by the Local Division as unsubstantiated and belated. Instead, the Defendants' defence focused on the submission of a cease-and-desist declaration, in which the Defendants undertook to remove the attacked embodiment from the German, French and Dutch markets. From the Defendants' point of view, the action was thus devoid of purpose and to be disposed of pursuant to Rule 360 of the Rules of Procedure of the UPC (UPCRoP).

[6] The Claimant did not accept the Defendants' cease-and-desist declaration. In addition, the Claimant argued that the Defendants did not fully comply with the cease-and-desist declaration, as the Claimant was still able to place a test order and purchase the attacked embodiment in the Netherlands and Germany even after the Defendants had submitted the cease-and-desist declaration.

III. Grounds for the Order

[7] By order of 19 June 2024, the Local Division The Hague granted the request for an injunction and for seizure in relation to Germany, France, the Netherlands and Ireland, while rejecting the request for information.

[8] Under the heading "Competence for Ireland", the Local Division first interpreted the territorial scope of the Claimant's requests. Since the Claimant had submitted that the patent at issue was in force in the CMS Germany, France, and the Netherlands and also Ireland as well as the UK and in view of the orders sought, the court considered that the Claimant apparently wished the order to also cover Ireland, which, according to the Local Division, was a signatory state to the UPCA and therefore a CMS, even if Ireland had not yet ratified the UPCA. Furthermore, the court noted that the Defendants had not disputed the competence of the court with regard to Ireland. The Local Division was therefore of the opinion that international competence arose from Article 31 UPCA and Articles 26, 35, 71, 71 a, 71b Brussels Ibis Regulation (BR). The court apparently assumed that it had jurisdiction based on appearance pursuant to Article 26 BR. Furthermore, the court held that Article 24 BR was not relevant because no invalidity defence had been raised. This seems to be a reference to subsection (4) of Article 24 BR which establishes exclusive jurisdiction with respect to proceedings concerned with the validity of patents. As the UK was no longer a CMS, the court was of the opinion that the application for provisional measures did not cover the UK. The Local Division also stated that it was competent pursuant to Article 33 UPCA because the alleged (threatened) infringement had occurred in the Netherlands, among other places.

[9] Under the heading "Requirements of R. 211 RoP", the Local Division stated that, in view of the Defendants' breaches of the cease-and-desist declaration, the Claimant could not rely on this declaration. Furthermore, the court found that the cease-and-desist declaration did not contain an irrevocable penalty payment in the event of a breach, but merely provided for the amount of the penalty to be determined by the Claimant and reviewed by the Local Division. According to the court, the Claimant would therefore have to initiate new proceedings before the Local Division instead of simply executing the order sought. In addition, the Local Division found that since the Defendants had left all markets in which the patent at issue was in force, no legitimate interest of the Defendants in opposing the preliminary injunction was recognisable, which is why the court concluded that the interests of the Claimant outweighed those of the Defendants. Therefore, according to the Local Division, the requirements for a provisional measure pursuant to Rule 211 UPCRoP were met. Contrary to the Defendants' submission, the court did not regard the matter as devoid of purpose. In view of the court there was still a need to adjudicate it.

[10] The Local Division did not grant the request for information holding that the Claimant either already knew the information requested or it was contained in the declaration submitted and no breach of this part of the declaration was asserted. No security was ordered pursuant to Rule 211 (5) UPCRoP and the Defendants were obliged to pay the costs of the proceedings.

IV. Analysis

1. The Interpretation of the Claimant's Requests

[11] The Claimant's requests did not mention individual CMS. Rather, a blanket reference was made to all CMS in which the patent at issue is in force. The Local Division The Hague was apparently of the opinion that the requests were admissible in principle. However, the Local Division interpreted the requests in the light of the Claimant's application for provisional measures and the current status of ratifications of the UPCA and only allowed the requests with regard to specific CMS, for which, in the opinion of the court, the Claimant "wished" legal protection. In contrast, in another action for provisional measures the Local Division Düsseldorf rejected comparable requests and only granted a version of the requests which specifically named the CMS for which the orders were sought.[2] The interpretation of the

2 See UPC (LD Düsseldorf), order of 22 June 2023 – UPC_CFI_177/2023, GRUR 2023, 1370 – E-Bike.

requests by the Local Division The Hague raises concerns, as the following explanations show. In practice it is therefore advisable for the claimant to explicitly name individual CMS in the requests, to avoid uncertainties regarding the territorial scope of an order sought.

2. The Concept of Contracting Member State

[12] The Local Division The Hague, in interpreting the Claimant's requests, concluded that it was the Claimant's wish that the order should also cover Ireland because Ireland was a signatory state to the UPCA and therefore a CMS, even if Ireland had not yet ratified the UPCA. This interpretation of the requests overlooks the definition of Article 2(c) UPCA, according to which CMS only refers to those Member States of the European Union (EU) that are parties to the UPCA.

[13] Firstly, the definition of Article 2(c) UPCA does not use the term "signatory state" to which the Local Division The Hague refers. The term "signatory state" or "signatory" can only be found in Article 85 (2) UPCA and the Protocol to the Agreement on a Unified Patent Court on provisional application. The use of the term there suggests that signatory state means those EU Member States that have already signed the UPCA but for which the UPCA has not yet entered into force. In any case, the use of the term signatory state in the UPCA or its protocols alongside the term CMS indicates that the two terms are not congruent and that a signatory state is not automatically a CMS.

[14] In fact, the definition in Article 2(c) UPCA is based on the concept of "party", for the interpretation of which, in accordance with Article 31(1) of the Vienna Convention on the Law of Treaties (VCLT), the "ordinary meaning" of the term is to be used, among other things.[3] A strong indicator of the ordinary meaning of the term "party" is the definition in Article 2(1)(g) VCLT, according to which a party to a treaty is a state which has consented to be bound by the treaty in question and for which this treaty is in force. In this context it should be noted that those provisions in the VCLT, which constitute customary international law, e. g. the general rule of interpretation of Article 31(1) VCLT, are part of the EU legal order and thus, pursuant to Articles 20, 24(1)(a) UPCA, their primacy is to be respected by the UPC.[4]

[15] A state's consent to be bound by a treaty which is required by Article 2(1)(g) VCLT, may be expressed, *inter alia*, by signature, ratification or accession (see Article 11 VCLT). In the case of the UPCA, consent to be bound by the UPCA is expressed cumulatively by signature on 19 February 2013 in accordance with Article 84(1) UPCA and ratification in accordance with Article 84(2) UPCA. EU Member States that did not sign the UPCA on 19 February 2013 in accordance with Article 84(1) UPCA can still express their consent later by acceding in accordance with the first sentence of Article 84 (4) UPCA. Ireland signed the UPCA on 19 February 2013. However, it has not yet ratified the UPCA. Ireland has therefore not yet sufficiently expressed its consent to be bound by the UPCA. Thus, in the case of Ireland, consent within the meaning of Article 2(1)(g) VCLT is lacking and, as a result, Ireland is not a CMS pursuant to Article 2(c) UPCA.

[16] Furthermore, pursuant to Article 2(1)(g) VCLT the treaty must be in force for the state in question. Whether a treaty is in force is determined in accordance with Article 24(1) VCLT primarily according to the provisions provided for in the treaty. If the treaty is already in force and a state only expresses its consent to be bound by the treaty at a later date, the treaty only enters into force for this state at the later date in accordance with Article 24(3) VCLT.[5] The entry into force of the UPCA on 1 June 2023 is regulated in Article 89(1) UPCA. If an EU Member State that signed the UPCA on 19 February 2013 in accordance with Article 84(1) UPCA expresses its intention to be bound by the UPCA only after 1 June 2023 by ratification within the meaning of Article 84 (2) UPCA, this ratification shall take effect on the first day of the fourth month following the deposit of the instrument of ratification in accordance with Article 89(2) UPCA, i. e. only then shall the UPCA enter into force for this state in accordance with Article 24 (3) VCLT. Ireland has not yet ratified the UPCA, meaning that the UPCA is not in force for Ireland. Ireland is therefore not a party pursuant to Article 2 (1)(g) VCLT and therefore not a CMS pursuant to Article 2(c) UPCA.

[17] Articles 71 a ff. BR refer to "party to the instrument establishing the common court" or "party to the UPC Agreement". In the context of a request for a preliminary ruling to the Court of Justice of the EU (CJEU) pursuant to Article 21 UPCA and Article 267 of the Treaty on the Functioning of the EU (TFEU), it would have to be clarified whether Articles 71 a ff. BR refer to the definition of Article 2(c) UPCA and whether Articles 71 a ff. BR are also be interpreted in the light of Article 2(1)(g) VCLT in this respect.

[18] On the other hand, the Local Division The Hague was of the opinion that the UK is no longer a CMS and therefore the Claimant's requests do not include

3 See Crawford, Brownlie's Principles of Public International Law, 9th ed., 2019, 367.
4 See with regard to the role of the VCLT in the context of EU law: CJEU EuZW 2010, 264 Rn. 40 ff. – Firma Brita GmbH/Hauptzollamt Hamburg-Hafen.
5 See Villiger, Commentary on the 1969 Vienna Convention on the Law of Treaties, 2009, Article 24 para. 11.

the UK. In contrast to Ireland, the UK not only signed the UPCA before its withdrawal from the EU on 1 February 2020, but also ratified it.[6] However, the UK withdrew its ratification of the UPCA on 20 July 2020. It is therefore generally assumed that the UPCA did not enter into force for the UK on 1 June 2023 pursuant to Article 89(1) UPCA.[7] On the other hand, this question has not yet been clarified with absolute certainty.[8]

3. International Jurisdiction

[19] The Local Division The Hague found that the Defendants had not disputed the competence of the court with regard to Ireland. On this basis the court concluded that international jurisdiction arose from Article 31 UPCA and Articles 26, 35, 71, 71a, 71b BR. The Local Division also held that Article 24(4) BR was not relevant because no invalidity defence had been raised.

[20] Under Article 31 UPCA the international jurisdiction of the UPC is established in accordance with the BR or the Lugano Convention. In the present case the Local Division The Hague, in the first place, referred to Article 26 BR, which provides for jurisdiction by appearance, in particular with respect to the Irish part of the patent at issue. In *Mietz* the CJEU held, though, that Article 26 BR does not apply to an action for provisional measures.[9] The order of the Local Division did not mention circumstances which could justify a result which differs from the CJEU's holding in *Mietz*.

[21] The Local Division The Hague also invoked Article 35 BR which establishes a special jurisdiction for provisional measures. The effect of this rule is that in an action for provisional measures the court can refer to rules of so-called "exorbitant jurisdiction" in accordance with the national laws of the EU Member States, which are otherwise inapplicable between the EU Member States due to Article 5(2) BR.[10] However, in the UPC context the scope of application of Article 35 BR is limited at best, because under Article 31 UPCA the international jurisdiction of the UPC is exclusively governed by the BR, whereas the UPCA does not provide for other rules that could confer international jurisdiction, which means that the reference of Article 35 BR to rules of exorbitant jurisdiction runs empty.[11] In respect of actions for provisional measures where the court has, in any event, international jurisdiction as to the substance of a case in accordance with Articles 4 and 7 to 26 BR, the provision of Article 35 BR is not applicable.[12] Apart from Article 26 BR, which according to the case law of the CJEU is not applicable to actions for provisional measures, the Local Division did not mention any other provisions of the BR on which the international jurisdiction could be based in the present case.[13]

[22] Article 71 BR enjoins the EU Member States from concluding new treaties on the recognition and enforcement of judgments.[14] Articles 71 a ff. BR are an exception to this general rule which ensures that the BR applies to the UPC.[15] For this purpose, Article 71 a (2)(a) BR declares the UPC to be a court common to several EU Member States for the purposes of the BR, and Article 71 b BR regulates the international jurisdiction of the UPC. In the present case, the UPC's international jurisdiction regarding the Netherlands-based Defendant 2 could be established on the basis of Article 71 b(1) BR since the Dutch courts would have jurisdiction under the general rule of Articles 4(1), 63 BR which includes also jurisdiction for the Irish and UK parts of the patent at issue.[16] Because alleged acts of infringement took place in Germany and the Netherlands, international jurisdiction regarding the Hong Kong-based Defendant 1 would follow from Articles 71 b(2) and 7(2) BR which provides for international jurisdiction in tort cases, even though in this respect international jurisdiction would be limited to the CMS and would not include Ireland or the UK.[17] Whether there was international jurisdiction due to a close connection within the meaning of Article 8(1) BR, including the Irish and the UK part of the patent at issue, would require a further factual finding by the court.[18]

[23] The Local Division The Hague held that Article 24(4) BR does not apply because in the present case no invalidity defence was raised. However, according to the CJEU, Article 24(4) BR is generally not applicable to interim proceedings in which the court does not make a final decision on the validity of the patent invoked.[19] In the context of an action for provisional measures the UPC does not make a final decision on the validity of the asserted patent.[20] Therefore, in the present case, Article 24(4) BR is not only inapplicable because no nullity defence was raised,

6 See Tilmann/Plassmann/W. Tilmann, EPGÜ, 1. Aufl., 2024, Einführung Rn. 245.
7 See Bopp/Kircher, EurPatentprozess-Hdb/Kircher, 2. Aufl., 2023, § 1 Rn. 12.
8 See Tilmann GRUR Int. 2020, 847 (848); Fallah/Koller/Stadler GRUR Int. 2021, 662 (663f.); Binctin/Nard GRUR Int. 2024, 191; Tilmann GRUR Int. 2024, 769.
9 See CJEU EuZW 1999, 727 Rn. 52 – Hans-Hermann Mietz/Intership Yachting Sneek BV; Heinze GRUR Patent 2023, 47 Rn. 9.
10 See Musielak/Voit/Stadler/Krüger, 21. Aufl., 2024, EuGVVO Art. 35 Rn. 1.
11 See Heinze GRUR Patent 2023, 47 Rn. 9.
12 See CJEU EuZW 1999, 727 Rn. 40 – Hans-Hermann Mietz/Intership Yachting Sneek BV.
13 See with respect to the BR's rules on international jurisdiction: Pansch, Die einstweilige Verfügung zum Schutze des geistigen Eigentums im grenzüberschreitenden Verkehr, 2003, 32 ff.; Haedicke/Timmann/Chakraborty/Haedicke, PatR-HdB, 2. Aufl. 2020, § 15 Rn. 906 ff.
14 See CJEU GRUR Int. 2016, 959 – Brite Strike Technologies.
15 See COM (2013) 554 final, 4.
16 See BeckOK PatR/Voß, 32. Ed. 15.4.2024, PatG Vor §§ 139-142b (Verletzungsprozess) Rn. 65.
17 See CJEU GRUR Int. 1998, 298 – Fiona Shevill I; Kalden GRUR Patent 2023, 178 Rn. 11.
18 See CJEU GRUR 2012, 1169 Rn- 17 ff. – Solvay; Kalden GRUR Patent 2023, 178 Rn. 11.
19 See CJEU GRUR 2012, 1169 Rn. 31 ff. – Solvay.
20 See Bopp/Kircher, EurPatentprozess-Hdb/Bopp, § 22 Rn. 68.

but also because the provision is – from the very outset – not applicable to actions for provisional measures.

[24] The issue of international jurisdiction pursuant to Article 31 UPCA must be distinguished from the question of whether Article 32(1) and Articles 56 ff. UPCA confer upon the UPC the competence and power to impose measures with respect to the national part of the patent at issue which is in force in the non-CMS Ireland.[21]

4. The Territorial Scope of Decisions

[25] The decision of the Local Division The Hague also relates to Article 34 UPCA, which regulates the territorial scope of decisions of the UPC. According to this provision, a decision of the UPC relating to a European patent without unitary effect shall cover the territory of all CMS in which the European patent has effect, so that the UPC could, for example, base a decision concerning the German and French parts of a European patent with regard to France solely on acts of infringement pursuant to Articles 25 ff. UPCA that have taken place in Germany alone.[22]

[26] If a national part of a European patent which is in force in a non-CMS is also asserted before the UPC, Article 34 UPCA does not apply in this respect and acts of use in the country concerned as well as statements on the applicable law must in any event be presented separately for this national part.[23]

[27] In the present case, the Local Division The Hague ordered an injunction with regard to the non-CMS Ireland, without the decision containing any findings on the Irish patent law applicable in this respect pursuant to Article 24(1)(e), (2)(a), (3) UPCA and Article 8(1) Rome II Regulation or acts of use in Ireland. In fact, the decision of the Local Division The Hague is based solely on acts of use in the Netherlands and Germany.

[28] Even though the Local Division did not mention Article 34 UPCA, it thus de facto applied this provision to Ireland, although Ireland has not yet ratified the UPCA and Article 34 UPCA is not one of the provisions of the UPCA that have been declared provisionally applicable pursuant to Article 1 of the Protocol to the Agreement on a Unified Patent Court on provisional application. This unduly anticipates the Irish ratification of the UPCA and does not sufficiently recognise Ireland's sovereign decision not to ratify the UPCA at this time.

5. Cease-and-Desist Declarations

[29] The Local Division The Hague affirmed that the Claimant had an interest in obtaining provisional measures, *inter alia*, because the Defendants had violated their cease-and-desist declaration. Under German law, too, an injunction can be sought again after a cease-and-desist declaration has been issued if the infringer breaches the declaration.[24]

[30] However, the Local Division The Hague also affirmed that the Claimant had a continuing interest in a provisional injunction notwithstanding the cease-and-desist declaration. The reasoning for this conclusion is that the provisional injunction is a court order which can simply be enforced in case of a breach, whereas a breach of the cease-and-desist declaration would require the Claimant to initiate new court proceedings. These doubts of the Local Division The Hague regarding the suitability of a cease-and-desist declaration to render an action for provisional measures devoid of purpose are in tension with the order of the Local Division Munich categorising a cease-and-desist declaration as an event rendering an action for provisional measures devoid of purpose within the meaning of Rule 360 UPCRoP.[25] The concerns of the Local Division The Hague require further consideration, though, since it is at least questionable whether the UPC is at all competent under Article 32(1) UPCA to hear an action for breach of a cease-and-desist declaration.[26]

6. The Urgency of an Action for Provisional Measures

[31] The Local Division The Hague denied that the Defendants had an interest in opposing of the order sought, as they had already left the markets in which the patent at issue was in force. This reasoning is surprising, from the point of view of a German lawyer. Under German law the voluntary omission of the IP infringement by the infringer generally speaks against the urgency required for issuing a preliminary injunction.[27]

[32] The Local Division in The Hague rejected as late and unsubstantiated the objection raised by the Defendants only at the oral hearing that the Claimant had needed half a year since becoming aware of the attacked embodiment to file an application for provisional measures. However, in a decision dated 3 June 2024, the Local Division Hamburg, relying in substance on German practice, concluded that a delay of more than three months since knowledge of the infringement speaks against urgency of an action for provisional measures.[28]

21 See Tilmann/Plassmann/W. Tilmann, EPGÜ Artikel 24 Rn. 52 ff.
22 See Bopp/Kircher, EurPatentprozess-Hdb/Bopp, § 8 Rn. 181 f.
23 See Bopp/Kircher, EurPatentprozess-Hdb/Bopp, § 8 Rn. 197.
24 See Kühnen, Hdb. Patentverletzung, 16. Aufl., 2024, Kap. D Rn. 596.
25 See UPC (LD Munich), order of 19 December 2023, UPC_CFI_249/2023 – GRUR-RS 2023, 40572 – Edwards Lifesciences/Meril et al.
26 See Bopp/Kircher, EurPatentprozess-Hdb/Bopp § 8 Rn. 166.
27 See Fezer MarkenR/Fezer/Klopschinski, 5. Aufl., 2023, MarkenG § 140 Rn. 30b.
28 See UPC (LD Hamburg), order of 3 June 2024 – UPC_CFI_151/2024 – GRUR-RS 2024, 17849 – Ballinno/UEFA et al.

7. Conclusions

[33] The order rendered by the Local Division The Hague exemplifies that the UPC is embedded into a complex system of rules and legal cultures. The UPC has to base its decisions not only on the UPCA but also on rules enacted at the European and international level pertaining not only to patent law but also conflict of laws and public international law, e. g. the BR, the Rome II Regulation, and the VCLT. Furthermore, the UPC is a melting pot of different legal cultures, as the present case shows for instance with respect to cease-and-desist declarations which are a widely used feature of German IP law but which are apparently met with concern by judges from other CMS.

[34] As a supranational tribunal which is specialized in the field of patent law, the UPC is also an example for what has been described by the United Nations' International Law Commission (ILC) in its 2006 report as "fragmentation of international law", that means international law is becoming increasingly specialized into individual sub-areas, which, according to the ILC, entails the following difficulties: *"The problem, as lawyers have seen it, is that such specialized law-making and institution-building tends to take place with relative ignorance of legislative and institutional activities in adjoining fields and of the general principles and practices of international law. The result is conflicts between rules or rule systems, deviating institutional practices and, possibly, the loss of an overall perspective on the law."*[29] In the present case, such conflicts and deviating practices can be seen in the Local Division's handling of the concept of CMS which does not take into account Article 2(c) UPCA and Article 2(1)(g) VCLT, the court's findings on international jurisdiction that are at least partially not aligned with the case law of the CJEU and the approaches taken towards the interpretation of the claimant's requests, cease-and-desist declarations and the urgency of an action for provisional measures, which seem to contradict national practices and rulings by other divisions of the UPC.

[35] Possible conflicts between the UPCA and other rule systems can be resolved by construing the UPCA in line with Article 31 VCLT as well as taking into account the relevant EU legislation and international treaties and the associated case law of the CJEU and other international courts.[30] From this starting point a uniform practice must be developed, e. g. towards the interpretation of the claimant's requests, cease-and-desist declarations or urgency, which not only takes into account the national practices of individual CMS but of all CMS in order to achieve the greatest possible acceptance of the UPC.[31]

Addendum

[36] At the time of writing, an appeal is pending against the preliminary injunction issued by the Local Division The Hague. Even though Article 74(1) UPCA stipulates that in general an appeal has no suspensive effect, at the request of the Defendants the Court of Appeal issued an order dated 19 August 2024 granting suspensive effect insofar as the first instance preliminary injunction extended to Ireland. The Court of Appal agreed with the Defendants that the impugned order was manifestly erroneous to the extent the first instance court considered Ireland to be covered by the Claimant's requests for all CMS "in which the patent is in force". This holding of the court of first instance was, in the opinion of the Court of Appeal, based on the false assumption that Ireland is a CMS. However, according to the Court of Appeal, only countries that have not only signed but also ratified the UPCA are CMS because Article 84(2) UPCA provides that the UPCA shall be subject to ratification in accordance with the respective constitutional requirements of the EU Member States. In view of the Court of Appeal, Ireland therefore is not a CMS and thus could not be considered to be covered by the Claimant's application for provisional measures. In consequence, the Court of Appeal concluded, the Local Division The Hague awarded more than was requested for, which was contrary to Art. 76 UPCA. Furthermore, the Court of Appeal regarded it irrelevant that the Defendants did not contest the competence of the Local Division The Hague with respect to Ireland because the Defendants did not have to expect the court's erroneous interpretation of the Claimant's requests.[32] The order of the Court of Appeal is essentially in line with Article 2(1)(g) VCLT, even if the Court of Appeal did not explicitly refer to this definition under public international law. The Court of Appeal also did not discuss the question of whether jurisdiction based on appearance pursuant to Article 26 BR applies to actions for provisional measures.

29 International Law Commission, Fragmentation of International Law: Difficulties Arising from the Diversification and Expansion of International Law, Report of the Study Group of the International Law Commission, finalized by Mr Martti Koskenniemi, Document A/CN.4/L.682, 13 April 2006, para. 8, https://digitallibrary.un.org/record/574810?v=pdf.

30 See with regard to corresponding issues in the context of another important field of international adjudication, that is international investment law: Klopschinski GRUR Int. 2010, 930; Klopschinski, Der Schutz geistigen Eigentums durch völkerrechtliche Investitionsverträge, 2011, 43 ff.; Grosse Ruse-Khan ZGE/IPJ 4 (2012) 37; Grosse Ruse-Khan in Bungenberg/Griebel/Hobe/Reinisch, Int. Investment Law, 2015, 1692 ff.; Klopschinski, Journal of International Economic Law 19 (2016) 211; Grosse Ruse-Khan, The Protection of Intellectual Property in International Law, 2016, para. 7.01 ff.; Klopschinski in Geiger, Research Handbook on Intellectual Property and Investment Law, 2020, 218; Klopschinski/Gibson/Grosse Ruse-Khan, The Protection of Intellectual Property Rights under International Investment Law, 2021, para. 2.61 ff.; Klopschinski in Singer/Stauder/Luginbühl, EPÜ, 9. Aufl., 2023, Anhang zu Art. 8 Rn. 1 ff.; Fezer MarkenR/Fezer, Int MarkenG Rn. 53 ff.; Klopschinski in Klopschinski/McGuire, Research Handbook on Intellectual Property Rights and Arbitration, 2024, 255.

31 See regarding the consideration of national case law in the EPO context: EPO BeckRS 1984 30478513 para. 6 of the Reasons for the Decision – Second medical indication; EPO, Case Law of the Boards of Appeal of the European Patent Office, 10. Aufl., 2022, 894.

32 See UPC (Court of Appeal), order of 19 August 2024 – UPC_CoA_388/2024, GRUR-RS 2024, 20797 – Sibio Technology et al./Abbott Diabetes Care.

HERBERT ZECH*

The Editors' Choice – UK High Court of Justice [2023] EWHC 2948 (Ch)

In our category "The Editors' Choice" we present current verdicts or orders that have special importance and are of interest for the patent community. We provide for a concise analysis by experts in the field and an abridged version of the court's grounds with the most relevant parts.

In unserer Kategorie „The Editors' Choice" stellen wir aktuelle Entscheidungen vor, die besondere Bedeutung haben und für das Patentrecht in der Praxis von Interesse sind. Wir präsentieren dabei eine auf den Punkt gebrachte Analyse der wesentlichen Aspekte des Falles durch Expertinnen und Experten sowie eine auf die relevanten Abschnitte gekürzte Fassung der Gründe.

I. Overview: core issues

This decision sheds some light on the patentability of ANN (i. e., "artificial neural networks"), albeit from the UK perspective. It clearly distinguishes between computer programs and models in trained ANN and extends the concept of technical contribution. However, it does not touch on other questions of technical effect, especially whether models of trained ANN should be regarded as mathematical methods, nor does it even mention questions of inventive step. Arguably, under the EPOs COMVIK approach the latter is the most important question regarding the patentability of trained ANN.

1. Models are not computer programs

The central point of the decision focuses on the exclusion in section 1(2)(c) Patents Act 1977 which is comparable to Art. 52(2)(c), (3) EPC and declares that programs for a computer as such are not inventions.

The decision distinguishes between hardware ANN and ANN emulated on conventional computers. In a first step, hardware ANN are qualified as computers, since – like conventional computers – they process data (paragraph 41). The same applies for conventional computers emulating an ANN (paragraph 42).

In a second step, however, it is decided that neither "the internal workings of a trained ANN" (paragraph 57) nor its emulation qualify as a program (paragraphs 50, 56-58). This touches on the key question of whether models underlying trained ANN can be qualified as computer programs. The question is denied for trained ANN because "no person had given a set of instructions" to the ANN (paragraph 50). It is also denied for emulated ANN because these "operate at a different level" from the underlying software of the conventional computer (paragraph 56). Models therefore are not computer programs.

This decision is in line with the common understanding of computer programs based on the definition in section 1(i) of the 1978 WIPO Model Provisions on Protection of Computer Software as "a set of instructions capable, when incorporated in a machine-readable medium, of causing a machine having information-processing capabilities to indicate, perform or achieve a particular function, task or result programmed by a programmer and constitute another level than the underlying code (in emulated ANN)". This definition, originally developed for copyright law, requires the control of a computer ("causing a machine having information-processing capabilities …") and the aiming at a specific function of the computer ("to indicate, perform or achieve a particular function, task or result"). The latter is only fulfilled if a clear if-then-link is present, which is not the case in trained ANN.[1]

The decision relies on the third requirement, being "programmed by a programmer", i. e. by a natural person. However, while this requirement is clear for copyright law it is much less clear for patent law. Arguably, neither the requirement of an invention nor of inventive step, lead to a substantive requirement of a natural person's inventorship. This is only a formal requirement facilitating the determination of ownership.[2] While the establishment of an inventor is necessary for determining ownership (cf. Art. 60(1) EPC) it is not an element of invention.

2. The question of technical contribution

Interestingly, the decision goes ahead and decides on the question of technical contribution, in case the claims in question were treated as claims to a computer program (paragraphs 63-78). Similar to the EPOs approach, the *Aerotel* steps and *AT&T* signposts (recited in numbers 20 and 21 of the deci-

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1 Schumacher, Schutzfähigkeit Künstlicher Intelligenz, 2023, 147, 164.

2 EPO J 0008/20 – Designation of inventor/DABUS, reasons 4.6.3., for Art. 81(1) EPC: "It is only a formal requirement. Its function can reasonably be seen only as informing the public on the possible origin of the right, so that determined third parties, who may be entitled to the subject-matter disclosed in the application, can react and start proceedings in national courts […]".

sion) require an external technical effect in order to escape the exclusion for computer programs as such (which for the EPO is just an example for a non-invention).

The decision holds that an "output of a file that would not otherwise be selected", the sending of an automatically selected file, is a technical effect outside the computer (paragraph 76). This is not affected by the fact that the file is used for non-technical purposes (the "effect on the user"). Arguably, by accepting the automated sending of files as an external technical effect, regardless of its application, this requirement is weakened. As an auxiliary argument, the "resulting ANN" itself is considered to be a technical effect of the training program and the training activity. This encompasses "particularly a trained hardware ANN" but is not seen as limited to it.

The EPO, when assessing claims directed to a computer program or a mathematical method, would affirm an invention when the claim is directed either to a method involving the use of technical means (e. g. a computer) or to a device. In a second step, when assessing inventive step, it would only consider features which contribute to the technical character of the invention.[3] This is affirmed if the feature contributes to producing a technical effect by either being adapted to a specific *implementation* or by its *application* to a field of technology. Such an application to a field of technology was affirmed for the purpose of identifying distinctive irregular heartbeats (T 598/07). In the Guidelines for Examination, even the "classification of digital images, videos, audio or speech signals based on low-level features (e. g. edges or pixel attributes for images)" is seen as a technical application.[4] In contrast, the task of classifying text documents in respect of their textual content is not seen as a technical application, T 1358/09 (Classification/BDGB ENTERPRISE SOFTWARE).

It must be noted that accepting properties of files as "physical properties" is already a weakening of the concept of technology, since such a physicality no longer relates to matter and energy. Similarly, as already discussed, the EPO accepts "low-level features" of digital images, videos, audio or speech signals as technical. This has to be regarded with skepticism.

3. Patentability of models remains open

The exclusion for computer programs is rightly not applied to trained models. However, the exclusion should properly be understood only as an example of a non-invention due to a lack of technical effect (like the EPO does). This leads to the question whether models should fall under the exclusion for mathematical methods or whether for other reasons there is a lack of a technical invention. The decision does not touch on the exclusion for mathematical methods.[5] This was precluded by procedural circumstances (paragraphs 79-83). However, for the EPO, this is the central legal rule applying to artificial intelligence.[6] The EPO never put the question whether models can be treated as computer programs in the forefront since it rightly regards all the exemptions in Art. 52(2), (3) EPC as examples of non-inventions due to not being technical in nature.

Concerning the question of technical contribution, it remains to be seen whether the EPO follows the High Court in the wide understanding of technical contribution or further technical effect. The narrower approach, not letting suffice the simple automated sending of files but looking to the specific implementation or application seems to be more appropriate. Even if some parties might lament a lacuna of protection for trained AI, so far there seems to be no threat of a marketing failure.

Finally, the hurdle of inventive step has to be clarified. Arguably the most important hurdle for patenting AI at the EPO is that, according to the COMVIK approach (T 641/00, G 1/19), features which do not contribute to the technical character of an invention cannot support the presence of an inventive step. This issue was not raised in the current decision. The EPO provided an interesting example in its updated Guidelines for Examination.[7] In the case law, T 1510/10 (Ranking of live web applications/ERICSSON) states that "the presentation of information and the observation of how someone reacts" is not considered technical, therefore the application does not contribute to the technical character. Moreover, no "particular method of machine learning" was defined in the claim, therefore no technical realization was specified. The decision summarizes that "no inventive step can be derived just from the use of machine learning". Similarly, T 1784/06 (Classification method/COMPTEL) states that an algorithm for the classification of data records which "is not limited to any technical application of its classification method" does not contribute to the technical character of the classification method. It will be interesting to see the criterion of inventive step for trained models being further developed by future decisions.

II. Court decision (abridged)

Introduction

1. The Patents Act 1977 section 1(2)(c) excludes from patent protection "a program for a computer … as such". The courts have had to grapple from time to time with the difficulties of this concept in relation to what I can call traditional

3 COMVIK approach, more on that under 3.
4 Guidelines for Examination in the EPO, G. II.3.3.1.
5 Section 1(2)(a) Patents Act 1977 which is comparable to Art. 52(2)(a), (3) EPC.
6 Guidelines for Examination in the EPO, G. II.3.3.1.
7 G. VII.5.4.2, Example 5.

computers and software. This appeal raises new questions because it involves deciding whether the use of an aspect of Artificial Intelligence, namely an Artificial Neural Network ("ANN"), in the circumstances of this case, engages the exclusion. I am told that this issue has not yet arisen in any of the authorities. A hearing officer in the UK Intellectual Property Office, Dr Phil Thorpe, decided that it did and therefore refused grant of the proposed patent in question, in a decision dated 22nd June 2022 (BL/O/542/22) ("the Decision"). The applicant for the patent, Emotional Perception AI Ltd, appeals that decision. On this appeal Mr Mark Chacksfield led for the appellant; Ms Anna Edwards-Stuart appeared for the respondent, the Comptroller General of Patents.

2. It needs to be understood that this appeal concerns the exclusion only. It does not, for example, deal with any sufficiency points which might arise, or any other questions going to validity save for briefly referring to the "mathematical method" exclusion in the same sub-section. I also point out that in this judgment I use the expression "computer program" as a synonym for "a program for a computer", because it is shorter, but at all times I have the actual statutory wording in mind.

The field of the patent and the claims

[…]

4. The applied for patent is said to provide an improved system for providing media file recommendations to an end user, including sending a file and message in accordance with the recommendation. A typical field of use is music websites, where a user may be interested in receiving music similar to another track of which he/she knows or already has. […]

[…]

6. Claim 1 is a product by process claim, and claim 4 is the process. It was common ground that for these purposes there was no material difference between them and that I can work from either claim for the purposes of this judgment so far as necessary. […]

[…]

8. […] An ANN is given instructions which enable it to assimilate the characterisation of the tracks and produce a vector or co-ordinates in a notional space (the semantic space) based on the type of music for each of the items in the pair. The similarity or difference between the semantic types of music is reflected by the distance between those two vectors (co-ordinates) in the semantic space. Two tracks of music which are semantically similar will have co- ordinates closer together; the farther apart they are in similarity the farther apart their vectors (co-ordinates) will be.

9. At the same time the same two tracks are analysed in another ANN (via parameters set by a human) for what are described as its physical properties – tone, timbre, speed, loudness and a lot of other characteristics set by the human (I am deliberately avoiding calling him/her a programmer for the moment). That analysis produces vectors (co-ordinates) in a notional "property space" (or "property embedding space" in claim 1), again with the differences or similarities in the music thus assessed reflected in the proximity of the co-ordinates. This is the ANN which will be the final operative ANN in the system.

10. The next step is a significant "trick" in the invention. The second ANN is trained to make the distances between pairs of the property co-ordinates converge or diverge in alignment with the distancing between them in the semantic space. […]

11. This training process is repeated many times with many pairs of tracks and the ANN learns, by repetitive correction, how to produce property vectors whose relative distances reflect semantic similarity or dissimilarity. This goes on until it is assessed that the ANN is getting it right, at which point it is "frozen" and ready to perform its intended function. […] The ANN has learned how to discern semantic (dis)similarity from physical properties. It has not done so because any human (programmer) has told it how to do it. It has done it by producing results, being provided with information reflecting its degree of error, adjusting its own internal assessment parameters, reprocessing the files to reduce the error and repeating this process until it gets it sufficiently right sufficiently often.

[…]

The nature of an ANN

[…]

18. What I have just described is a hardware ANN. That is to say, it is a piece of hardware which can be bought off the shelf and which contains the nodes and layers in hardware form. However, an ANN can also exist in a computer emulation. In this scenario a conventional computer runs a piece of software which enables the computer to emulate the hardware ANN as if it were a hardware ANN. However, an ANN can also exist in a computer emulation. In this scenario a conventional computer runs a piece of software which enables the computer to emulate the hardware

ANN as if it were a hardware ANN. Professor Pardoe explains that this is slower than a dedicated hardware ANN. However, it has the same effect. It should be appreciated that there is (or is said by Emotional Perception to be) a distinction between the underlying software on the computer which "creates" the emulated ANN, and the emulated ANN itself. I will have to return to this point.

The Decision

[…]

Where is the computer for the purposes of the exclusion?

[…]

40. The first part of that definition [of a computer] is capable of describing a hardware ANN. The "variable procedural instructions" are, while it is learning, the elements by which it learns and back-propagates, and the frozen state contains biases, weighting and so on which it has learnt for itself and which one might call instructions. However, the key is that it is processing data. I consider that in everyday parlance it would be regarded as a computer, and ought to be treated as one within the exclusion.
41. […] So if the ANN is new thing which does not run a program in the normal sense that does not prevent it from being a computer if its functions and activities justify that description. I consider that they do justify it.
42. So far as a software emulation is concerned a computer, as normally understood, is involved (to put the matter neutrally). The emulation has to run on what can undoubtedly be viewed as a computer. […]

Where is the program?

[…]

48. So far as the emulated ANN is concerned Ms Edwards-Stuart's case was that there was a program involved in two parts of the system. The first is at the training stage, when a program was necessary to provide the training. The second is in the computer which operates the trained ANN. […]
49. Taking those two elements separately, it does seem to be the case that the training stage involves a computer program. […] So that is a program which is going to have to be considered.
50. The knottier problem is whether the internal training and the subsequent operation of the trained emulated ANN is a computer program at all for the purposes of the exclusion. Mr Chacksfield's case was that in the case of a software emulation the emulated ANN existed at a layer above the software platform which enabled the computer to carry out the emulation. There was no program at that point because no person had given a set of instructions to the computer to do what it does – the ANN had trained itself. What it was operating was not a set of program instructions at all. It was applying its own weights, biases and so on to produce relevant vectors or co-ordinates. It was emulating a piece of hardware which had physical nodes and layers, and was no more operating or applying a program than a hardware system was.

[…]

56. […] It seems to me that it is appropriate to look at the emulated ANN as, in substance, operating at a different level (albeit metaphorically) from the underlying software on the computer, and it is operating in the same way as the hardware ANN. If the latter is not operating a program then neither is the emulation.
57. I should deal with Ms Edwards-Stuart's submission that there is no difference between what she said was the computer program used to implement the trained ANN and the computer program used to train the ANN, even though the process or method implemented by the computer during training is slightly different. I do not accept this submission. First, they seem to be clearly very different things. Second, it is inconsistent with her submission that in the case of an emulated ANN the relevant "program" is that identified earlier in this section, that is to say the internal workings of a trained ANN.
58. I therefore consider that the "decoupling" can be achieved and is correct and the emulated ANN is not a program for a computer for these purposes.
59. The only remaining candidate computer program is therefore the program which achieves, or initiates, the training. […]

[…]

Technical contribution

63. If the training process does not involve a claim to a program for a computer, and if nothing else qualifies as a program, then it is strictly speaking unnecessary to consider the question of technical contribution which would arise if there were a claim which could be said to be a claim to a computer program. However, I will consider the question of technical contribution, which arises if I am wrong about the claim not being a claim to a program for a computer, or if Ms Edwards-Stuart is correct about there being a program for a computer elsewhere. […]

[…]

69. There have been a number of cases which deal with this aspect of the argument. It is not necessary to consider all of them, but some are informative as to what is a relevant external technical effect within the fourth *Aerotel* step and the first *AT&T* signpost, acknowledging, as I do, that the meaning of the word technical is elusive (see *Symbian v Comptroller-General of Patents* [2009] RPC 1 at paragraph 51) and that boundaries are imprecise (paragraph 50).

[…]

73. Mr Chacksfield urges on me that the same approach favours him in this case. He submits that there is the moving of data outside the computer system in the form of the file that is transferred, which provides an external (outside world) effect. That is as technical as the alert in *Protecting Kids*. It is not a disqualification that the result may be to facilitate user enjoyment.
74. I agree with Mr Chacksfield's case on this point. The Hearing Officer found, in this respect, that the sending of the file to the end user is a matter external to the computer (acknowledging earlier that this makes it more likely, but not necessarily inevitable, that there is a technical effect) but said that that was achieved in a standard fashion within a conventional computer network. […]

[…]

76. […] The correct view of what happened, for these purposes, is that a file has been identified, and then moved, because it fulfilled certain criteria. True it is that those criteria are not technical criteria in the sense that they can be described in purely technical terms, but they are criteria nonetheless, and the ANN has certainly gone about its analysis and selection in a technical way. It is not just any old file; it is a file identified as being semantically similar by the application of technical criteria which the system has worked out for itself. So the output is of a file that would not otherwise be selected. That seems to me to be a technical effect outside the computer for these purposes, and when coupled with the purpose and method of selection it fulfils the requirement of technical effect in order to escape the exclusion. […] There is a produced file with (it is said) certain attributes. The file produced then goes on to have an effect on the user (if the thing works at all) but one cannot ignore the fact that a technical thing is actually produced. […]
77. The preceding reasoning looks to the end result as being something which helps to take the case away from being a case of a computer program "as such". However, there is another way of approaching the matter if one is assuming for these purposes that the computer program is either the training program or the overall training activity […].
78. If, contrary to my findings, one were considering those two program candidates, it seems to me that the resulting ANN, and particularly a trained hardware ANN, can be regarded as a technical effect which prevents the exclusion applying. […]

Other exclusions

79. Section 1(2)(a) of the Act excludes a "mathematical method" … as such. […]

[…]

82. That procedural objection seems to me to be justified. […]
83. Since the point was not in play in the appeal I do not think it right to consider it further and I shall not do so.

Conclusion

84. For the reasons appearing above, I would allow the appeal. The order I should make can be the subject of debate if it is not agreed.

JOHN HAYES AND ASSAF ZIMRING*

Injunctions in Litigation Involving SEPs

Injunctions against the sale of products that support standards can create economic pressure for manufacturers to accept excessive royalties or other non-FRAND license terms rather than face market exclusion of their standard-supporting products. We consider three case studies and compare the cost of the issued injunction to the terms sought by the SEP holder. In each case, the estimated injunction cost greatly exceeded the offered terms. We also report data showing there were at least 171 litigation matters worldwide involving SEPs in which an injunction was requested between the years 2010 and 2023. In Germany alone there were 122 SEP litigations where injunctions were requested, of which 90 were (at least partially) granted by the court.

Unterlassungsklagen gegen den Verkauf von Produkten, die Normen unterstützen, können einen wirtschaftlichen Druck auf die Hersteller ausüben, überhöhte Lizenzgebühren oder andere nicht FRAND-konforme Lizenzbedingungen zu akzeptieren, um nicht mit ihren den Standard unterstützenden Produkten vom Markt ausgeschlossen zu werden. Wir betrachten drei Fallstudien und vergleichen die Kosten der erlassenen Unterlassungsanordnung mit den vom SEP-Inhaber gewünschten Bedingungen. In jedem der drei Fälle überstiegen die geschätzten Kosten der Unterlassungsanordnung die angebotenen Bedingungen bei weitem. Wir berichten auch über Daten, die zeigen, dass es mindestens 171 Rechtsstreitigkeiten weltweit gab, die SEPs zum Gegenstand hatten, in denen zwischen den Jahren 2010 und 2023 eine Unterlassungsanordnung beantragt wurde. In Deutschland allein gab es 122 SEP Streitigkeiten, in denen Unterlassungsanordnungen beantragt wurden, von denen 90 (zumindest teilweise) vom Gericht auch erlassen wurden.

I. Introduction

[1] Patented technologies frequently compete with alternative technologies or products that constrain demands for excessive royalties. However, this competitive constraint is often absent for patents used in successful standards, such as 5G and Wi-Fi. Competing technologies cannot be substituted for standard essential patents (SEPs), and in many cases the standard itself will have no viable substitutes. SEP owners can thus possess significant market power that would not exist absent the standard.

[2] To address this concern, some standard-setting organizations have adopted policies that require participants to offer Fair, Reasonable, and Non-Discriminatory (FRAND) licences for SEPs.[1] FRAND licences aim to provide fair compensation to SEP owners while enabling licensees to access SEPs at a reasonable price. Importantly, the promise to license on FRAND terms is enforceable: prospective licensees who believe the offered terms are not FRAND can ask courts in some jurisdictions to declare licence offers non-FRAND and even to set FRAND terms.[2]

[3] Injunctions against the sale of products that support standards can short-circuit this process. An injunction prohibiting sales can be very costly and could compel a manufacturer to accept an excessive royalty or other non-FRAND licence terms rather than face market exclusion.

[4] We conducted three case studies of the costs a manufacturer may face when an injunction against products supporting a standard is issued. We also report data showing the prevalence of injunctions in infringement actions involving SEPs between the years 2010 and 2023.

[5] The case studies show that injunctions can generate considerable leverage for a SEP owner during licence negotiations. The greater the expected harm, the more leverage the SEP owner gains, and the more royalties it can demand. Importantly, the leverage gained is not proportional to the economic value of the SEPs at issue, but to the economic harm to the licensee from being unable to sell standard-compliant products.

[6] Our analysis shows there were at least 171 litigation matters involving SEPs in which an injunction was requested during 2010 to 2023. In Germany alone, there were at least 122 SEP litigations in which injunctions were requested during this period, of which 90 were at least partially granted by the court.[3]

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1 See, for example, IPR policies adopted by the European Telecommunications Standards Institute (ETSI), 'Intellectual Property Rights (IPRs)' (available at: https://www.etsi.org/intellectual-property-rights); the Institute of Electrical and Electronics Engineers (IEEE), 'Policies and Procedures' (available at: https://standards.ieee.org/about/policies/); and the Joint Electron Device Engineering Council (JEDEC), 'Patent Policy' (available at: https://www.jedec.org/about-jedec/patent-policy).

2 This is not the case in all jurisdictions. For example, German courts rarely evaluate whether licence offers are FRAND and refuse to set FRAND rates.

3 Differences in court docket systems make it difficult to obtain an exhaustive list of injunctions. This problem is particularly acute in Germany.

II. The Cost of an Injunction: Three Case Studies

1. *Motorola v. Microsoft* (2012)

[7] In May 2012, a German court issued an injunction against sales in Germany of Microsoft products that were found to infringe Motorola's H.264 SEPs.[4] The excluded products included all Windows 7 operating system software and Microsoft's Xbox game console.

[8] The German injunction ultimately was not enforced because Microsoft sought and was granted an order by a U. S. court that prohibited Motorola from enforcing it.[5] However, our analysis shows that if Motorola had been permitted to enforce the injunction, it would have gained substantial negotiating leverage that could have caused Microsoft to settle for licence terms well in excess of the amount subsequently found to be FRAND.

a) The Cost of an Injunction

[9] To measure the cost of this injunction, we estimate the profit Microsoft would have earned on sales of the affected products in Germany. We use operating income to estimate Microsoft's profits.[6] Table 1 shows that during fiscal years 2010–2013, Microsoft's annual operating income in Germany from the excluded Windows and Xbox products ranged from $1,218.1 to $1,767.6 million per year and averaged $1,525.8 million per year during the four-year period.

Table 1: Microsoft's Estimated Operating Income in Germany (Million USD) FY2010 – FY2013

	2010	2011	2012	2013
Entertainment and Devices Division				
US Operating Income	$299.3	$685.2	$200.2	$450.4
Germany GDP / United States GDP	22.5 %	24.0 %	21.7 %	22.2 %
Germany Operating Income	**$67.5**	**$164.6**	**$43.5**	**$99.8**
Windows Division				
US Operating Income	$7,465.1	$6,673.1	$6,088.5	$5,047.4
Germany GDP / United States GDP	22.5 %	24.0 %	21.7 %	22.2 %
Germany Operating Income	**$1,683.3**	**$1,603.0**	**$1,323.0**	**$1,118.3**
Total Germany Operating Income	**$1,750.8**	**$1,767.6**	**$1,366.6**	**$1,218.1**

b) The Licensing Terms Sought by Motorola

[10] It is instructive to contrast these results with the royalties that Motorola sought and with the royalties that a U. S. court later determined were FRAND.

[11] In U. S. litigation with Microsoft, Motorola sought a global royalty of 2.25 % on the selling price of Xbox and Windows 7 units for its H.264 SEPs, with a cap of $100 to $125 million in annual royalty payments.[7] It further sought an additional 2.25 % royalty for its Wi-Fi SEPs,[8] so the total royalty demand for Xbox, which supported both standards, was 4.5 % of the selling price. The Wi-Fi royalty alone amounted to $6 to $8 per Xbox unit,[9] and counting both the H.264 and Wi-Fi demands, the total royalty sought per Xbox unit was $12 to $16.[10] Applied to Windows units, the 2.25 % royalty demand for H.264 would potentially have amounted to significantly more than $6-$8, since Motorola sought to assess the royalty against the selling price of computers sold with Windows preinstalled.[11]

[12] Microsoft sold globally about 11.7 million Xbox units per year that would have been subject to both the H.264 and Wi-Fi royalties,[12] and about 212.5 million Windows 7 units per year that would have been subject to the H.264 royalty.[13] Applying the roy-

4 Essers, 'German Court Grants Motorola and Injunction Against Windows 7 and Xbox' (available at: https://www.cio.com/article/284148/legal-german-court-grants-motorola-an-injunction-against-windows-7-and-xbox.html).

5 Moody, 'US Judge Forbids Motorola From Using German Injunction Against Microsoft' (available at: https://www.techdirt.com/2012/04/16/us-judge-forbids-motorola-using-german-injunction-against-microsoft/).

6 Microsoft's Form 10-K, filed annually with the U. S. Securities and Exchange Commission, reports its global operating income for certain business units. Since Microsoft does not report operating income for the excluded products, we use the operating income from Microsoft's Entertainment and Device Division (EDD) to approximate the operating income from Xbox products, and we use the operating income from Microsoft's Windows Division to approximate the operating income for Windows 7 software. Additionally, since Microsoft does not report country-level sales other than for the US, and only reports operating income at a global level, we assume the ratio of US operating income to global operating income is the same as the ratio of US revenue to global revenue, and we estimate operating income within Germany for these two divisions by assuming that the ratio of German operating income to US operating income is equal to the ratio of Germany's GDP to the US's GDP.

7 *Microsoft Corp. v. Motorola, Inc.*, 2013 WL 2111217, at *73 (W. D. Wash. Apr. 25, 2013) ("for its H.264 SEP portfolio, Motorola [sought] a royalty rate of 2.25 % of the end-product price, but with total yearly royalties capped at $100 to $125 million").

8 *Microsoft Corp. v. Motorola, Inc.*, 2013 WL 2111217, at *72 (W. D. Wash. Apr. 25, 2013).

9 *Microsoft Corp. v. Motorola, Inc.*, 2013 WL 2111217, at *99 (W. D. Wash. Apr. 25, 2013).

10 We double the $6 to $8 Wi-Fi royalty because Motorola initially sought an additional 2.25 % royalty for its H.264 SEPs. See *Microsoft Corp. v. Motorola, Inc.*, 2013 WL 2111217, at *2 (W. D. Wash. Apr. 25, 2013). We understand that Motorola subsequently revised its offer for a licence to both the H.264 and Wi-Fi standards to 2.25 % of the selling price of Xbox.

11 *Microsoft Corp. v. Motorola, Inc.*, 2013 WL 2111217, at *2 (W. D. Wash. Apr. 25, 2013) ("the royalty [for H.264] is calculated based on the price of the end product ... e. g., ... each PC/laptop ... and not on component software ... e. g., ... Windows 7 software").

12 Microsoft reported 9.8 million Xbox 360 consoles shipped in FY2013, 13.0 million in FY2012, 13.7 million in FY2011, and 10.3 million in FY2010, for an average of 11.7 million consoles shipped annually during this period. Microsoft's fiscal year runs from July 1 through June 30. Microsoft, 'FY2011 Form 10-K' 30. Microsoft, 'FY2013 Form 10-K' 31 (available at: https://www.sec.gov/Archives/edgar/data/789019/000119312513310206/d527745d10k.htm and at: https://www.sec.gov/Archives/edgar/data/789019/000119312511200680/d10k.htm).

13 Statista, 'Cumulative number of Windows 7 licenses sold worldwide from December 2009 to October 2012 (in millions)' (available at: https://www.statista.com/statistics/273490/global-amount-of-licenses-sold-of-windows-7/). Statista reports that Microsoft sold 225 million Windows 7 licences during FY2011 and 200 million during FY2012, for an average of 212.5 million Windows 7 licences sold per year during this period. Windows 7 was introduced October 2009, and Windows 8 was released in October 2012. Windows 8 also supported H.264, and we assume it also would have been subject to the injunction issued in Germany. See, e. g., Microsoft, 'Video Resolution Limits for H.264 and Video Stabilization in Windows 8 and Windows RT' (available at: https://learn.microsoft.com/en-us/troubleshoot/windows-client/shell-experience/video-stabilization-resolution-limits-h-264).

alty demands, including the cap on H.264 royalties, to these Xbox and Windows 7 units, produces a total royalty cost to Microsoft of $170.2 to $218.6 million per year.[14] From Table 1, we can see that the cost of a year-long injunction in Germany alone would have been much greater than the global royalty sought by Motorola.[15]

[13] Moreover, the $12 to $16 per Xbox royalty sought by Motorola was more than *300 times* the approximately $0.04 per-unit FRAND royalty that was later awarded by the U.S. court.[16] As Table 2 shows, if the German injunction had gone into effect Microsoft would have been under tremendous pressure to agree to a royalty far in excess of the court-determined FRAND rate. Microsoft faced losses from the injunction in Germany of at least $1.2 billion per year—more than 700 times the global FRAND royalty awarded by the court.[17]

Table 2: Leverage Gained from Motorola Injunction (Million USD)

Motorola Annual Royalty Demand	Annual FRAND Royalty	Annual Cost of Injunction
$170.2 M – $218.6 M	$1.7 M	$1,218.1 M – $1,767.6,6 M

2. *IP Bridge v. Ford* (2022)

[14] In May 2022, a German court issued an injunction against the sale of Ford vehicles that practiced an IP Bridge patent essential to the 4G (LTE) communication standard.[18] The court also ordered Ford to recall and destroy[19] all infringing cars that had already been delivered to retailers.[20] Because all new Ford vehicles have been 4G compatible since at least 2020, the injunction appears to have applied to all of Ford's vehicle sales in Germany.[21]

[15] IP Bridge is a member of the Avanci 4G Vehicle patent pool, which licenses 2G, 3G, and 4G patents to automotive companies on behalf of its members.[22] Just days after the injunction issued, Ford took a licence to the Avanci pool.[23]

a) The Cost of Injunction

[16] We use operating income to measure Ford's profit on vehicle sales in Germany.[24] To estimate the additional cost to recall and destroy vehicles already delivered to retailers, we rely on research showing that car dealerships typically hold about two months of sales in inventory.[25] The total cost to Ford during the first year of an injunction is therefore the loss of ten months of operating income plus two months of revenue on vehicle sales in Germany.[26] Table 3 reports two measures of the cost of the injunction in Germany: one excluding the cost to destroy vehicles already delivered to retailers and one including this additional cost.

Table 3: Ford's Estimated Operating Income in Germany (Million USD)
2019 – 2022

	2019	2020	2021	2022
Lost Profits				
Operating Income from Sales of Vehicles in Germany	**$325.1**	**$143.6**	**$455.3**	**$427.1**
Lost Profits plus Destroyed Inventory				
10 Months of Operating Income from Sales of Vehicles in Germany	$270.9	$119.6	$379.4	$355.9
2 Months of Revenue from Sales of Vehicles in Germany	$1,321.7	$1,087.7	$1,039.5	$1,078.5
Total Losses in Germany	**$1,592.6**	**$1,207.3**	**$1,418.9**	**$1,434.4**

14 Applying $6 to $8 to 11.7 million Xbox units yields an annual royalty payment for H.264 of $70.2 million to $93.6 million. This is near the cap on H.264 royalties of $100 to $125 million, even before including the H.264 royalty on Windows 7. Therefore, we assume the H.264 cap applied, and the total royalty owed is the sum of the H.264 cap and the Wi-Fi royalty on Xbox units. The annual cost for the 2.25 % Wi-Fi royalty on Xbox units was also $70.2 million to $93.6 million. Thus, the total royalty cost for both the H.264 and Wi-Fi SEPs was $170.2 million to $218.6 million.

15 If Microsoft were able to pass through a significant portion of this royalty cost to downstream customers, it would reinforce our conclusion that the injunction created a powerful financial incentive to settle the litigation at an above-FRAND royalty.

16 The US court set royalties of $0.03471 per unit for Motorola's 802.11 Wi-Fi SEPs and $0.00555 per unit for its H.264 video compression SEPs. *Microsoft Corp. v. Motorola, Inc.*, 2013 WL 2111217, at *4, (W.D. Wash. Apr. 25, 2013). Thus, the total royalty owed for Xbox, which supported both standards, was $0.04026.

17 The total annual FRAND royalty is ($0.03471 + $0.00555) × 11.7 million + $0.00555 × 212.5 million = $1.65 million.

18 To enforce the injunction, IP Bridge was required to provide a deposit of €227 million. Klos, 'Regional Court Munich imposes sales ban against Ford'. May 23, 2022 (available at: https://www.juve-patent.com/cases/regional-court-munich-imposes-sales-ban-against-ford/).

19 While Ford potentially could have avoided an obligation to destroy the vehicles by removing the accused Ford Pass Connect technology, this would have raised concerns with the eCall obligation for new cars which has been in force since 2018.

20 Klos, 'Regional Court Munich imposes sales ban against Ford' (available at: https://www.juve-patent.com/cases/regional-court-munich-imposes-sales-ban-against-ford/).

21 See, Ford Media Center, 'Ford Makes Range of Connected Vehicle Services Complimentary for European Drivers' June 23, 2020 (available at: https://media.ford.com/content/fordmedia/feu/en/news/2020/06/23/ford-makes-range-of-connected-vehicle-services-complimentary-for.html) ('From now on, every customer in Europe who buys a Ford can benefit from a range of complimentary connected vehicle services.'). According to press reports, the injunction 'ruling is aimed particularly at Ford cars with the so-called 'Ford-Pass-Connect' modem.' See 'Ford faces sales and production ban in Germany over patent laws,' *Autovista24*, May 23, 2022 (available at: https://autovista24.autovistagroup.com/news/ford-faces-sale-and-production-ban-in-germany-over-patent-laws/).

22 Avanci, 'Avanci 4G Vehicle' (available at: https://www.avanci.com/vehicle/4gvehicle/).

23 Sandys, 'Ford takes Avanci license in wake of Munich judgement' *JUVE Patent*, May 31, 2022 (available at: https://www.juve-patent.com/people-and-business/ford-takes-avanci-licence-in-wake-of-munich-judgment/).

24 Ford's Form 10-K, filed annually with the U.S. Securities and Exchange Commission, reports revenue from sales of vehicles in Germany. We estimate Ford's operating income from these sales by applying Ford's global operating margin to vehicle sales in Germany.

25 See, for example, Dunn/Vine, 'Why are Inventory-Sales Ratios at U.S. Auto Dealerships so High?,' *US Federal Reserve Finance and Economics Discussion Series* 2016-047, 2016 (available at: https://www.federalreserve.gov/econresdata/feds/2016/files/2016047pap.pdf) ('Since the 1960s, average inventory holdings at auto dealerships often have exceeded levels consistent with 2 months of average sales—or, as put in the industry vernacular, 65 days supply—and this ratio has changed little, on average, over the past several decades.').

26 Our calculation assumes that Ford is unable to recover any revenue from the vehicles in inventory that the court ordered destroyed. If instead Ford could recover some of this lost revenue by, for example, selling some of the vehicles in other jurisdictions, its losses would be reduced.

b) The Licensing Terms Sought by IP Bridge

[17] IP Bridge is one of fifty-nine licensors participating in the Avanci 4G Vehicle patent pool.[27] According to the Avanci website, their rate for new 4G licensees was $15 per vehicle until August 31, 2022, when it was raised to $20 per vehicle for new licensees.[28] Notably, Avanci's $15 to $20 rate for their pool of SEPs significantly exceeds the roughly $5 per unit FRAND rate for the entire cellular stack that is implicit in a recent UK court decision.[29]

[18] During the years 2019-2022, Ford averaged 218,250 vehicle sales per year in Germany and 4.4 million vehicle sales worldwide.[30] Thus, accepting Avanci's $15 royalty on a global basis would have cost Ford about $66.5 million per year, much less than the approximately $1.4 billion per year average cost of an injunction in Germany, and Ford would have obtained rights under a vastly larger portfolio than the single IP Bridge SEP that triggered the issuance of the injunction.[31]

[19] In other words, enforcement of the injunction on a single SEP in a single country could have cost Ford more than 20 times the cost of a global licence to the Avanci 4G Vehicle patent pool.

[20] Table 4 shows the cost of a global licence to the Avanci pool and the cost of the injunction in Germany. The cost to Ford of a year-long injunction in Germany is more than an order of magnitude greater than the annual cost to license the Avanci pool, aptly illustrating the substantial negotiating leverage gained by licensors that are granted injunctions.

Table 4: Leverage Gained from IP Bridge Injunction (Million USD)

Avanci Annual Royalty Demand	Annual Cost of Injunction
$66.5 M	$1,207.3 M – $1,592.6 M

[21] To our knowledge, no court has set a FRAND royalty for the Avanci pool,[32] despite considerable litigation over SEPs owned by members of the pool.[33] The prohibitive cost of an injunction preventing vehicle sales, as illustrated in Table 4, may well have played a role in discouraging potential licensees from seeking a judicial rate determination. This is unfortunate because a court-determined FRAND royalty for the Avanci 4G Vehicle pool would likely reduce future litigation over reasonable royalties for connected vehicles and potentially other IoT devices.

3. *Huawei v. AVM* (2023)

[22] In December 2023, Huawei won an injunction against the Berlin-based networking company AVM that banned the sale of routers compliant with the Wi-Fi 6 and Wi-Fi 7 standards in Germany.[34] The ruling applied to AVM's popular FRITZ!Box routers, among others, which account for a significant share of all Wi-Fi routers sold in Germany.[35] AVM reached a settlement with Huawei a few months after the decision was issued.[36] If the injunction had been enforced,

27 Avanci, 'Avanci 4G Vehicle' (available at: https://www.avanci.com/vehicle/4gvehicle/).

28 Avanci, 'Avanci 4G rate for new licenses to increase from September 1, 2022' (available at: https://www.avanci.com/2022/07/12/avanci-4g-rate-for-new-licenses-to-increase-from-september-1-2022/).

29 The court in *Optis v. Apple* appears to have found an aggregate royalty of approximately $5 for the entire 2G–4G stack. Although the aggregate royalty determined by the court in the publicly available version of the decision is redacted, a reasonable estimate can be derived from other figures available in the decision. The court concluded that Apple would pay Optis a royalty of $5.13 million per year for a licence to an Optis portfolio representing 0.38 % of the SEP stack. *Optis v. Apple* [2023] EWHC 1095 (Ch) ¶ 494. The annual value of the stack based on the rate in *Optis v. Apple* can be found by dividing $5.13 million per year by 0.38 %, which yields $1,350 million per year. This figure represents the court's determination of Apple's annual aggregate royalty for a multimode licence to all the 2G, 3G, and 4G declared SEPs. *Optis v. Apple* [2023] EWHC 1095 (Ch) ¶ 495. The court characterised this figure as "a fair, reasonable and non-discriminatory rate for the Stack as a whole" and noted that "I have, in framing the FRAND rate, erred on the side of generosity to the SEP Holder. *Optis v. Apple* [2023] EWHC 1095 (Ch) ¶¶ 483(viii), 496. To convert $1,350 million into a per-unit royalty, one can divide this figure by the average number of licensed units estimated to be sold per year by Apple during the period covered by the licence (2017-2027). Using data from IDC and Canalys, we estimate that Apple will sell 271.4 million units per year during this period. Dividing $1,350 million by 271.4 million yields a royalty of $4.97 per unit.

30 Ford, 'FY2019 Form 10-K' 4. Ford, 'FY2020 Form 10-K' 4. Ford, 'FY2021 Form 10-K' 4. Ford, 'FY2022 Form 10-K' 4.

31 The Avanci 4G Vehicle royalty applies to a sizable share of the automotive industry, and, for this reason, a significant portion of the royalty might be passed through to downstream customers. See, Avanci, 'Avanci 4G Vehicle' (available at: https://www.avanci.com/vehicle/4gvehicle/) (claiming 160+ million vehicles licensed). If the royalty cost were passed through, it would reinforce our conclusion that the injunction created a powerful financial incentive for Ford to settle the litigation at an above-FRAND royalty.

32 However, Tesla recently filed suit in the UK seeking a FRAND royalty determination for Avanci's 5G patent pool. See Lennox, 'Tesla Sparks FRAND Claim Over Pool of 5G Patents,' *Law360*, December 21, 2023 (available at: https://www.law360.com/commercial-litigation-uk/articles/1778997/tesla-sparks-frand-claim-over-pool-of-5g-patents).

33 For example, Daimler was sued for patent infringement regarding cellular SEPs by three members of the Avanci 4G Vehicle pool (Nokia, Sharp, and Conversant). Injunctions were granted against the sale of Daimler vehicles in Germany in each of these litigations. See 'EIP secures victory for Conversant against Daimler in connected cards patent dispute,' *Patent Lawyer Magazine*, November 4, 2022 (available at: https://patent-lawyermagazine.com/eip-secures-victory-for-conversant-against-daimler-in-connected-cars-patent-dispute/). Tesla was sued for patent infringement regarding cellular SEPs by four members of the Avanci 4G Vehicle Pool (Sisvel, Conversant, Sharp, and PanOptis). See Puknys and Rice, 'Strategic Considerations for the Escalating SEP Battles,' *Law360*, June 29, 2020 (available at: https://www.law360.com/articles/1284959/strategic-considerations-for-the-escalating-sep-battles) and Hu, 'Tesla Hit With Suit Over 4G LTE Patents,' *Law360*, September 21, 2020 (available at: https://www.law360.com/articles/1312010/tesla-hit-with-suit-over-4g-lte-patents). Stellantis was sued by Huawei, a member of the Avanci 4G Vehicle Pool. See Richter, 'Multiple firms prepare for wave of lawsuits over Huawei SEPs,' *JUVE Patent*, November 16, 2022 (available at: https://www.juve-patent.com/people-and-business/multiple-firms-prepare-for-wave-of-law-suits-over-huawei-seps/). Volkswagen was sued by Acer, a member of the Avanci 4G Vehicle Pool. See Brittain, 'Acer ends 4G patent lawsuit against Volkswagen in U. S. court,' *Reuters*, March 9, 2022 (available at: https://www.reuters.com/legal/transactional/acer-ends-4g-patent-lawsuit-against-volkswagen-us-court-2022-03-09/).

34 Mantel, 'Huawei v. AVM: Fritzbox Sales Ban Threatened, But Not Legally Binding', *Heise Online*, December 15, 2023 (available at: https://www.heise.de/hintergrund/Fritzboxen-AVM-verliert-Patentklage-durch-Huawei-in-erster-Instanz-9575693.html). Wi-Fi 6 is also known as IEEE 802.11ax. See, for example, Wikipedia, "Wi-Fi 6," (available at: https://en.wikipedia.org/wiki/Wi-Fi_6).

35 Lübberstedt, 'Wi-Fi frustration? You can tune your network with this hardware,' *Stern*, August 31, 2020 (available at: https://www.stern.de/digital/wlan-aufbohren-mit-netgear–fritzbox–google-wifi-8459664.html) ('The manufacturer of the Fritzbox [AVM] has a market share of almost 50 percent in [Germany]'); see also, Wikipedia, "Fritz!Box," (available at: https://en.wikipedia.org/wiki/Fritz!Box).

36 Klos, 'Huawei and AVM Settle Wifi 6 Dispute Shortly Before Munich Hearing'.

AVM would have been prohibited from selling Wi-Fi 6 and Wi-Fi 7 products, and would have been required to recall and destroy existing devices already on the market.[37]

a) The Cost of Injunction

[23] We use an estimate of AVM's operating income from router sales in Germany to measure AVM's lost profits from the injunction.[38] This measure understates the cost of the injunction to AVM because it does not include the cost to recall and destroy routers that have already been delivered to retailers.

[24] Table 5 shows that from 2020 through 2023, AVM's annual operating income in Germany from router sales ranges from $51.6 to $59.0 million per year and averages $54.7 million per year during the four-year period.

Table 5: AVM's Estimated Operating Income in Germany (Million USD)
2020 – 2023

	2020	2021	2022	2023
AVM Global Revenue (€M)	N/A	N/A	€ 620.0	N/A
AVM Global Operating Income (€M)	N/A	N/A	€ 85.0	N/A
AVM Operating Income Margin	**13.7 %**	**13.7 %**	**13.7 %**	**13.7 %**
Global Router Revenue	$16,557.6	$18,014.7	$19,600.0	$21,324.8
German Share of Global GDP	4.5 %	4.4 %	4.0 %	4.0 %
German Router Revenue	**$752.7**	**$788.5**	**$788.6**	**$860.8**
AVM Share of German Router Revenue	50.0 %	50.0 %	50.0 %	50.0 %
AVM German Router Revenue	$376.4	$394.2	$394.3	$430.4
AVM German Operating Income from Router Sales	**$51.6**	**$54.0**	**$54.1**	**$59.0**

b) The Licensing Terms Sought by Huawei

[25] Huawei is one of eight licensors participating in the Sisvel Wi-Fi 6 patent pool.[39] Sisvel's website explains that the pool royalty for non-Enterprise Access Points is $0.50 per unit.[40] Huawei also offers to license its Wi-Fi 6 SEPs outside the pool at a rate of $0.50 per unit.[41]

[26] AVM does not publicly provide data breaking out its router sales. To estimate the number of affected units, we assume AVM's 2022 global revenue (€620 million) is composed entirely of sales of the FRITZ!Box 7510 router, which has a retail recommended price (RRP) of €119.[42] Dividing €620 million by €119 results in about 5.2 million routers sold per year.[43] With a royalty rate of $0.50 per device, accepting the Sisvel royalty would have cost AVM about $2.6 million per year,[44] much less than the approximately $51.6 to $59.0 million per year cost of an injunction, and AVM would have obtained rights under a much larger portfolio of patents than just Huawei's.

[27] Table 6 shows the cost of a global licence to the Sisvel pool and the cost of the injunction in Germany. The annual cost to AVM of an injunction in Germany is nearly 20 times greater than the annual cost to license the Sisvel pool. Huawei is thus able to apply tremendous pressure on AVM to accept either its royalty or the Sisvel royalty, through the injunction in Germany.

Table 6: Leverage Gained from Huawei Injunction (Million USD)

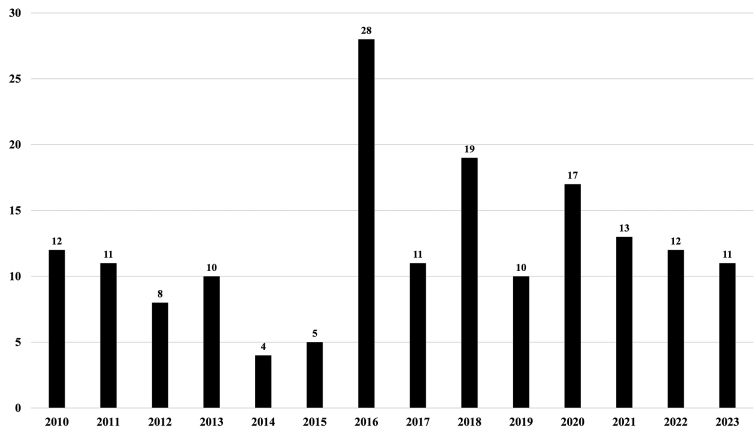
Sisvel Annual Royalty Demand	Annual Cost of Injunction
$2.6 M	$51.6 M – $59.0 M

III. The Prevelence of Injunctions in SEP Infringement Actions

[28] It is widely understood that there are many SEP infringement cases in which injunctions are sought, but to our knowledge data showing the number of such cases has not previously been reported. Figure 1 shows there were 171 litigation matters globally involving SEPs in which an injunction was requested during 2010 to 2023, with 4 to 28 such cases per year. The average during this period was about 12 per year.[45]

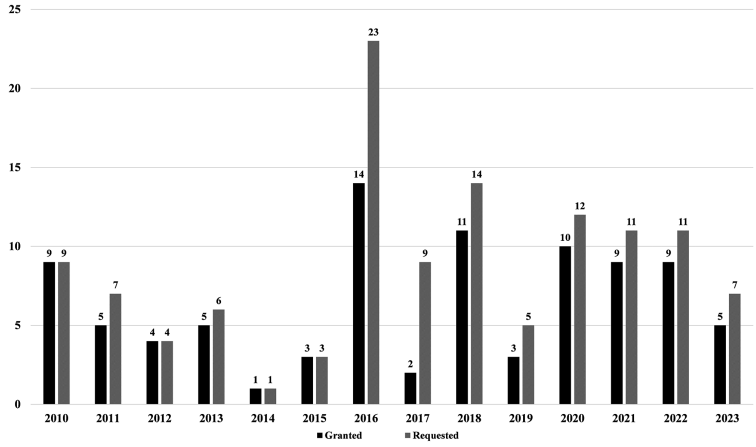
37 Mantel, 'Huawei v. AVM: Fritzbox Sales Ban Threatened, But Not Legally Binding' ('If the ruling were to become final, AVM would no longer be able to sell its WLAN products with Wi-Fi 6…including all current Fritzbox top models. Devices that are on the market would have to be recalled and destroyed.').
38 AVM does not report operating income for its router sales in Germany. We have estimated these figures using data available from: AVM International, 'Who We Are,' January 4, 2024 (available at: https://en.avm.de/about-avm/who-we-are/); Handelsblatt, 'The Fritzbox Manufacturer Is About To Be Sold,' September 15, 2023 (available at: https://www.handelsblatt.com/technik/it-internet/avm-der-fritzbox-hersteller-steht-vor-dem-verkauf/29391430.html); Allied Market Research, 'Router Market Research,' (available at: https://www.alliedmarketresearch.com/routers-market).
39 Sisvel, 'Wifi 6 Patent Owners' (available at: https://www.sisvel.com/licensing-programmes/Wi-Fi/wifi-6/#tab-patent-owners).
40 Sisvel, 'Wifi 6 License Terms' (available at: https://www.sisvel.com/licensing-programmes/Wi-Fi/wifi-6/#tab-licence-terms).
41 Huawei, 'Huawei's Patent Licensing Program for Wi-Fi' (available at: https://www.huawei.com/en/ipr/license/wi-fi).
42 Computer Universe, 'AVM FRITZ!Box 7510' (available at: https://www.computeruniverse.net/en/p/5618-18G).
43 This calculation likely overstates the number of routers sold per year by AVM that support Wi-Fi 6 because we assume all AVM revenues result from router sales, all routers are sold at the price of one of AVM's least expensive Wi-Fi 6 routers, and all of AVM's routers support Wi-Fi 6. Our conclusion that the Sisvel royalty demand is much less than the annual cost of an injunction against AVM would be strengthened to the extent our calculations do, in fact, overstate the number of Wi-Fi 6 routers sold annually by AVM.
44 If AVM were able to pass through a significant portion of this royalty cost to downstream customers, it would reinforce our conclusion that the injunction created a powerful financial incentive to settle the litigation at an above-FRAND royalty.
45 Grouping together cases involving the same plaintiff and defendant in the same jurisdiction and counting them as a single case would reduce the average number of cases per year from about 12 to about 10.

Figure 1: Number of SEP Litigations with Injunction Requests
Worldwide, 2010-2023



Sources:
[a] Darts-IP
[b] Freshfields
[c] 4iP Council

Figure 2: Number of SEP Litigations with Injunction Requests and Number of Injunctions Granted
Germany, 2010-2023



Sources:
[a] Darts-IP
[b] Freshfields
[c] 4iP Council

[29] In Germany alone, there were at least 122 SEP litigations in which injunctions were requested during this period, and in 90 of these cases an injunction was at least partially granted by the court (see Figure 2).[46]

Conclusion

Injunctions against the continued sale of products that support standards like Wi-Fi and mobile telephony can create economic leverage for SEP owners that causes manufacturers to accept excessive royalties or other non-FRAND license terms rather than face market exclusion. To gain insight into the scope of this problem, we conducted three case studies of the costs a manufacturer may face when an injunction against products supporting a standard is issued. The three case studies show that injunctions can generate considerable leverage for a SEP owner during license negotiations because the cost of an enforced injunction can greatly exceed the offered license terms, even if those terms are substantially above a FRAND royalty.

We also report data showing the prevalence of injunctions in infringement actions involving SEPs between the years 2010 and 2023. Our analysis shows that infringement actions involving injunctions are an important and persistent feature of the SEP landscape. Together with the case studies, the data highlight the significant role that injunctions play in pressuring SEP licensees to accept license terms they do not believe are FRAND.

46 Grouping together cases involving the same plaintiff and defendant and counting them as a single case would reduce the number of cases during 2010-2023 from 122 to 94, and the number of cases where an injunction was at least partially granted from 90 to 69.

DIRK SCHÜßLER-LANGEHEINE*, THORSTEN BAUSCH** AND KATRIN WINKELMANN***, ****

Defense in UPC revocation actions – Admissibility of subsequent requests for patent amendment

The effective defense of a patent against several invalidity attacks before the UPC is of utmost importance to patentees. Two recent decisions of the Central Division address the situation of a revocation action before the Central Division and parallel counterclaims for revocation before a Local Division. The decisions deal with the conditions under which the defendant can file subsequent amendments to patent claims. They also provide insights on procedural issues relating to the filing of such requests and the applicable rules and standards for assessing their admissibility, as well as the conditions for referring procedural questions to the Court of Appeal.

Die wirksame Verteidigung eines Patents gegen mehrere Nichtigkeitsangriffe vor dem EPG ist für Patentinhaber von größter Bedeutung. Zwei Entscheidungen der Zentralkammer sind vor dem Hintergrund einer Nichtigkeitsklage vor der Zentralkammer und paralleler Nichtigkeitswiderklagen vor einer Lokalkammer ergangen. Die Entscheidungen befassen sich mit den Bedingungen, unter denen die Beklagte nachträgliche Änderungen von Patentansprüchen einreichen kann. Zudem geben sie Einblicke in Verfahrensfragen im Zusammenhang mit der Einreichung solcher Anträge und den anwendbaren Regeln und Kriterien für die Beurteilung ihrer Zulässigkeit ebenso wie die Voraussetzungen für die Vorlage von Verfahrensfragen an das Berufungsgericht.

I. Introduction

[1] The issue of defending a patent in revocation proceedings before the Central Division (CD) with revocation counterclaim(s) pending before a Local Division (LD) became relevant in proceedings before the UPC involving affiliates of Indian headquartered Meril Life Sciences and U. S. based Edwards Lifesciences, two medical technology companies.

[2] Edwards Lifesciences had brought an infringement action before the Munich LD against Meril Life Science Pvt Ltd. and Meril GmbH[1] based on Edwards' patent EP 3 646 825 B1 (EP'825) directed to a system comprising a prosthetic heart valve and a delivery catheter. Meril Italy srl then brought a revocation action against EP'825 before the CD of the UPC Court of First Instance at the Paris seat.[2] In the following – and after Edwards filed its defense with a request to amend its patent in the revocation action before the CD – Meril Life Science Pvt Ltd. and Meril GmbH filed revocation counterclaims against EP'825 in the infringement proceedings before the Munich LD based on deviating grounds. As a consequence, Edwards sought to align its original defense in the revocation action with its defense against the two counterclaims for revocation by filing subsequent amendment requests.

II. Facts of the revocation action

[3] On 4 August 2023, Meril Italy srl (Claimant) filed a revocation action against EP'825 before the CD Paris. The registered proprietor of patent EP'825, Edwards Lifescience Corporation (Defendant), filed the statement of defense on 16 October 2023 together with a "conditional application to amend the patent", based on 9 conditional amendments and 84 auxiliary requests (in this article also referred to as the "Original Amendment Request").

[4] On 22 December 2023 Claimant submitted a reply to Defendant's statement of defense, which included a reply to the Original Amendment Request.

[5] On 22 January 2024, Defendant filed a rejoinder and, in the same brief, (i) asked for leave to amend its case pursuant to Rule 263.1 RoP and (ii) filed a new main request to amend the patent, as well as 41 auxiliary requests based on 9 individual amendments (these further main and auxiliary requests for amendment in this article also referred to as the "Subsequent Amendment Request").

[6] Defendant explained the need for changing its requests for patent amendment with reference to the revocation counterclaims filed in the co-pending infringement action before the Munich LD. Defendant argued that the counterclaims for revocation in the parallel infringement action were based on grounds

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**** The authors would like to especially thank Rechtsanwalt Philipp Zambelli, HOFFMANN EITLE, for his support in the preparation of this article.

1 UPC_CFI 15/2023.
2 UPC_CFI CD Paris – CFI 255/2023 – Meril Italy srl/Edwards Lifescience Corporation. Art. 33(2) and 33(4) UPCA stating that a revocation action must be brought before the division handling a previously initiated infringement action does not apply due to lack of party identity on the side of Meril, see also, UPC_CFI CD Paris, Order of 13 November 2023 – CFI 15/2023 – Meril Italy srl/Edwards Lifescience Corporation, GRUR Patent 2024, 115 (abridged) discussed by Kirchhofer GRUR Patent 2024, 113.

not identical to those of Claimant's current revocation action. As a consequence, Defendant explained further, it was compelled to align its requests to amend the patent in both proceedings for the sake of consistency and procedural economy. Defendant also made reference to Rule 30.3 RoP requiring the notification of the Court of other pending proceedings where an "Application to amend the patent" has been made, arguing that this Rule reflects the objective of the UPC to avoid contradicting decisions.

[7] Defendant requested that the Subsequent Amendment Request be admitted based on Rule 263.1 RoP, because it was a mere modification of (and very similar to) the earlier Original Amendment Request, and the modification was duly motivated by the course of events: It had not been possible, Defendant argued, to establish an aligned line of defense at an earlier stage, and the change of amendment would not hinder Claimant in the conduct of the present proceedings.[3] According to Defendant, the Subsequent Amendment Request should also be permitted based on Rule 30.2 RoP.

[8] Defendant furthermore requested that the revocation action be heard together by way of a connection joinder with the co-pending counterclaims for revocation at the Munich LD according to Rule 340.1 RoP.

[9] Finally, Defendant submitted a request to grant leave to appeal the order in event that the CD rejects its requests.

[10] The judge-rapporteur referred the case to the panel pursuant to Rule 331.2 RoP. The panel rejected Defendant's Subsequent Amendment Request by order of 27 February 2024.[4]

[11] On 12 April 2024, and after an interim conference had been held, Defendant then lodged a further application to amend the patent, proposing one unconditional amendment and six auxiliary requests (these new main and six auxiliary requests for amendment in this article also referred to as the "Second Subsequent Amendment Request").

[12] On 26 April 2024 Claimant submitted its observations, leaving the decision to admit the Second Subsequent Amendment Request to the Court's discretion and, in case of admission, requested a reasonable time period to file an additional defense to Defendant's last pleading, without any further reply from Defendant.

[13] The presiding judge and judge-rapporteur issued the order of 30 April 2024 in which the Second Subsequent Amendment Request was allowed as permissible.[5]

III. Decisions of the CD

1. No prior leave or permission required for amending the case or subsequent patent amendment

a) The Court's finding

[14] Where the Court's leave or permission for an amendment is required pursuant to Rule 263.1 or Rule 30.2 RoP, it is not necessary to obtain such leave or permission prior to filing the amendment itself.[6]

b) Reasoning and discussion

[15] While Claimant had argued that Defendant should first have obtained permission pursuant to Rule 30 RoP before the case can be amended, the CD dismissed such argument with reference to preamble 2, 4 and 5 of the RoP stating that Rule 263 and Rule 30 RoP, as the RoP in general, must be interpreted based on the principles of flexibility, fairness, equity – and also procedural efficiency.

[16] Apart from the positive effect on procedural efficiency, the knowledge of the content of the amendment (or other submission) may even be beneficial (if not necessary, depending on the case) for a well-reasoned decision within the Court's discretionary powers on whether to allow the submission.

2. Change of application to amend the patent governed by Rules 30 and 50 RoP

a) The Court's finding

[17] Rule 263 RoP is not applicable for the change of an application to amend the patent. Due to the reference in Rule 50.2 RoP to Rule 30.2 RoP, a subsequent request to amend the patent may only be admitted with the permission of the Court. In exercising its discretionary power whether to grant such permission, the Court must observe the principles of proportionality, flexibility, fairness, and equity.

b) Reasoning and discussion

[18] Prior to deciding on the admissibility of the Subsequent Amendment Request, and as one core element of the decision, the CD addresses the question whether Rule 263 RoP is applicable also to patent amendments, i. e. defending the patent with new and

3 Apparently, Defendant aimed at demonstrating that the requirements of Rule 263.2 RoP for amending the case were satisfied. If the "new main request" filed by Defendant was an *unconditional* request to amend the patent with limited patent claims, the question arises whether Claimant has or possibly could have relied on Rule 263.3 RoP in relation to such new main request as said Rule provides that "leave to limit a claim in an action unconditionally shall *always* be granted", based on an understanding that "claim" can be interpreted broadly and includes requests submitted by a revocation defendant to unconditionally limit its defense, see [18-19] below.

4 UPC_CFI CD Paris GRUR-RR 2024, 229 – Meril Italy srl/Edwards Lifescience Corporation.

5 UPC_CFI CD Paris, Order of 30 April 2024 concerning App_19959/2024 and App_23242/2024 – CFI 255/2023 – Meril Italy srl/Edwards Lifescience Corporation.

6 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 15.

further amended patent claims. If so, the patentee and defendant in a revocation action would have a right to modify its requests for patent amendments under the conditions of Rule 263.2 and 263.3 RoP, without being in the hands of the Court's discretion as to whether the filing of subsequent patent amendments will be allowed. While Rule 263 RoP stipulates a right for a party to "change its claim" or "amend its case" under the conditions specified in Rule 263 RoP, Rule 50 expressly pertains to patent amendments and refers to Rule 30.2 RoP, pursuant to which the admissibility of any "subsequent request to amend the patent" is subject to the permission of the Court.

[19] The initial question in that context is whether Rule 263 RoP is applicable only to requests of a claimant or also, at least in principle, to requests of a (revocation) defendant.[7] The CD, however, does not discuss whether a (revocation) defendant can rely at all on Rule 263.1 RoP.

[20] A further question is whether a *claim* in the context of Rule 263 RoP, i. e. a claim raised in legal proceedings (in German: *Antrag*) can comprise amended *patent claims*. The CD finds that filing a changed set of patent amendments "appears to be outside the scope" of said Rule 263 RoP.[8] In their interpretation of Rule 263.1 RoP, the CD sees a *hendiadys* in the phrases "change its claim" and "amend its case" in that both expressions relate "to any modification to the case by the means of the introduction of a new claim or the replacement of the original one ('change its claim'), …, or of the submission of new or different grounds of the case ('amend its case')".[9] While "any modification" may sound broad, the CD finds – without further reasoning – that the change of a (main or auxiliary) request for patent amendment is not to be considered as such "modification to the case" within the meaning of Rule 263 RoP. According to the CD, a request for a change of the Original Amendment Request (only) falls under Rule 50.2 RoP. As Rule 50.2 RoP refers inter alia to Rule 30.2 RoP, a subsequent request to amend the patent may only be admitted with the permission of the Court.

[21] Another possible approach for excluding the applicability of Rule 263.1 RoP to patent amendments (coming to the same result as the CD did) could be to consider Rule 50 RoP with its reference to Rule 30.2 RoP as *lex specialis* over Rule 263 RoP for patent amendments as it provides specifics for filing patent claim amendments in procedures before the UPC.

3. Sufficient justification for subsequent amendment requests

a) The Court's finding

[22] Rule 30.2 RoP grants the Court discretionary powers to admit a subsequent request to amend the patent after the deadline for filing a defense to the revocation action and even after the closing of the written procedure. To enable the Court to strike a fair balance between the opposing interests involved in a subsequent request to amend the patent, the applicant has to offer a justification of its request, explaining the reasons for modifying the original request to amend the patent.[10]

[23] Aligning the defense in the revocation action to the defense against a later filed counterclaim for revocation in a parallel infringement action pending before a different division of the UPC is no sufficient justification for filing a subsequent request to amend the patent in the revocation action. In the CD's opinion, the risk of inconsistent decisions, which may derive from the fact that the same patent is attacked by different parties before different divisions of the UPC, can be handled pursuant to Art. 33(3) UPCA and Rule 295(m) RoP.[11]

[24] The admission of a subsequent request must not prejudice the other party's right to defense, and the consideration of the principle of fairness and equity and, especially, of the right to a fair trial, necessitates granting the claimant a reasonable time period to lodge an additional defense to defendant's new set of amendments.[12]

b) Reasoning and discussion

[25] In balancing the pros and cons of permitting a subsequent request to amend the patent, the CD considers that allowing a subsequent request can lead to more efficient proceedings, narrowing the subject matter, simplifying the procedural activities, and ensuring the proper safeguarding of the interest of the patentee. On the other hand, such an amendment may also affect the purpose of delivering an expeditious decision by requiring the Court to allow a term extension to arrange the consequent defense. The patentee must therefore justify the need to change its requests to amend the patent.

[26] In the case at hand, the CD holds that Defendant's Subsequent Amendment Request was not sufficiently justified since it is "not suitable to fulfil the declared purposes of consistency and procedural economy".[13]

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7 At least the wording of the rule with the term "parties" does not seem to limit Rule 263 to the claim or case of the claimant. In the German version of Rule 263 RoP the terms "*Klageänderung oder Klageerweiterung*" are used, which appear limited to claims of a claimant. The French version, on the other hand, states "*changer sa demande ou de modifier la nature de son affaire*", which appears more general.

8 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 23.

9 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 22.

10 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 33.

11 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 37-41. A further option, a connection joinder according to Rule 340 RoP, was brought forward by Defendant in the present case and is discussed below.

12 UPC_CFI CD Paris, Order of 30 April 2024– CFI 255/2023 – Meril Italy srl/ Edwards Lifescience Corporation mn. 24.

13 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 36.

[27] The CD emphasizes that the UPCA does not exclude the possibility of different validity attacks brought forward by different subjects, with different claims, on different grounds and before different divisions. The risk of inconsistent decisions is limited to cases pertaining to the same subject-matter. In the case at hand, the Subsequent Amendment Request was a reaction to an attack which was initiated in different proceedings on different grounds, which are outside the scope of the current proceedings.[14]

[28] The CD holds further that Defendant has not shown how the Subsequent Amendment Request would benefit the procedural economy of the present revocation proceedings as the lodging of several applications to amend the patent would rather "result in an extension of the time of the proceedings and an increase in the number of parties' submissions and, in general, of judicial actions".[15]

[29] Finally, also the patentee's obligation pursuant to Rule 30.3 RoP to notify the Court which other proceedings involving an application to amend said patent are pending is considered irrelevant by the CD for the present decision as said rule establishes the patentee's information obligations and "does not relate to the right of the patent proprietor to amend its patent".[16]

[30] As a consequence, the CD rejects the Subsequent Amendment Request of Defendant in its order of 27 February 2024.

[31] When admitting the Second Subsequent Amendment Request in its order of 30 April 2024,[17] on the other hand, the CD holds that significantly reducing the number of the amendments and introducing an unconditional new main request offers a meaningful contribution to the efficiency of the proceedings, while at the same time not unfairly hindering the claimant, who will face only one unconditional request and six auxiliary requests, as opposed to the original 84 auxiliary requests.[18]

4. Defendant's further procedural requests regarding a connection joinder and appeal

[32] As regards Defendant's request for a connection joinder[19] to hear the revocation action together with the counterclaims for revocation pending before the Munich LD based on Rule 340 RoP, the CD finds that such request "may not have been made at this stage".[20] Defendant's pleadings were supposed to only serve the purpose of commenting on Claimant's application to dismiss Defendant's amendment requests as inadmissible, and not to introduce new procedural requests. Also the application of Rule 340 RoP "does not appear to be actual, as no hearing seems to have been set in the two proceedings".[21]

[33] Ultimately, the CD also denies Defendant's request to grant leave to appeal. The CD does not see, "in the absence of any precedents" from the UPC, a "concrete need for a ruling on the meaning of the relevant rules".[22]

[34] It is interesting that the CD makes granting leave for an appeal against its procedural orders dependent on whether there is a precedent by the UPC. This seems to imply that a ruling of the Court of Appeal (CoA) is only to be sought if the relevant division intends to deviate from previous decisions of the CoA or any other division. However, from a user's perspective, it would also seem beneficial to obtain an understanding of the CoA's view on procedural issues early on, as this would contribute to foreseeability of future procedures before the UPC. This has also happened in other cases.

[35] Also the CD's further concern that the CoA's decision on a procedural order may be "of no practical use for the parties" if it is handed down after the hearing (on the merits)[23] does not seem to be compelling, because the CoA has proven to decide rather quickly on appeals against procedural orders of divisions of the Court of First Instance. As any decision of the CoA in relation to the meaning of the RoP will provide guidance to users and the various divisions of the Court, there are good reasons to be lenient in the grant of leave for appeal, in particular in the initial phase of the operation of the UPC.

IV. Conclusion for practical use and strategic considerations

1. Balancing of competing considerations

[36] In exercising its discretion pursuant to Rule 30.2 RoP whether or not to grant permission for subsequent amendment requests, the CD weighs procedural efficiency and expeditious decisions as well as

14 Rule 75.3 RoP regarding the stay of the revocation proceedings before the CD was not pertinent in the present case due to the lack of identity of the parties in the proceedings before the CD and the Munich LD.
15 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 43.
16 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 46.
17 In the meantime, the counterclaims for revocation have been referred by the Munich LD and are now pending before the CD, cf. UPC_CFI CD Paris, Order of 30 April 2024 – CFI 255/2023 – Meril Italy srl/Edwards Lifescience Corporation mn. 5.
18 The CD's emphasis of the significant *reduction* of the number of the amendments could be (mis)understood as an invitation to initially file a (relatively) high number of auxiliary requests in order to facilitate the admissibility of later requests due to a reduction in their number. However, also the handling of other revocation actions by the UPC suggests that the absolute number of requests is more relevant, i.e., that after allowing the subsequent submission there is a fairly low number of requests on file which can actually be dealt with by the court in a reasonable way. See also Rule 30.1(c) RoP requiring that auxiliary requests "must be reasonable in number in the circumstances of the case".
19 Made before the referral of the revocation counterclaims from the Munich LD to the CD.
20 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 51.
21 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 52.
22 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 53.
23 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 55.

the complexity of the case, the proprietor's interest to control the scope of the patent and the parties' right to defense.

[37] In the case at hand, the admission of the Second Subsequent Amendment Request was granted against the background of a reduced number of auxiliary requests and may have been influenced by the fact that Claimant did not object to the Second Subsequent Amendment Request. It may be assumed that the judge-rapporteur's efforts during the interim conference to reach agreement on claim amendments prepared the way in such direction.

[38] If the interim conference is taken as a procedural opportunity to streamline the parties' attacks and defenses, this could – after appropriate discussion – also enable the parties to focus on their most promising positions and thus aid in striking a balance between speed and thoroughness of proceedings and decisions.

2. Handling of parallel validity challenges

[39] In the present case, the CD remarkably considers the first Subsequent Amendment Request not only as unnecessary, but even as "not suitable" for the purposes of consistency and procedural economy.[24] A key factor in that context is the CD's reference to Art. 33 (3) UPCA and Rule 295(m) RoP as tools foreseen within the framework of the UPCA and the RoP to avoid inconsistent decisions.

[40] The present decision of the CD does (understandably) not elaborate on Art. 33(3) UPCA in further detail. It is up to parties and the division handling the revocation counterclaim in the co-pending infringement action to decide how to deal with such counterclaim in view of the risk of deviating decisions of different divisions of the UPC. The appropriate way forward may depend on several factors such as how the validity attacks differ from each other, the timing of the relevant legal actions, a possible connection of the parties involved[25] and other factors.

[41] In terms of defense strategies, it may be advantageous even for the patentee to have the revocation counterclaim in the infringement action consolidated with the co-pending stand-alone revocation action before the central division.[26] It would seem prudent to have referrals of revocation counterclaims to the CD handled by the same panel, as already practised. A further important aspect is how the LDs will take the CD's claim interpretation in the revocation cases into consideration for their decision on infringement.[27]

[42] If the same patent is attacked not only before the UPC, but also in proceedings before the EPO and/or national courts, in principle, the UPC will not stay its proceedings. An exception from this principle may apply pursuant Rule 118.2(b) or Rule 295(a) RoP when a rapid decision may be expected from the EPO, wherein the mere fact that a request to accelerate proceedings has been granted by the EPO is not yet sufficient.[28]

[43] As regards the option of a connection joinder for co-pending actions before the UPC pursuant to Rule 340 RoP, one can read from the CD's decision that it is required that a hearing is set in (at least one of?) the relevant proceedings for Rule 340 RoP to become applicable. It remains to be seen whether the divisions of the UPC will actually follow the approach of joining actions heard by different divisions pursuant to Rule 340 RoP, which will foreseeably create further procedural challenges.

[44] Also the option of staying proceedings pursuant to Rule 295(m) RoP and its procedural implications to any specific case scenario – including the delays resulting from such stay – will have to be carefully considered. The present decision does not provide any guidance in that regard. A procedurally simpler alternative may be the scheduling of hearing dates in consideration of the timelines in the co-pending proceedings.

[45] In relation to consistency the CD points out that, in principle, deviating decisions of the different divisions are not necessarily inconsistent as long as there is also a deviation in the subject-matter of the relevant cases. The CD's rejection of Defendant's attempt to align its defense with the co-pending revocation counterclaim reflects the deviating subject-matter (i. e. different invalidity grounds, and different sets of claim amendments filed to defend against such different invalidity grounds) in the two proceedings so that there might in fact have been no (risk of) inconsistent decisions.[29] Nonetheless, patentees may find it challenging to defend their patents in overlapping co-pending proceedings, in particular if competitors make excessive use of involving several affiliated (or otherwise coope-

24 UPC_CFI CD Paris GRUR-RR 2024, 229 mn. 36.

25 In the case at hand, Defendant has pointed to the affiliation of the (revocation) Claimant with the (infringement) defendants in the co-pending infringement action. However, the CD does not consider such affiliations relevant in its decision. A claimant in an infringement action may perceive a stand-alone revocation action filed in response to an infringement action by a group company of the defendant(s) in the infringement action as a circumvention of the need to (timely) raise a revocation counterclaim in the infringement action in accordance with Art. 33(3) UPCA or even as an attempt to (mis)direct the patentee's initial defense. However, it seems difficult and may also not be practical to make procedural decisions dependent on the affiliation (or other, possibly contractual, collaboration) of parties involved in co-pending proceedings (see also Kirchhofer GRUR Patent 2024, 113).

26 See also Walesch GRUR Patent 2024, 170, discussing UPC_CFI 14/2024 GRUR-RS 2024, 5112 – Amgen/Sanofi where the parties unanimously requested a referral.

27 The German Bundesgerichtshof has established that "the infringement court has to interpret the patent in suit independently and is neither legally nor factually bound to the interpretation by the Federal Court of Justice in patent revocation proceedings concerning the patent in suit" (BGH GRUR 2015, 972 – Kreuzgestänge).

28 Cf. Deichfuß GRUR Patent 2024, 134, and UPC_CoA, Order of 28 May 2024 – CoA 22/2024.

29 Even if the revocation counterclaims had not been referred to the CD.

rating) companies with deviating invalidity attacks. All the more, it will be up to the parties and the divisions concerned to thoroughly assess all possible procedural options and consider a prudent way forward for the specific case.

[46] In summary, regarding the admissibility of patent amendments, the CD places a strong emphasis on procedural economy of the single revocation action it is concerned with, with strict consequences for the patentee. It is not clear from the decision at hand, but would seem in line with such restrictive approach, that similarly strict standards apply when assessing the requirements of Rule 263.2 RoP if a revocation claimant were to "amend its case" pursuant to Rule 263.1 RoP. A restrictive handling of such case amendments on the claimant's side (or, for example, the attempt of further parties to join pending revocation actions) would have a balancing effect regarding procedural advantages and disadvantages on both the defendant's and the claimant's side.

3. Strategic foresight needed for patent amendments

[47] The most significant implications for practitioners arise with regard to the defense of a patent with limited claims in proceedings before the UPC. The present decision highlights that a patentee may face significant restrictions in relation to patent amendments. It is possible that several, (partly) parallel revocation actions may arise during the lifespan of a patent. In such instances, the patentee bears the risk that defending the patent with a particular claim amendment in one proceeding may prevent broader or deviating amendments in other proceedings, in particular if the revocation claimants are not identical.

[48] Users being accustomed to more flexible approaches to later changes of patent amendments (before national courts or the EPO) will have to adapt their conduct of litigation to the tight timelines of the UPC, forcing patentees to come to a conclusion how to best defend their patent against a revocation attack already within the two-month period for filing the defense to a UPC revocation action – a very different time frame than the time lines patentees are used to from EPO opposition proceedings or national revocation actions. In addition, the referral to Rule 30.1 (c) RoP in Rule 50 RoP limits the patentee to auxiliary requests "reasonable in number in the circumstances of the case".

[49] As a result, a well-considered strategic approach for patent amendments becomes ever more decisive. It necessitates great expertise and a broad foresight, including the anticipation of possible parallel and/or future proceedings before the UPC and/or national courts or the EPO. This requires, on the one hand, a deep experience in the specific technical field in general and ideally also in the evolution of the patented invention in particular. On the other hand, a high level of proficiency in the procedural intricacies of filing and amending auxiliary requests in view of the complex interplay between the regulations relevant for proceedings before the UPC, in particular the UPCA, RoP and EPC, is needed. These two specialized technical and legal competencies must be closely interlinked under the tight deadline regime of the UPC.

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Anti-Suit Injunctions in the United States in the SEP and FRAND Context: Recent Developments and Overview

This article discusses the concept of anti-suit injunctions (ASIs) and the use of ASIs in the context of Standard Essential Patents (SEPs) and Fair, Reasonable, and Non-Discriminatory (FRAND) licensing disputes. First, we introduce anti-suit injunctions and outline the three-step test for assessing the propriety of an ASI in the United States, which includes satisfying two threshold requirements, applying the "Unterweser" factors, and assessing the injunction's effect on international comity. Second, we discuss specific cases in which U.S. courts addressed requests for anti-suit injunctions in the FRAND context and consider the factors these courts relied on to grant or deny anti-suit injunctions. Third, we summarize the recent February 2024 Ericsson v. Lenovo decision in the Eastern District of North Carolina. We consider the Court's reasoning for declining to issue an anti-suit injunction against Ericsson and how this decision fits in with previous U.S. anti-suit injunction cases. Finally, we consider how the U.S. approach to ASIs differs from approaches in China and Europe.

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In diesem Artikel werden das Konzept der Anti-Suit Injunctions (ASIs) und die Verwendung von ASIs im Kontext von standardessentiellen Patenten (SEPs) und FRAND-Lizenzstreitigkeiten erörtert. Zunächst stellen wir Anti-Suit-Injunctions vor und skizzieren den von der US-Rechtsprechung entwickelten, dreistufigen Test zur Beurteilung der Angemessenheit einer ASI. Von diesem Test umfasst sind die Erfüllung von zwei Schwellenanforderungen, die Anwendung der sogenannten „Unterweser"-Faktoren und die Bewertung der Auswirkung der einstweiligen Verfügung auf das den internationalen Rechtsverkehr im Sinne der *comity*-Doktrin des US-Rechts. Darüber hinaus erörtern wir konkrete Fälle, in denen sich US-amerikanische Gerichte mit Anträgen auf einstweilige Verfügungen im FRAND-Kontext befasst haben, und betrachten die Faktoren, auf die sich die Gerichte stützten, um einstweilige Verfügungen zu erteilen oder abzulehnen. Schließlich fassen wir die aktuelle Entscheidung des Eastern District Court of North Carolina vom Februar 2024 in der Rechtssache Ericsson vs. Lenovo zusammen. Wir analysieren die Gründe des District Court für die Ablehnung des Erlasses einer Anti-Suit-Injunction gegen Ericsson und diskutieren, wie sich die Entscheidung mit früheren US-amerikanischen ASIs-Fällen deckt. Abschließend betrachten wir, wie sich der US-Ansatz für ASIs von der Haltung der Gerichte in China und Europa unterscheidet.

I. What are Anti-Suit Injunctions?

1. Definition

[1] Anti-suit injunctions are orders in one jurisdiction enjoining a party from commencing an action in another jurisdiction or from enforcing an order in another jurisdiction, including foreign jurisdictions.[1] They occur when parties disagree regarding the proper forum to litigate their dispute. In theory, anti-suit injunctions improve efficiency because they ensure that issues are resolved in one jurisdiction before they are litigated in another. They avoid inconsistent orders across jurisdictions, and can be used to restrain vexatious proceedings. Although an anti-suit injunction, when used in a foreign jurisdiction, ostensibly "operates only against the parties, and not directly against the foreign court… such an order effectively restricts the jurisdiction of the court of a foreign sovereign," and should be used "sparingly."[2]

2. Test for Anti-Suit Injunctions in the U. S.

[2] The propriety of an anti-suit injunction in the United States is assessed in three steps.[3]

[3] First, the movant must satisfy two threshold requirements – that the parties and issues are the same in both matters, and that resolution of the case before the enjoining court is dispositive of the action to be enjoined.[4]

[4] Second, if the threshold requirements are met, the movant must also show that at least one of four (sometimes five[5]) anti-suit injunction factors (sometimes referred to as *Unterweser*[6] factors) apply.[7]

[5] Finally, if the threshold requirements are met and at least one of the *Unterweser* factors is met, the court must assess the injunction's effect on international comity.[8] With respect to international comity, U. S. circuits are split between a more "conservative approach" and a more permissive "liberal approach." Federal appellate courts in the First, Second, Third, Sixth, Eighth, and District of Columbia Circuits have adopted the "conservative approach."[9] The conservative approach places greater emphasis on international comity and will only issue an ASI if the movant demonstrates "(1) an action in a foreign jurisdiction would prevent United States Jurisdiction or threaten a vital United States policy, and (2) the domestic interests outweigh concerns of international comity."[10] Federal courts in the Fifth, Seventh and Ninth Circuits have adopted a more "liberal approach."[11] The liberal approach places less emphasis on international comity and will issue an injunction "whenever there is a duplication of parties and issues and the court determines that the prosecution of simultaneous proceedings would frustrate the speedy and efficient determination of the case."[12]

1 See E. & J. Gallo Winery v. Andina Licores S. A., 446 F.3d 984, 989 (9th Cir. 2006).
2 China Trade & Dev. Corp. v. M. V. Choong Yong, 837 F.2d 33, 35 (2d Cir. 1987) (internal quotations marks and citation omitted). See also BAE Sys. Tech. Sol. & Sen's., Inc. v. Republic of Korea's Def. Acquisition Program Admin., 884 F.3d 463, 479 (4th Cir. 2018).
3 See, e. g., BAE Sys. Tech. Sol. & Servs., Inc. v. Rep. of Korea's Def. Acquisition Program Admin., 195 F.Supp.3d 776, 786 (D. Md. 2016).
4 Microsoft Corp. v. Motorola, Inc., 696 F.3d 872, 882 (9th Cir. 2012). See Canon Lat. Am., Inc. v. Lantech (CR), S. A., 508 F.3d 597, 601 (11th Cir. 2007); Quaak v. Klynveld Peat Marwich Goerdeler Bedrijfsrevisoren, 361 F.3d 11, 18 (1st Cir. 2004) ("The gatekeeping inquiry is, of course, whether parallel suits involve the same parties and issues."); Sanofi-Aventis Deutschland GMBH v. Genentech, Inc., 716 F.3d 586, 595 (Fed. Cir. 2013) (Dyk, J., concurring) (stating that the majority opinion was wrong to consider additional factors when the threshold considerations were not met).
5 The so-called Unterweser factors consider "where the foreign litigation would (1) frustrate a policy of the forum issuing the injunction; (2) be vexatious or oppressive; (3) threaten the issuing court's in rem or quasi in rem jurisdiction; or (4) where the proceedings prejudice other equitable considerations." In re Unterweser Reederei, 428 F.2d 888, 890 (5th Cir. 1970). A fifth factor, considered by the Second Circuit is whether the parallel litigation would result in delay, inconvenience, expense, inconsistency, or a race to judgment. See Karaha Bodas Co., L. L. C. v. Perusahaan Pertambangan Minyak Dan Gas Bumi Negara, 500 F.3d 111, 119 (2d Cir. 2007).
6 In re Unterweser Reederei, 428 F.2d 888, 890 (5th Cir. 1970).
7 Microsoft, 696 F.3d at 882; Gallo, 446 F.3d 984, 991 (9th Cir).
8 Laker Airways Ltd. v. Sabena, Belgian World Airlines, 731 F.2d 909, 937, 235 U. S. App. D. C. 207 (D. C. Cir. 1984).
9 See Quaak, 361 F.3d 11, 17 (1st Cir.); China Trade, 837 F.2d 33 (2d Cir.); GE v. Deutz AG, 270 F.3d 144, 160-161 (3d Cir. 2001); Gau Shan Co., Ltd. v. Bankers Tr. Co., 956 F.2d 1349, 1352-54 (6th Cir. 1992); Goss Int'l Corp. v. Man Roland Druckmaschinen Aktiengesellschaft, 491 F.3d 355, 359-61 (8th Cir. 2007); Laker Airways, 731 F.2d 909, 235 U. S. App. D. C. 207 (D. C. Cir).
10 Ericsson v. Lenovo (United States), Inc., No. 5:23-CV-00569-BO, 2024 U. S. Dist. LEXIS 26060, *22 (E. D. N. C. Feb. 13, 2024) (internal citation omitted).
11 See Ganpat, 66 F.4th 578 (5th Cir.); Gallo, 446 F.3d 984 (9th Cir). The Seventh Circuit hasn't committed to either approach but has signaled that it is "inclined towards the laxer standard." 1st Source Bank v. Neto, 861 F.3d 607, 613 n.2 (7th Cir. 2017). The Federal Circuit has employed the liberal test because it applies the law of the regional circuit when dealing with issues not unique to patent law. Sanofi-Aventis, 716 F.3d at 591-92.
12 Quaak, 361 F.3d 11, 12 (1st Cir.).

3. Use of ASIs in the SEP/FRAND context

[6] Standard Setting Organizations (SSOs), such as the European Telecommunications Standards Institute (ETSI), formulate the standards for everyday technology, such as Wi-Fi, Bluetooth, and USB. Standard Essential Patents (SEPs) claim technology that is essential to a technical standard, meaning that the technology must be used to implement or comply with the standard. Typically, SEPs are self-declared to SSOs with little to no review of their essentiality or value. The owners of SEPs commit to license them on Fair, Reasonable, and Non-Discriminatory (FRAND) terms. When manufacturers of standard-compliant products use the technology claimed in the SEPs, they must license the SEPs from the SEP owners. In some cases, an SEP implementer may consider taking a SEP license as a last resort, preferring efficient infringement to licensing.

[7] Because there is no universal definition of "FRAND," what is considered FRAND by one party is often not considered as such by others. Additionally, different jurisdictions may be more or less friendly towards SEP holders or SEP implementers. This can lead to forum shopping, with one or more parties seeking anti-suit injunctions to enjoin each other from litigating in a foreign court. When successful, an anti-suit injunction can give an SEP litigant an advantage in resolving the dispute in a court in their preferred forum. For example, a court reviewing defendant-SEP owner's compliance with a FRAND licensing commitment may grant plaintiff-SEP implementer's anti-suit injunction to prevent the SEP owner from initiating or enforcing foreign patent infringement claims until the FRAND licensing dispute is resolved.

II. Factors Considered for ASIs in FRAND cases

[8] Below we highlight the factors U. S. Courts relied on in deciding whether to grant or deny anti-suit injunctions for FRAND cases.

1. Factors Considered in Granting ASIs

a) Presence of a Contractual Umbrella or Agreement Between Parties

[9] With respect to the threshold factors, U. S. courts frequently consider related entities to be the "same" parties, and instead focus on determining whether resolution of the U. S. action would be dispositive of the foreign actions.

[10] In *Microsoft v. Motorola*, Judge Robart granted Microsoft's request for an ASI to enjoin Motorola from enforcing a German court's injunction.[13] Microsoft had filed a declaratory judgment suit in the Western District of Washington in 2010, alleging that Motorola had breached its FRAND obligations. While the suit was pending, Motorola sued Microsoft for infringement in Germany, seeking an injunction. In April 2012, the German court (Mannheim) granted an injunction prohibiting Microsoft from selling infringing products in Germany. In granting Microsoft's request for an anti-suit injunction, the Court determined that resolution of the US contractual matter would be dispositive of the German action. The Court determined that Motorola's contract with the standards organization (the ITU)[14] was enforceable by Microsoft, and encompassed the patents at issue in the German suit. As the Ninth Circuit clarified on appeal, the district court did "not seek[] to enjoin [a party from litigating in] a foreign court on the basis of a patent validity or infringement finding by a United States court" but rather on the basis of the contract interpretation by a U. S. court.[15]

[11] In *Huawei v. Samsung*,[16] the Court granted Samsung's request for an ASI. Both parties manufactured and sold wireless products implementing 3G and 4G standards promulgated by ETSI.[17] In May 2016, Huawei sued Samsung in the Northern District Court of California for infringement of 11 Huawei SEPs, and for breach of its FRAND licensing commitment under ETSI's IP policy. The next day, Huawei also filed eight infringement actions in China (Shenzhen Court) for Chinese SEPs. The Chinese actions proceeded more quickly than in the United States, and following trials, the Shenzhen Court issued orders finding that Samsung infringed two of Huawei's Chinese SEPs and enjoining Samsung's Chinese affiliates from manufacturing and selling its 4G LTE standardized smartphones in China. Samsung requested an anti-suit injunction in the California case preventing Huawei from enforcing the injunction orders issued by the Shenzhen Court. The two Chinese SEPs were counterparts of U. S. SEPs at issue in the U. S. case, and part of the FRAND contract dispute before the U. S. court. Despite Huawei's efforts to distinguish the case from *Microsoft,* the Court found that, as in *Microsoft*, "[t]he contractual umbrella over the patent claims" controlled, and accordingly that the U. S. action would be dispositive of Huawei's Chinese actions, and granted Samsung's ASI request.[18]

[12] In *TCL v. Ericsson*,[19] the Court granted TCL's request for an anti-suit injunction against parallel foreign lawsuits. There, the parties had previously negotiated towards licenses for Ericsson SEPs covering ETSI's 3G and 4G standards. Between 2012-2014, Ericsson filed a series of foreign litigations against TCL for alleged infringement of Ericsson's SEPs. In

13 Microsoft Corp. v. Motorola, Inc., 871 F. Supp. 2d 1089 (W.D. Wash. 2012).
14 International Telecommunication Union.
15 Microsoft, 696 F.3d at 883.
16 Huawei Techs. Co v. Samsung Elecs. Co, No. 3:16-cv-02787-WHO, 2018 U.S. Dist. LEXIS 63052, *41 (N.D. Cal. Apr. 13, 2018).
17 European Telecommunications Standards Institute.
18 Huawei Techs¸2018 U.S. Dist. LEXIS 63052, at *27.
19 TCL Commun. Tech. Holdings v. Telefonaktiebolaget LM Ericsson, No. 8:14-cv-00341-JVS-AN, 2015 U.S. Dist. LEXIS 191512 (C.D.Cal. June 29, 2015).

March 2014, TCL sued Ericsson in the Central District of California for breach of contract claims stemming from Ericsson's obligation to license SEPs related to 2G-4G standards under FRAND terms. In May 2015, TCL filed a motion to enjoin Ericsson's infringement actions in the U. S. (in the Eastern District of Texas) and abroad (France, Brazil, Russia, UK, Argentina, Germany).[20] Unlike in *Microsoft* and *Huawei*, here during briefing, both parties indicated their desire that the U. S. action should result in a "global resolution" of the SEP patent licensing and damages claims.[21] The Court granted the anti-suit injunction against the foreign lawsuits "based on the parties' mutual agreement" to allow the parties to concentrate on the overriding FRAND issues, and ordered "that neither party, nor its affiliates or subsidiaries shall initiate or continue to prosecute a patent infringement action against the other regarding the 2G, 3G, and 4G SEPs at issue before this Court or their foreign equivalents."[22]

b) Violation of U. S. Policy and Delay In Filing Foreign Suits

[13] With respect to the *Unterweser* factors, U. S. Courts focus on whether the foreign litigation would frustrate a U. S. policy, and whether an ASI would help curb "forum shopping and … duplicative and vexatious litigation."[23]

[14] In *Huawei v. Samsung*, the Court considered this first *Unterweser* factor (whether a policy of the forum issuing the injunction would be frustrated) met, at least because the Shenzhen court's order enjoining Samsung's Chinese affiliates from manufacturing and selling its 4G LTE standardized smartphones in China compromised the U. S. court's ability to reach a just result free of external pressures on Samsung. Orders from the Shenzhen Court could render the U. S. proceedings meaningless, while the risk of harm to Samsung's operations in China in the interim was great.[24] In *Microsoft v. Motorola*, the Court considered this factor, noting that because the issue of injunctive relief was before both the U. S. court and the court in Germany, the potential for inconsistent judgments was high.[25]

[15] As part of the *Unterweser* factors, Courts also considered the timing between the foreign action and the U. S. action – finding a longer delay between the U. S. action and a subsequent foreign action to weigh in favor of an ASI. In contrast, Courts declined to consider foreign suits vexatious or oppressive when foreign actions were filed the day after the U. S. one. In *Microsoft*, the Court found concerns of "forum shopping and… duplicative and vexatious litigation" to support grant of the ASI, based in part on Motorola waiting over six months after Microsoft filed its complaint to initiate the German Action.[26] In *Huawei v. Samsung*, the Court declined to find the foreign suits vexatious or oppressive because Huawei filed the Chinese actions the day after it filed the U. S. case, such that the timing concerns present in *Microsoft* (filing of foreign action six months after the U. S. one) were not at issue.

c) Comity – Timing and Scope Considerations

[16] With respect to comity, different circuits follow either the "conservative approach" or the "liberal approach." The conservative approach places greater emphasis on international comity and will only issue an ASI if the movant demonstrates "(1) an action in a foreign jurisdiction would prevent United States Jurisdiction or threaten a vital United States policy, and (2) the domestic interests outweigh concerns of international comity."[27] The liberal approach places a more modest emphasis on international comity and will issue an injunction "whenever there is a duplication of parties and issues and the court determines that the prosecution of simultaneous proceedings would frustrate the speedy and efficient determination of the case."[28]

[17] Both *Microsoft* and *Huawei* followed the Ninth Circuit's more liberal approach. In *Microsoft v. Motorola*, the Court found an ASI "would not have an intolerable impact," on comity.[29] Specifically, the Court found comity concerns "alleviated" because the foreign court had been "belatedly asked by Motorola to decide an issue already placed before this Court."[30] In *Huawei v. Samsung*, the Court considered both the timing of the actions (the U. S. action preceding the Chinese actions) and the scope of the injunction (enjoining Huawei from enforcing the Chinese injunctions until the U. S. Court evaluated the propriety of injunctive relief for the parties' SEPs). The Court found the impact on comity would be negligible because the case involved "a private contractual dispute," rather than "a dispute implicating public international law or government litigants."[31] The Court enjoined Huawei from enforcing the injunction orders granted by the Chinese Shenzhen court "until [the Court had] the ability to determine the breach of contract claim [that Huawei] chose to present in this action prior to filing the Chinese actions."[32]

2. Factors Considered in Denying ASIs

[18] When Courts deny requests for ASIs enjoining foreign actions, they do so by relying on the threshold factors. Finding that resolution of the U. S. matter would not dispose of the foreign action ends the anti-suit injunction inquiry.

20 Id. at *10-14.
21 Id. at *18.
22 Id. at *19.
23 Huawei Techs ,2018 U. S. Dist. LEXIS 63052, at *34.
24 Id. at *8.
25 Microsoft, 871 F.Supp. 2 d 1089, at 1100.
26 Id.
27 Ericsson at *22 (internal citation omitted).
28 Id.
29 Microsoft, 871 F.Supp. 2 d 1089, at 1100.
30 Id., at 1101.
31 Huawei Techs, 2018 U. S. Dist. LEXIS 63052, at *38-40.
32 Id. at *41.

[19] In *Apple v. Qualcomm*, the Court denied Qualcomm's request for an anti-suit injunction.[33] Qualcomm and Apple were both members of ETSI. In 2016, Qualcomm offered to license its patent portfolio to Apple, and Apple rejected Qualcomm's offers as not FRAND. In January 2017, Apple filed suit against Qualcomm in the Southern District of California asserting breach of contract claims, patent claims, and antitrust claims. Between January 23, 2017 and April 11, 2017, Apple filed a total of eleven lawsuits against Qualcomm and its subsidiaries in the United Kingdom, Japan, China, and Taiwan.[34] Qualcomm requested an ASI against Apple, seeking to enjoin Apple from pursuing its claims in the foreign actions and from filing any further foreign actions during the pendency of the U. S. action. In denying the ASI, the Court relied on its determination that the issues were not the same in each venue and the U. S. action would not dispose of the foreign actions.[35] The Court distinguished *Microsoft*, noting that in *Microsoft* the Court enjoined the party (Motorola) that had made the binding commitment to the SSO, thereby "holding the enjoined party to its contractual bargain."[36] The Court noted that Apple (unlike Qualcomm, and unlike Motorola in *Microsoft*) had not made a binding commitment to the Standard Setting Organization that would limit the relief it sought.[37]

[20] Although the Court did not need to reach the *Unterweser* factors, the Court noted that "this is not a case where the delay between the filing of the first action and the subsequent actions raises concerns about forum-shopping or harassing motive."[38] And although it did not need to reach comity, the Court nonetheless found the impact on comity would not be tolerable, refusing to consider the dispute as a "private contractual dispute," at least because "multiple sovereign and international bodies … concluded or alleged that aspects of Qualcomm's business model are anticompetitive demonstrates that this dispute implicates global public concerns in a way not evident from the record in *Microsoft v. Motorola*."[39]

[21] In *TQ Delta v. ZyXEL*,[40] the Court also denied the ASI based on the threshold factors. TQ Delta filed an infringement suit in Delaware District Court in December 2013, and Defendants counterclaimed that TQ Delta breached its obligation to the ITU because it failed to license its patents to ZyXEL on FRAND terms. In 2017, TQ Delta also filed suit against ZyXEL in the UK.[41] Following the *Unwired Planet v. Huawei* decision from the UK High Court of Justice setting the FRAND royalty rates for a worldwide license to Unwired Planet's portfolio of SEPs, ZyXEL moved for expedited consideration of a preliminary injunction, asking the Delaware court to enjoin Plaintiffs from pursuing the UK action. The Court denied the ASI based on the threshold factors. As the Court noted, ZyXel did not argue that the U. S. action would be dispositive of the UK action.[42] Additionally, TQ Delta had not instituted the UK action to terminate the United States claims, and in the UK action TQ Delta asserted at least one European patent that had no equivalent in the U. S. case.

3. ASI trends in the US

[22] ASIs appeared in the U. S. in the early 2010 s as a useful tool to prevent forum shopping, with several U. S. courts granting ASIs to enjoin parallel litigation in foreign jurisdictions. Nonetheless, a preliminary injunction remains an "extraordinary" remedy, "never awarded as of right."[43]

[23] Considered through the lens of SSO and FRAND commitments, ASI cases indicate that U. S. courts are more likely to grant ASIs when the U. S. case turns on the SSO contractual claims, and the contractual umbrella is dispositive of the foreign claims. Parties arguing the contractual commitment between the parties and the SSO, rather that the validity or infringement of specific patents frames the dispute as a global one, are more likely to obtain an ASI in foreign proceedings. Courts may also be more likely to grant ASIs when the ASI is against a party who made a binding commitment to an SSO.

III. Ericsson v Lenovo (2024)

[24] On February 13, 2024, in the Eastern District of North Carolina (EDNC), Judge Boyle denied Lenovo's motion for an anti-suit injunction against Ericsson.[44]

1. Background and Holding

[25] Ericsson and Lenovo both owned SEP patents incorporated in ETSI cellular standards and were required to license their respective SEPs under FRAND terms. In October 2023, Ericsson offered to license its portfolio of SEPs and filed its complaint before the EDNC district court. Ericsson requested a finding that its offer complied with FRAND and in the alternative requested the Court declare a FRAND rate for a global cross-license. Lenovo counterclaimed and sought a declaration setting FRAND royalty rates for a global patent cross-license.[45]

33 Apple Inc. v. Qualcomm Inc., No. 3:17-cv-00108-GPC-MDD, 2017 U. S. Dist. LEXIS 145835 (S. D. Cal. Sep. 7, 2017).
34 Id. at *12.
35 Id. at *19.
36 Id. at *31.
37 Id. at *29-30.
38 Id. at *39.
39 Id. at *55.
40 TQ Delta, LLC v. ZyXEL Communs. Inc., Civil Action No. 1:13-cv-02013-RGA, 2018 U. S. Dist. LEXIS 98228 (D. Del. June 12, 2018).
41 Id. at *3-4.
42 Id. at *8.
43 Winter v. Nat'l Res. Def. Council, 555 U. S. 7, 129 S. Ct. 365, 172 L. Ed. 2 d 249, *9 (2008).
44 Ericsson v. Lenovo (United States), Inc., No. 5:23-CV-00569-BO, 2024 U. S. Dist. LEXIS 26060 (E. D. N. C. Feb. 13, 2024).
45 Id. at *9-12.

[26] Between October 2023 and December 2023, both parties filed additional complaints with the ITC and outside of the U. S. Ericsson filed actions in Colombia and Brazil. In November 2023, in the Brazilian action, the court entered a preliminary injunction enjoining Lenovo from implementing the 5G essential patents at issue.[46] In December 2023, in the Colombian action, the Colombian authority enjoined Lenovo's affiliate Motorola to cease marketing, offering for sale, selling, using or importing certain 5G cell phones.

[27] Shortly after the Colombian decision, Lenovo and Motorola filed an application for a Temporary Restraining Order (TRO) and anti-suit injunction in the EDNC, asking the Court to preliminary enjoin Ericsson from enforcing the Brazilian and Colombian injunctions until the FRAND licensing dispute was resolved.

[28] The court held that no anti-suit injunction was warranted.

2. Reasoning

[29] The court reasoned that resolving the EDNC case would not be dispositive of the Brazilian and Colombian suits that Lenovo sought to enjoin. Despite the Brazilian and Colombian actions involving infringement claims for 5G SEPs included in Ericsson's global licensing offer, Judge Boyle was not convinced by Lenovo's argument that resolving the FRAND rate in his court (or the UK court) would moot the foreign actions. As Judge Boyle stated: "the Court is not persuaded that resolving the underlying contract issues will force either Lenovo or Ericsson into a global licensing agreement that would resolve the patent infringement claims at the core of the Brazilian and Colombian actions."[47]

[30] The Court distinguished from the facts of *Microsoft v. Motorola*, but aligned itself with the *Microsoft* court's reasoning. The Court explained that, as in *Microsoft*, its holding did not depend on the territorial nature of the Brazilian and Colombian essential patents, but rather on the underlying contract claims under the ETSI IP rights policy. The Court reasoned that here, unlike in *Microsoft*, holding the parties to their SSO obligations would not necessarily result in a global cross-license resolving the foreign patent actions.

[31] Ericsson had originally asked the Court to find its rate FRAND, and in the alternative to set a FRAND rate. Lenovo counterclaimed for declaratory relief, asking the Court to set FRAND terms. The Court highlighted that Lenovo had not committed to accepting Ericsson's offer if it was found to be FRAND. If the offer was found to be FRAND, the Court pointed out that Lenovo would have three options: (1) accepting the FRAND offer, (2) rejecting it and not implementing Ericsson's SEPs, or (3) rejecting it, implementing the SEPs and exposing itself and related entities to actions for infringement.

[32] Because Ericsson, Lenovo, or both, could decline to enter into a global patent cross-license, resolving the U. S. case would not necessarily force either party into a global licensing agreement resolving the Brazilian and Colombian actions. The Court declined to "draft agreements for the parties" and to determine a FRAND rate that may be used solely as a negotiating tool.[48]

IV. State of ASIs worldwide

1. Take-aways from Ericsson v. Lenovo

[33] Judge Boyle's decision further reinforced the extraordinary nature of an ASI and the increasing difficulty in obtaining one in the U. S. The decision also provides an additional datapoint indicating that U. S. courts may increasingly decline to give SEP implementers leverage over SEP holders. U. S. Courts may increasingly favor SEP owners, and in some cases may disfavor SEP "efficient infringement." Specifically, U. S. courts may disfavor granting ASIs requested by SEP implementers (*e. g.*, Lenovo/Motorola) who are not willing to submit to the Court's jurisdiction in determining SEP rates. Also it remains to be seen whether this could be indicative of a greater trend of U. S. Courts seeking to adjudicate FRAND disputes on a global basis.

2. European Union

[34] In common law countries such as the U. S., courts expect jurisdictional conflicts to arise. This is not the case in civil law countries, where laws are drafted to prevent jurisdictional conflicts from the outset.[49] The Regulation controls which EU member state's court has jurisdiction to hear particular disputes and therefore offers a high degree of certainty regarding which Court has jurisdiction. The CJEU confirmed that the Regulation prohibits anti-suit injunctions between EU contracting states.[50] As a result, ASIs are rare in Europe.

[35] In Germany, courts have confirmed that ASIs are generally not allowed under German law.[51] In some circumstances German courts have gone as far as to declare SEP implementers unwilling for FRAND purposes, if the SEP implementers threatened to file an anti-suit injunction.[52] Because such SEP implementers are left without a FRAND defense, this may have contributed to a decline of ASIs against German SEP infringement suits.

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46 Id. at *14.
47 Id. at *28.
48 Id. at *27. This reasoning also echoes Judge Gilstrap's in Apple v. Ericsson. See Ericsson Inc. v. Apple Inc., No. 2:21-CV-00376-JRG, 2022 WL 19403865, at *4 (E. D. Tex. July 28, 2022) ("any purported 'pressure' on Apple to negotiate with Ericsson regarding the parties' global licensing disputes exists between the parties and has no effect on this Court.").
49 Cf., e. g., Brussels 1 a Regulation (EU) No. 1215/2012 ("Regulation").
50 See CJEU (EuGH) EuZW 2004, 468 – Turner/Grovit et al.; CJEU (EuGH) NJW 2009, 1655 – Allianz SpA/ West Tankers Inc.
51 See, e. g., Higher Regional Court of Munich (OLG München) GRUR 2020, 379 para. 54 – Anti-Suit Injunction.
52 See e. g., RC Munich I (LG München I) GRUR-RS 2021, 3995 para. 94 – Anonymisierung von Gerichtsentscheidungen in Patentstreitsachen; RC Munich (LG München I) GRUR-RS 2021, 17662 para. 37 – Smartphone, see also HRC Düsseldorf (OLG Düsseldorf) GRUR 2022, 318 para. 31 – Ausländisches Prozessführungsverbot.

[36] Instead, civil law countries in Europe are more likely to issue Anti-ASIs. This trend appears to continue in the newly functioning Unified Patent Court ("UPC"). In the *10x Genomics vs. Nanostring* disputes at the UPC, the Munich local division indicated it would be willing to grant an anti-ASI in a case where a "renewed application for an anti-suit injunction and/or anti-enforcement injunction [in the US] [wa]s imminent."[53]

[37] In the UK, while prior to Brexit courts were bound by the Regulation, this is no longer the case post-Brexit. As a common law country, one where anti-suit injunctions originated in the fifteenth century, the UK is more likely to favor anti-suit injunctions.[54]

3. China

[38] With little to no ASIs in Europe, and an increasingly high bar for ASIs in the U. S., China is becoming an attractive jurisdiction for SEP implementers. Chinese courts have been willing to issue broad ASIs. *See e. g., Xiaomi v. InterDigital*,[55]*Ericsson v. Samsung*.[56] Chinese courts have also shown a willingness to set relatively low FRAND royalty rates, limiting SEP holders' ability to obtain high royalties for their portfolios. *See e. g., Nokia v. Oppo*.[57]

[39] As a result, SEP holders may be prone to seek anti-interference injunctions (anti-ASIs) against China in Germany (*see* above) or the U. S. For example, in 2021, Judge Gilstrap issued a targeted anti-interference injunction against Samsung.[58] As Judge Gilstrap explained, the Court's motive was to prevent a Chinese court from injecting itself into a U. S. proceeding by enjoining what could and could not be filed in the United States.[59] In 2020 Samsung had filed a complaint in China, asking the Chinese court to determine global licensing terms under FRAND, and requesting an ASI preventing it from seeking relief relating to its 4G and 5G SEPs anywhere else in the world. Days later Ericsson sued Samsung in the U. S. District Court for the Eastern District of Texas, alleging Samsung breached its obligation under ETSI's IP policy to license its SEPs on FRAND terms. The Chinese court granted the ASI on December 25, 2020, which included enjoining Ericsson and its affiliates from applying for any preliminary and permanent injunctive relief or administrative measures against Samsung in China or other countries. In E. D. Tex., on December 28, 2020 Ericsson effectively requested an anti-ASI to prevent Samsung from attempting to enforce the Chinese ASI. Judge Gilstrap granted an anti-interference injunction, for the targeted purpose of preventing the Chinese Action from interfering with the U. S. one, without controlling or limiting the Chinese proceeding.

[40] In 2022, in *Ericsson v. Apple*,[60] in the Eastern District of Texas, Apple filed an emergency motion for relief (but not in the form of an ASI) against Ericsson's attempt to use *ex parte* actions in Bogota, Colombia in the Texas District Court proceedings. Apple claimed that Ericsson had filed several secret *ex parte* preliminary injunction requests in various Colombian courts. On April 28, 2022, Court 43 of the Circuit of Bogota preliminarily "admitted" an "official decree enjoining Apple Colombia from selling its phone products" in Colombia and granted Ericsson an anti-anti-suit injunction directed at Apple Colombia S. A. S. In the Texas action, Apple contended that the "Colombian [I]njunction threatens this Court's ability to adjudicate this case, including the determination of binding FRAND terms for a cross-license, because it will provide Ericsson with coercive leverage to demand non-FRAND terms from Apple."[61] Judge Gilstrap expressed "some level of sympathy" for Apple due to Ericsson's "strategic conduct in other diverse forums" but noted Apple's improper emergency motion practice, and Apple's decision not to seek injunctive relief as to the action in Colombia. Ultimately the Court found that despite Ericsson's "hop-scotch[ing] all over the planet filing suits … for coercive effect," the foreign actions did not interfere with the pending Texas action or the Court's efforts to bring the case to an early trial date.

V. Conclusion

[41] Ultimately, SEP implementers are more likely to file suit in jurisdictions willing to set low global FRAND rates such as China and the UK, whereas SEP owners are more likely to file suit in SEP owner friendly jurisdictions willing to issue injunctions. These may include European countries such as Germany, but will depend on the specific market at issue for the parties. However, as part of a global litigation strategy, parties will need to keep in mind that ASIs may be increasingly difficult to obtain in the U. S., unless they can argue the presence of a contractual umbrella that would resolve the foreign suits and they are willing to submit to a U. S. Court's determination of a FRAND rate.

53 UPC Local Division Munich, UPC_CFI_357/2023 ORD 578815/2023 – Nanostring Technologies v. 10X Genomics, Inc.
54 See, e. g., Ebury Partners Belgium SA/NV v Technical Touch BV & Anor [2022] EWHC 2927 (Comm) (granting an anti-suit injunction to restrain Belgian proceedings brought in breach of English exclusive jurisdiction clause), see also UniCredit Bank GmbH v. RusChemAlliance LLC [2024] UKSC 15 (granting anti-suit injunctive relief to restrain proceedings commenced in Russia in breach of the parties' arbitration agreements).
55 (2020) E 01 Zhi Min Chu 169 (ordering InterDigital to withdraw its injunction application in India).
56 (2020) E 01 Zhi Min Chu 743 (issuing an ASI prohibiting Ericsson from enforcing an injunction against Samsung, and prohibiting Ericsson from seeking an order elsewhere to restrict Samsung from enforcing the ASI).
57 (2021) Yu 01 Min Chu 1232 (setting global license rates for SEPs at issue), affirmed by the Supreme People's Court (Dec 2023).
58 Ericsson Inc. v. Samsung Elecs. Co., No. 2:20-CV-00380-JRG, 2021 U. S. Dist. LEXIS 4392 (E. D. Tex. Jan. 11, 2021).
59 Ericsson Inc. v. Apple Inc., No. 2:21-CV-00376-JRG, 2022 U. S. Dist. LEXIS 241062, at *13n.5 (E. D. Tex. July 28, 2022).
60 Ericsson Inc. v. Apple Inc., No. 2:21-CV-00376-JRG, 2022 U. S. Dist. LEXIS 241062 (E. D. Tex. July 28, 2022).
61 Id. at *1.

MARIO URBIKS* AND LAURIN HAASIS**

The Enforcement of Injunctions within the Legal Framework of the UPCA

The first injunctions of the UPC in proceedings on the merits are about to be or have just been issued, so that there is hardly any case law on enforcement matters. However, the enforcement of decisions based on the UPCA and the RoP will be of great practical importance in the near future. Against this background, this article explains the basic rules of the enforcement of injunctions, but also deals with some practical relevant issues, such as the options for tailoring enforcement, particularly the limitation of enforcement to certain Member States.

Die ersten Unterlassungsverfügungen des EPG in Hauptsacheverfahren stehen kurz bevor bzw. wurden gerade erlassen, sodass die Rechtsprechung nur vereinzelt Antworten auf vollstreckungsrechtliche Fragen in diesem Zusammenhang geben kann. Die Vollstreckung von (Unterlassungs-)Verfügungen auf Grundlage des EPGÜ und der Verfahrensordnung des EPG dürfte jedoch in naher Zukunft von erheblicher praktischer Bedeutung sein. Der vorliegende Beitrag beschäftigt sich deshalb mit den Grundlagen der Vollstreckung von Unterlassungsverfügungen, wobei auch gestalterische Aspekte, wie etwa die Beschränkung der Vollstreckung auf bestimmte Mitgliedsstaaten, beleuchtet werden.

I. Introduction

[1] If the UPC, by issuing an injunction, prohibits a Defendant from further infringing the Plaintiff's patent claims through certain conduct, the prohibition alone does not ensure that the Defendant will actually refrain from future infringement. This, of course, applies irrespective of the question whether an injunction order by the UPC is binding once issued. The Defendant may be compelled to comply with the injunction by the imposition of a recurring penalty payment. Confronted with the new regulatory framework of the UPCA and the RoP, the Plaintiff is faced with the question of the conditions under which he can enforce such an injunction and what options of tailoring the enforcement he has.

II. Applicable Law

[2] Enforcement of UPC decisions is governed by the Agreement on a Unified Patent Court ("UPCA") and the Rules of Procedure of the Unified Patent Court ("RoP"). Unlike the enforcement of monetary claims, the enforcement of injunctions is regulated. The provisions found in Art. 63(2), 82 UPCA and R. 354 RoP contain an integral system for effective enforcement. They take precedence over national and European enforcement law, Art. 69, 71 d(2) Reg. (EU) No. 1215/2012. National and European law is thus only applicable if and as far as supranational law does not provide for a conclusive regulation.[1]

III. Prerequisite for the Enforcement of First Instance Decisions of the UPC

[3] In principle, any injunction issued by the UPC is directly enforceable in each Contracting Member State from the date of service. The UPC thus does not have to expressly order enforceability.

[4] Injunctions are enforced by means of coercive measures, i. e., by imposing penalty payments payable to the UPC on the Defendant (see Art. 63(2), 82(4) UPCA). Before the UPC imposes a penalty payment, the general prerequisite for enforcement (1.) and the specific prerequisite regarding the enforcement of injunctive relief (2.) must be met.

1. General Prerequisite for Enforcement of First Instance Decisions of the UPC

a) Service of the Decision / Enforcement Orders / Notification[2]

[5] Enforceable decisions (Art. 82(1) UPCA) are those that contain an order to perform or to cease and desist. In addition to the service of the decision (R. 354(1) RoP in conjunction with R. 118(8) RoP and Art. 10 UPCA), the enforcement of an injunction generally requires the attachment of an enforcement order, i. e., an enforcement clause, to the decision (Art. 82(1) UPCA). Furthermore, the Plaintiff is required to notify the UPC which parts of the order that they intend to enforce, along with certified translations (R. 7(2) RoP) where applicable (R. 354(1) RoP in conjunction with R. 118(8)). This is also the central rule for tailoring enforcement (see below sub VI.).

b) Enforcement Security

[6] Where appropriate, the enforcement of a decision may be subject to the provision of security or an equivalent guarantee to ensure compensation for any damage suffered, specifically in the case of injunctions (cf. Art. 82(2) UPCA). In particular, the discretionary guidelines on which the decision should be based (sub aa)), as well as the way in which the security may be

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1 For more details, see Haasis/Urbiks/Abt GRUR Patent 2023, 104 paras. 4-10.

2 For details, see Haasis/Urbiks/Abt GRUR Patent 2023, 104 paras. 11-15; Bopp/Kircher/Kircher, EurPatentprozess-HdB, 2nd ed. 2023, Sec. 27 para. 19.

calculated (sub bb)) and the question of the application requirement (sub cc)), appear questionable and will be discussed below.

aa) Discretion of the Court

[7] First, it should be noted that Art. 82(2) UPCA must – beyond its wording – also refer to orders.[3] This already follows from R. 352(1) RoP, which expressly refers to decisions and orders.[4]

[8] Whether the enforceability of a decision or order should be made dependent on the provision of security is to be discretionarily decided by the court.[5] This also follows from the wording "*may*" in R. 118(8) and R. 352(1) UPCA.[6] Thus, in contrast to, e. g., German civil procedure law, there is no general rule that a decision or order is enforceable only against security (see Sec. 709 of the German Code of Civil Procedure).

[9] The question appears as to which guidelines should be used as a basis for a discretionary decision. The starting point is to consider the protective purpose of Art. 82(2) UPCA. The provision of security is intended to ensure that potential damages caused by the enforcement of decisions that are subsequently revoked are covered, see R. 352(1) RoP.[7] Otherwise, the Defendant would have to bear the insolvency risk of a Plaintiff who enforces a decision that later turns out to be unjustified.[8] However, it would be too short-sighted to conclude from this that there is no need to provide security if there are no indications of an insolvency risk for the Plaintiff. It is in the nature of the insolvency risk that it exists in principle and that the distribution of risk cannot be to the detriment of the Defendant for the above-mentioned reason.

[10] In preliminary injunction proceedings, the first instance divisions seem to be developing a tendency not to order the provision of security as a starting point. In France, for example, first instance decisions are regularly declared enforceable without the provision of security.[9] According to the Munich Local Division, there is no reason to order the provision of a security if no particular difficulties are to be expected in connection with the enforcement of any title for damages, both in view of the applicant's economic situation and in view of the enforcement law in the applicant's home state.[10]

[11] Nevertheless, some have argued that, for reasons of fair trial, such orders should regularly be subject to adequate security for potential damages, even if security is not automatically ordered.[11]

[12] In summary, it remains to be seen if the UPC will regularly refrain from ordering the provision of security and do so only in exceptional cases or not.[12]

[13] The decision for or against the provision of security may be appealed in accordance with R. 220 RoP.

bb) Amount of Security

[14] The determination of the amount of the security is also at the courts' discretion. This follows from the wording "*where appropriate*" and the use of the word "*may*" in Art. 82(2) UPCA.[13]

[15] In principle, Art. 82(2) UPCA stipulates that the enforcement of a decision may be made dependent on the provision of security or equivalent guarantees. Thus, particularly in the case of injunctions, compensation for the damage suffered can be guaranteed. This is further clarified by R. 352(1) RoP, according to which the security should cover the costs of the proceedings and other costs due to the enforcement and compensation for damages incurred or likely to be incurred. The law does not provide any further concrete guidance on how to determine the amount of the security.

[16] The amount of the security should generally be based on the potential damages that the Defendant could suffer.[14] This not only includes the value of the enforceable claim, but also the further damage caused by enforcement in accordance with R. 354(1) RoP.[15] However, due to the discretion granted to it, the UPC is probably not fundamentally obliged to cover the entire potential loss of the Defendant.[16]

[17] In terms of time, the security to be provided depends on the Defendant's expected loss of profit by the end of the appeal proceedings as a result of the enforcement of the injunction claim.[17] In view of the time limit for the appeal proceedings, a decision by

3 Luginbühl/Hüttermann/Hoppe, Unified Patent System, 1st ed. 2024, UPCA Art. 82 para. 10.
4 Tilmann/Plassmann/von Falck/Stoll, Unified Patent/Unified Patent Court, 1st ed. 2024, UPCA Art. 82 para. 27.
5 UPC LD Duesseldorf GRUR-RS 2024, 17732 para. 162; Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 32.
6 BeckOK PatR/Augenstein, 32nd ed. 15th April 2024, UPCA Art. 82 para. 23.
7 Augenstein/Flythstrom, Enforcement of Decisions of the Unified Patent Court, 2023, Sec. 1.04 p. 7.
8 Augenstein/Flythstrom, Enforcement of Decisions of the Unified Patent Court, Sec. 1.04 p. 7.
9 BeckOK PatR/Augenstein, UPCA Art. 82 para. 24.
10 See UPC LD Munich GRUR 2023, 1513, 1526 para. 317 et seqq; in UPC_CFI_74/2024 the Munich Local Division ordered the provision of a security because the Defendant argued – undisputed – that proceedings for the recognition and enforcement of a foreign claim for damages in the USA would result in considerable legal costs, which, even if successful, would not have to be reimbursed by the debtor.
11 See also BeckOK PatR/Augenstein, UPCA Art. 82 para. 24; Augenstein/Kather GRUR 2021, 127 (129).
12 See also Luginbühl/Hüttermann/Hoppe, Unified Patent System, UPCA Art. 82 para. 18, it also refers to an "exceptional" waiver of the requirement for a security. The UPC LD Duesseldorf GRUR-RS 2024, 17732 para. 162, did also not set a security because the acts of infringement appeared manageable and the infringement was undisputed. Therefore it was rather unlikely that the court of appeal would have come to another conclusion.
13 Luginbühl/Hüttermann/Hoppe, Unified Patent System, UPCA Art. 82 para. 16.
14 Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 39.
15 Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 39.
16 Luginbühl/Hüttermann/Hoppe, Unified Patent System, UPCA Art. 82 para. 20.
17 BeckOK PatR/Augenstein, UPCA Art. 82 para. 28.

the Court of Appeal is currently likely within twelve months of the first instance decision (see R. 224, 235 and 239 RoP).

[18] In this context, it is particularly questionable which factual indications should be used to determine the amount of the security. The UPC may initially be guided by the parties' submission on expenses and damages (such as damages due to disruption of production, the value of the disclosed information and costs for the recall of products).

[19] In the absence of a substantiated pleading by the parties as to the amount of the expected damages or in the event of difficulties in quantifying the damages, the amount in dispute could be used as a point of reference.[18] In a more recent decision, the UPC is also guided by the amount in dispute.[19] Although the case in question is a preliminary injunction, the basic idea could also be applied to cases in which the court has equally insufficient factual indications of the amount of the security. However, it should be noted that the amount in dispute is usually proposed by the Plaintiff who will generally not have sufficient information about the Defendant's enforcement risk, meaning that the amount in dispute will regularly not reflect the Defendant's risk.[20]

cc) Application Requirement

[20] According to the wording of Art. 82(2) UPCA, it is not necessary for the parties to submit a request for the order of an enforcement security. However, from the Defendant's point of view, it is advisable to provide arguments for ordering the provision of security and to substantiate the amount of the expected enforcement damages.

[21] If enforcement is contingent upon the provision of security, it falls upon the Plaintiff to provide the requisite security prior to the enforcement of the injunction.

[22] It is not obligatory for the order for security to be incorporated into the decision itself; it may also be issued subsequent to the decision being made.[21] The enforcement of the decision can only be initiated once the requisite security has been proven, which may be in the form of a bank guarantee, a deposit or otherwise (R. 352(1) RoP).[22]

2. Specific Prerequisite regarding the Enforcement of Injunctive Relief

a) Enforcement Request

[23] According to R. 354(4) RoP, the UPC may decide on penalty payments upon the request of the Plaintiff („*principle of party disposition*") or of its own motion („*order ex officio*") if a Defendant is alleged to have failed to comply with an order granting injunctive relieve.

[24] While the general requirements for enforcing the injunction must also be met when the UPC decides *ex officio,* an enforcement security arguably does not have to be provided by the Plaintiff. However, a notification according to R. 118(8) RoP is likely to be required if the UPC decides on its own motion because such notification is intended to (also) protect the Defendant.[23] It is argued that an *ex officio* order is only possible if the competent first instance panel is notified of an alleged infringement ("*if it is alleged that*") and that the UPC will not monitor the parties' compliance with its orders *ex officio*.[24] Due to the broad wording, R. 354(4) RoP does not seem to be limited to information provided by the Plaintiff but suggests that third-party notifications may also trigger an action of the UPC. Thus, one could consider asking a third-party to act as a straw man and inform the UPC about acts of the Defendant which are in violation of the injunction. However, it remains to be seen whether and under what conditions the UPC will actually initiate and/or proceed with enforcement of injunctions on its own motion.

b) Failure to Comply with the Injunction

[25] A penalty payment may only be imposed on the Defendant in the event of an actual violation of the injunction, namely if the Defendant engages in actions that are covered by the injunction (Art. 63(2) UPCA).

[26] Thus, the question appears how to handle design arounds. It remains to be seen whether the UPC will follow the case law of other jurisdictions, such as the German core scope doctrine, which states that claims for injunctive relief can be made beyond the specific infringing act for acts that express the characteristic of the infringing act, or whether a new infringement action will always be necessary – even in the case of insignificant design arounds.[25]

[27] If there is a dispute between the parties as to whether or not a modification of the embodiment challenged in the infringement proceedings falls outside the scope of the prohibition in the judgment, the Plaintiff may nevertheless file an application for a penalty payment. This must be decided by the court of first instance, even if the case has been appealed (R. 354(4) RoP).[26]

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18 Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 39.
19 UPC LD Duesseldorf GRUR-RS 2023, 40025 para. 43.
20 BeckOK PatR/Augenstein, UPCA Art. 82 para. 30.
21 Bopp/Kircher/Kircher, EurPatentprozess-HdB, 2nd ed. 2023, Sec. 27 para. 13.
22 Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 29.
23 Tilmann/Plassmann/W. Tilmann, Unified Patent/Unified Patent Court, RoP R. 118 para. 48; Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, RoP R. 354 para. 4.
24 Augenstein/Kather GRUR 2021, 127 (130).
25 See also Kühnen, Patent Litigation Proceedings in Germany, 7th ed. 2015, para. 2427.
26 Tilmann/Plassmann/W. Tilmann, Unified Patent/Unified Patent Court, UPCA Art. 63 para. 96.

[28] The Defendant may then bring an action for a negative declaratory judgment, which must be filed with the same court (Art. 33(4) UPCA). In these proceedings, orders may be issued in accordance with R. 9(1) RoP.[27]

c) Culpable Behavior

[29] The penalty payment serves two functions: It is a coercive measure, and punitive in nature.[28] This is consistent with the English ("penalty payment"; "be sanctioned") and French ("sanctionée") wording of Art. 82(4) UPCA. As a disciplinary measure, it is based on the assumption that the Defendant has acted culpably. Article 68(1) UPCA is consistent with the standard of culpability. In accordance with this standard, culpability is established if the Defendant was aware, or reasonably should have been aware, that their actions were contrary to the injunction.[29]

d) Threat of Penalty Payment

[30] Moreover, a warning must precede the enforcement of a penalty payment. This warning can be part of the enforceable decision (which is expected to be the primary scenario) or it can be issued in a subsequent order.

[31] According to R. 354(4) RoP, the imposition of the penalty payment must be preceded by a court order ("penalty payments provided for in the order"). This means that the UPC must first threaten to impose a penalty payment in the decision to be enforced (which is likely to be the main use case) or in a subsequent order.[30]

e) Right to be Heard

[32] Both parties must be granted the right to be heard before a decision on the imposition of a penalty payment is taken (R. 354(4) in conjunction with R. 264 RoP). However, an oral hearing is not required. This does not mean that the court has to hear the Plaintiff again after hearing the Defendant, as the Plaintiff has already had sufficient opportunity to be heard through his application for the penalty payment.[31]

IV. Decision of the UPC and Timeframe

[33] If all the general and specific requirements for the enforcement of a decision or order are met, the UPC imposes periodic penalty payments outlined (R. 354(4) RoP) by means of an order within the meaning of R. 351 RoP.

[34] Without an oral hearing required, an order to impose a penalty payment can be issued quite swiftly. For instance, the Local Division of Munich issued an order around two months following the Plaintiff's penalty payment application[32] while the Local Division of Düsseldorf took approximately three months to issue a similar order.[33] However, the aforementioned decisions were preceded by interim injunctions, so it remains to be seen how long it will take the UPC to issue such order on the merits.

[35] The individual penalty imposed by the UPC must be proportionate to the significance of the order being enforced and should not impede the Plaintiff's entitlement to seek damages.[34] It is important to note that the UPC has discretion in determining the amount of the periodic penalty payments (R. 354(4) RoP). In contrast to the German Enforcement Law (Sec. 890(1) of the German Code of Civil Procedure), the UPCA and the RoP do not establish a limit on the amount of the payments mentioned. The principal factor in determining the penalty payment amount is the significance of the injunction order, especially the Plaintiff's interest in the enforcement of the decision.[35] Furthermore, the threat of a penalty should serve as an effective deterrent to the Defendant, preventing future infringements and violations.[36] Nevertheless, considering the penalty payment serves both as a punishment and a deterrent, a number of factors should be considered when determining its amount. These factors encompass the nature, scope, and duration of the violation, the level of fault, the advantage gained by the infringer through the illegal action, and the risk presented by present and future violations to the injured party.[37] The penalty payment imposed must be within the amount previously threatened.[38]

[36] Periodic recurring penalties, similar to French law, are typically imposed for each act of patent-infringement.[39] The English wording of Art. 82(4) UPCA specifically mentions "recurring penalties". However, in the first enforcement proceeding, the UPC ordered one-time payments for preliminary injunctions.[40]

[37] It's currently not clear if a penalty payment can be ordered against all Defendants if only one of multiple Defendants is found to have violated the injunction. Also, it's unclear if the other Defendants can be held liable for the penalty payment ordered against one of them.

[38] The UPCA and the RoP do not specify a framework for collecting imposed penalty payments. Conse-

27 Tilmann/Plassmann/W. Tilmann, Unified Patent/Unified Patent Court, UPCA Art. 63 para. 96.
28 See UPC LD Duesseldorf GRUR 2024, 280 para. 55.
29 Luginbühl/Hüttermann/Hoppe, Unified Patent System, UPCA Art. 82 para. 82.
30 Augenstein/Flythstrom, Enforcement of Decisions of the Unified Patent Court, Sec. 1.04 p. 10.
31 BeckOK PatR/Augenstein, UPCA Art. 82 para. 40.
32 See UPC LD Munich GRUR-RS 2023, 40583 para. 1.
33 See UPC LD Duesseldorf GRUR 2024, 280 para. 23.
34 UPC LD Duesseldorf GRUR 2024, 280 para. 54; Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 129.
35 Augenstein/Flythstrom, Enforcement of Decisions of the Unified Patent Court, Sec. 1.04p. 10.
36 BeckOK PatR/Augenstein, UPCA Art. 82 para. 41.
37 UPC LD Duesseldorf GRUR 2024, 280 para. 55.
38 Tilmann/Plassmann/v. Falck/Stoll, Unified Patent/Unified Patent Court, UPCA Art. 82 para. 129.
39 As outlined by BeckOK PatR/Augenstein, UPCA Art. 82 para. 49.
40 See UPC LD Munich GRUR-RS 2023, 40583 para. 43; UPC LD Duesseldorf GRUR 2024, 280 para. 62.

quently, the UPC relies on the national laws and enforcement authorities of the Contracting Member States for this aspect.[41]

[39] Pursuant to R. 220(2) of the Rules of Procedure, an order imposing a periodic penalty payment on the Defendant is appealable. However, it should be noted that according to R. 223(5) RoP an appeal under R. 220(2) RoP has no suspensive effect.

V. Compensation for Injury Caused by Enforcement

[40] Should the decision to grant an injunction be altered or overturned after its enforcement by the Plaintiff, for instance, upon appeal, the Defendant has the right to seek an order requiring the Plaintiff to compensate for any damages incurred due to the enforcement (R. 354(2) RoP). The wording of R. 354(2) RoP according to which the UPC "*may*" order the Plaintiff to provide appropriate compensation indicates that the UPC has the discretion to such an order. However, despite this wording, it seems to be widely agreed that the Defendant has a right to compensation.[42]

[41] The application for compensation for damage caused by the enforcement is a two-step procedure (cf. R. 354(2) RoP in conjunction with R. 125 RoP): In the first step of the process, the UPC orders the Plaintiff to provide appropriate compensation, although the exact amount has yet to be determined. Subsequently, the sum in question is established in a separate proceeding. In accordance with R. 126 RoP, these separate proceedings are required to be initiated within one year following the service date of the initial order. These proceedings basically follow a similar path as the infringement proceedings: This includes the payment of a fixed fee and a value-based fee, if applicable; written pleadings must be exchanged within specified timeframes, and both an interim conference and oral proceedings are conducted. However, these proceedings are subject to a reduced timetable, as outlined in R. 140(2) RoP. Furthermore, the judge rapporteur is authorized to determine the legal costs of the proceedings, as set out in R. 140(2) RoP and Art. 69 UPCA.

VI. Options for Tailoring Enforcement

[42] In light of the Plaintiff's potential liability for damages incurred by the Defendant as a result of the enforcement of the injunction, should the order in question be reversed on appeal, it may be advisable to limit the scope of the injunction and, consequently, the associated liability for damages.

1. Enforcing the Injunction in Separate Member States

[43] In this context, it is unclear whether the Plaintiff is entitled to limit the scope of an injunction to a specific geographical area within the jurisdiction of the UPC in which a patent infringement has been determined. This question remains unresolved by the UPC and is not explicitly covered in the legal framework. Consequently, it is not possible to make a definitive prediction as to how the UPC will address this issue.

a) Possible Options for Restricting the Enforcement

[44] One potential strategy for limiting the scope of enforcement to specific Member States would be to restrict the request for injunctive relief to those Member States. This could be achieved by limiting the filing of prayers for relief to a specific set of Member States from the outset. There is no doubt that it is possible to limit the request for injunctive relief in the case of a European Patent (an "EP" is a bundle of national patents) to a specific Member State.[43] It can be reasonably assumed that this would also be the case in the event of a Unitary Patent ("UP"). Article 76(1) UPCA sets out that the UPC is bound by the Plaintiff's request and cannot grant relief that exceeds the scope of the initial request. In the event that the Plaintiff's sole request is a determination of patent infringement in specific Member States, the UPC is precluded from exceeding that scope.

[45] An alternative course of action would be to partially withdraw the complaint (subsequent to its initial filing in a more expansive form) with respect to specific Member states (e. g., by reducing the number of named countries after the initial filing). This should be possible if an EP is asserted. Nevertheless, this will not result in a reduction of costs, as R. 370(9) lit. b RoP mandates the complete termination of the litigation. In light of the conclusive nature of R. 370(9), R. 263(4) does not permit a reduction in costs.[44] It is also important to note that the reintroduction of the withdrawn part in the same proceedings is likely to be in violation of R. 263(2) lit. a RoP. Given that the UPC is obliged to comply with the Plaintiff's requests, it should be possible to limit the scope of the complaint to specific Member States by partially withdrawing the complaint in the event of a UP.

[46] Thirdly, limiting the enforcement to certain Member States by informing the UPC only about violations of the injunction in said Member States may also be an option. Given that EPs are simply a bundle of national patents, this should be feasible for them. It remains to be seen whether this is also possible for UPs.

b) Procedural Aspects

[47] A method for enforcing an injunction in only certain Member States affected by the judgment could

41 See UPC LD Duesseldorf GRUR 2024, 280 para. 40; UPC LD Munich GRUR-RS 2023, 40583 para. 13.
42 See Bopp/Kircher/Kircher, EurPatentprozess-HdB, 2nd ed. 2023, Sec. 27 para. 67.
43 Cf. UPC LD Duesseldorf GRUR 2024, 280 para. 40.
44 Bopp/Kircher/Kircher, EurPatentprozess-HdB, 2nd ed. 2023, Sec. 12 para. 255.

involve issuing a notice pursuant to R. 118(8) RoP. This notice requires the Plaintiff to specify which part of the order he intends to enforce. In the absence of case law or legal literature addressing this notice, it remains uncertain whether the term "*part of the order*" is to be understood as referring exclusively to independent parts, such as the injunctive relief and recall of infringing devices, or whether it is also possible to utilize the notice to limit the scope of injunctive relief enforcement to specific Member States. In this context, it could be necessary to differentiate between decisions related to EPs and UPs, even though the UPCA and the RoP do not stipulate such a distinction.

[48] As EPs are validated as separate national patents within each Member State, a UPC decision to grant an injunction can be "divided" into multiple injunctions, each based on the national part of the EP. Therefore, it should be possible to specify in the notice the countries where the Plaintiff plans to enforce the injunction.

[49] Should the injunction be based on a UP, the circumstances are likely to be different, given that the UP is unitarily valid across all Member States. Consequently, it may be not possible to "divide" the injunction into separately enforceable parts for each Member State. Nevertheless, it remains to be seen how the UPC will address this issue.

[50] In order to facilitate the enforcement of the injunction only in specific Member States, it may be advisable to specify in the prayers for relief the Member States for which an injunction is sought. Another potential option would be separate prayers for relief for each Member State. However, given the length of such prayers, it may not be necessary or advisable to take this approach, as it may be considered overly formalistic.

[51] In response to a request from the Defendant, the UPC may impose a security requirement for enforcement purposes. In the event that the Defendant makes such a general request in the statement of defense, the Plaintiff may request that a separate security be set for each separately enforceable part of the decision. This could include, for example, separate securities being requested for enforcing the injunction against each Defendant, for enforcing the injunction in each Member State, and for enforcing the injunction against each of the separate actions covered by Art. 25 UPCA. It remains to be seen whether the UPC will adhere such requests or whether the entirety of the security has to be provided, even in the event that enforcement of the injunction shall be limited to specific Member States, Defendants, or actions.

2. Enforcing the Injunction against Specific Defendants

[52] If the injunction concerns several Defendants who may even be responsible for the distribution of the accused product in different Member States, it should be possible to enforce the injunction only against one or more specific Defendants who would be explicitly named for this purpose in the enforcement notice pursuant to R. 118(8) RoP.

[53] It is necessary to allow for the possibility of enforcement against a specific Defendant because it is unlikely that all Defendants will violate the injunction in the same way. Therefore, differentiation between Defendants for the purposes of enforcement and the imposition of penalty payments seems essential. This could be achieved either by imposing limitations on the scope of enforcement with respect to specific Defendants or by notifying the UPC solely of instances of violations perpetrated by those Defendants.

3. Enforcing the Injunction only against Certain Actions

[54] According to Art. 25 UPCA, the Defendant can be compelled to refrain from making, offering, placing on the market, or using the accused devices and to refrain from importing or storing the accused devices for those purposes. Again, it should be feasible to enforce the injunction solely with respect to certain acts.

4. Enforcement Agreements

[55] An alternative approach to tailoring enforcement might involve the Plaintiff and Defendant concluding an enforcement agreement. In this agreement, the Plaintiff would agree to restrict enforcement to specific Member States or actions. The UPCA and the RoP do not discuss enforcement agreements, leaving it unclear if the UPC would allow such agreements and which legal framework would apply.

VII. Conclusion

[56] The enforcement of injunctions has significant practical importance. The present article explains the basic rules of the enforcement of injunctions and deals with some practical relevant issues. The main points of the article can be summarized as follows:

1. Injunctions are enforced by imposing penalty payments on the Defendant, which are payable to the UPC (see Art. 63(2), 82(4) UPCA). Before the UPC imposes a penalty payment, the general prerequisite for enforcement and the specific prerequisite regarding the enforcement of injunctive relief must be met.
2. It can be advisable for the Plaintiff to limit the enforcement of the injunction and thus also the liability for damages. This could be achieved by limiting enforcement to specific Member States or to specific Defendants.
3. The enforcement of a decision may be subject to the provision of security or an equivalent guarantee to

ensure compensation for any damage suffered (see Art. 82(2) UPCA). The decision to set a provision of security is at the discretion of the court. It remains to be seen if the UPC will regularly refrain from ordering the provision of security.

4. If all the general and specific requirements for the enforcement of a decision are met, the UPC imposes periodic penalty payments. Based on the orders issued to date, it is to be expected that the UPC will impose the penalty payment rather quickly.

[57] It will take some time before reliable statements can be made about how the UPC will manage the enforcement procedure. In particular, the question of the provision of security and the options for tailored enforcement will be of high practical relevance in the future.

JEREMY BALDONI*, TIGRAN GULEDJIAN** AND SARA MILLER***

"I Invented It, But AI Helped": How Certain Joint Inventorship Rules Break Down When Humans And An AI System Work Together To Develop An Invention

Fragen um sog. KI-generierte Erfindungen oder um Erfindungen, die unter Einsatz von KI-Systemen gemacht werden, sind in den USA mindestens ebenso umstritten wie in Deutschland und Europa. Die Diskussion hat die rein wissenschaftliche Ebene allerdings mittlerweile verlassen. Der nachfolgende Beitrag präsentiert die Diskussion im US-amerikanischen Patentrecht mit besonderem Blick auf die jüngsten richterlichen Entscheidungen im sog. Thaler-Fall (zu den auch in Deutschland und Europa diskutierten „DABUS"-Erfindungen vgl. zuletzt etwa Dornis GRUR Patent, 2023, 14). Zudem präsentiert der Beitrag eine weitere interessante Facette: Ein bislang wenig erörterter Aspekt der Problematik offenbart sich in Fällen, in denen KI-generierte Erfindungen oder Erfindungen, die unter Einsatz von KI-Systemen gemacht wurden, bereits vor der Anmeldung zum Patent veröffentlicht wurden. Nach dem auch im US-Recht geltenden Konzept des Ausschlusses der Patentierbarkeit bei fehlender Neuheit, wenn die Erfindung also bereits zum Stand der Technik gehört, besteht unter bestimmten Umständen selbst bei erheblichen genuin menschlichen Erfinderbeiträgen ein Risiko der Unpatentierbarkeit.

In the United States, joint inventorship is "one of the muddiest concepts in the muddy metaphysics of the patent law."[1] Historically, however, one thing had been clear: the "joint inventors" of an invention would be the significant contributors to the conception of that invention, so long as they worked together. Various rules of patent law are premised on this unity of contributors and inventors.

This unity of contributors and inventors recently ended under United States law because the Federal Circuit Court of Appeals ruled, in Thaler v. Vidal, that an AI system cannot be an "inventor," and the Supreme Court declined to take the case.[2] The court based its ruling on "who may be an inventor" – namely, only humans, based on certain statutory language – not "how an invention is made."[3] The court did not rule on whether an AI system can contribute to the conception of an invention.

A joint inventor now must both (1) make a significant contribution to the conception of the invention; and (2) be a human. Ending the recognition of significant contributors as joint inventors presents challenges for other areas of patent law that were based on the presumption that contributors and inventors are the same. This article addresses ways in which this new dichotomy may create unintended consequences in other areas of patent law.

First, the article introduces an example of a generative AI system that can suggest a design in a way that is similar to a suggestion by a human that has warranted joint inventorship status. If an AI system and a human make similar contributions to an invention, a court might reason that, because one contributor (the AI system) is not entitled to be a joint inventor, the other (the human) should not be entitled to be an inventor either.

Second, the law imposes a murky test for determining joint inventorship, and it requires at least one cognizable inventor for an invention to be patentable. When all significant contributors were deemed joint inventors, the ill-defined standard for a "significant contribution" was relatively harmless because inventorship could generally be corrected without invalidating the patent. This doctrine breaks down if contributors are not necessarily inventors because, for example, an invention could be unpatentable if the human contributors do not ultimately meet the murky standard for a "significant contribution" while an AI contributor does. It may be said that this result

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1 *Mueller Brass Co. v. Reading Indus., Inc.*, 352 F. Supp. 1357, 1372 (E. D. Pa. 1972), *aff'd*, 487 F.2d 1395 (3d Cir. 1973).
2 *Thaler v. Vidal*, 43 F.4th 1207, 1213 (Fed. Cir. 2022), *cert. denied*, 143 S. Ct. 1783, 215 L. Ed. 2 d 671 (2023).
3 *Id.* at 1212.

contradicts the intent of policymakers; for example, the Patent Act states, "[p]atentability shall not be negated by the manner in which the invention was made."

Third, joint inventors who publish about an invention have one year to file a patent application, without the publication constituting prior art. This rule breaks down if contributors are not necessarily inventors. For example, if a key contributor in a research effort is bound to be on both any publication and any resulting patent application, a research group may publish their results promptly, with the understanding that such publications will not be blocking prior art. However, if an AI system is the key contributor to a research effort that ties the team together, and the murky rules for joint inventorship make it unclear which humans will be inventors on any eventual patent application, a publication made by one human team member and the AI system may end up blocking patentability of the invention if only other humans ultimately qualify as the joint inventors. Policymakers may not have intended that a publication by a significant contributor to an invention would bar patentability of that invention.

I. Introduction

1. The *Thaler* Case

[1] Stephen Thaler, a computer scientist, filed two patent applications with the United States Patent and Trademark Office ("USPTO") listing his AI system – the Device for the Autonomous Bootstrapping of Unified Sentience ("DABUS")[4] – as the sole inventor on each.[5] According to Thaler's applications, DABUS created unique prototypes entirely on its own, two of which were at issue. One was directed to a "light beacon that flashes in a new and inventive manner to attract attention," and the other was directed to a "beverage container based on fractal geometry."[6] In 2022, the United States Court of Appeals for the Federal Circuit ("Federal Circuit") ruled that an AI system cannot be an inventor because it is not a human, agreeing with the USPTO's interpretation that the term "individual" as used in the definition for "inventor" in the Patent Act only applies to natural persons.[7] The Federal Circuit rejected policy arguments in favor of granting Thaler's applications and instead focused on statutory interpretation of the Patent Act and deference to Congress's power to enact legislation regarding patent law.[8] In 2023, the U.S. Supreme Court declined to hear the case. Thus, under current United States law, no patent may be granted on an application where only an AI system is listed as the inventor, and a patent can be invalidated on a showing that the only proper inventor on a patent is an AI system.[9]

[2] The reaction to *Thaler* was swift and forceful; however, commentators offered widely divergent views of the decision's correctness and effect. Some concluded that *Thaler* was wrongly decided, and that it improperly rendered AI-generated inventions entirely unpatentable. They argued that this result poses great danger to innovation and the U.S. economy.[10] Others argued that, under *Thaler*, a human would still qualify as an inventor for AI-generated inventions, and thus no crisis of patentability exists for such inventions.[11] A third group argued that AI systems cannot yet invent, but any changes to patent doctrine should be made cautiously given the risk of potential unintended consequences.[12]

[3] *Thaler* left much to be resolved. Notably, because the patent applications at issue in *Thaler* listed a single inventor (an AI system), the court did not confront how inventorship should be decided when an AI system and humans both contributed to an invention.[13] In practice, AI systems are built and operated by people, and thus the issue that matters most is what happens when humans and AI systems work together to develop an invention.

4 *See id.* at 1209-10 ("Thaler provided a supplemental 'Statement of Inventorship' explaining that DABUS was a 'particular type of connectionist artificial intelligence' called a 'Creativity Machine.'") (citation omitted).
5 *Id.*
6 *See Thaler v. Hirshfeld*, 558 F. Supp. 3d 238, 241 (E.D.Va. 2021), *aff'd sub nom. Thaler v. Vidal*, 43 F.4th 1207 (Fed. Cir. 2022), *cert. denied*, 143 S.Ct. 1783 (2023) (citations omitted).
7 *Thaler*, 43 F.4th 1207 at 1213.
8 *See id.* ("Here, Congress has determined that only a natural person can be an inventor, so AI cannot be.").
9 Thaler filed similar applications in other jurisdictions, including Australia, the European Patent Office, Germany, Israel, New Zealand, South Africa, South Korea, and the United Kingdom. *See* Kingsley Egbuonu, *The latest news on the DABUS patent case*, IP Stars (July 11, 2023). Those applications have generally been unsuccessful. *See* Dan L. Burk, Causation and Conception in American Inventorship, 21 Duke L. & Tech. Rev. 116, 116, 117 n. 6 (Mar. 26 2023) ("Courts and administrators around the world who have reviewed such applications [for purported inventions in which an AI system was the inventor] have overwhelmingly rejected them, repeatedly holding that their organic statutory or treaty authority extends patent inventorship only to human applicants... . The sole exception to date of this global consensus is the patent registration system in South Africa, which does not examine patent applications, and so issued a patent to a machine as inventor without meaningful review.").
10 *See, e.g.*, Brief of Lawrence Lessig et al. as Amici Curiae Supporting Petitioner at 16, *Thaler*, 143 S.Ct. 1783 (No. 22-919) at 3, 5 ("Because it completely deprives an entire class of important and potentially life-saving patentable inventions of any protections, the Federal Circuit's affirmance of the U.S. Patent and Trademark Office's denial of a patent to Dr. Stephen L. Thaler as the owner of an artificial intelligence system jeopardizes billions in current and future investments, threatens U.S. competitiveness and reaches a result at odds with the plain language of the Patent Act and this Court's tradition of interpreting the Patent Act in a manner friendly to new technology and innovation... . Absent this Court's review, the USPTO will invalidate all AI-generated inventions until Congress acts.").
11 *See, e.g.*, Burk *supra* note 9 at 125 ("One of the humans surrounding the machine, particularly the user, is likely to be the one to conceive of the AI's output as an invention ... ."); David L. Schwartz & Max Rogers, "Inventorless" Inventions? The Constitutional Conundrum of *AI*-Produced Inventions, 35 Harv. J.L. & Tech. 531, 569 (2022) ("[T]he Patent Act permits an individual who is not the creator (at least in any colloquial sense) of a claimed invention to nevertheless claim inventorship... .").
12 *See, e.g.*, Novartis Comments on Artificial Intelligence and Inventorship at 1 (Docket PTO–P–2022–0045, 88 FR 9492) (May 15, 2023) ("AI is not currently 'inventing' in the human sense, or in the sense that United States patent law contemplates."); Microsoft Comments In Response to USPTO Request for Comments Regarding Artificial Intelligence and Inventorship at 6 (Docket No. PTO-P-2022-0045) (May 15, 2023) ("To our knowledge, AI systems have not made contributions to an invention at the same level as a human who would be considered an inventor."); AIPLA Comments In Response to the Request for Comments on Request for Comments Regarding Artificial Intelligence and Inventorship at 8, 88 Fed. Reg. 9492 (requested Feb. 14, 2023) Docket No.: PTO-P-2022-0045 ("Expanding the guidance on inventorship to include AI systems could potentially diminish the importance of inventors and lead to unintended consequences in the development and protection of intellectual property.").
13 *See Thaler*, 43 F.4th at 1213 ("[W]e are not confronted today with the question of whether inventions made by human beings with the assistance of AI are eligible for patent protection.").

2. United States law on inventorship, joint inventorship, and conception

[4] "A valid patent requires correct inventorship."[14] The requirement that a patent properly list the inventors is based, in part, on the Constitution, which grants Congress the power to "secur[e] for limited Times … Inventors the exclusive Right to their respective … Discoveries."[15] The Patent Act passed by Congress, in turn, allows patents to be granted specifically to "[w]hoever invents or discovers" a patentable invention.[16] Generally, a non-provisional patent application must include "the name of the inventor for any invention claimed in the application,"[17] and each inventor must submit with the application an oath or declaration that contains a statement that "such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application."[18] Neither the Constitution nor the Patent Act contains any substantive definition of "inventor"; thus, standards for inventorship have been developed through case law.[19] The Patent Act recognizes that an invention may have multiple inventors – i. e., "joint inventors" – and it provides that joint inventors need not make "the same type or amount of contribution."[20]

[5] Case law provides that "the 'inventor' is the person who conceived of the invention."[21] Accordingly, determining whether someone is an inventor depends primarily on whether that person "conceived" of the invention. "Conception is the touchstone of invention … , and it requires a definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented … . An idea is definite and permanent when the inventor has a specific, settled idea, a particular solution to the problem at hand, not just a general goal or research plan."[22] This often-cited standard generally applies when determining sole inventorship.

[6] The standards governing joint inventorship are murkier. As one treatise put it: "Overall, the legal rules that relate to the determination of joint invention are complex and incompletely thought out. As a result, the cases in the area display poor predictability generally."[23]

[7] While cases cite a variety of standards for joint inventorship, the standard set forth by one recent appellate case is representative:

[8] "To be a joint inventor, one must:

(1) contribute in some significant manner to the conception or reduction to practice of the invention, (2) make a contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention, and (3) do more than merely explain to the real inventors well-known concepts and/or the current state of the art.

[9] There is no explicit lower limit on the quantum or quality of inventive contribution required for a person to qualify as a joint inventor."[24]

[10] Other cases make clear that a joint inventor must contribute to the *conception* of the invention; contributing only to the reduction to practice does not suffice.[25] Joint inventors must also have worked on the invention collaboratively.[26]

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14 *In re VerHoef*, 888 F.3d 1362, 1365 (Fed. Cir. 2018), *as amended* (May 7, 2018).

15 *See* U. S. Const. art. I, § 8, cl. 8 ("[The Congress shall have Power] To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."). Notably, two scholars have concluded that Congress may constitutionally deem as an inventor a person associated with an AI-generated invention, even if the person did not literally create the invention. *See* Schwartz & Rogers, *supra* note 11 at 578 (2022) ("We do conclude … that various natural persons could be deemed the inventor of an AI-produced invention consistent with the limits of the Constitution. As our historical analysis of the Intellectual Property Clause indicated, inventorship at common law was not limited to the literal creator of a claimed invention. Rather, 'Inventors' also encompassed individuals who first made an invention available to the public, such as the first importer of overseas technology.").

16 *See* 35 U. S. C. A. § 101 ("Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor … ."); 35 U. S. C. A. § 100(f) ("'inventor' means the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention").

17 35 U. S. C. § 115.

18 35 U. S. C. § 115(b)(2).

19 *See* R. Carl Moy, 3 Moy's Walker on Patents § 10:10 (4th ed.) ("[T]he law has had to develop a definition of inventorship by case law decision.").

20 *See* 35 U. S. C. § 116 ("When an invention is made by two or more persons jointly, they shall apply for patent jointly and each make the required oath, except as otherwise provided in this title. Inventors may apply for a patent jointly even though (1) they did not physically work together or at the same time, (2) each did not make the same type or amount of contribution, or (3) each did not make a contribution to the subject matter of every claim of the patent."); 35 U. S. C. § 100 ("The terms 'joint inventor' and 'coinventor' mean any 1 of the individuals who invented or discovered the subject matter of a joint invention.").

21 *Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333, 1350 (Fed. Cir. 2013); *see also* Sewall v. Walters, 21 F.3d 411, 415 (Fed. Cir. 1994) ("Determining 'inventorship' is nothing more than determining who conceived the subject matter at issue… .").

22 *In re VerHoef*, 888 F.3d at 1366 (citations omitted); *see also Univ. of Pittsburgh of Commonwealth Sys. Of Higher Educ. V. Hedrick*, 573 F.3d 1290, 1297-98 (Fed. Cir. 2009) ("Conception is the touchstone of inventorship under 35 U. S. C. § 116. It is 'the formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.' … . The test for conception is whether the inventor had an idea that was definite and permanent enough that one skilled in the art could understand the invention… .") (citations omitted); *Invitrogen Corp. v. Clontech Lab'ys, Inc.*, 429 F.3d 1052, 1063 (Fed. Cir. 2005) ("[Conception] is the 'formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.' … An idea is sufficiently definite and permanent for conception if it provides one skilled in the art with enough guidance to 'understand the invention,' that is, 'when the inventor has a specific, settled idea, a particular solution to the problem at hand, not just a general goal or research plan he hopes to pursue.' … . The inventor must be able to 'describe his invention with particularity.'… This requires both (1) the idea of the invention's structure and (2) possession of an operative method of making it.") (citations omitted).

23 Moy's Walker on Patents *supra* note 19 at § 10:23.

24 *Dana-Farber Cancer Inst., Inc. v. Ono Pharm. Co.*, 964 F.3d 1365, 1371 (Fed. Cir. 2020) (citations and internal quotation marks omitted).

25 *See Vanderbilt Univ. v. ICOS Corp.*, 601 F.3d 1297, 1303 (Fed. Cir. 2010) ("A person must contribute to the conception of the claimed invention to qualify as a joint inventor … . Yet, each contributor need not have their own contemporaneous picture of the final claimed invention in order to qualify as joint inventors… . Rather, 'the qualitative contribution of each collaborator is the key—each inventor must contribute to the joint arrival at a definite and permanent idea of the invention as it will be used in practice.'").

26 Scholars disagree about whether an AI system and a human can "collaborate" in the sense required to be joint inventors. *Compare* Ryan Abbott, I Think, Therefore I Invent: Creative Computers and the Future of Patent Law, 57 B. C. L. Rev. 1079, 1095 (2016) ("If the process of developing the Creativity Machine's Patent had been a back-and-forth process with both the AI and Dr. Thaler contributing to conception, then both might qualify as inventors.") *with* Dan L. Burk, *supra* note 9 at 129 ("Machine learning systems (and other automated or non-automated devices) are not collaborative, aware, or capable of intent of any kind.").

[11] Notably, the standards for sole inventorship and joint inventorship do not cleanly mesh. For example, the significant contributions made by each of two joint inventors may suffice to establish joint inventorship by each of them, but the sum of those two significant contributions may be less than the standard for sole inventorship, if only one person were the inventor of the same thing, because those contributions may collectively not include a "definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented."[27] In the context of inventive work with AI systems, this may mean that two or more humans working with an AI system may have an easier time establishing their inventorship (because they need only show a significant contribution by each), than if only one human were working with the AI system (because that human would have to reach the higher standard for sole inventorship). This leads to the potentially odd result that, if a human incorporates an AI system's contribution into her invention, but she does not understand some portion of that contribution, she may not be able to patent the invention herself (because she might not reach the sole inventorship standard), but if she finds another human to add another significant contribution to the invention, the two humans could patent it together as joint inventors.

II. Generative design: an example of an AI system's contribution to innovation

[12] It is difficult to generalize how AI systems and humans can work together to develop an invention because there are countless types of and applications for AI systems. However, two analogous examples illustrate how humans and an AI system may work together and contribute to an invention in similar ways. The first example involves only humans; the second involves humans working with an AI system.

[13] First, in the case *In re VerHoef*,[28] Mr. VerHoef's dog, Reilly, had trouble walking after surgery. "Reilly would drag his hind paw and put weight on his paw's knuckles, called 'knuckling.'"[29] Mr. VerHoef sought a solution. He consulted a veterinarian, Dr. Lamb, who suggested a "commercially available harness that would provide support to the hind leg."[30] That did not work. Mr. VerHoef constructed a similar harness, but that also did not work. "VerHoef then recognized that the harness would work better if connected to the dog's toes," and he discussed this with Dr. Lamb.[31] "Dr. Lamb suggested that a strap configured in a figure-eight that fit around the toes and wrapped around the lower part of the leg, above the paw, might be something to consider."[32] This structure ultimately worked and the idea was incorporated into a patent application. The court ruled that Dr. Lamb was entitled to be a joint inventor "because she contributed the idea of the figure[-]eight loop, and the figure eight loop is an essential feature of the claimed invention."[33]

[14] Another example involves a commercially available "generative design" AI tool that can generate proposed structures given specified design constraints. Specifically, in an article by the maker of one such tool,[34] a project manager at Toyota, Shinsuke Omori, explained how his team used the tool to design a potential new car seat. First, the Toyota team provided design requirements to the tool. Mr. Omori stated that the tool's output was "often completely unexpected at first… . But we took it further and made slight modifications as we went along." Mr. Omori said that the AI system "could come up with shapes that human designers would never have thought of, yet the requirements are met, so the cars are light and strong." The article depicts both the design suggested by the AI tool and the ultimate design after modification by human designers. While the article does not reference any specific invention or patent, this example illustrates that humans and an AI system can work together to make contributions toward a new design for an innovative product, and an AI system can contribute new suggested structures to such a product.

[15] In both *In re VerHoef* and the Toyota example, a design problem was posed by an original human designer, and a contributor suggested a discrete structure as a solution. Dr. Lamb was asked about a harness design that would lift a dog's toes; she suggested a figure-eight structure. Toyota's AI tool was asked for a design that would reduce seat thickness while maintaining other parameters, such as strength and rigidity; the AI system suggested a seat back comprised of a triangular lattice with a thick outer rim, held up by a spine-like truss structure.[35] In both instances, the original human designer apparently had to do significant additional work to incorporate the suggested structure into a complete, working design.

[16] It takes little imagination to envision a scenario in which an AI system has contributed as much to an invention as a human who has been recognized as an inventor. If Mr. VerHoef had consulted a generative AI design tool, instead of Dr. Lamb, perhaps the generative AI tool would have suggested a structure that worked, just like Dr. Lamb did. Under this hypothetical, the AI tool arguably made a significant contribution to the conception of the invention (though it still could not be an inventor under *Thaler*, because it is not a human).

27 This inconsistency may be explained by the histories of the two doctrines: the sole inventorship doctrine has largely arisen out of cases about *when* an invention was conceived, to determine who invented first, whereas joint inventorship doctrine is primarily concerned with *who* conceived of the invention.
28 888 F.3d 1362 (Fed. Cir. 2018), as amended (May 7, 2018).
29 *Id.* at 1364.
30 *Id.*
31 *Id.*
32 *Id.*
33 *Id.* at 1366.
34 Yasuo Matsunaka, *Toyota Brings a Generative Design Seat Frame to the Next Level With AI*, autodesk (May 2, 2023), https://www.autodesk.com/design-make/articles/generative-design-seat-frame.
35 Id.

[17] A court could face a situation in which a patent includes claims covering two similar, alternative structures, where one was suggested by a human collaborator, and another was suggested by an AI system. The court might be tempted to consider both designs not "significant contributions" to the inventions, simply because an AI system generated one of the designs. For example, a court might improperly reason: if an AI system came up with one of the designs, the designs must not be inventive, because AI systems are not inventive enough to contribute to the conception of an invention. However, this reasoning assumes that contributions made by an AI system cannot be "significant" to the conception of an invention. *Thaler* only held that an AI system cannot be an inventor because it is not a human; it did not rule that AI systems cannot invent or contribute to an invention. Thus, whether an AI system can contribute in the same or in an analogous way to a human's contribution is arguably irrelevant, under *Thaler*, to determining inventorship by a human.

III. Inventorless inventions: If humans contributed relatively little to an AI-generated invention, is the idea patentable?

[18] When an AI system is used to help develop an invention, in some cases, no individual human may have contributed enough to be considered an inventor under traditional standards. This issue has garnered significant attention, and such situations are often referred to as "inventorless inventions"[36] because the invention may be left without a cognizable inventor. Whether such inventions are patentable, and if so, who would qualify as an inventor, remain open questions.

[19] In *Thaler*, the patent applicant listed no human inventor; thus, the court did not need to decide whether a human who contributed some small amount to a largely AI-generated invention would be entitled to be an inventor. Now, under the rule of *Thaler*, applicants will likely include at least one human inventor, even if that person contributed relatively little to the invention, because a patent application without a human inventor will be denied.

[20] If the only listed inventor on a patent is a human with minimal substantive involvement with the invention, an accused infringer may assert that the patent is invalid based on incorrect inventorship because the listed inventor did not make any "significant" contribution to the conception of the invention; instead, an AI system did all the work. This situation raises the question: is some human necessarily entitled to be an inventor on an AI-generated invention, even if the human contributed relatively little to the invention? Views on this issue among scholars, commentators, and litigants are widely divergent.

[21] *First*, some argue that, under current doctrine, AI-generated inventions are entirely unpatentable. Under this view, if no human really "invented" – i. e., came up with – the invention, and an AI system cannot be an inventor (because it is not a human), then there can be no named inventor on the patent. Since naming an inventor is a prerequisite to patentability, such AI-generated inventions would be unpatentable.

[22] *Second*, others argue that, under the doctrine of "first to recognize and appreciate," because "conception" is inherently a mental process done by humans, an invention is not conceived (and thus not invented) until a human recognizes and appreciates the invention. Thus, a person who recognizes and appreciates an invention generated by AI is entitled to be an inventor of the idea, even if the AI system, and not the human, originally "came up with" the invention in the colloquial sense. Under this view, a human would necessarily be an inventor on any otherwise patentable idea generated by an AI system, simply because a human would need to recognize and appreciate the invention in order to submit a proper patent application for it.

[23] *Third*, still others argue that the generation of an invention by an AI system is closely analogous to other circumstances in which an inventor makes and understands an invention at the same time – i. e., simultaneous conception and reduction to practice. This view recognizes that, in other areas of technology, some non-human process (such as an immune response in a mouse) can generate potential solutions to a problem, and human researchers have some role in sorting through and assessing whether the potential solutions work for the problem at issue. Under this approach, an AI-generated invention would be patentable, with a human as the inventor, but a human's mere recognition and appreciation of the invention may not suffice to make that human an inventor. Instead, the inventorship determination would be based on a person's particular contribution to the invention process.

[24] The sharp differences between these three views are largely driven by their disagreement about whether an inventor must *originally* conceive of an idea – colloquially, "come up with" the idea herself – or whether recognizing and appreciating an idea essentially *generated elsewhere* – namely, from an AI system – would suffice.[37] This area of law involves the closely

36 *See, e. g.*, Tim W. Dornis, *Artificial Intelligence and Innovation: The End of Patent Law As We Know It*, 23 Yale J. L. & Tech. 97, 158 (2020) (referring to "inventions without an inventor"); Schwartz & Rogers *supra* note 11 at 536; Ryan Abbott, *supra* note 26 at 1098; Jeffrey Wu, *Bridging the AI Inventorship Gap*, 91 Fordham L. Rev. 2515, 2532 (2023).

37 *Compare* Schwartz & Rogers, *supra* note 11 at 569 (describing theory by which an individual can become an inventor "by the grace of having noticed and therefore 'conceived' the useful output of an unpredictable process") *with* Joshua D. Sarnoff Comment In Response to USPTO Request for Comments Regarding Artificial Intelligence and Inventorship at 1 (May 15, 2023) ("[T]he PTO should not attribute the AI's inventive contribution (if any) to any other, human joint inventor, who would actually derive rather than originally invent the inventive contribution made by an AI when conceiving of the entire claimed invention.").

related "derivation"[38] and "originality"[39] doctrines. Generally speaking, it is clear that a person cannot be an inventor if she derived the invention from another person; however, it is less clear whether deriving an invention from an AI system would run afoul of the originality requirement. Before the United States America Invents Act was passed, in 2011, a person would not be entitled to be an inventor if "he did not himself invent the subject matter sought to be patented."[40] The America Invents Act eliminated this statutory language, but it "did not eliminate the basic requirement of originality, that is, the requirement that the putative inventor not have derived an invention from another person."[41]

[25] Under the current statutory scheme, it is unclear whether the originality requirement only prohibits deriving an invention from another *person*, or whether it also prohibits deriving an invention from another source, such as an AI system. Arguably, the current derivation statutes only expressly prohibit derivation from another person;[42] thus, it may be argued that the current law should not prohibit deriving an invention from non-human sources, like an AI system.[43] It is well established that an inventor who does not intentionally design an invention, but instead stumbles upon it, is generally still entitled to inventorship.[44] Further, the Patent Act grants patents not only to one who "invents," but also to one who "discovers."[45] Thus, one who "discovers" an otherwise patentable invention, whether in nature or in the output of a technological tool, like an AI system, is arguably entitled to be an inventor.

[26] The debate about whether the originality requirement bars human inventorship for AI-generated inventions boils down to this: is a person who patents an AI-generated invention improperly taking the invention from another (like how a person might steal an invention from a competing human inventor), or is that person permissibly appreciating the output of her technological tool?

1. View 1: AI-led inventions are unpatentable if no human made a traditionally "significant contribution"

[27] According to some, under *Thaler*, an invention is entirely unpatentable if an AI system generated the invention and no human meaningfully contributed to it.[46] For example, the applicant in *Thaler* listed an AI system as the sole inventor in the patent application, and he did not add himself as an inventor. As that applicant argued to the Supreme Court:

[28] "[T]o claim inventorship, [the human applicant] must attest that he at least 'contribute[d] in some significant manner to the conception … of the invention.'…; *see also* 35 U. S. C. § 115(b)(2) (inventor must "believe[] himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application"). [The human applicant] cannot do that because he provided [the AI system] with only general information about the state of the art in multiple scientific fields."[47]

[29] The applicant thus appeared to rely on two explanations for why he properly did not list himself (or any other human) as an inventor: (1) the human applicant's contribution was not "significant" and (2) he was not the "original" inventor because the AI system came up with the idea first. However, under either approach, a human might properly be said to be an inventor of an AI-generated invention.

[30] Taking the two explanations in turn: First, the legal requirement that a joint inventor make a "significant contribution" to the conception of an invention is a flexible standard that depends on the context. Patent law has rejected the notion that a human must have a "flash of genius" for an invention to be patentable,[48] and the Patent Act recognizes that "[p]atentability shall not be negated by the manner in which the invention was made." 35 U. S.C § 103. These rules reflect a functional approach to patentability: it is generally the objective qualities of an invention, not the subjective process by which it was conceived, that matters. It should not matter whether an invention came about

38 *See* Moy's Walker on Patents, *supra* note 19 at § 10:28 ("Described loosely, derivation refers to situations in which an invention is not original to the person who is under scrutiny. A person is thus said to have derived knowledge of the invention when he or she did not participate as an inventor, but instead merely received the knowledge from another. Derivation thus describes the conclusion that a person would be barred from obtaining patent rights by section 102(f).")

39 *See* 1A Chisum on Patents § 2.03 ("The originality requirement bars issuance of a patent to a person or persons who derive the conception of the invention from any other source or person.").

40 35 U. S. C. § 102(f) (2002) (prior to the enactment of the United States America Invents Act).

41 1 Chisum on Patents § 2.03; *Madstad Eng'g, Inc. v. U. S. Pat. & Trademark Off.*, 756 F.3d 1366, 1368 (Fed. Cir. 2014) ("Under the AIA … [t]he named inventor must have invented the invention independently and not derived the idea from another.").

42 *See* 35 U. S. C. § 135 (referring to derivation from "an individual"); 35 U. S. C. A. § 291 (referring to derivation from an "inventor").

43 An inventor must generally be an "original inventor" or "original joint inventor." *See* 35 U. S. C. § 115. However, note that a human who entirely took an idea from an AI system is arguably still an "original" – i. e., the first – "inventor," simply because an AI system is not a human and thus cannot be an inventor.

44 *See* Dan L. Burk, AI Patents and the Self-Assembling Machine, 105 Minn. L. Rev. Headnotes 301, 307 (2021) ("Invention that occurs by accident or happenstance, and could not have been foreseen before actual instantiation of the invention, still merits the reward of a patent.").

45 35 U. S. C. § 101 ("Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor … .").

46 *See* Schwartz & Rogers, *supra* note 11 at 536 (2022) ("As things stand, AI-produced inventions appear to be, as a matter of law, unpatentable."); Dornis, *supra* note 36 at 103 (2020) ("Because these scenarios do not involve an immediate input of human ingenuity or creativity, under the law as it stands, no patentable invention exists."); Brief of Lawrence Lessig et al. as Amici Curiae Supporting Petitioner at 16, *Thaler*, 143 S. Ct. 1783 (No. 22-919) (stating that *Thaler* "nullifies patent protection for all AI-generated inventions by voiding the recognition of AI as an autonomous 'inventor.'"); Brief of The Chicago Patent Attorneys as Amici Curiae Supporting Petitioner at 12, *Thaler*, 143 S. Ct. 1783 (No. 22-919) ("If, as is true for this case, no human can be identified as the 'inventor' of machine-generated ideas and a machine cannot be an inventor under the Patent Act, then these ideas cannot receive patent protection.").

47 Petition for Writ of Certiorari at 29, *Thaler*, 143 S. Ct. 1783 (No. 22-919) (citation omitted).

48 *See, e. g., CFMT, Inc. v. Yieldup Int'l Corp.*, 349 F.3d 1333, 1340 (Fed. Cir. 2003) ("[P]atent acquisition does not require any threshold level of effort or ingenuity.").

because of human brilliance, because someone stumbled upon it (like, as the legend goes, Penicillin), because someone decided to try to develop and test an inordinate number of possible solutions (like, as the legend goes, Edison's electric lightbulb filaments), or because an AI system suggested the solution. Patent law has long recognized as inventors certain individuals who came across an invention only after it was already made, where they then recognized and appreciated the invention.[49] Thus, a "significant contribution" to the conception of an invention need not take any particular form, and a court would likely be open to the possibility that at least some person associated with the relevant AI system made a contribution to the invention that should be considered "significant."

[31] Second, it may be argued that the originality requirement does not bar a human from being an inventor on an AI-generated invention because this requirement is aimed at prohibiting the derivation of inventions from other humans, not from other sources.[50] Inventors are generally permitted to draw on non-human outside sources in coming up with their inventions. For example, the inventor of Velcro was purportedly inspired by "thistle burrs that attached themselves to" his dog's fur.[51] This inspiration does not render the burrs the true inventor, nor does it constitute improper derivation from nature.[52]

[32] Further, many commentators argue that there are strong policy reasons for allowing the patenting of AI-generated inventions, including the typical patent goals of incentivizing invention and encouraging the full disclosure of new inventions to the public.[53] In light of these policy concerns, a court may decide not to render AI-generated inventions entirely unpatentable, especially in light of the flexible "significant contribution" standard that would apply to a potential human joint inventor.[54]

2. View 2: The first human to recognize and appreciate an AI-generated invention is an inventor

[33] Others have proposed a tidy rule to determine inventorship of AI-generated inventions: the first person to recognize and appreciate an AI-generated invention should be an inventor.[55] According to this approach, conception is fundamentally a mental act, and an AI system does not have a mind and thus cannot perform the mental act of conception. However, the first person to sufficiently recognize and appreciate an AI-generated invention has performed the mental act of conceiving the invention, and thus that person should be an inventor.[56] The doctrine of "first to recognize and appreciate" had previously been used to determine *when* an invention was conceived, to determine what counted as prior art or who invented a patented work first.[57]

[34] Applying this rule to establish inventorship for AI-generated inventions may be said to potentially lead to arbitrary and unfair results, largely because the first person to recognize and appreciate an AI-generated invention may otherwise have had little involvement in the development of the invention. For example, a number of people may have access to the output of an AI system, and the person who is first to recognize and appreciate given output as a useful invention may be more the product of happenstance and luck than of the person's particular involvement with the invention.[58] One law professor has raised several issues with this approach, such as arbitrariness, the risk for disputes about who recognized the invention first, the decoupling of the inventive work from the named inventor (potentially leading to misaligned incentives), and under-rewarding deserving technologists who contributed to the invention.[59]

3. View 3: Under the doctrine of simultaneous conception and reduction to practice, a human involved with the AI system would generally be entitled to be an inventor

[35] Between the extremes of denying patentability for a primarily AI-generated invention, and granting inventorship to the first person who appreciates such an invention, is the "simultaneous conception and reduction to practice" doctrine.[60] This doctrine recognizes that, in certain circumstances, conception is not complete until an invention has been fully made, i. e., reduced to practice, because the inventor does not have a complete mental picture of the invention until the inventor studies the completed invention. The doctrine may apply with technologies that utilize pro-

49 *See* discussion *infra* Section IV.B; Burk, *supra* note 44 at 308 (2021) ("In instances where the inventor does not or cannot imagine the form of the invention in advance of actually having reduced the invention to practice, patent law has held that the invention is conceived when it is recognized by the inventor.").
50 *See supra* text accompanying note 38.
51 Burk, *supra* note 9 at 132.
52 Burk, *supra* note 9 at 132.
53 *See* Brief of Lawrence Lessig et al. as Amici Curiae Supporting Petitioner at 17, *Thaler*, 143 S. Ct. 1783 (No. 22-919) ("The denial of patent protection to AI inventions contradicts the goals of patent laws to promote technology development and innovation, to encourage disclosure of valuable inventions, and to support the commercialization of inventions.")
54 *See also supra* Section IV. C.
55 *See, e. g.,* Abbott, *supra* note 26 at 1098 (2016) ("[A] person can qualify as an inventor simply by being the first individual to recognize and appreciate an existing invention. That is to say, someone can discover rather than create an invention. Uncertainty (and accident) is often part of the inventive process. In such cases, an individual need only understand the importance of an invention to qualify as its inventor.").
56 *See* Rachel L. Schwein, Patentability and Inventorship of AI-Generated Inventions, 60 Washburn L. J. 561, 581 (2021).
57 *See id.* at 580 (doctrine "typically used to date conception for purposes of determining prior art"); Wu, *supra* note 36 at 2535 (doctrine initially used "to determine priority—i.e., who invented the invention first—in pre-AIA cases").
58 *See* Abbott, *supra* note 26 at 1104 ("One could imagine this creating a host of problems: the first person to recognize a patentable result might be an intern at a large research corporation or a visitor in someone's home. A large number of individuals might also concurrently recognize a result if access to an AI is widespread.").
59 Dornis, *supra* note 36 at 124.
60 *See* Burk, *supra* note 44 at 308 ("Serendipitous or unforeseen inventions qualify as inventions due to the doctrine of simultaneous conception and reduction to practice. In instances where the inventor does not or cannot imagine the form of the invention in advance of actually having reduced the invention to practice, patent law has held that the invention is conceived when it is recognized by the inventor.").

cesses with uncertain, potentially unexpected outputs. In such circumstances, the inventor may not "design first and make later," as the typical invention story goes. Instead, the inventor may make the invention first—sometimes, by making many different iterations of a product all at once—and then study the results to see if any meet the desired criteria. If one such product does, the inventor may study it to determine its structure and how it works, in order to prepare a proper patent application for it. The doctrine has traditionally been used to determine the time of conception for certain inventions.[61]

[36] While some scholars treat the "simultaneous conception and reduction to practice" and the "first to recognize and appreciate" doctrines as the same for purposes of deciding inventorship of AI-generated inventions,[62] these doctrines are arguably distinct. The doctrine of simultaneous conception and reduction to practice awards inventorship based on traditional principles – namely, the significance of a person's contribution to the invention.[63] Conversely, the first to recognize and appreciate doctrine (at least arguably) mechanically awards inventorship to the first person to recognize and appreciate an AI-generated invention, perhaps as an imprecise workaround to ensure such inventions are always patentable.

[37] The simultaneous conception and reduction to practice doctrine offers no definitive rules to decide inventorship where an AI system and humans work together to develop an invention; instead, it offers a body of caselaw analogous to many AI-generated inventions. In both traditional simultaneous conception and reduction to practice cases, and in the case of many potential AI-generated inventions:

- humans typically design the applicable process or algorithm (often painstakingly);
- humans select and provide the material (or data) used in the process;
- the process can produce voluminous (sometimes low quality) output;
- humans must study the results of the process to verify whether the desired criteria were met; and
- in order to patent the potential invention, humans must study the results of the process to understand, appreciate, and characterize any potential invention well enough to satisfy the various requirements for a patent application, including the written description, enablement, and best mode requirements.

[38] In simultaneous conception and reduction to practice cases, the process or thing that literally generates the ultimate invention – sometimes, a mouse[64] – is often not deemed the inventor. Instead, the humans who use the process as a tool to invent are generally deemed the inventors.

[39] Using the doctrine of simultaneous conception and reduction to practice to guide inventorship for AI-generated inventions has potential drawbacks. Some scholars raise that AI-generated inventions may be different from traditional simultaneous conception and reduction to practice cases because, given the potential capability of an advanced AI system to perform steps traditionally performed by humans, it may be "questionable whether any human conceived of the invention in a meaningful sense" in the case of an AI system.[65] Similarly, another scholar pointed out that this doctrine can falter for an AI system if no human made a "significant" contribution to the invention because the doctrine would still leave the invention without an inventor.[66] However, these worries seem unlikely to materialize, based on both the current state of technological advancements and the law. As a number of AI industry players have pointed out, in practice, humans are heavily involved in many aspects of AI systems, and even advanced AI systems do not allow one to push a button and get an invention.[67] Thus, humans will likely be involved in meaningful ways in any AI-generated invention, at least for the foreseeable future.

[40] Further, the legal requirement of a "significant contribution" is flexible and requires considering the context of the invention.[68] Given this flexibility, a court may view at least some human as having made a significant contribution, if only to avoid the unfair result that an invention would be deemed unpatentable simply because of the amorphous legal "significant contribution" standard.

[41] Drawing from the simultaneous conception and reduction to practice doctrine seems to provide a viable approach for determining inventorship for an invention that was primarily generated by an AI sys-

61 *See* Burk, *supra* note 44 at 308.
62 *See* Schwartz & Rogers, *supra* note 11 at 578.
63 *See* Rachel L. Schwein, *supra* note 56 at 597 (For simultaneous conception and reduction to practice: "Both conception and reduction to practice occur simultaneously and any person who contributed to reduction to practice also contributed to conception. Accordingly, any person who made 'a contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention,' is an inventor.").
64 *See* Atomwise Inc. et al. Comments In Response to USPTO Request for Comments Regarding Artificial Intelligence and Inventorship at 3-4 ("The use of AI in biologics drug discovery to identify potential new proteins of interest … is a computational alternative to injecting mice with particular antigens to allow the mice's immune systems to produce antibodies that bind with the injected antigens… . AI systems are not 'sharing in the conception of a claimed invention', much in the same way a mouse producing antibodies in response to an injected antigen has never been considered to share in the conception of a drug derived from the antibodies the mouse produced.").
65 Schwartz & Rogers, *supra* note 11 at 570.
66 *See* Schwein, *supra* note 56 at 600.
67 *See* Microsoft Comments In Response to USPTO Request for Comments Regarding Artificial Intelligence and Inventorship at 3 (Docket No. PTO-P-2022-0045) (May 15, 2023) ("Like previous AI models, LLM development occurs in four stages: selection or design of model structure, training of a model, deployment of the trained model into an execution environment, and application design. Human input is necessary for all four stages."); *id.* at 9 ("[I]t is Microsoft's experience that all inventions require human input, even if AI aids the inventor. Thus, there is no need to revise the law to have non-humans be inventors because a human inventor can apply for a patent.").
68 *See Fina Oil & Chem. Co. v. Ewen*, 123 F.3d 1466, 1473 (Fed. Cir. 1997) (To be a joint inventor, "an individual must make a contribution to the conception of the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention").

tem. Entirely denying such inventions patent protection may be inappropriate because, as discussed above (1) this approach is based on an originality requirement that only clearly prohibits deriving inventions from people (not from machines); and (2) denying patent protection for this class of inventions may contravene policy goals of the Patent Act. Conversely, granting inventorship to the first person to recognize and appreciate an AI-generated invention may lead to arbitrary results and potentially high-stakes disputes about "who saw it first." The doctrine of simultaneous conception and reduction to practice may allow flexible consideration of the contribution of each human, as measured against the scope of the invention, to determine which humans should be granted inventorship status for an invention in which both humans and an AI system made contributions.

[42] Avoiding the potential downsides of this approach may require modest adjustments to the doctrine in response to the complex factual circumstances that will inevitably arise in litigating AI-related inventorship issues. For example, a court may confront circumstances where an AI system took all the steps that would ordinarily be considered "significant" in generating and characterizing the significance of an invention. In this case, a court may interpret the flexible term "significant contribution" to mean the "most significant contribution by a potential inventor." That is, even if no human contributed what would traditionally be considered a "significant" amount to the conception of the invention, some human surely contributed more than any other human by, for example, taking the output of the AI system and adapting it to meet the requirements of a patent application.

IV. Disclosures made with an AI collaborator may render an invention unpatentable

[43] Whether AI systems can "invent" is a difficult question. Whether they can generate prior art is a relatively easy question: they likely can.[69] For example, generative AI systems can create publications that did not exist before, and current patent law does not inquire into the mind of an author of a prior art publication.[70] AI systems can thus both generate prior art and contribute to an invention, but they cannot be an inventor. This creates a risk of unpatentability in certain circumstances when humans work with AI systems to develop an invention.

[44] Human inventors are often eager to publicize their inventions as soon as possible. Academic inventors often need to publish about their inventions, and inventors in industry (or their employers) often need to publicly market their inventions to recoup invention costs and make a profit. The Patent Act has historically struck a balance between allowing inventors to publicize their inventions early and the policy goal of having inventors promptly file patent applications. The Patent Act generally provides inventors a one-year "grace period"[71] to file a patent application after publicly disclosing an invention. For example, under 35 U. S. C. § 102(b)(1)(A), such a pre-application disclosure is not prior art if "the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor."

[45] Today, large, highly collaborative teams often work with an AI system to develop inventions. During development efforts, multiple researchers may work with a particular AI system to seek to solve a certain problem, and it may be unclear which of the researchers should be named as a joint inventor on an eventual patent application. Given the pressures to publicize research results early, the team may regularly release results during the development efforts.

[46] This can create a risk of unpatentability. Before *Thaler*, if a key contributor in the invention effort is bound to be on both any publication and on any eventual patent application, the grace period statue would allow that contributor to publish (potentially with others) and then have a year to file a patent application (potentially with others). Now, if such a key contributor is an AI system, the grace period statue does not apply (because the AI system cannot be a joint inventor), and the publication may be said to block the patentability of the invention.

[47] For example, a team of researchers may work with an AI system to create an invention, and one such researcher may publish initial results with the AI system. In preparing a later patent application, the researchers may assess the murky standards for joint inventorship and determine that only two other researchers made "significant contributions" to the invention, and thus they should be deemed the only joint inventors. If those two researchers submit a patent application, there is a risk that they would not be entitled to the statutory one-year grace period and thus the invention would not be patentable because it would not be novel in light of the publication, even though the invention was the joint result of the col-

69 The repercussions of AI-generated prior art are the subject of great interest and debate. *See, e. g.,* Matthew Horton, Alexandra L. Lodge, Foley & Lardner LLP, *Notable themes in public comments submitted to the USPTO related to AI patent policy*, 38 No. 17 Westlaw J. Comput. & Internet 04 (last accessed Nov. 19, 2023) ("Another potential issue is that AI could be used to generate and proliferate 'a never before seen volume' of prior art. An AI could be configured to stitch together various related concepts to automatically generate and publish prior art… . The potential effect of AI on the universe of prior art remains an ongoing debate, mostly rooted in speculative problems.").

70 *Cf. Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1380 (2003) ("A reference may enable one of skill in the art to make and use a compound even if the author or inventor did not actually make or reduce to practice that subject matter."); *Bose Corp. v. JBL, Inc.*, 112 F. Supp. 2 d 138, 154 (D. Mass. 2000), *aff'd*, 274 F.3d 1354 (Fed. Cir. 2001) ("Under § 102(b), a printed publication qualifies as prior art, regardless of its origin.").

71 *See* Robert P. Merges, Priority and Novelty Under the AIA, 27 Berkeley Tech. L. J. 1023, 1030-31 (2012) ("Under AIA § 102(b)(1)(A), an inventor has to file a patent application within one year from the time he or she discloses an invention.").

laboration of the three researchers with the AI system.

[48] One way to address this risk is for researchers to closely police publications made before a patent application has been filed, and to make sure team members do not publish results with an AI system until inventorship questions are decided. However, this approach could undermine the balance struck by the Patent Act between prompt disclosure of research and the desire for timely patent applications. Researchers may simply wait until a patent application is filed before publishing any results to reduce risk, largely eliminating the benefit the one-year grace period is meant to have for early disclosure of research results.

[49] Amendment of the relevant statute could also address this risk. For example, 35 U. S. C. § 102(b)(1)(A) could be amended to reflect that the one-year grace period applies to disclosures made by any significant contributors to an invention (whether human or technological), not just to joint inventors. Of course, any revision to statutory language should be carefully considered to avoid unintended consequences.

V. Conclusion

[50] The *Thaler* court ruled that an AI system cannot be an inventor; however, it did not address the common situation in which humans and an AI system work together to develop an invention. The repercussions of the *Thaler* decision in such circumstances are unclear.

[51] This article considered three particular areas in which *Thaler* left open questions about joint inventorship for AI-generated inventions: (1) whether contributions of an AI system should be compared to the contributions of a human in determining inventorship by the human; (2) whether an AI-generated invention in which humans played a relatively minor role in conception is patentable; and (3) whether AI systems can create prior art that would block patentability of a related invention, even if humans were involved in both the prior art and in the invention.

[52] While these are difficult questions, two consistent themes suggest that patent doctrine can successfully adapt to the new regime in which AI systems can contribute to an invention but cannot be an inventor. First, *Thaler*'s holding was narrow: it only held that an AI system cannot be an inventor because it is not a human. Thus, the decision left open the possibility that AI systems and humans can work together to make *contributions* to an invention in a variety of ways. Second, the "significant contribution" standard for joint inventorship is quite flexible; thus, it may allow patent law to adapt to a world in which humans contribute to inventions in new ways given the advanced AI systems now at their disposal.

ENRICO BONADIO* UND SHREYA SAMPATHKUMAR**

Addressing Concerns Surrounding the EU's Proposed Regulation on Standard Essential Patents

On 27th April 2023, the European Commission introduced the Proposal for a Regulation on SEPs, which is currently being discussed at the European Parliament. This proposal has received several criticisms. Commonly criticised aspects include the creation of a competence centre at the EUIPO, the centralised SEP registry and database leading to increased disclosure requirements, essentiality checks, an aggregate royalty determination process, and an out-of-court dispute resolution mechanism to negotiate FRAND terms. Through this short note, the authors aim to counter some of these criticisms.

Am 27. April 2023 hat die Europäische Kommission den Vorschlag für eine SEP-Verordnung vorgestellt, der derzeit im Europäischen Parlament diskutiert wird. Dieser Vorschlag wurde vielfach kritisiert. Zu den meistkritisierten Aspekten zählen die Einrichtung eines EUIPO-Kompetenzzentrums, das geplante zentralisierte SEP-Register und die SEP-Datenbank, die gesteigerten Offenlegungspflichten begründen, die Essentialitätsprüfungen, das Verfahren zur Ermittlung aggregierter Lizenzgebühren und der außergerichtliche Streitbeilegungsmechanismus zur Aushandlung von FRAND-Bedingungen. Mit dieser Anmerkung soll einigen dieser Kritikpunkte entgegengewirkt werden.

I. Introduction

[1] EU institutions have recently paid attention to Standard Essential Patents (SEPs) and how the SEPs framework could be improved to encourage innovation while also promoting competition and satisfy consumers' interests. Specifically, on 27th April 2023 the Commission introduced the Proposal for a Regulation on SEPs ("Proposal" or "Proposed Regulation"),[1]

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1 European Commission, 'Proposal For A Regulation Of The European Parliament And Of The Council On Standard Essential Patents And Amending Regulation', 27 April 2023, COM(2023) 232 final.

which is currently being discussed at the European Parliament.

[2] The Proposal aims at addressing several problem areas of the SEP licensing environment, especially a lack of transparent information, uncertainty in valuation, enforcement, and infamously, the elusive definition of FRAND. It focuses on facilitating the ease of SEPs licensing through improved transparency measures, reducing information asymmetry between SEPs holders and implementers, and renewing FRAND commitments. Specific measures include the establishment of a competence centre at the European Intellectual Property Office (EUIPO), aimed at administering a SEPs registry and database.

[3] Under the new scheme SEPs holders would be required to register their patents at the EUIPO, which would be tasked with carrying out essentiality checks and help defining FRAND.[2] Thus, some bureaucratic steps would be required before SEPs holders can bring infringement proceedings. In parallel with this initiative, the Commission updated the Standardisation strategy[3] and is currently revising the Horizontal guidelines[4]. The new Standardisation strategy, published in February 2022, aims to strengthen the EU's role as global standard-setter, driving international competitiveness and enabling a resilient, green and digital economy. The SEPs initiative is complementary to the Standardisation strategy and the Horizontal guidelines, currently under review.

[4] The momentum for the Proposed Regulation arose due to inefficiencies in the existing SEPs licensing ecosystem. These include, inter alia, inadequate mechanisms of dispute resolution for FRAND determination, high transaction costs, licensing uncertainty due to opaque SEP information databases, unprecedented challenges posed by the Internet of Things (IoT) market growth, and lack of funds and licensing unpreparedness of small and medium-sized enterprises (SMEs). The Proposal's focus is to ensure affordability and availability to end users.[5] With the EU leading in terms of numbers of declared SEPs,[6] the Proposed Regulation is therefore a much-awaited step.

[5] As just mentioned, the Proposal is very much focused on SMEs, and this is due to several possible reasons, the most prominent being that SMEs account for over 50 % of Europe's GDP,[7] and represent 99 % of all businesses in the EU.[8] Also, 50 % of SMEs undertake innovation activities,[9] making redress to challenges to SMEs (including market access, regulatory burdens and access to financing)[10] one of the EU's priorities, given the costs and opportunities that the COVID-19 pandemic has left them.[11] Commonly criticised aspects of the Proposed Regulation include the above mentioned competence centre at the EUIPO, the centralised SEP registry and database leading to increased disclosure requirements,[12] essentiality checks, an aggregate royalty determination process, and an out-of-court dispute resolution mechanism to negotiate FRAND terms.[13] Through this short note, we purport to counter some of these criticisms.[14]

II. Essentiality checks

[6] A first criticism is that the essentiality assessment required under the Proposal would be unrealistic because it could only be conducted against a pre-existing standard. The French standard development organisation AFNOR (Association Française de Normalisation) has highlighted this concern.[15] Yet, considering that several studies demonstrate that only between 10 % and 15 % of declared patents are essential in the strict sense,[16] one may argue that essentiality checks should be welcome as they could help enforce uniformity in standards. A Landscaping study on SEPs commissioned by the European Commission DG GROW Unit F.5[17] suggested that a "decrease in legal disputes outside and inside European courts", and a resolution to the problem of "legal uncertainty" could be effectuated in the following manner: "The analysis of costs connected to

2 Madiega, 'Standard essential patents regulation', https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)754578, published on 9 November 2023.
3 European Commission, 'New approach to enable global leadership of EU standards promoting values and a resilient, green and digital Single Market', https://ec.europa.eu/docsroom/documents/48598, published on 1 February 2023.
4 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023XC0721(01).
5 EU Monitor, 'Explanatory Memorandum to COM(2023)232 – Standard essential patents', https://www.eumonitor.eu/9353000/1/j4nvhdfdk3hydzq_j9vvik7m1c3gyxp/vm2lews80syy.
6 Madiega, 'Standard essential patents regulation', https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)754578, published on 9 November 2023.
7 European Commission, 'Unleashing the full potential of European SMEs', https://ec.europa.eu/commission/presscorner/detail/en/fs_20_426, published on 10 March 2020.
8 European Commission, 'Entrepreneurship and small and medium-sized enterprises (SMEs)', https://single-market-economy.ec.europa.eu/smes_en.
9 European Commission, 'Entrepreneurship and small and medium-sized enterprises (SMEs)', https://single-market-economy.ec.europa.eu/smes_en.
10 European Commission, 'Entrepreneurship and small and medium-sized enterprises (SMEs)', https://single-market-economy.ec.europa.eu/smes_en.
11 The European Economic and Social Committee, 'Crisis costs for European SMEs – How COVID-19 changed the playing field for European SMEs'; Harel Glob. Bus. Rev 2021,0(0); OECD, 'One year of SME and entrepreneurship policy responses to COVID-19: Lessons learned to "build back better"'.
12 14 April 2023 – letter to the European Commission by ETSI, https://www.documentcloud.org/documents/23780757-dg-23-07_proposal-for-a-regulation-on-seps-etsi-views56.
13 Frizberg, 'Intellectual property: Regulation on standard essential patents', https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)747467, published on 29t September 2023.
14 IP Europe, 'Third-party comments on the European Commission's proposal to regulate standard-essential patents (SEPs)', https://ipeurope.org/blog/live-blog-third-party-comments-on-the-european-commissions-seps-proposal/#:~:text=26%20July%202023%20%E2%80%94%20In%20a,weighing%20in%20in%20these%20ways, last updated on 2 February, 2024.
15 European Commission. 'Feedback from: Association française de normalisation (AFNOR)', https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13109-Intellectual-property-new-framework-for-standard-essential-patents/F3434428_en, feedback submitted by AFNOR on 10 August 2023.
16 European Commission, 'Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Setting Out the EU Approach to Standard Essential Patents', 29 November 2027, COM (2017) 712 final.
17 European Commission, 'Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Setting Out the EU Approach to Standard Essential Patents', 29 November 2027, COM (2017) 712 final.

essentiality checks suggests that carrying out (non-legally binding) essentiality checks by a central and independent entity with the technical competencies, access to standardization and patent documents and industry recognition could be the most efficient solution."

III. SEP register and database

[7] In April 2023, through a letter to the Commission, the European Telecommunications Standards Institute (ETSI) pushed for reconsideration of the Regulation's draft. Citing a lack of tools and resources to comply with them, ETSI expressed concerns about additional burden due to the increased disclosure requirements. Implying redundancy in the obligation to provide information on "known implementations of the standard", ETSI argued that potential implementers are already aware of relevant implementations. It was also said that the proposed SEPs register could confuse and discourage SEPs inventors from entering the EU market, thereby possibly weakening the EU's progress in "digital standardisation." And in August 2023, the above mentioned French SDO AFNOR concurred with the ETSI in terms of the redundancy due to pre-existing databases and additional administrative burdens.[18] Also, in the very same period, pointing to pre-existing databases, CEN-CENELEC (the European Committee for Electrotechnical Standardization) noted that the "new layer" of disclosure could burden and disincentivise innovators from standardising their patents; and that implementers may confuse databases, which could, they claim, lead to information asymmetry in terms of declared SEPs.[19]

[8] This criticism also appears weak, though. The purpose of the new register and database is to ensure more transparency and thus create a more predictable licensing environment, by being more accessible than previous registers, with all the relevant information made publicly accessible. Are these measures truly burdensome beyond necessity when considering that the focus is to convenience and uplift SMEs? While the initial period of adjustment may cause inconveniences, it must be remembered that any new change cannot happen overnight. A look at another area of the world would help understand. For example, the Indian eCourts database, set up in 2013, manifests a similar system in routinely making court documents relating to every stage of a proceeding available to the relevant public. While the data is not always granular (presumably due to poor planning and lower courts' lack of infrastructure or technological knowledge), it has been indispensable to the Indian legal fraternity.[20] We thus draw a parallel between the Indian eCourts system and the new SEPs database. In fulfilling its goal of transparency, the latter seeks to offer users all the information they require to make decisions on licensing.

[9] Specifically, the EUIPO's SEPs register, tailored to allow access to all stakeholder-relevant information in a single click, might just make the landscape simpler to navigate. In a briefing for the European Parliamentary Research Service (EPRS), Tambiama Madiega, a policy analyst at the European Parliament, wrote: "… the competence centre would collect general data on case law worldwide, collect rules of third countries and public information on FRAND terms and conditions, and produce statistics and commission studies," and "[t]he objective is to have a one-stop shop in the EU for everything a stakeholder needs to know about SEPs and SEPs licensing." As per Madiega's briefing, the SEPs register: "would collect basic data such as patent number, country of validation, relevant standard and technical specification, owners' contact details, the existence of public standard FRAND licences, licensing availability through patent pools, outcomes of essentiality checks. The electronic database would gather data such as: granular patent bibliographic data (e. g., priority date, patent family members, grant date), known implementations of the SEP, standard terms and conditions, information on essentiality, FRAND, and aggregate royalty. Patent pools would be required to provide the competence centre with information relating to SEPs ownership, licensing, evaluation, or royalties. In addition, the competence centre would collect general data on case law worldwide, collect rules of third countries and public information on FRAND terms and conditions, and produce statistics and commission studies. Member States' competent courts and persons involved in alternative dispute resolution proceedings would need to inform the competence centre about their proceedings."

[10] We do believe that the prompt availability of all such information would introduce a much-needed transparency within a licensing ecosystem which has notoriously been labelled as obscure and difficult to decipher.

IV. Proportionality and fundamental rights

[11] In May 2023 the Dutch Ministry of Economic Affairs and Climate Policy disapproved the Proposed Regulation on grounds of proportionality, amongst

18 European Commission. 'Feedback from: Association française de normalisation (AFNOR)', https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13109-Intellectual-property-new-framework-for-standard-essential-patents/F3434428_en, feedback submitted by AFNOR on 10 August 2023.

19 European Commission. 'Feedback from: CEN and CENELEC', https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2018-Internetforbundet-radioudstyr-og-wearable-kropsbaret-radioudstyr/F2668378_da, submitted by CEN-CENELEC on 27 August 2021.

20 "eCourt services provide a variety of facilities which are considered significant to the judicial officers, litigants, legal counsels and policy-makers." See "A Critical Analysis of the Significance of the eCourts Information Systems in Indian Courts" by G. Mahibha and P. Balasubramanian. Also, "The App provides several useful features to digitally assist the lawyer or the litigant, including the provision of search by CNR — which is a unique number assigned to each case filed in District and Taluka Courts anywhere in India through the Case Information System – so that, simply by entering the CNR, one can get the current status and details of the case. In addition to Case Status, search options include Cause List and Calendar. The litigant or lawyer can save all cases of interest, which are shown under a 'My Cases' tab. This facilitates the creation and management of a portfolio of their cases or personal case diary for future use." See https://iacajournal.org/articles/10.36745/ijca.391, page 4, Para 4.3.

others. The Ministry further echoed ETSI's concerns that the regulation could undermine EU's attractiveness as the one-stop for standardisation and effective dispute resolution.[21] The proportionality argument was also voiced by the Chamber of Deputies of the Italian Parliament in August 2023,[22] which questioned the legal basis of the intervention (Article 114 TFEU) in that its impact would extend to far beyond the internal market. The Italian Chamber also argued that the cost-benefit analysis in the Impact Assessment failed to convince them.

[12] Also, in May 2023, the senior-most judge of the EU's new Unified Patent Court – Klaus Grabinski – while referring to requirements to register SEPs, undergo essentiality checks and FRAND determination procedures – pointed out that patent owners would be unable to bring infringement suits until all three requirements have been satisfied, which could take "up to nine months."[23] This criticism was also echoed in January 2024 by Michael Fröhlich, a director at the European Patent Office (EPO).[24]

[13] Criticism also came from the EPO's President of the European Patent Office *António* Campinos who expressed concerns that the "delayed access to justice" imposed by the Proposed Regulation (indeed, as mentioned, SEPs holders would need to register their patents at the EUIPO before commencing infringement proceedings) could result in "legal insecurity", adding that the necessity and proportionality of the legislative intervention was also debatable. Similarly, the President of the Intellectual Property Judges' Association, Sir Robin Jacobs, noted that such a bureaucratic step would pose a "significant curb on access to justice," and added that "[t]o impose a substantial delay on access to the courts whilst an administrative body not of the patentee's choosing proposes a non-binding settlement is likely to be a serious interference with the patentee's rights and its right to go to court."[25]

[14] How to reply to such criticisms? As far as the essentiality checks are concerned, it has been correctly noted that "the lack of an essentiality check would not preclude licensing negotiations or any court or administrative process in relation to an SEP."[26] On the issue of potential conflicts with extant market mechanisms, we draw attention to the dismal percentage of declared SEPs in patent pools (9 %),[27] despite the benefits that patent pools have to offer. A persisting possibility of obtaining higher licensing fees, constant evolutions of telecom standards and complexities due to multiple players may justify this trend.

[15] Moreover, the European Commission has laid down plans to develop a detailed methodology to conduct essentiality checks after the Proposed Regulation enters into force.[28] One must not be quick to conclude that essentiality checks could create unjustified delays when we are yet to find out the manner of conducting essentiality checks, which will be detailed through an implementing act in 18 months of the Proposed Regulation's entry into force. Given that specialised SEPs experts will preside over this function, and barring the time it will take to get things running smoothly, it is not unreasonable to anticipate that essentiality checks might take less time to conclude than predicted. It must also be taken into consideration that even if checks are in progress, SEPs owners would be able to seek provisional injunctions for financial losses.

[16] As far as the proportionality issue is specifically concerned, we should also look at whether the Proposed Regulation violates the fundamental right to intellectual property under Article 17(2) of the EU Charter as well as Protocol 1 Article 1 of the European Convention on Human Rights (ECHR). This does not seem to be the case, as also noted by Martin Husovec in one of his latest editorials.[29] What is more, in the seminal case Huawei v. ZTE, the Court of Justice of the European Union (CJEU) expanded on a very similar point suggesting that limiting the exclusive rights of SEPs holders is indeed possible to protect competition and consumers' interests. Specifically, the CJEU affirmed that: "… although the irrevocable undertaking to grant licences on FRAND terms given to the standardisation body by the proprietor of an SEP cannot negate the substance of the rights guaranteed to that proprietor by Article 17(2) and Article 47 of the Charter, it does, none the less, justify the imposition on that proprietor of an obligation to comply with specific requirements when bringing actions against alleged infringers for a prohibitory injunction or for the recall of products."[30]

[17] The above mentioned Article 47 of the EU Charter includes the right of access to courts. This very right, as per the Handbook on European law relating

21 https://open.overheid.nl/documenten/b8f73e1e-08b3-4eaf-80b4-81ac4e169e27/file.
22 Chamber Of Deputies Committee On European Union Policies, Proposal For A Regulation Of The European Parliament And Of The Council On Compulsory Licensing For Crisis Management And Amending Regulation, 4 August 2023, (COM(2023) 224 FINAL).
23 'O' Neill, 'Breaking: UPC chief urges EU to rethink SEP plan', https://www.managingip.com/article/2bqbfr0uyrki1fniy9ou8/breaking-upc-chief-urges-eu-to-rethink-sep-plan, published on 30 May 2023.
24 IP Europe, 'Third-party comments on the European Commission's proposal to regulate standard-essential patents (SEPs)', https://ipeurope.org/blog/live-blog-third-party-comments-on-the-european-commissions-seps-proposal/#:~:text=26 %20July%202023 %20 %E2 %80 %94 %20In%20a,weighing %20in%20in%20these%20ways, last updated on 2 February, 2024.
25 Joff Wild, https://www.linkedin.com/posts/joff-wild-6a80bb8_former-uk-court-of-appeal-lord-justice-sir-activity-7125581578033840133-BWye/.
26 Madiega, 'Standard essential patents regulation', https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)754578, published on 9 November 2023.
27 Pohlmann/Blind, 'Landscaping study on Standard Essential Patents (SEPs)', https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754578/EPRS_BRI(2023)754578_EN.pdf.
28 European Commission, 'Proposal For A Regulation Of The European Parliament And Of The Council On Standard Essential Patents And Amending Regulation', 27 April 2023, COM(2023) 232 final, p. 43. also see Madiega, 'Standard essential patents regulation'.
29 Husovec IIC 2023, 1483 (1485).
30 CJEU, judgment of 16 July 2015, C-170/13, GRUR 2015, 764 para. 59 – Huawei/ZTE.

to access to justice (issued by the European Court of Human Rights, the Council of Europe, and the European Union Agency for Fundamental Rights), is not absolute as long as the restrictive measure does not impair the essence of the right and is proportionate to the aim it purports to achieve.[31] For example, in *Rosalba Alassini v. Telecom Italia SpA* (C-317/08)[32] the CJEU debated over a compulsory condition for parties to have to attempt to settle particular disputes through out-of-court mechanisms before approaching a national court. It was held that the aims of such a measure, which included quicker and cheaper dispute resolution and easing judicial burden, were legitimate and the measure itself was not disproportionate to the aims.

[18] Said that, one may argue that the requirements under the Proposed Regulation are also legitimate and proportionate. Indeed, it is perhaps simplistic to pack the details of the Proposal into a neat little box labelled "does not allow access to courts". Seeing that the object of this measure is to make registration robust and credible, and the SEPs licensing environment more transparent and accessible, the bigger picture must be viewed. Of course, any failure of potential SEP holders to register their SEPs on time is kept in check through prohibiting them from enforcing their rights in courts. If, during this time, an infringement has occurred, such holders are deprived of their entitlement to receive damages. Yet, if the lack of registration is remedied, patent owners regain their enforcement rights from the time of such remedying.

[19] Again, on the issue of proportionality, as mentioned, we do believe that the Proposed Regulation does not violate the fundamental right to intellectual property under Article 17(2) of the EU Charter of Fundamental Rights. We are not alone. Martin Husovec, again,[33] contended that while retrospective changes require compliance with Article 17(2), a reform solely aimed at those who merely expected the continuance of today's laws, but were not promised anything specific, does not affect individual promises. The Proposal indeed does not take away what was and has been promised to those who have depended on the legislature's steadfastness. Rather, holders of SEPs are provided two years after the regulation's adoption to decide if they want to standardise their patents and put them through the new process. One might thus contend that the fundamental right to property is irrelevant to any criticism of the Proposed Regulation. Husovec correctly went on claiming that "Article 17 (2) protects rights and not the system. It is not an immunity from legislative change."[34]

[20] Also, parties are not forced into conciliation with no other way out. Rather, an *attempt* to do so has been made mandatory. It is not necessary that parties ought to have come to a settlement as a pre-condition. This is reminiscent of Section 12A of the Indian Commercial Courts Act, 2015[35], subsection (1) of which makes it mandatory for parties of commercial disputes (which includes patent disputes) to undergo mandatory pre-institution mediation to be able to approach a competent court.[36] The provision reads as below: "12A. Pre-Institution Mediation and Settlement. (1) A suit, which does not contemplate any urgent interim relief under this Act, shall not be instituted unless the plaintiff exhausts the remedy of preinstitution mediation in accordance with such manner and procedure as may be prescribed by rules made by the Central Government".

V. Conclusion

[21] Overall, we do believe the Proposed Regulation can effectively work. Of course, criticisms may continue to pour and some of it may also be used to further finetune the Proposal. But what is important – we reckon – is to keep the proposal's main principles and requirements in place, to the benefit of competition and ultimately consumers. Indeed, by acknowledging that wide implementation establishes the success of a standard, the Proposed Regulation offers a clear framework which aims at mitigating the anticompetitive effects of SEPs licensing abuse – which is necessary to keep the EU innovation landscape fair and accessible.

[22] As the Commission noted, the register and database envisioned by the Proposal would provide much-needed visibility and a stamp of approval on the SEPs landscape, with the aggregate royalty supporting their royalty demands, and the procedure for FRAND determination reducing instances of litigation expenditure.[37] Thus, the Regulation does not seek to impose undue burden on patent holders, but rather, envisions healthy competition, and as a consequence, innovation between IoT players. This would have the consequence of shifting monopoly from a few players to a wide range of firms innovating in IoT. Indeed, SME implementers harness connectivity standards in IoT, which renders it important for them to understand the licensing procedure. With much the same benefits it offers holders, the Proposed Regulation will likely facilitate transparent negotiation, thereby bringing equity between negotiating parties.

31 Also see page 30 and 31, "Common Minimum Standards of Civil Procedure", European Added Value Assessment, Annex I (https://www.europarl.europa.eu/cmsdata/105660/EPRS_CIVIL_PROCEDURE.pdf), which says, "Of course, neither the Charter's fundamental rights nor the Convention's human rights are absolute. They may be limited, as long as those limitations correspond to the 'objectives of general interest pursued by the measure in question and that they do not involve, with regard to the objectives pursued, a disproportionate and intolerable interference which infringes upon the very substance of the rights guaranteed.'

32 CJEU, judgment of 18 March 2010, C-317, 318, 319, 320/08, Rosalba Alassini/Telecom Italia SpA, EuZW 2010, 550.

33 Husovec IIC 2023, 1483 (1485).

34 Husovec IIC 2023, 1483 (1485).

35 The Commercial Courts Act, 2015, § 12-A, No. 4, Acts of Parliament, 2016 (India).

36 This was confirmed in the Indian case Patil Automation, where the Indian Supreme Court held that the requirement of exhausting pre-institution mediation under Section 12-A of the Act is mandatory and that any suit instituted "violating the mandate of Section 12-A must be visited with rejection of the plaint under Order 7 Rule 11".

37 European Commission, 'Questions and Answers on Standard Essential Patents', https://ec.europa.eu/commission/presscorner/detail/en/QANDA_23_2457, published on 27 April 2023.

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