

Preliminary Injunctions before the UPC



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The Unified Patent Court (UPCA) offers patentees a wide range of effective remedies in the case of patent infringement. Among them, preliminary injunctions (PI), which promise to be an extremely fast measure of enforcement, have the potential to become one of patentees' most favorite options. However, given that the patent courts of most participating Member States have been rather reluctant to grant injunctions in expedited proceedings, it remains to be seen, how effective PI applications will be in the new forum.

PIs subject to the Court's discretion

The grant of preliminary measures by the UPC are governed by Art. 62 UPCA. According to Art. 62(2) UPCA, the grant of a PI will be subject to the discretion of the Court, which will have to weigh up the interests and risks of each of the parties that may potentially result from the granting or the refusal of a PI.

According to the Rules of Procedure of the Unified Patent Court (R.), the Court shall take due account of the urgency of the case when deciding on the application. 'Urgency' within the meaning of the UPCA refers less to an aspect of time, but rather to the nature of harm the Patentee will face, should no preliminary measure be granted prior to a judgement in the proceedings on the merits. Such harm may particularly include irreparable damages, such as an irreversible price collapse or the foreseeable exclusion from competition. Further, one may imagine cases where the patent-in-suit is close to lapse in the near future, so that the Patentee cannot wait to obtain an injunction in main proceedings. Of course, this list of urgent matters is not exhaustive. It is likely that different Local Divisions of the UPC will establish other instances of urgency, maybe adding their own local flavour when exercising their discretion under Art. 62(2) UPCA.

It is yet unclear whether "urgency" may also involve a timing aspect. In fact, R. 209.3 mentions cases of "extreme urgency", thus implying a temporal aspect. It remains to be seen if the divisions of the UPC will establish certain time frames within which a PI application must be brought after knowledge of the infringement, thus mirroring many courts of Member States in national proceedings. Again, Local Divisions may take different approaches here, at least during the early stages of this new system where case law is not yet harmonized by the decisions of the Court of Appeal.

R. 209.2 further provides that, when weighing up the involved interests and risks, the validity of the patent shall be taken into account. The Rules of Procedure do not spell out which standards will apply in assessing the patent's validity in PI proceedings. While the infringement courts of some Member States are hesitant to grant PIs based on patents, which have not yet proven to be valid in opposition or validity proceedings, the UPC may well apply a different test. In the recent decision *Phoenix Contact/Harting* (Case C-44/21, para. 41),

the CJEU held that the validity of a patent is to be assumed once it is granted –irrespective of whether the patent is asserted in preliminary proceedings or proceedings on the merits. With this in mind, the UPC, which has to follow the CJEU's case law, may develop a balanced test, in which the Patentee needs to establish that the patent is likely to survive validity proceedings, only if and to the extent the Respondent has actually attacked the patent-in-suit in order to rebut the assumption of validity.

Here again, the Local Divisions may establish their own take on this, at least in the early phase of the new system, with some Local Divisions likely providing lower thresholds to establish validity than others. However, in order to rebut the presumption of validity, the Respondent will very likely be forced to file an opposition or a revocation action, if they want validity challenges to be heard in PI proceedings.

Remedies / Enforcement Security

According to R. 211, the court may order the following in preliminary proceedings according to Art. 62 UPCA:

- an interim injunction
- a seizure and delivery up of goods suspected of infringement
- a precautionary seizure of bank accounts and other assets of the Defendant
- an interim award of costs

Under R. 211.5, the Court can decide to make the enforcement of a PI subject to an adequate security for compensating any injury likely to be caused to the Respondent in case the PI is lifted later. It is to be expected that the Court will take the value of the case and the potential damages that are to be established by the Respondent into account when fixing the security amount.

In case a granted PI is lifted, the Respondent is entitled to damages caused by unlawful enforcement of the PI as per R. 213.2.

Procedure

PI applications may be filed anytime, and even before proceedings on the merits are pending. Note that a PI application will be considered "filed" only after the applicable court fees per R.370.4 have been paid. A proof of payment shall be added to the application.

In the initial phase, a single judge of the Local Division will handle the application and has all necessary powers to decide the case alone, R. 208.4.

In case the single Judge refuses to grant the PI without giving the Respondent the opportunity to comment, or in case the Respondent

has filed a *Protective Letter*, the Rules (R. 209.4/5) provide that the Patentee shall be informed accordingly. The Patentee may then elect to withdraw its PI application and request that the PI application be kept confidential and not be forwarded to the Respondent. Hence, the Patentee may try to obtain a PI without the risk of the Defendant being notified about such an application.

Ex parte Preliminary Injunctions

Art. 60(4) UPCA and R. 212.1 provide for a grant of preliminary injunctions *ex parte*, i.e. without giving the Respondent the opportunity to comment on the assertions. However, given that the Defendant's right to be heard is a fundamental procedural right, the grant of *ex parte* PIs will likely be limited to exceptional cases, where the Patentee can prove irreparable harm to its business, should the Respondent be heard beforehand. In principle, Member States' courts grant provisional measures *ex parte* only where there is a substantial risk of pertinent evidence being destroyed or taken away, if the Respondent were to be informed about the action beforehand. Also here, tests and standards for *ex parte* PIs are likely to develop over time.

Absent such exceptional circumstances, it can be expected that an Oral Hearing will be scheduled "as soon as possible" as per R. 210.1. It is yet unclear, if this will always mean an in-person hearing, as the Judge has discretion to set up a video conference in order to expedite proceedings.

It is interesting to note that the Rules of Procedure do not foresee the involvement of a Technically Qualified Judge in PI proceedings. It is therefore advisable that Patentees and Defendants alike expressly request the involvement of a Technically Qualified Judge in their submissions in order to safeguard that the division has the required technical expertise to assess claim construction, infringement and validity also in the preliminary proceedings.

Level of proof

Pursuant to Art. 62(4) UPCA, the Patentee shall provide "reasonable evidence" and establish a "sufficient degree of certainty" in PI proceedings that the patent is valid and infringed. It remains to be seen if this level of proof will be the same or lower than the level applicable to the proceedings on the merits. In any case, written statements and affidavits of parties' representatives, witnesses and experts will likely play a major role in PI proceedings, as these will have a strong written focus.

Appeal / Obligation to file main proceedings

Any granted PI measure will be subject to an Appeal according to Art. 73 UPCA, R. 220.1, such an Appeal must be filed with the Court of Appeal within 15 days of service of the PI. What is more, under R.

213.1, the successful Patentee is required to bring an action for patent infringement on the merits within 20 days from grant of the PI, in the case that main proceedings are not already pending.

Protective Letters

The new system does not leave businesses defenseless, however. Companies that receive a warning letter based on a European Patent or that otherwise have reasons to fear becoming the subject of preliminary injunction proceedings before the UPC, may file a *Protective Letter* with the Court, as provided for in R. 207. Effectively, a Protective Letter is a pre-emptive response to an expected PI application, and may set out arguments of defense, such as, lack of jurisdiction of the UPC (due to opt-out of the asserted patent), arguments of non-infringement, and arguments of invalidity of the patent-in-suit.

A Protective Letter must be filed in the language of the patent (R. 207.2), will be kept confidential at the Registry of the UPC and will automatically be forwarded to the competent Judge, once a PI application has been received by the Court.

As the Court is required take a Protective Letter into consideration when deciding over the further procedure (R.209.4), the measure can help to avoid an *ex parte* grant of a PI without the Respondent being heard. Instead, a Protective Letter will very likely lead to an Oral Hearing being scheduled. In a best-case scenario, a well-founded *Protective Letter* can motivate the Patentee to withdraw his PI application under R. 209.5 in light of the counter-arguments submitted.

If no PI application is filed, *Protective Letters* in the Registry will remain confidential (R. 207.7) and will automatically be deleted by the Registry after six months from filing (R. 207.9). They may be re-filed after six months in order to continue protection.

Accordingly, with Protective Letters the system provides companies with a means to influence PI proceedings at an early stage. However, in order to be able to use Protective Letters efficiently, companies should make sure to frequently monitor the development of their competitors' portfolios and conduct freedom to operate analyses (FTO's) with respect to their most relevant products and services in order to assess their risk of becoming subject to actions and PI applications before the UPC.

For more information visit:

<https://www.meissnerbolte.com/de/kanzlei/unified-patent-court-upc/>

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