Unified Patent Court
Einheitliches Patentgericht
Juridiction unifiée du brevet

Action number:
App_100/2024
UPC_CoA_4/2024

Order

of the Court of Appeal of the Unified Patent Court issued on
18 January 2024
concerning an application for suspensive effect

OPPONENTS AND APPELLANTS

1. **Meril GmbH**
   Bornheimer Straße 135-137, 53119 Bonn, Germany

2. **Meril Life Sciences Pvt Ltd.**
   M1-M2, Meril Park, Survey No 135/2/B & 174/2, Muktanand Marg, Chala, Vapi 396 191, Gujarat, India

represented by: Dr Andreas von Falck, Dr Roman Würtenberger and Beatrice Wilden, lawyers (Hogan Lovells International LLP)

APPLICANT AND APPELLANT

Edwards Lifesciences Corporation
1 Edwards Way, Irvine, 92614 California, USA

represented by: Boris Kreye and Anika Boche, lawyers (Bird&Bird)

PATENT OF DISPOSITION
EP 3 763 331

DECIDING JUDGES
Peter Blok, legally qualified judge and judge-rapporteur

LANGUAGE OF THE PROCEEDINGS
German

CONTESTED ORDER OF THE COURT OF FIRST INSTANCE

□ Order of the Court of First Instance of the Unified Patent Court, Munich Local Division, dated 19 December 2023

□ Action number of the Court of First Instance: UPC_CFI_249/2023

FACTS AND APPLICATIONS OF THE PARTIES

On 19 June 2023, the applicant and respondent (hereinafter: respondent) issued a warning letter to the applicants and appellants (hereinafter: appellants) for infringement of European patent 3 763 331 relating to a crimping device for crimping stent-based valve prostheses, in particular heart valve prostheses. By letter dated 30 June 2023, the respondent informed the appellants that the application for the grant of unitary effect for the patent in suit had been withdrawn and that the patent in suit would now be enforced as a conventional European patent. The last pre-litigation deadline expired unsuccessfully on 13 July 2023.

On 18 July 2023, the appellant applied to the Munich local division of the Unified Patent Court for the adoption of provisional measures. The appellants filed an objection to this on 25 August 2023 with 107 pages of documents and 49 annexes. A date for the oral hearing was set for 10 October 2023. In a document dated 11 September 2023, the defendant responded to the objection with 69 pages of written submissions and 5 annexes. By document dated 25 September 2023.
On 29 September 2023, the appellants submitted a declaration of discontinuance and undertaking within the period granted to them to comment. The appellee accepted this declaration in a document dated 29 September 2023.

During a video conference on 2 October 2023, both parties agreed that the proceedings were now concluded in accordance with Rule 360 of the Code of Procedure and that there was no longer any need for an oral hearing. However, the parties continued to disagree on the question of who should bear the costs. The hearing on 10 October 2023 was cancelled by order of the presiding judge (and judge-rapporteur) on 2 October 2023 and the question of who was to bear the costs was referred to the full panel of judges for a decision.

By order dated 19 December 2023, the Court of First Instance, local division Munich:

1. determined that the application for provisional measures had become irrelevant as a result of the submission of the declaration of discontinuance and undertaking by the appellants on 25 September 2023 and that the proceedings were therefore terminated;
2. the proceedings concerning the application for the adoption of provisional measures;
3. ordered that the appellants bear the costs of the legal dispute as well as the other costs of the appellee up to a maximum of € 200,000.00;
4. otherwise dismissed the appellees' applications as currently premature and the appellants' applications as unfounded;
5. set the value in dispute at € 1,500,000.00;
6. the appeal was authorised.

The Court of First Instance, Munich local division, cited the following in support of its decision on costs under point 3:

"*The settlement and removal in the present case are based on exceptional circumstances, namely the settlement of the legal dispute due to the submission of the declaration of discontinuance and undertaking by the defendants on 25 September 2023 and its acceptance by the plaintiff.*

Under the circumstances of the present proceedings, it would be unfair to order the applicant to pay the costs incurred. It is true that the defendants have issued the declaration to cease and desist "without recognising any legal obligation". However, this does not mean that the fact that they have effectively placed themselves in the position of the losing party in this respect and the time at which this occurred must be disregarded. On the contrary, these two circumstances must be taken into account.

Irrespective of the question of whether the applicant's application was fully admissible and justified at the time of the final event, the defendants could have submitted the declaration of discontinuance and undertaking in a much more cost-saving manner by shortly before the expiry of the last pre-litigation deadline of 13 July 2023 set in the warning letter. They have not explained why they did not submit the cease-and-desist declaration and declaration of commitment, which they do not consider to be owed, at this point in time. In the context of a warning letter, they are free to formulate a cease-and-desist declaration independently. In this respect, the proposal of the person issuing the warning letter does not need to be accepted. The fact that the defendants were aware of this possibility is evident from the fact that the cease-and-desist declaration and declaration of obligation now submitted differs from the text proposed by the applicant. The events surrounding the application for unitary protection for the injunction patent, which was initially filed and later withdrawn due to the "Malta problem", did not constitute an obstacle in this respect. This is because the applicant always kept the defendants up to date in this respect. If the defendants had already submitted the declaration to cease and desist on 13 July 2023, the costs that are now to be decided on the merits would not have been incurred.

In the absence of any evidence to the contrary, it must be assumed that the applicant would also have accepted this declaration despite the textual deviations from the declaration proposed by itself and would have refrained from filing an application for provisional measures. Consequently, the defendants have caused the applicant unnecessary costs in the form of the costs of the legal dispute and the applicant's other costs.

The behaviour of the defendants up to the submission of the declaration of discontinuance and undertaking on 25 September 2023 does not require any other assessment. The defendants initially submitted a very extensive objection on 25 August 2023 with 107 pages and 49 attachments. The applicant had to respond to this just as extensively. A date for the oral hearing was set for 10/10/2023. The court arranged for simultaneous interpreters to be commissioned for this date. Against this background, the submission of the declaration of discontinuance and undertaking came as a complete surprise to all other parties involved. Up to this point in time, the applicant and the

court incurred considerable costs. Considerable work had already been carried out in preparation for the hearing.

In this respect, it is equitable to order the defendant to pay all the costs, irrespective of the prospects of success of the application for provisional measures."

In a document dated 2 January 2024, the appellants filed an appeal against the order of the Munich local division of the Court of First Instance dated 19 December 2023 (APL_83/2024, UPC_CoA_2/2024). In the notice of appeal, they request

I. annul the order of the Munich local division in respect of the order relating to point 3 and order the appellant to pay the costs of the proceedings before the Court of First Instance, including the costs incurred by and in connection with the filing of protective letters relating to the European patent EP 3 763 331 B1, subject to the proviso that the recoverable costs of representation are limited to an amount of 200,000.00;
II. to immediately order the suspensive effect of the appeal against the aforementioned order with regard to the order under no. 3;
III. order the defendant to pay the costs of the appeal proceedings.

In addition, on 2 January 2024, the appellants filed an application with the Court of Appeal in which they again requested that their appeal against the order of the court of first instance be given suspensive effect. With the present order, the Court of Appeal will rule on the latter application.

Appellants argue that their application for an order to suspend the effect of the appeal is admissible. To the extent that the wording of Rule 223.5 of the Rules of Procedure conflicts with this, it should be reduced teleologically. The application should also be granted because, in summary, the order is shown to be grossly erroneous in law for a number of reasons and the cost assessment proceedings would cause unnecessary further costs on the part of the appellants.

The defendant responded to the application in writing on 12 January 2024. It argues that the application is not admissible because, in summary, there is currently no enforceable title that also shows the scope of the performance owed. Furthermore, the interests of the appellants do not justify an exception to the rule that appeals have no suspensive effect.

JUSTIFICATION OF THE ORDER

1. The application is admissible.

The appellants may file an application for suspensive effect under Article 74 UPCA and Rule 223.1 RP. This is not precluded by Rule 223.5 RP, as the present appeal is not an appeal within the meaning of Rules 220.2, 220.3 or 221.3.

Under Rule 363.2 of the Rules of Procedure, decisions given under Rules 360, 361 and 362 of the Rules of Procedure are final decisions within the meaning of Rule 220.1(a) of the Rules of Procedure. A decision under Rule 360 of the Rules of Procedure by which the court has dismissed an action because there is no need to adjudicate on the merits also includes the decision on the costs of the proceedings. Accordingly, the order of the Court of First Instance on point 3, against which the appellants

appeal is to be regarded as a final decision within the meaning of Rule 220.1(a) of the Rules of Procedure and not as a decision within the meaning of Rule 223.5 of the Rules of Procedure.

2. The application is not substantiated.

According to Article 74(1) UPCA, the appeal has no suspensive effect unless the court of appeal decides otherwise on a reasoned application by one of the parties.

The Court of Appeal can therefore only grant the application if the circumstances of the case justify an exception to the principle that the appeal has no suspensive effect. It must be examined whether, on the basis of these circumstances, the appellant's interest in maintaining the status quo until the decision on his appeal outweighs the respondent's interest by way of exception.

The appellants argue that a cost assessment procedure would cause further costs for them. However, such an interest does not, as a rule, outweigh the interest of the successful party within the meaning of Rule 151 of the Rules of Procedure (in this case the defendant) in a quick decision on the costs of the proceedings. This is expressed in No. 7 of the preamble to the Rules of Procedure, according to which case processing is to be organised in such a way that decisions on costs are issued at the same time as or as soon as possible after the main proceedings, and is confirmed in Rule 151 of the Rules of Procedure, according to which the successful party only has the opportunity to submit an application for the determination of costs within a period of one month after the decision. With these provisions, the Rules of Procedure generally accept in favour of a quick decision on the costs of the proceedings that further costs may be incurred as a result of the cost determination procedure, which may prove to be unnecessary if the appeal is successful. In addition, the Court of First Instance has the option of avoiding the incurrence of unnecessary costs by suspending the cost assessment proceedings until the appeal proceedings have been concluded.

However, the granting of suspensive effect may be justified in exceptional cases if the order against which the appeal is directed is clearly erroneous. However, this is not the case here.

The applicant submits that the Court of First Instance's order of 19 December 2023 is grossly erroneous in law for a variety of reasons. Whether the errors cited in the notice of appeal are in fact errors can be left open. If they are errors, they are in any case not errors that led to a manifestly erroneous order.

ORDER

The application for an order to suspend the effect of the appeal is dismissed. This order was

issued on 18 January 2024.

Peter Hendrik Blok

Digitally signed by Peter Hendrik Blok
Date: 2024.01.18 14:22:07 +01'00'

Peter Blok, legally qualified judge and judge-rapporteur