



Central Division Paris

Order of the Court of First Instance of the Unified Patent Court

Rule 360 RoP

UPC_CFI_372/2023
ACT_580824/2023
issued on 16/05/2024

Guiding principles:

1. If the main action is settled in accordance with Rule 360, the basic decision on costs shall be made by the full panel in accordance with Rule 118.5 of the Rules of Procedure.
2. Rules 370.9 (b) (i) VerfO and 370.9 (c) (i) VerfO apply analogously in the case of patent surrender.
3. A prior warning is not always required to bring an action for a declaration of invalidity. On the other hand, it cannot be concluded from this that a waiver of a prior warning letter has no consequences for the allocation of costs between the parties if the patent proprietor immediately recognises or waives the patent in response to the nullity action.
4. It is generally unfair to impose the costs of the proceedings on the patent proprietor who, in response and with reference to the relevant prior art presented for the first time in the nullity action, immediately surrenders the patent.

Key words: discharge; surrender of the patent; prior request for surrender; basic decision on costs

KLÄGERIN

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DEFENDANT(S)

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Represented by:
Thomas Schart

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PATENT IN DISPUTE

Patent no. **EP 3 170 639 B1** Method for controlling the speed and positioning of a tool changing carriage and work station for a machine equipped with interchangeable tools

*Reference to the patent grant:*07.07.2021 Patentblatt 2021/27 Filing date:
02.11.2016 Priority:17.11.2015 DE 20 2015 106 216 U1

Owner: ██████████ ██████████ ██████████ ██████████

DECIDING JUDGES

Composition of the panel:

Presiding judge	Maximilian Haedicke
Rapporteur	Tatyana Zhilova
Technically qualified judge	Dennis Kretschmann

LANGUAGE OF THE PROCEEDINGS: German

HEARING DATE: 18/04/2024

BRIEF PRESENTATION OF THE FACTS

1. On 18 October 2023, the plaintiff filed an action for revocation of patent EP3170639 against the two defendants with the Paris Central Chamber. The action for revocation was filed under action number ACT_580824/2023 (UPC_CFI_372/2023).

1.1. The following documents were submitted with regard to the state of the art:

Annex A8: Priority utility model DE 20 2015 106 216 U1, registered on 11 February 2016, granted to the defendants

Annex A10: WO 2013/102507 A1 dated 11 July 2013

Annex A11: CN 103612649 A dated 5 March 2014

Appendix A13: DE 196 46 180 A1 dated 14 May 1998

Appendix A14: DD 277 641 A1 dated 11 April 1990

Appendix A15: DE 195 12 681 A1 dated 10 October 1996

Appendix A16: Instructions for the AMS 301i sensor from Leuze from 2014

Appendix A17: Instructions for the AMS 300i sensor from Leuze from 2011

Appendix A18: Spanish brochure from EAS Change Systems, 2 April 2015

Appendix A19: Screenshot of the PDF properties of Appendix A18

Appendix A21: Screenshots of a YouTube video from Leuze Australia

Annex A22: Photos of the K-2016 trade fair for obvious prior use Annex

A23: Witness statement with affidavit by ██████████ ██████████

Video V1: <https://www.youtube.com/watch?v=Wo3zeUzdLGQ> from 6.1.2012
Video V2: <https://www.youtube.com/watch?v=vN9TdnhL7hE> from 23.7.2013
Video V3: https://www.youtube.com/watch?v=7MIT_NirGyM from 21.11.2013

1.2. In pre-litigation correspondence with the defendants, the plaintiff disputed the validity of the patent in suit. The pre-litigation correspondence consists of:
Annex A2: Letter from the patent holders dated 3 November 2022;
Annex A3: Reply letter to the patent proprietors dated 29 November 2022 including annexes;
Annex A4: Letter from the patent proprietors dated 9 January 2023;
Annex A5: Reply letter to the patent proprietors dated 24 January 2023 (the plaintiff identifies the letter in the list of documents as dated 25 January 2023)
Annex A6: Letter from the patent holders dated 15 February 2023.

The invalidity of the patent was based on the following documents: Priority utility model DE 20 2015 106 216 (Annex A8);
D1: US 2011/192353 A1, D2: DE 20 2005 019797 U1 and D3: DE 20 2008 004609 U1, the were taken into account in the granting procedure (not presented here);
EAS Change Systems catalogue dated 2 October 2015;
EP 2 306 428 B1 (not presented here);
image from the K-2016 trade fair (Annex A22)

2. In the pre-litigation correspondence, the defendants denied that the alleged non-patentability could be inferred from the documents submitted. In the letter dated 9 January 2023 (A4), the defendants proposed an out-of-court settlement, which could, for example, consist of granting a licence. In the letter dated 15 February 2023 (A6), the defendants drew the plaintiff's attention to the fact that the existing patent had to be respected.

3. In their responses of 16 and 22 November 2023, the defendants acknowledged the action for revocation with reference to the new and, in their opinion, decisive evidence A10 to A23 and videos V1 to V3 and waived the patent in full ex tunc. The revocation of the patent in the European Patent Bulletin 09/2024 was published on 28 February 2024.

4. In the written procedure before the UPC, both parties unanimously declared that there was no longer any need to adjudicate on the main proceedings (Rule 360 of the Rules of Procedure). During the hearing on 18 April 2024, both parties confirmed their declarations and requested that the main proceedings be declared closed by issuing an Order terminating the proceedings in accordance with Rule 360 of the Rules of Procedure.

5. The parties are still disputing the amount in dispute and who is to bear the costs. Both parties have submitted preliminary cost estimates in accordance with Rule 118.5 of the Rules of Procedure and have been granted the right to be heard (App_14965/2024).

COST APPLICATIONS BY THE PARTIES

1. The applicant claims that the Court should:
 - the court fees pursuant to Rule 370.9 (b) (i) VerfO (analogous) and pursuant to Rule 370.9 (c) (i) VerfO (analogue) by 60%,
 - order the defendants to pay the costs,
 - to set the amount in dispute at EUR 500,000.

2. The defendants claim:

- the court fees pursuant to Rule 370.9 (b) (i) VerfO (analogous) and pursuant to Rule 370.9 (c) (i) VerfO (analogue) by 60%,
- order the applicant to pay the costs, and in the alternative, a fee reduction of 40% pursuant to R. 370.8 VerfO (analogous) for the defendants if the application for the imposition of costs on the plaintiff is not granted,
- to set the amount in dispute at a maximum of EUR 250,000.

DISPUTED POINTS

1. The plaintiff is of the opinion that:

- 1.1. the defendants had placed themselves in the role of the losing party burdened with costs by the declaration of waiver;
- 1.2. no obligation to request the patent proprietor to surrender before bringing an action for revocation arises from the legal basis of the UPC, which also arises in particular from the absence of a provision for revocation proceedings corresponding to Rule 61.1 RP;
- 1.3. The defendants should be ordered to pay the costs:
 - The defendants were already aware of the decisive evidence before the action was brought;
 - the defendants had given the plaintiff to understand pre-litigation that a prior request for waiver would be unsuccessful;
 - the new evidence on the state of the art, submitted with the complaint, was even more relevant;
 - At the time the action was brought, the plaintiff was not obliged to submit all relevant evidence on the state of the art;
 - If the plaintiff had requested the defendants to waive the patent prior to the proceedings, the defendants would have withdrawn the patent in suit from the jurisdiction of the Unified Patent Court (by opt-out declaration), which would have deprived the plaintiff of the possibility of a cheaper, more effective centralised attack before the UPC;
 - the plaintiff had to expect an action for injunctive relief at any time due to the defendant's pre-trial request for authorisation;
- 1.4. the amount in dispute must be at least EUR 500,000 due to the use of the patented technology in many different industrial sectors and due to the territorial scope of six UPC contracting states.

2. The defendants are of the opinion that:

- 2.1. they had not given the applicant any reason to bring the present action for annulment, because:
 - No rights had been asserted under the patent and no action for infringement or claims for injunctive relief or damages had been brought against the plaintiff;
 - the plaintiff had not given the defendants the opportunity to examine the most relevant prior art (subsequently searched evidence A10 to A23 and V1 to V3) before filing the action; if the plaintiff had done so, the defendants would have waived the patent and an action for revocation would have been unnecessary;
 - The plaintiff's argument that it had to quickly eliminate the risk of an action for an injunction by bringing an action for annulment is not convincing, since the plaintiff had not been able to file an action for annulment until the

- I waited a long time for the action for annulment;
- 2.2. the absence of a provision corresponding to Rule 61.1 of the Rules of Procedure for nullity proceedings does not preclude the applicant from having to bear the costs in the event of immediate recognition for reasons of equity;
 - 2.3. the plaintiff had incurred unnecessary costs for double representation by patent attorneys and attorneys-at-law, which were not necessary in view of the patent waiver;
 - 2.4 an appropriate amount in dispute is a maximum of EUR 250,000.

JUSTIFICATION OF THE ORDER

1. Decision-making authority

The decision pursuant to Rule 360 of the Rules of Procedure and Rule 118.5 of the Rules of Procedure shall be made by the adjudicating body.

2. Settlement of the main matter

If the court finds that an action has become devoid of purpose and that there is no longer any need to adjudicate on the substance of the case, it may, in accordance with Rule 360 of the Rules of Procedure, terminate the action at any time on the application of a party or of its own motion by means of an Order. The verb "dismiss" used in the German text of Rule 360 of the Rules of Procedure is not the best expression for the termination of the proceedings, as it gives the impression that the action was unfounded. Therefore, the panel prefers to use the verb "abtragen", which has already been introduced in the practice of the Munich local division, in order to avoid the incorrect impression that the defendant had prevailed by virtue of the "Abweisung" (Order No. ORD_577734/2023, issued on 19/12/2023, ACT_550921/2023, UPC_CFI_249/2023)

In the present case, both parties rightly agree that the requirements of Rule 360 of the Rules of Procedure are met. Discharge must be declared and the proceedings concerning the action for annulment must be dismissed.

3. Reimbursement of court fees

If the parties have terminated their proceedings by settlement, the party obliged to pay the court fees shall receive a refund of 60 % in accordance with Rule 370.9 (c) (i) of the Rules of Procedure if the proceedings are settled before the conclusion of the written procedure. This party shall also receive a refund in the same amount if the action is withdrawn before the conclusion of the written procedure (Rule 370.9 (b) (i) of the Rules of Procedure).

There are no corresponding provisions for the settlement of the main action by waiving the patent. The waiver of the patent and the agreement of the parties to dismiss the action for reasons of Rule 360 is essentially comparable to a settlement of the proceedings or a withdrawal of the action. The prospect of a partial reimbursement of the court fees encourages the parties to settle their dispute by means other than a decision by the court. The reimbursement also takes into account the labour savings of the court. These reasons apply to the patent waiver in a similar way to the settlement and the withdrawal of the action. Therefore, Rule 370.9 (c) (i) of the Rules of Procedure and Rule 370.9 (b) (i) of the Rules of Procedure are applicable by analogy. As the dispute was settled before the conclusion of the written procedure, the plaintiff receives a 60% refund of the court fees.

4. Value in dispute

The amount in dispute is to be set at € 500,000.00, as proposed by the plaintiff, because the defendants have not submitted any deviating or better findings on the amount in dispute to the Chamber.

5. Upper limit for reimbursable costs

With an amount in dispute of € 500,000.00, the upper limit for reimbursable costs (representation costs) is € 56,000.00 (Annex to Art. 1 of the decision of the Administrative Committee of 24 April 2023 on the table of upper limits for reimbursable costs).

6. Assumption of costs

6.1. According to Art. 69 (1) UPCA, the costs of the proceedings and other costs of the successful party, insofar as they are reasonable and appropriate, shall be borne by the unsuccessful party up to an upper limit determined in accordance with the Rules of Procedure, provided that there are no equitable grounds to the contrary.

If a party is only partially successful or if there are exceptional circumstances, the court may, in accordance with Article 69(2) UPCA, order that the costs be apportioned on an equitable basis or that the parties bear their own costs. A party who has caused unnecessary costs to the court or another party shall bear these costs in accordance with paragraph 3.

6.2. The obligation to decide on the merits of the costs is regulated for the main proceedings in Rule 118.5 of the Rules of Procedure. There is no corresponding provision for the settlement of the main proceedings within the meaning of Rule 360 of the Rules of Procedure. Therefore, Rule 118.5 VerfO shall apply accordingly.

6.3. In the present case, the dismissal of the action is based on exceptional circumstances, namely the settlement of the legal dispute due to the immediate waiver of the patent by the defendants and their recognition of the nullity action.

6.4. By comprehensively waiving the patent, the defendants have placed themselves in the role of the losing party and would therefore in principle have to bear the costs of the proceedings. However, pursuant to Art. 69 (2) and (3) UPCA, it must be examined whether equity requires a different allocation of costs. Of particular importance in this context is whether the defendants' behaviour gave rise to the action for annulment.

6.5. It is not apparent from the submissions of the parties and the pre-litigation correspondence submitted in accordance with Annexes A2 to A6 that the plaintiff had ultimately requested the defendants to surrender the patent. The Rules of Procedure do not require such a waiver request prior to filing an action for a declaration of invalidity. The fact that the Rules of Procedure do not refer to the possible requirement of a request for surrender does not constitute an unintentional loophole in the Rules of Procedure. The waiver of the requirement of a corresponding request can be reasonable and in the interests of the parties. The request to waive can provoke the withdrawal of the patent from the jurisdiction of the UPC through the opt-out procedure and in this way prevent access to centralised jurisdiction in all countries to which the patent applies. This result can also be based on Article 83(3) UPCA, which defines the existence of an action already filed with the court as the only obstacle to the revocation of the patent (opt-out).

out).

6.6. An analogous application of Rule 61.1 VerfO, which generally requires a warning as a prerequisite for negative declaratory actions, is out of the question. Rule 61.1 VerfO refers to an action for a declaration of non-infringement and sets out substantive admissibility requirements.

A finding of non-infringement may be made in two alternative circumstances: 1) *where the patentee or licensee has asserted that the act constitutes patent infringement*, or 2) *where the plaintiff has requested in writing that the patentee or licensee provide written confirmation in terms of the claimed finding and the patentee or licensee has failed or refused to provide such confirmation within one month*. According to Rule 63(a), an action for a declaration of non-infringement must contain information confirming that the requirements of Rule 61 are met. These expressly mentioned circumstances serve to prove a legal interest and also result from the basic principle that every civil action requires a civil law claim or at least a legal interest worthy of protection.

Neither the UPCA nor the EPC contains such provisions for the action for a declaration of invalidity, which stipulate that a concrete legal interest must be proven.

Since there is no unintended loophole in the provision on the action for a declaration of nullity, an analogous application of Rule 61.1 VerfO is out of the question.

6.7. On the other hand, it cannot be concluded from the absence of a provision corresponding to Rule 61.1 RP that a waiver of a prior warning has no consequences for the allocation of costs between the parties if the patent proprietor immediately recognises or waives the patent in response to the nullity action. This is because Rule 61.1 VerfO only concerns the substantive admissibility requirements, not the allocation of costs.

6.8. As can be seen from the parties' submissions and the documents submitted, the parties are competitors in the same market and have been in written contact since 2022 regarding the use and validity of the patent. Consequently, the plaintiff is affected by the patent and it depends on whether the defendants have given the plaintiff cause of action.

The defendants countered the arguments raised by the plaintiff in the pre-litigation correspondence against the legal validity of the patent. However, they only recognised the lack of legal validity of the patent on the basis of the prior art cited for the first time in the statement of claim and directly waived the patent.

The arguments against validity put forward by the plaintiff in the pre-litigation correspondence (Annexes A3 and A5) are essentially based on the alleged invalidity of the priority of the patent, as a result of which the priority utility model A8 was pre-published and the patent lacked inventive step compared to the priority utility model. An alleged obvious prior use of a tool changing table of Stäubli GmbH was again linked to the validity of the priority. The plaintiff also referred to an alleged lack of inventive step in relation to a product catalogue of EAS Change Systems, the dating of which, however, was disputed by the defendants. In addition, the plaintiff referred to the European grant procedure

known documents D1 and D2 and claimed lack of inventive step in conjunction with a further document EP 2 306 428 B1.

In contrast, document A13 was cited for the first time in the nullity action, which can be reliably dated as printed prior art, whose relevance as prior art does not depend on the validity of the priority of the patent and which was alleged in the nullity action to be prejudicial to novelty. Therefore, very substantial prior art was obviously submitted for the first time in the nullity action.

Against this background, the defendants can plausibly argue that they would have declared the waiver before filing the action if they had already been informed of the new prior art cited in the statement of claim in pre-litigation correspondence. The reference in the letter of 15 February 2023 (Annex A6) that the patent must be respected until its non-patentability is proven can be interpreted in this sense, as the defendants had previously stated that they would seek an out-of-court settlement. On the other hand, contrary to the plaintiffs' argumentation, it cannot be concluded from the reference that a prior request for surrender, in particular with reference to further relevant prior art, would not have been fruitful anyway and would therefore have been futile from the outset.

6.9. In the present case, the plaintiff could easily have brought its additional prior art found on the basis of new searches to the attention of the defendants before filing the action and waited for their reaction. This would not have entailed any significant loss of time, especially not in relation to the duration of the negotiations between the parties that had already elapsed. An action for annulment would therefore only have been necessary if the defendants had remained intransigent in this new situation.

6.10. A prior waiver request does not appear unreasonable, even in view of a possible opt-out caused by this.

During the transitional period, patent proprietors can declare an opt-out at any time under the additional conditions of Art. 83(3) UPCA. The underlying assessment of whether such an opt-out is appropriate is the responsibility of the patent proprietors. Conversely, it is up to the revocation plaintiff to weigh up the risks as to what measures the patent proprietor may trigger with a request to waive and whether a prior request to waive appears tactically sensible against this background.

In principle, an opt-out does not appear to be advantageous for patent proprietors. Although they would have avoided a centralised attack on the legal validity of the patent, they might also have provoked a number of national attacks on the legal validity of the patent and also deprived themselves of the opportunity to enforce their patent in centralised infringement proceedings.

6.11. In principle, the plaintiff can be agreed that she is not obliged to provide all the evidence on which she wishes to base her claim in advance. However, the principles of fair and equitable proceedings must be observed. In particular, it cannot be concluded from the absence of an obligation to disclose the prior art prior to the proceedings that it does not affect the allocation of costs if the plaintiff saves prior art for the nullity action and the patent proprietors, in view of this new prior art, do not have to pay the costs.

Recognise the nullity action immediately or waive the patent.

6.12. In any case, in this constellation it seems unfair to impose the procedural costs on the patent proprietors, who immediately surrendered the patent in response to and with reference to the relevant prior art presented for the first time in the nullity action.

It therefore remains to be seen whether a prior ultimate waiver request would have been necessary on the part of the plaintiff in order to exclude an obligation to bear costs even in the event of an immediate acknowledgement by the patent proprietors.

6.13. It is appropriate to order the applicant to pay the costs.

6.14. The Court does not address the defendant's objection to the double representation of the plaintiff as it relates to the assessment of the reasonableness of the costs and is irrelevant to this point of the litigation.

ORDER


1. It is established that the action for a declaration of invalidity of patent EP 3 170 639 B1 has become devoid of purpose as a result of the surrender of the patent and that the main action has therefore been disposed of.
2. The proceedings concerning the action for annulment are dismissed.
3. The plaintiff receives a 60% refund of the court fees.
4. The amount in dispute is set at € 500,000.00. The upper limit for the reimbursable costs (representation costs) is € 56,000.00.
5. Orders the applicant to pay the costs.

Presiding judge
Maximilian Haedicke

Rapporteur
Tatyana Zhilova

Technically qualified judge
Dennis Kretschmann

Maximilian
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INFORMATION ABOUT THE APPOINTMENT

Both parties may appeal against this Order within 2 months of its notification (R. 363.2, 220.1(a), 224.1(a) VerFO).



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Paris Central Division Clerk & Local Coordinator