



Action number:
APL_593120/2023
UPC_CoA_470/2023

Order
of the Court of Appeal of the Unified Patent Court
issued on 10 December 2024
in the proceedings for the imposition of periodic penalty payments

GUIDING PRINCIPLE

1. The cancellation under Art. 75(1) UPCA and R. 242.1 RoP of an order of the Court of First Instance granting an interim injunction is generally retroactive. The order is cancelled because it has been established by a final order of the Court of Appeal that the order should not have been issued. A cancelled order is therefore to be regarded as having no legal effect from the outset. It follows that the cancellation of an order of the Court of First Instance that has issued an injunction under threat of periodic penalty payments removes the legal basis for any subsequent decision ordering the payment of periodic penalty payments, even if that decision concerns alleged violations of the injunction prior to its cancellation.

KEYWORDS

Appeal; cancellation of an order; interim injunction; imposition of periodic penalty payments

APPELLANTS (DEFENDANTS IN THE PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE)

1. **NanoString Technologies Inc.**
530 Fairview Ave N - 98109 - Seattle (WA) - USA
2. **NanoString Technologies Germany GmbH**
Birketweg 31 - 80639 - Munich - Germany
3. **NanoString Technologies Netherlands B.V.**
Paasheuvelweg 25 - 1105 BP - Amsterdam - Netherlands

In the following: NanoString,

represented by lawyers Oliver Jan Jüngst and Dr Moritz Schroeder (Bird & Bird)

APPELLANT (APPLICANT IN THE PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE)

1. **10x Genomics, Inc.**
6230 Stoneridge Mall Road - 94588-3260 - Pleasanton (CA) - USA
2. **President and Fellows of Harvard College**
Suite 727E, 1350 Massachusetts Avenue - 02138 - Cambridge (MA) - USA

Hereafter: 10x,

represented by lawyer Prof. Dr Tilman Müller-Stoy (Bardehle Pagenberg)

DISPOSAL PATENT

European patent 4 108 782

PANEL AND DECIDING JUDGES

Panel 1a

Klaus Grabinski, President of the Court of Appeal

Peter Blok, legally qualified judge and judge-rapporteur

Emmanuel Gougé, legally qualified judge

Rainer Friedrich, technically qualified judge

Cornelis Schüller, technically qualified judge

LANGUAGE OF THE PROCEEDINGS

German

OBJECTIONABLE ORDER

- Order of the Court of First Instance, Munich local division, dated 5 December 2023

- Action number: UPC_CFI_2/2023,
 ACT_459746/2023
 App_577241/2023
 ORD_577437/2023

FACTS AND APPLICATIONS OF THE PARTIES

1. On 1 June 2023, 10x applied to the Munich local division of the Court of First Instance for a preliminary injunction against NanoString for direct and indirect infringement of European patent 4 108 782 (hereinafter: the injunction patent). 10x applied for the imposition of a penalty payment in the event of a breach of the preliminary injunction.

2. By order of 19 September 2023, the Court of First Instance granted the application. It was ordered that NanoString - in summary - must refrain from directly or indirectly infringing the injunction patent (hereinafter: the preliminary injunction) and that NanoString must pay the court a penalty payment (which may be repeated) for each individual infringement of the preliminary injunction of up to has to pay € 250,000.

3. On 28 September 2023, 10x filed an application with the Munich local division of the Court of First Instance for the imposition of periodic penalty payments pursuant to Art. 82(4) of the Agreement on a Unified Patent Court (hereinafter: UPCA) and Rule 354.4 of the Rules of Procedure of the Unified Patent Court (hereinafter: RoP). 10x requested - in summary - that the court order NanoString to pay a penalty payment for non-compliance with the preliminary injunction.

4. By order of 5 December 2023, the Court of First Instance imposed a penalty payment of €100,000 on NanoString (hereinafter: the contested order). The Court of First Instance found that NanoString had violated the injunction by i) directly infringing the injunction patent by offering to carry out the patented process in its laboratory in Amsterdam and

- ii) indirectly infringed the patent by a) offering CosMx products on its website, b) announcing presentations of these products in Paris and Frankfurt, c) offering the documents "Instrument User Manual" and "Manual Slide Preparation" on its website and d) offered a product presentation tour on its website.
5. On appeal by NanoString, the Court of Appeal set aside the Court of First Instance's order of 19 September 2023 by order of 26 February 2024 and dismissed the application for an interim injunction.
6. NanoString also appealed against the contested order of 5 December 2023 and requested that the Court of Appeal set aside the contested order and order 10x to pay the costs of the proceedings. The grounds of appeal can be summarised as follows:
- The revocation of the cease and desist order of 19 September 2023 eliminates the basis for the contested order.
 - NanoString did not violate the preliminary injunction.
 - The Court of First Instance had failed to distinguish between the defendants.
 - A penalty payment of € 100,000 would be disproportionate.
- In its grounds of appeal, NanoString made an additional application for an order for the refund of the €100,000 that NanoString paid to the court to comply with the impugned order.
7. 10x responded to the appeal and requested that the Court of Appeal dismiss the appeal. The response to the appeal can be summarised as follows:
- The revocation of the order of 19 September 2023 does not affect the legal basis for the contested order; NanoString violated the order when it was still in force.
 - The Court of First Instance was right to find that NanoString had violated the injunction.
 - The appellants are jointly and severally liable for the violation of the injunction.
8. By order dated 6 August 2024, the Court of Appeal dismissed the application for rehearing filed by 10x against the Court of Appeal's order of 26 February 2024.
9. The parties agreed to waive the oral hearing in the present appeal proceedings. On 6 November 2024, NanoString filed another document informing the Court of Appeal of some new developments. 10x responded with a document dated 2 December 2024.

REASONS FOR THE ORDER*No basis for the contested order*

10. The cancellation under Art. 75(1) UPCA and R. 242.1 RoP of an order of the Court of First Instance granting an interim injunction is generally retroactive. The order is cancelled because it has been established by a final order of the Court of Appeal that the order should not have been issued. A cancelled order is therefore to be regarded as having no legal effect from the outset. It follows that the cancellation of an order of the Court of First Instance that has issued an injunction under threat of periodic penalty payments removes the legal basis for any subsequent decision ordering the payment of periodic penalty payments, even if that decision concerns alleged violations of the injunction prior to its cancellation.
11. This interpretation of the UPCA and the Rules of Procedure is in line with Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (hereinafter: Directive 2004/48). According to Article 3 of Directive 2004/48, the means provided for by the Member States to ensure the enforcement of intellectual property rights must be fair, effective, proportionate and dissuasive and must be applied in such a way as to avoid the creation of barriers to legitimate trade and to ensure that they are not abused. The Court of Justice of the European Union (hereinafter: CJEU) has clarified that the EU legislator intended to strike a balance between a high level of protection of intellectual property rights and the rights and freedoms of the defendant (CJEU, 11 January 2024, C- 473/22, ECLI:EU:C:2024:8, Mylan v Gilead, para. 44). Accordingly, Directive 2004/48 requires, on the one hand, swift and effective provisional measures to prevent alleged infringements without the applicant having to provide definitive evidence of the infringements. On the other hand, the EU legislator has provided for various legal instruments that make it possible to comprehensively mitigate the risk of the defendant suffering harm as a result of provisional measures and thus ensure his protection. For example, Art. 7(4) and Art. 9(7) of Directive 2004/48 provide for measures that allow the defendant to claim compensation if the provisional measures are revoked (see Art. 60(9) and Art. 62(5) UPCA). The cancellation of a periodic penalty payment order based on a revoked provisional measure is in line with this objective.

Conclusion

12. It follows that the contested order must be cancelled and the applications of 10x dismissed. The contested order is based on the order of 19 September 2023. The revocation of the order of 19 September

by the order of the Court of Appeal of 26 February 2024 deprives it of its basis.

13. As the unsuccessful party, 10x is ordered to pay the costs of the proceedings at first instance and on appeal.
14. The Court of Appeal will order the Registry to refund the amount paid by NanoString to fulfil the contested order.

ORDER

- The contested order is cancelled;
- The applications of 10x are rejected;
- Orders 10x to pay the costs of the proceedings at first instance and on appeal.

INSTRUCTIONS TO THE LAW FIRM

- The law firm is ordered to refund the amount paid by NanoString to fulfil the contested order.

This order was issued on 10 December 2024.

<p>Klaus Grabinski President of the Court of Appeal</p>	<p>KLAUS STEFAN MARTIN Grabinski</p> <p>Digitally signed by KLAUS STEFAN MARTIN Grabinski Date: 2024.12.09 19:32:36 +01'00'</p>
<p>Peter Blok legally qualified judge and judge-rapporteur</p>	<p>Peter Hendrik Blok</p> <p>Digitally signed by Peter Hendrik Blok Date: 2024.12.10 09:40:14 +01'00'</p>
<p>Emmanuel Gougé legally qualified judge</p>	<p>EMMANUEL LUCIEN, RENÉ GOUGÉ</p> <p>Signé numériquement par EMMANUEL, LUCIEN, RENÉ GOUGÉ DN : cn=EMMANUEL, LUCIEN, RENÉ GOUGÉ, c=FR email=bvilchezsilva@gmail.com Date : 2024.12.09 13:30:46 +01'00'</p>
<p>Rainer Friedrich technically qualified judge</p>	<p>Rainer Martin Hermann Friedrich</p> <p>Digitally signed by Rainer Martin Hermann Friedrich Date: 2024.12.09 19:23:52 +01'00'</p>
<p>Cornelis Schüller technically qualified judge</p>	<p>Cornelis Schuller</p> <p>Digitally signed by Cornelis Schuller Date: 2024.12.09 13:10:14 +01'00'</p>