



Procedural Order
of the Court of First Instance of the Unified Patent Court
issued on 26 November 2024

CLAIMANT

GXD-Bio Corporation, B1, 13, Seoun-ro, Seocho-gu, Seoul 06732, Republic of Korea,

represented by: Dr Rauh, Vossius & Brinkhof UPC Litigators, Siebertstrasse 3, 81675 München, Germany.

DEFENDANT 1, 2, 3, 4, 5, 6

1. **Myriad International GmbH**, Nattermannallee 1,50829 Cologne, Germany,
2. **Myriad GmbH**, Staffelseestraße 6, 81477 Munich, Germany,
3. **Myriad Service GmbH**, Staffelseestraße 6, 81477 Munich, Germany,
4. **Myriad Genetics GmbH**, Leutschenbachstraße 95, 8050 Zurich, Switzerland,
5. **Myriad Genetics S.A.S.**, 13 rue Camille Desmoulins, 92130 Issy les Moulineaux, France,
6. **Myriad Genetics B.V.**, Schiphol Boulevard 231, 1118BH Schiphol, The Netherlands,
7. **Myriad Genetics S.r.l.**, Via Schiaffino 11, 20158 Milano, Italy,
8. **Myriad Genetics Inc.**, 322 North 2200 West, Salt Lake City84116, United States of America,
9. **Eurobio Scientific**, 7 avenue de Scandinavie ZA de Courtaboeuf, 91940 Les Ulis, France,

represented by: Dr. Hölder, Hoffmann Eitle, Patent- und Rechtsanwälte Partnerschaftsgesellschaft mdB, Arabellastraße 30, 81925 Munich, Germany.

PATENT AT ISSUE

European patent no° EP 3 346 403

PANEL/DIVISION

Panel 2 of the Local Division Munich

DECIDING JUDGE

This Order has been issued by the Presiding Judge Ulrike Voß acting as judge-rapporteur.

LANGUAGE OF THE PROCEEDINGS

English

SUBJECT-MATTER OF THE PROCEEDINGS

Patent infringement – Request for provision of security, R 158 RoP, Art. 69 (4) UPCA

SUBMISSION OF THE PARTIES

By brief dated 3 November 2024, the Defendants filed a request for provision of security pursuant to Rule 158 RoP.

According to the Defendant's submission, Claimant is an IP monetization company based in the Republic of Korea. According to its homepage, its business model rests on securing "IP in the Bio and Healthcare sectors, enhancing its value through various monetization projects such as IP transaction, licensing, and consulting". In addition, the Claimant, which appears to have been incorporated in 2024 and has no more than five employees, is one of several subsidiaries of Intellectual Discovery, a Korean NPE (non-practicing-entity) (Exhibit HE 1). The credit ranking by the rating firm dun&bradstreet, provides a credit recommendation for Claimant of no more than EUR 11,592.20 (Exhibit HE 2). Defendants have further checked the patent registries of the major European and non-European jurisdictions and have found no registrations in the name of Claimant but for the patent family it is currently asserting. Defendants have no knowledge of any other possible assets of Claimant that could be used as a collateral for satisfying Defendants' claims.

In view of this, the Defendants are of the opinion that there are severe doubts as to whether Claimant itself as the debtor of claims for cost recovery has sufficient funds for covering Defendants' recoverable costs in the current lawsuit up to the applicable ceiling, i.e. EUR 112,000 for the first instance alone.

The Defendants request that the Court

1. orders Claimant to provide within six weeks security in the amount of EUR 112,000 for Defendants' legal costs and expenses; and
2. issues a decision by default against the Claimant if Claimant fails to provide adequate security within the time limit set by the Court.

In its respond, the Claimant stated that it has no objection to Defendant's respective requests and is willing to provide security in the amount of EUR 112,000. The Claimant intends to provide security by means of a deposit into the account of the Unified Patent Court referred to in point 3 of the Court's website. However, since security may alternative

still be provided in the form of a bank guarantee and since payment from Korea in the form of a deposit will also take certain time, and in view of the upcoming Christmas holidays, Claimant respectfully requests the Court to grant a period for providing the security until 15 January 2025.

GROUNDS OF THE ORDER

I.

The Defendant's request for security to be provided in accordance with Rule 158 RoP is well founded.

1.

According to Article 69 (4) UPCA and Rule 158.1 RoP, the Court may, upon a reasoned request by one party, order the Claimant or the other party to provide, within a specified time period, adequate security for the legal costs and other expenses incurred and/or to be incurred by the requesting party, which the other party may be liable to bear. Where the Court decides to order such security, it shall decide whether it is appropriate to order the security by deposit or bank guarantee.

The Court has the discretion to order a security for legal costs and other expenses. 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 (CoA, UPC_CoA_218/2024, Order 17.09.2024; LD Munich, UPC_CFI_15/2023, 29.09.2023; CD Munich, UPC_CFI_252/2023, Order 30.10.2023; LD Helsinki, UPC_CFI_214/2023, Order 20.10.2023; LD Paris, UPC_495/2023, Order 21.05.2024; LD Nordic-Baltic, UPC_CFI_380/2023, Order 20.08.2024; LD Düsseldorf, UPC_CFI_373/2023, Order 06.09.2024).

In exercising its discretion under Article 69 (4) UPCA and Rule 158.1 RoP, the Court must weigh the relevant facts and circumstances. It is for the party requesting a security order to bring forward facts and arguments why such an order is appropriate in a specific case. Accordingly, the requesting party must make a "reasoned request", whereby the burden of proof of facts generally is on the party relying on those facts, Article 54 UPCA. On the other hand, once facts and reasons in support of a security request have been brought forward in a credible way, it is up to the responding party to contest such facts and reasons in a

substantiated way, especially since that party will normally have knowledge of and will be in the possession of evidence in relation to its financial position and (the location of) its assets. Likewise, it is up to the respondent to argue that and why a security order would unduly interfere with its right to an effective remedy (CoA, UPC_CoA_218/2024, Order 17.09.2024; LD Paris, UPC_495/2023, Order 21.05.2024; CD Munich, UPC_CFI_252/2023, Order 29.09.2023).

2.

In the present case, a security for legal costs and expenses is to be ordered in favour of the Defendants.

a.

The Defendants have provided substantiated information on the Claimant's financial resources and assets. The Claimant has not contested this information. The Claimant has not submitted any further assets on its part. The facts presented by the Defendants are therefore undisputed. Based on the undisputed facts, there is 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. There are significant doubts as to whether the Claimant, in the event of losing the proceeding, has sufficient funds for covering Defendants' recoverable costs of the current lawsuit. Given that the (provisionally accepted) value of the infringement action is EUR 1 million, the recoverable costs can be up to EUR 112,000 according to the table drawn up by the Administrative Committee (AC/10/24042023).

The Claimant has not argued that providing security for legal costs in the amount requested would unduly restrict its ability to enforce its rights to an effective remedy. On the contrary, it has stated that it is willing to provide the security in the requested amount.

b.

The security may be provided by a deposit on the UPC account, as proposed by the Claimant, or a bank guarantee. In principle, the party required to provide security has a choice between the various methods of providing security. The choice remains in the present case, even if the Claimant has proposed to provide the security. The Claimant has also referred to the possibility of a bank guarantee in connection with the time frame required for the provision of the security. It has therefore not made a final choice that would have to be adhered to. There are no apparent reasons why a particular form of security would be required in the present case.

As to the time period, the Claimant has to provide security until 15 January 2025. This period is deemed sufficiently long to make the necessary arrangements for the Claimant on the one hand and on the other hand should give the Defendant the security it is entitled to within a reasonable time. In determining this period of approximately seven weeks, the Court has considered the upcoming Christmas holidays.

II.

The request for a decision by default against Claimant if Claimant fails to provide adequate security within the time limit set by the Court is rejected. This request is currently unfounded and premature. The time limit for providing the security is only set by this order. Consequently, the Claimant cannot, by its very nature, be in default at present.

ORDER

1. The Claimant is ordered to provide security for legal costs and other expenses to the Defendants in an amount of EUR 112,000 by way of deposit into the account of the Unified Patent Court referred to in point 3 of the Court's website (www.unified-patent-court.org/en/court/payments) until 15 January 2025.
2. The Defendants request for a decision by default to be given against Claimant if Claimant fails to provide adequate security within the time limit set by the Court is rejected.
3. The Claimant is informed that if it fails to provide security within the time stated in the Order, the Court may give a decision by default pursuant to R. 355 RoP.
4. Leave to appeal is granted for the Defendants, Article 73 (2) (b)(ii) UPCA, R. 220.2, 224.1(b) RoP.

DETAILS OF THE ORDER

Order no. ORD_59602/2024 in ACTION NUMBER: ACT_43382/2024
UPC number: UPC_CFI_437/2024
Action type: Infringement Action
Related proceeding no. Application No.: 59539/2024
Application Type: Generic procedural Application

Ulrike Voß
Presiding Judge