



Reference numbers:

APL_3507/2024

App_24693/2024

App_21545/2024

UPC_CoA_22/2024

Order
of the Court of Appeal of the Unified Patent Court
issued on 28 May 2024

HEADNOTES

1. Article 33(10) UPCA and Rule 295(a) RoP must be applied and interpreted in accordance with the fundamental right to an effective legal remedy and a fair and public hearing within a reasonable time as guaranteed by Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms and, to the extent that European Union Law is concerned, Article 47 of the Charter. These provisions must also be applied and interpreted in accordance with Articles 41(3), 42 and 52(1) UPCA on the basis of the principles of proportionality, flexibility, fairness and equity (point 2 of the Preamble of the RoP).
2. In accordance with these principles, proceedings must be conducted in a way which will normally allow the final oral hearing at first instance to take place within one year whilst recognizing that complex actions may require more time and procedural steps, and simple actions less time and fewer procedural steps (point 7 of the Preamble of the RoP). Case management must be organized in accordance with this objective (point 7 of the Preamble of the RoP). It follows that, as a general principle, the Court will not stay proceedings. Otherwise, the Court cannot ensure that the final oral hearing will normally take place within one year.
3. The mere fact that the revocation proceedings before the UPC relate to a patent which is also the subject of opposition proceedings before the EPO is not sufficient to allow an exception to the principle that the Court will not stay proceedings. The Convention on the Grant of European Patents and the UPCA allow third parties to challenge the validity of a patent in both opposition and revocation proceedings and allow them to initiate revocation proceedings while opposition proceedings relating to the same patent are pending.
4. The principle of avoiding irreconcilable decisions does not require that the UPC always stay revocation proceedings pending opposition proceedings. Firstly, decisions in which the UPC and EPO issue different rulings on the revocation of a European patent are not irreconcilable. Where one body upholds the patent and the other revokes it, the latter decision will prevail. Secondly, the interests of harmonising decisions on the validity of a European patent can be

promoted by ensuring that the body that decides last can take the decision of the body that decides first into account in its decision. That means that the interests of harmonisation in general do not require a stay by the UPC where it can be expected that the UPC will issue its decision first.

5. Pursuant to Article 33(10) UPCA and Rule 295(a) RoP, an exception to the principle that the Court will not stay revocation proceedings pending opposition proceedings applies when a rapid decision may be expected from the EPO. The terms “rapid” and “rapidly” in these provisions must be interpreted in the light of the principles set out above and the relevant circumstances of the case, such as the stage of the opposition proceedings and the stage of the revocation proceedings. The term “may” in Article 33(10) UPCA and Rule 295(a) RoP means that the Court has a discretionary power to stay the proceedings when a rapid decision may be expected from the EPO. Whether or not a stay is granted depends on the balance of the interests of the parties.
6. The mere fact that the EPO has granted a request to accelerate the opposition proceedings is not sufficient to stay revocation proceedings before the UPC. Rule 298 RoP provides that the Court may stay its proceedings “in accordance with Rule 295(a) RoP” pending accelerated opposition proceedings. Therefore, in that situation the same criterion applies, namely the requirement of Rule 295(a) RoP that the decision in the opposition proceedings may be expected to be given rapidly. Obviously, acceleration is relevant to the assessment, since the pace of the proceedings determines when the decision of the EPO can be expected. Acceleration as such is however not sufficient for establishing the expectation of a rapid decision within the meaning of Rule 295(a) RoP.

KEYWORDS

Appeal; Stay of revocation proceedings pending opposition proceedings; Accelerated opposition proceedings

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PATENT AT ISSUE

European patent EP 3 414 708

PANEL AND DECIDING JUDGES

Panel 1a:

Klaus Grabinski, President of the Court of Appeal

Françoise Barutel, Legally qualified judge

Peter Blok, Legally qualified judge and judge-rapporteur

LANGUAGE OF THE PROCEEDINGS

English

IMPUGNED ORDER OF THE COURT OF FIRST INSTANCE

- Order of the Court of First Instance of the Unified Patent Court, Central Division (Paris Seat) dated 8 January 2024
- Numbers attributed by the Court of First Instance:
 - UPC_CFI_263/2023
 - ACT_555899/2023
 - App_590707/2023
 - ORD_591040/2023

FACTS AND REQUESTS OF THE PARTIES

1. The appellant and the defendant in the main proceedings before the Court of First Instance (hereinafter: the Appellant) is the proprietor of European patent EP 3 414 708 (hereinafter: the patent at issue).
2. The patent at issue relates to an adaptive sensor sampling of a cold chain distribution system. It was validated in France, Germany and the United Kingdom.

3. On 28 June 2023, the respondent and claimant in the main proceedings before the Court of First Instance (hereinafter: the Respondent) filed a notice of opposition against the patent at issue at the European Patent Office (hereinafter: the EPO).
4. On 29 June 2023, the Respondent filed the revocation action in this case at the Paris seat of the Central Division of the UPC (ACT_555899 /2023, UPC_CFI_263/2023). The Respondent requests revocation of claim 1 of the patent at issue.
5. On 1 November 2023, the Appellant requested that the EPO accelerate the opposition proceedings.
6. On 1 December 2023, the Appellant lodged a request pursuant to Rule 295.1(a) of the Rules of Procedure of the UPC (hereinafter: RoP) and Article 33(10) of the Agreement on a Unified Patent Court (hereinafter: UPCA), seeking a stay of the proceedings pending the outcome of the opposition proceedings before the EPO (App_590707/2023). The Appellant argued that a stay of the proceedings is appropriate, having regard to the fact that the opposition proceedings subsume the revocation action in terms of territorial (all validations) and substantive scope (all patent claims). It added that litigating in parallel before the EPO and the UPC is procedurally inefficient since the grounds for revocation are substantially the same as the grounds of opposition against claim 1 of the patent at issue.
7. The Respondent requested that the request for a stay of the revocation proceedings be rejected. It submitted that a rapid decision in the opposition proceedings is not expected and that a stay is not appropriate in view of its interest in a decision on its freedom to operate as quick and as far as possible.
8. In the impugned order of 8 January 2024, the Court of First Instance rejected the request to stay the proceedings and granted leave to appeal.
9. At appeal, the Appellant requests that the Court of Appeal set aside the impugned order and grant the request to stay the revocation proceedings. In summary, the Appellant argues that the Court of First Instance erred because it failed to take into account Article 41 of the Charter of Fundamental Rights of the European Union (hereinafter: the Charter), points 2 and 5 of the preamble of the RoP and Articles 41(3), 42 and 52(1) UPCA, and in particular that the Court of First Instance:
 - a. failed to provide the Appellant with the opportunity to respond to the Respondent's comments;
 - b. failed to set out clearly what test it was applying for granting a stay of the proceedings;
 - c. failed to take account of the fact that accelerated proceedings before the EPO have been sought; and

d. took account of the evidence of the Respondent for the accelerated EPO proceedings but not that of the Appellant, despite the fact that the evidence submitted by the Respondent relates to EPO proceedings which may have taken longer than usual due to the COVID-19 pandemic.

It also submits that the Court of First Instance erred in its interpretation of the term “rapidly” within the context of Rule 295(a) RoP. In the opinion of the Appellant, “rapidly” denotes relatively quick proceedings compared to either the typical pace of opposition proceedings or the expected pace of the UPC proceedings, or both.

10. The Respondent requests that the Court of Appeal reject the appeal and confirm the decision of the Court of First Instance. In summary, the Respondent argues that the Court of First Instance has not erred in exercising its discretion in deciding whether to allow a response to the Respondent’s comments on the application, nor in exercising its discretion in deciding on a stay of the proceedings. It submits that “rapidly” indicates that a decision in the opposition proceedings may be expected to be given in the short term.
11. The Appellant lodged an application for leave to amend its statement and grounds of appeal pursuant to Rule 263 RoP (App_21545/2024). Thus, the Appellant seeks to request that the Court of Appeal appoint two technically qualified judges to the panel, or, if the Court of Appeal is unwilling or unable to do so, that it refer the question to the Court of Justice of the European Union (hereinafter: the CJEU) regarding whether the Court of Appeal autonomously has the authority to determine its own composition and to stay the revocation and appeal proceedings pending the referral.
12. The Appellant lodged a second application for leave to amend its grounds of appeal (App_24693/2024). The second application concerns information relating to a procedural order of the Court of First Instance dated 30 April 2024, whereby the Court deemed the request to amend the patent at issue inadmissible in respect of claims other than claim 1 (Court of First Instance, Central Division, Paris seat, 30 April 2024, ORD_24607/2024, App_20743/2024, UPC_CFI_263/2023).
13. In the opposition proceedings, the date of the oral proceedings was set for 25 October 2024. Following the Appellant’s request for acceleration of the proceedings, the EPO attempted to bring forward the oral proceedings. However, on 28 March 2024 it informed the parties that it was not possible to find a suitable date within the subsequent two months that would accommodate both parties and the opposition division and that therefore the date of the oral proceedings remains as originally planned.

GROUNDS FOR THE ORDER

Request to amend pleadings relating to the composition of the panel admissible

14. The Appellant's first request to amend its pleadings is admissible. The Court of Appeal may leave open the question of whether the requested amendment, which concerns the composition of the panel of the Court of Appeal, constitutes a change of claim or an amendment of the Appellant's case within the meaning of Rule 263 RoP. In any case, the Appellant must be permitted to argue that the composition of the panel does not comply with the UPCA.
15. The Respondent rightly raised no objection to the admissibility of the Appellant's amendment of its pleadings. The amendment does not or not unreasonably hinder the Respondent in the conduct of the action. Nor can the Appellant be reproached for not including the argument in its statement of grounds of appeal. At the time the statement of grounds of appeal was lodged, the Court of Appeal had not yet notified the parties of the composition of the panel.

Composition of the panel

16. In a consistent line of case law, the Court of Appeal has ruled that an appeal may be adjudicated by a panel of three legally qualified judges if the subject matter of the appeal proceedings is of a non-technical nature only and there are no technical issues at stake (Court of Appeal 13 October 2023, UPC_CoA_320/2023, APL_572929/2023; Court of Appeal 18 December 2023, UPC_CoA_472/2023, App_594327/2023; Court of Appeal 19 December 2023, UPC_CoA_476/2023, App_594339/2023; Court of Appeal 20 December 2023, App_594342/2023; Court of Appeal 3 April 2024, UPC_CoA_433/2023, APL_588420/2023, UPC_CoA_435/2023, APL_588422/2023, UPC_CoA_436/2023, APL_588423/2023, UPC_CoA_437/2023, APL_588425/2023, and UPC_CoA_438/202, APL_588426/2023; Court of Appeal 10 January 2024, 8 February 2024 and 10 April 2024, UPC_CoA_404/2023, APL_584498/2023). The Appellant's observations on the interpretation of Article 9(1) and (2) UPCA do not shed any new light on this ruling. There is therefore no reason for the Court of Appeal to depart from its case law in the present case.
17. The subject matter of the present appeal proceedings is of a non-technical nature only. There are no technical issues at stake. The only question is whether the revocation proceedings must be stayed pending the opposition proceedings. No knowledge and experience in the field of technology is required to answer that question. The fact that the parties in their pleadings have submitted information relating to the duration of opposition proceedings does not result in a different assessment. The duration of opposition proceedings is not a technical issue. The same applies to the Appellant's observation that the revocation proceedings concern product claim 1 only, whereas the opposition proceedings concern the entirety of the patent, including the

process claims. The establishment of that fact and the appreciation of its relevance to the requested stay do not require knowledge and experience in the field of technology. It is thus not a technical issue.

18. The Court of Appeal dismisses the Appellant's request to refer to the CJEU the question of whether the Court of Appeal can determine its own composition. The Appellant did not raise any question concerning the interpretation of the European Union treaties or the validity and interpretation of acts of the institutions, bodies, offices or agencies of the European Union that the Court of Appeal considers relevant in deciding the case at hand (Art. 267 Treaty on the Functioning of the European Union). There is thus no ground for requesting the CJEU to issue a preliminary ruling.

Request to amend pleadings relating to the procedural order admissible

19. The Appellant's request to amend its pleadings to inform the Court of Appeal of a recent procedural order in the revocation action is admissible. The Court of Appeal may leave open the question of whether the requested amendment constitutes a change of claim or an amendment of the Appellant's case within the meaning of Rule 263 RoP. In any case, the Appellant must be permitted to inform the Court of Appeal of this new development.
20. The Respondent rightly raised no objection to the admissibility of the Appellant's amendment of its pleadings. Given the limited scope of the amendment and the fact that the relevant information was already known to the Respondent, the amendment does not or not unreasonably hinder the Respondent in the conduct of the action. Nor can the Appellant be reproached for not including the argument in its statement of grounds of appeal, since the amendment concerns a development in the revocation case occurring shortly before the oral hearing at appeal.

Principles for staying revocation cases pending opposition proceedings

21. Pursuant to Article 33(10) UPCA and Rule 295(a) RoP, the Court may stay proceedings relating to a patent which is also the subject of opposition proceedings before the EPO when a rapid decision may be expected from the EPO.
22. The Appellant rightly argues that Article 33(10) UPCA and Rule 295(a) RoP must be applied and interpreted in accordance with the fundamental right to an effective legal remedy and a fair and public hearing within a reasonable time as guaranteed by Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms and, to the extent that European Union Law is concerned, Article 47 of the Charter. These provisions must also be applied and interpreted in accordance with Articles 41(3), 42 and 52(1) UPCA on the basis of

the principles of proportionality, flexibility, fairness and equity (point 2 of the Preamble of the RoP).

23. In accordance with these principles, proceedings must be conducted in a way which will normally allow the final oral hearing at first instance to take place within one year whilst recognizing that complex actions may require more time and procedural steps, and simple actions less time and fewer procedural steps (point 7 of the Preamble of the RoP). Case management must be organized in accordance with this objective (point 7 of the Preamble of the RoP). It follows that, as a general principle, the Court will not stay proceedings. Otherwise, the Court cannot ensure that the final oral hearing will normally take place within one year.
24. The mere fact that the revocation proceedings before the UPC relate to a patent which is also the subject of opposition proceedings before the EPO is not sufficient to allow an exception to the principle that the Court will not stay proceedings. The Convention on the Grant of European Patents (hereinafter: EPC) and the UPCA allow third parties to challenge the validity of a patent in both opposition and revocation proceedings and allow them to initiate revocation proceedings while opposition proceedings relating to the same patent are pending.
25. The principle of avoiding irreconcilable decisions does not require that the UPC always stay revocation proceedings pending opposition proceedings. Firstly, decisions in which the UPC and EPO issue different rulings on the revocation of a European patent are not irreconcilable. Where one body upholds the patent and the other revokes it, the latter decision will prevail. Secondly, the interests of harmonising decisions on the validity of a European patent can be promoted by ensuring that the body that decides last can take the decision of the body that decides first into account in its decision. That means that the interests of harmonisation in general do not require a stay by the UPC where it can be expected that the UPC will issue its decision first.
26. Pursuant to Article 33(10) UPCA and Rule 295(a) RoP, an exception to the principle that the Court will not stay revocation proceedings pending opposition proceedings applies when a rapid decision may be expected from the EPO. The terms “rapid” and “rapidly” in these provisions must be interpreted in the light of the principles set out above and the relevant circumstances of the case, such as the stage of the opposition proceedings and the stage of the revocation proceedings. The term “may” in Article 33(10) UPCA and Rule 295(a) RoP means that the Court has a discretionary power to stay the proceedings when a rapid decision may be expected from the EPO. Whether or not a stay is granted depends on the balance of the interests of the parties.
27. The mere fact that the EPO has granted a request to accelerate the opposition proceedings is not sufficient to stay revocation proceedings before the UPC. Rule 298 RoP provides that the Court may stay its proceedings “in accordance with Rule 295(a) RoP” pending accelerated

opposition proceedings. Therefore, in that situation the same criterion applies, namely the requirement of Rule 295(a) RoP that the decision in the opposition proceedings may be expected to be given rapidly. Obviously, acceleration is relevant to the assessment, since the pace of the proceedings determines when the decision of the EPO can be expected. Acceleration as such is however not sufficient for establishing the expectation of a rapid decision within the meaning of Rule 295(a) RoP.

No stay in this case

28. Applying these principles for staying revocation cases pending opposition proceedings, the Court of Appeal is of the opinion that there is no ground for a stay of the revocation proceedings since no rapid decision from the EPO may be expected in light of the following circumstances.
29. At appeal, it is not in dispute that the scheduled date for the oral proceedings in the opposition is 25 October 2024, and that therefore the decision in the opposition proceedings cannot be expected before that date. The Court of First Instance therefore correctly rejected the Appellant's argument that an EPO decision could be expected within 9 to 10 months from the date of commencement of the opposition proceedings.
30. It is also undisputed that the scheduled date for the oral hearing in the revocation proceedings before the UPC is 21 June 2024. The Court of First Instance therefore correctly assessed that the decision in the revocation proceedings could be expected within approximately one year from the lodging of the statement for revocation. In any event, the UPC decision can be expected well before the EPO decision.
31. The Appellant argues that the continuation of the revocation proceedings in parallel with the opposition proceedings places an unreasonable burden on the Appellant and is unnecessary, given that the opposition subsumes the revocation action in terms of territorial scope and substantive scope. The Court of Appeal rejects this argument. The revocation proceedings are currently in their final stage, i.e. the oral procedure. Therefore, the costs of continuing the revocation proceedings are relatively low. Furthermore, the costs of the revocation proceedings may yet prove to be not unnecessary. In the event that claim 1 of the patent at issue is upheld in whole or in part in the opposition proceedings, it is likely that the Respondents will seek to conclude the revocation proceedings and it cannot be ruled out that the UPC may reach a different conclusion than the EPO. Moreover, an unnecessary duplication of proceedings could only be avoided by staying the revocation proceedings until the decision in the opposition proceedings has become final. To avoid unnecessary duplication of proceedings, a long-term stay of the revocation proceedings would therefore be required, as it is not in dispute that the losing party will appeal against the decision in the opposition proceedings. Such a long-term stay is clearly at odds with the aforementioned guideline of an

oral hearing within one year and clashes with the Respondent's legitimate interest in obtaining a decision by the UPC to determine its freedom to operate as soon as possible.

32. The fact that the EPO accelerated the opposition proceedings does not alter the assessment. Even with the acceleration, it cannot be expected that the opposition will be decided earlier than the revocation action, given the significantly earlier scheduled date for the oral hearing in the revocation case.
33. The fact that the Court of First Instance declared the Appellant's request to amend the patent inadmissible in respect of claims other than claim 1 does not alter the assessment either. The rejection of the amendments may result in different claim sets if both the UPC and the EPO uphold claim 1 in accordance with the main request or one of the auxiliary requests. However, the Appellant did not demonstrate that staying the revocation proceedings would help to avoid this outcome.
34. The Court of Appeal rejects the Appellant's argument that the harm to the Respondent caused by a delay should be given limited weight in view of the fact that the Respondent did not agree to earlier dates for the oral proceedings proposed by the EPO. Apart from the fact that the Respondents were not available at the proposed dates, agreeing to the proposed dates (10 and 25 April 2024) would imply that the Respondent would have considerably less time to prepare a written response to the amended claims that the Appellant had put forward (the deadline is 23 August 2024) and also less time to prepare for the oral proceedings than the two months to which it is entitled under Article 115 EPC. In that light, the Respondent's response to the EPO proposal is not sufficient to determine that the Respondent is not committed to obtaining a rapid decision on the validity of the patent at issue.

No reply to comments

35. The Court of Appeal rejects the Appellant's complaint that the Court of First Instance failed to provide the Appellant with the opportunity to respond to the written comments of the Respondent, in particular regarding the facts and evidence submitted by the Respondent concerning the average duration of opposition proceedings. Those facts and pieces of evidence are not relevant to the decision on the appeal, since the precise date of the oral opposition proceedings is known at this stage. This date is more precise than the general information on opposition proceedings provided by the parties at first instance.
36. Moreover, the complaints are unfounded. The Court of First Instance has broad discretion to decide whether to allow a second round of submissions on a procedural issue, such as a request to stay the proceedings. The Court of First Instance in this case remained well within the bounds of that discretion, also in view of the fact that a request for a stay typically requires a rapid decision and not an extensive debate.

37. The Court of Appeal rejects the Appellant’s argument that the Court of First Instance violated the Appellant’s fundamental right to be heard by not providing an opportunity to respond to the Respondent’s statements and evidence relating to the duration of opposition proceedings. It can be left undecided whether the fundamental right to be heard applies to procedural orders, such as the impugned order on the stay. To the extent that it does, there is no violation of that right, since the impugned order is not based on the Respondent’s statements and evidence regarding the duration of opposition proceedings. In fact, the Court of First Instance based its order on the absence of concrete proof regarding the date of the EPO decision.

Conclusion

38. The Court of First Instance was justified in rejecting the request for a stay of the revocation proceedings. The Court of Appeal therefore rejects the appeal.

ORDER

The appeal is rejected.

This order was issued on 28 May 2024.

Klaus Grabinski President of the Court of Appeal	
Françoise Barutel Legally qualified judge	
Peter Blok Legally qualified judge and judge-rapporteur	