



Reference numbers:
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 penalty payments

HEADNOTE

1. The revocation under Art. 75(1) UPCA and R. 242.1 RoP of an order of the Court of First Instance granting a provisional injunction will, as a general rule, have retroactive effect. The order is revoked because it has been established by a final judgment of the Court of Appeal that the order should not have been made. A revoked order must therefore be regarded as never having had any legal effect. It follows that the revocation of an order granting a provisional injunction prohibiting the continuation of infringements subject to a recurring penalty removes the legal basis for any subsequent decision ordering the payment of a penalty, even if that decision relates to alleged breaches of the provisional injunction prior to the revocation.

KEYWORDS

Appeal; revocation of an order; provisional injunction; 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 Deutschland GmbH**
Birketweg 31 - 80639 - München - Germany
3. **NanoString Technologies Netherlands B.V.**
Paasheuvelweg 25 - 1105 BP - Amsterdam - The Netherlands

hereinafter: NanoString,

represented by attorneys-at-law Oliver Jan Jüngst and Dr. Moritz Schroeder (Bird & Bird)

RESPONDENTS (APPLICANTS 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

hereinafter: 10x,

represented by attorney-at-law Prof. Dr. Tilman Müller-Stoy (Bardehle Pagenberg)

PATENT AT ISSUE

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

IMPUGNED ORDER

- Order of the Court of First Instance, Munich Local Division, of 5 December 2023

- Reference numbers: UPC_CFI_2/2023,
 ACT_459746/2023
 App_577241/2023
 ORD_577437/2023

FACTS AND REQUESTS OF THE PARTIES

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

2. By order of 19 September 2023, the Court of First Instance granted the application. It ordered that NanoString – in summary – cease and desist from directly or indirectly infringing the patent at issue (hereinafter: the provisional injunction) and pay to the Court a (possibly repeated) penalty of up to € 250,000 for each individual infringement of the provisional injunction.

3. On 28 September 2023, 10x filed a request at the Munich Local Division of the Court of First Instance for a decision on penalty payments pursuant to Art. 82(4) of the Agreement on a Unified Patent Court (hereinafter: UPCA) and R. 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 penalties for failure to comply with the provisional injunction.

4. By order of 5 December 2023, the Court of First Instance imposed a penalty of € 100,000 on NanoString (hereinafter: the impugned order). The Court of First Instance found that NanoString violated the provisional injunction by i) directly infringing the patent at issue by offering to perform the patented method in its lab in Amsterdam, and ii) indirectly infringing 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) offering a product presentation tour on its website.

5. On appeal by NanoString, the Court of Appeal by order of 26 February 2024 revoked the order of the Court of First Instance of 19 September 2023 and rejected the application for a provisional injunction.
6. NanoString also appealed against the impugned order of 5 December 2023, requesting that the Court of Appeal revoke the impugned order and order 10x to pay the costs of the proceedings. The grounds of appeal can be summarised as follows:
 - the revocation of the order of 19 September 2023 removes the basis for the impugned order;
 - NanoString has not violated the provisional injunction;
 - the Court of First Instance failed to distinguish between the defendants;
 - a penalty in the amount of € 100,000 is disproportional.In its statement of grounds of appeal, NanoString submitted an additional request for an order to refund the € 100,000 which NanoString paid the Court to comply with the impugned order.
7. 10x responded to the appeal, requesting that the Court of Appeal reject the appeal. Its response can be summarised as follows:
 - the revocation of the order of 19 September 2023 does not affect the legal basis for the impugned order; NanoString violated the order when it was still in effect;
 - the Court of First Instance correctly established that NanoString breached the provisional injunction;
 - the appellants are jointly liable for the violation of the provisional injunction.
8. By order of 6 August 2024, the Court of Appeal rejected the application for rehearing filed by 10x against the Court of Appeal order of 26 February 2024.
9. The parties agreed to dispense with the oral hearing in the present appeal proceedings. On 6 November 2024, NanoString submitted a further written statement, informing the Court of Appeal of some new developments. 10x responded to it by written statement of 2 December 2024.

GROUND FOR THE ORDER

No basis for the impugned order

10. The revocation under Art. 75(1) UPCA and R. 242.1 RoP of an order of the Court of First Instance granting a provisional injunction will, as a general rule, have retroactive effect. The order is revoked because it has been established by a final judgment of the Court of Appeal that the order should not have been made. A revoked order must therefore be regarded as never having had any legal effect. It follows that the revocation of an order granting a provisional injunction prohibiting the continuation of infringements subject to

a recurring penalty removes the legal basis for any subsequent decision ordering the payment of a penalty, even if that decision relates to alleged breaches of the provisional injunction prior to the revocation.

11. This interpretation of the UPCA and the Rules of Procedure is in accordance 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). Under Article 3 of Directive 2004/48, the means provided for by the Member States to ensure that intellectual property rights are enforced must be equitable, effective, proportionate and dissuasive and applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. The Court of Justice of the European Union (hereinafter: CJEU) has clarified that the EU legislature thereby sought 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/Gilead, par. 44). Accordingly, Directive 2004/48 requires, on the one hand, prompt and effective provisional measures to prevent alleged infringements, without the applicant having to adduce definitive evidence of any infringements. As a counterweight, the EU legislature has provided for various legal instruments which make it possible to mitigate comprehensively the risk that the defendant will suffer harm as a result of provisional measures, thereby ensuring its protection. For example, Art. 7(4) and Art. 9(7) of Directive 2004/48 provide for measures enabling the defendant to claim compensation where the provisional measures are revoked (see Art. 60(9) and Art 62(5) UPCA). The revocation of a penalty order based on a revoked provisional measure is in accordance with this objective.

Conclusion

12. It follows that the impugned order must be revoked and 10x' requests must be rejected. The impugned order is based on the order of 19 September 2023. The revocation of the order of 19 September 2023 by the order of the Court of Appeal of 26 February 2024 removes that basis.
13. As the unsuccessful party, 10x must bear the costs of the proceedings at first instance and on appeal.
14. The Court of Appeal will instruct the Registry to refund the amount paid by NanoString to comply with the impugned order.

ORDER

- The impugned order is revoked;
- 10x' requests must be rejected;
- 10x is required to bear the costs of the proceedings at first instance and on appeal.

INSTRUCTIONS TO THE REGISTRY

- The Registry is instructed to refund the amount NanoString paid to comply with the impugned order.

This order was issued on 10 December 2024.

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	