

ORDER
of the Court of Appeal of the Unified Patent Court
issued on 26 March 2025

HEADNOTE:

1. An exception to the general rule of Art. 69 (1) UPCA that the unsuccessful party must bear the reasonable and proportionate legal costs and other expenses incurred by the successful party may apply if a claimant files a revocation action without the patent holder having given rise to the action and the patent holder surrenders the patent immediately at the beginning of the proceedings.
2. For this rule to apply, it is generally necessary that within the time limit for filing a defence to revocation not only the patent holder surrenders the patent but within the same time period also files a request for revocation of the patent pursuant to Art. 105a EPC with the European Patent Office and pays the required fee within that time period.

KEYWORDS:

- Allocation of costs in the case of an order pursuant to R. 360 RoP (no need to adjudicate) in a revocation action after surrender of the patent

APPELLANT/CLAIMANT IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE:

Stäubli Tec-Systems GmbH, Bayreuth, Germany (hereinafter referred to as "Stäubli")
represented by: European patent attorneys Dr Stefan Golkowsky, Dr Yori Manzke and Maxi
Rafaela Thrum (Patentanwälte Pfennig, Meinig und Partner mbB, Berlin, Germany)

contributing: attorneys at law Dr Johannes Bukow and Anna-Katharina Hübler (Quinn Emanuel
Urquhart & Sullivan, Mannheim, Germany)

RESPONDENTS/DEFENDANTS IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE

1. [REDACTED]
 2. [REDACTED]
- (hereinafter jointly referred to as "former patent holders")

represented by: European patent attorneys Thomas Schart and Dr Christoph Bartels (RGTH Patentanwälte PartGmbB, Düsseldorf), Attorney-at-Law Daniel Hoppe (Preu Bohlig & Partner, Hamburg)

LANGUAGE OF PROCEEDINGS

German

PANEL AND DECIDING JUDGES

Second Panel

Rian Kalden, Presiding Judge,

Ingeborg Simonsson, legally qualified judge,

Patricia Rombach, legally qualified judge and judge-rapporteur,

Kerstin Roselinger, technically qualified judge,

Beate Schenk, technically qualified judge

IMPUGNED ORDER OF THE COURT OF FIRST INSTANCE

Paris Central Division, Order of 23 May 2024

Reference number of the Court of First Instance: ORD_598330/2023, ACT_580824/2023, UPC_CFI_372/2023)

ORAL HEARING ON

20 February 2025

PATENT AT ISSUE

EP 3 170 639

FACTS OF THE CASE

1. The respondents (hereinafter jointly referred to as "former patent holders") were proprietors of European patent 3 170 639 (patent at issue). On 18 October 2023, Stäubli filed a revocation action against the former patent holders with the Paris Central Division.
2. The action was preceded by correspondence between the parties. This was initiated by a letter from the former patent holders („Berechtigungsanfrage“), in which they asked Stäubli why it considered itself authorized to use the patent at issue. In a letter dated 29 November 2022 (A3), Stäubli asserted, among other things, the lack of validity of the patent at issue. The former patent holders were asked to inform Stäubli by 9 January 2023, whether the matter was thus considered settled. Stäubli otherwise reserved the right to take further legal action. “In the event of further unjustified action” by the former patent holders “due to alleged patent infringement”, Stäubli announced that it would “if necessary have further prior art searched” and claim the costs from the former patent holders.

3. In a letter dated 9 January 2023, the former patent holders disputed that the invalidity of the patent followed from the grounds for invalidity put forward by Stäubli. In response to Stäubli's submission that legal action was being considered, they replied that this would lead to a protracted legal dispute that might not be in the interest of Stäubli or the former patent holders. The former patent holders therefore suggested seeking an out-of-court settlement, which could take, for example, the form of a license agreement.
4. In a letter dated 24 January 2023 (A5), Stäubli stated that, in view of the fact that the patent is not valid, it had no interest in license negotiations. Since Stäubli was also not interested in years of litigation, it proposed that, in the interest of cost efficiency, the matter be considered settled. The letter goes on to say: "Should we in the future obtain evidence that your clients claim that our client has infringed the patent at issue on the basis of the above submission, we will strongly recommend that our client seek judicial clarification".
5. The former patent holders responded with a letter dated 15 February 2023 (A6). The letter contained comments on the question of whether the patent at issue rightly claims priority and on the question of whether further relevant prior art could be found in a search. In addition it stated: "It can also be left open at this stage whether our client (...) has already provided indications of using the patented teaching. Rather, it is crucial that your client respects the patent in force... for as long as its non-patentability, as you claim, is not proven."
6. About 8 months later, without prior notice, Stäubli lodged the revocation action against the former patent holders, basing the invalidity of the patent at issue inter alia on prior art not yet presented in the out-of-court correspondence.
7. With their Defences to revocation filed on 16 November 2023, 20 November 2023 and 16 January 2024 the former patent holders acknowledged the invalidity of the patent at issue with reference to the evidence submitted for the first time in the revocation proceedings and declared that they surrender the patent at issue in full ex tunc. After they had filed a request for revocation with national patent offices, on 15 January 2024 they filed a request for revocation of the patent at issue pursuant to Art. 105a EPC with the European Patent Office as well. The revocation of the patent was published in the European Patent Bulletin on 28 February 2024.
8. Both parties have unanimously declared that there is no longer any need to adjudicate on the action and have applied for an order pursuant to R. 360 RoP.
9. Stäubli has - to the extent relevant to the appeal proceedings - requested that the former patent holders be ordered to pay the costs of the proceedings.
10. The former patent holders have - to the extent relevant to the appeal proceedings - requested that Stäubli be ordered to pay the costs of the proceedings.

The impugned order

11. By the impugned order, the Paris Central Division found - insofar as relevant to the appeal proceedings - that the revocation action of patent at issue had become devoid of purpose as a result of the surrender of the patent and that there is no longer any need to adjudicate on it. It “disposed of” (“abgetragen”) the revocation action and ordered Stäubli to bear the costs of the proceedings.
12. The reasons for the order, insofar as relevant, can be summarised as follows:
 - R. 118.5 RoP applies mutatis mutandis to the order pursuant to R. 360 RoP.
 - By surrendering the patent, the former patent holders have placed themselves in the role of the unsuccessful party and they would therefore in principle have to bear the costs of the proceedings pursuant to Art. 69(1) UPCA.
 - The disposal of the action is based on exceptional circumstances in this case, namely the reason that there is no longer a need to adjudicate on the action because of the immediate surrender of the patent by the former patent holders and the recognition of the invalidity of the patent.
 - It is not apparent from the parties' submissions and the correspondence submitted that Stäubli had issued an ultimatum to the former patent holders to surrender the patent before the action was filed. It cannot be concluded from the fact that the Rules of Procedure do require this only for the action for the declaration of non-infringement pursuant to R. 61 RoP that the absence of a prior warning has no consequences for the allocation of costs between the parties.
 - Prior art document A13 was mentioned for the first time in the Statement for revocation. Its relevance does not depend on whether the priority claim for the patent in suit is valid. Therefore, it is obvious that very important prior art was submitted for the first time in the Statement for revocation.
 - Against this background, the former patent holders could plausibly argue that they would have declared the surrender before Stäubli had filed the revocation action, if they had already been informed of the new prior art cited in the Statement for revocation in pre-litigation correspondence.
 - A prior request to surrender the patent would also not appear unreasonable in view of a possible opt-out that might be caused by this.
 - In principle, the Court agrees with Stäubli, that Stäubli is not obliged to provide all the evidence on which it wishes to base its claim in advance. However, the principles of fair and equitable proceedings must be observed. Therefore, it may have a bearing on the cost decision if a new piece of prior art is submitted in the Statement for revocation and the patent holder immediately surrenders the patent.

Appeal proceedings

13. Stäubli appealed the Order.

PARTIES' REQUESTS

14. In summary, Stäubli requests that the Court of Appeal

1. set aside the Order of the Court of First Instance with regard to the decision on costs and amend the decision on costs at first instance to the effect that the former patent holders must bear the costs of the proceedings at first instance in full,
2. order the former patent holders to pay the full costs of the appeal proceedings,
3. set the amount in dispute for the appeal proceedings at € 100,000.

15. The former patent holders request that the appeal be rejected and that Stäubli be ordered to pay the costs of the appeal proceedings.

PARTIES' SUBMISSIONS

16. Stäubli submits in summary and as far as relevant:

- The former patent holders' declaration of acknowledgement of invalidity and the undertaking to surrender the patent, imply that Stäubli's claim is fulfilled. Stäubli is therefore to be regarded as the successful party according to the decision Meril/Edward of the Court of Appeal (Order 4 October 2024 UPC_CoA_2/2024, APL_83/2024). There are no exceptional circumstances justifying a different cost decision within the meaning of Art. 69 (2) and (3) UPCA.
- Precisely because of the broad wording of Art. 69(2) and (3) UPCA, it is imperative to weigh up the entire pre-litigation process and the hypothetical outcome of the proceedings, i.e. the prospects of success of the claim. Unnecessary costs within the meaning of Art. 69 (3) UPCA are only those that are triggered by a measure that can be separated as such.
- In assessing the question of whether the former patent holders have given rise to the action, the Court of First Instance (CFI) erred in law by focusing on the perspective of the former patent holders and not on that of Stäubli.
- It is incorrect for the CFI to state that it was not apparent that Stäubli had ultimately requested the former patent holders to surrender the patent. Requiring Stäubli to make an express, pre-litigation request to surrender the patent at issue goes beyond the wording of the Rules of Procedure.

- Stäubli could not reasonably be expected to further request for surrender because there was a risk of an opt-out.
 - The assertion of the former patent holders, on which the impugned order is based, that prior art document A13 alone led to their acknowledgement of invalidity of the patent and that they would have waived the patent if they had been aware of this prior art beforehand, is not plausible.
 - The CFI should have dealt with the relevance of the grounds for invalidity put forward by Stäubli prior to the proceedings. Since these grounds would have been sufficient to conclude that the patent at issue is invalid, the specific content of A13 is not relevant.
 - Furthermore, the CFI did not deal with the question as to whether there was an "immediate" acknowledgement by the former patent holders.
 - The CFI did not take into account the fact that it should have disregarded the late filed arguments of the former patent holders, as different versions of the Defence to revocation had been filed at different times and a time limit check had apparently not been carried out.
17. The former patent holders defend the impugned order and, in summary, essentially submit in addition:
- There is no indication in the Meril/Edwards order that the principles set out therein cannot be applied equally to a case in which the defendant declares the surrender of the challenged patent after a revocation action was filed.
 - The disposal of the action pursuant to R. 360 RoP leads to the claimant, as the unsuccessful party, having to bear the costs of the proceedings.
 - It cannot be concluded from the mere surrender of the patent by the former patent holders that the patent at issue is invalid in its entirety, because economic reasons can also speak for a surrender.

GROUNDS:

18. The appeal is admissible but unsuccessful. The Paris Central Division correctly ordered Stäubli to pay the legal costs and other expenses incurred („Kosten des Verfahrens“).

Principles for the allocation of costs in the context of an order pursuant to R. 360 RoP

19. As a general rule, the unsuccessful party must bear the reasonable and proportionate legal costs and other expenses incurred by the successful party (Art. 69 (1) UPCA). Exceptions apply if a party is only partially successful or if there are exceptional circumstances which justify a different allocation of costs from an equity perspective (Art. 69 (2) UPCA).

20. As the Court of Appeal has already ruled (Order of 4 October 2024, UPC_CoA_2/2024, APL_83/2024 para. 13 - Meril/Edwards, hereinafter "Meril v Edwards"), the disposal of an action under R. 360 RoP does not necessarily preclude the application of these principles. As the Court of Appeal stated in Meril v Edwards, in the event of a cease-and-desist declaration and an undertaking to comply with the claimant's requests the following principles apply:
- Which party is the successful party within the meaning of Art. 69 (1) UPCA in the context of a disposal of an action following a cease-and-desist undertaking by the defendant must be determined on the basis of the specific characteristics of the case and in particular the requests of the parties and the content of the undertaking.
 - If the defendant undertakes to fulfil the claimant's requests after the proceedings have been instituted, it is generally not necessary to examine the admissibility and merits of the action at the time the undertaking is given in order to determine which party is the successful party. The undertaking itself implies that the claimant's requests have been met. This means that, as a general rule, the claimant is to be regarded as the successful party (Meril v Edwards, para 14).
 - No different interpretation follows from the fact that, according to the German language version of R. 360 RoP, the Court may "abweisen" ("dismiss") the action. As the Court of Appeal has already decided (Meril v Edwards, para. 16), it is clear from the other language versions ("dispose of the action" or "mettre fin à l'instance") that the legislator did not intend to provide that the defendant is always the unsuccessful party in this situation.
 - This interpretation of Art. 69 (1) UPCA and R. 360 RoP is in line with Art 14 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (Meril v Edwards, para. 17 et seq.).
21. Nothing else applies if – as here – the patent holder surrenders his patent after the Statement for revocation has been filed.

Allocation of costs in the case at issue

22. The Paris Central Division thus correctly held that the former patent holders have placed themselves in the role of the unsuccessful parties and are in principle obliged to bear the costs pursuant to Art. 69 (1) UPCA.
23. The Paris Central Division further correctly held that here exceptional circumstances justify another allocation of costs for equity reasons (Art. 69 (2) UPCA).
24. Principles of equity may require the prevailing claimant to bear costs if, in short, the claimant caused unnecessary costs by bringing proceedings against a defendant who did not give rise to the action (Meril v Edwards, para. 29). This may be the case, for example, if a claimant initiates proceedings without first sending a warning letter and the defendant issues a cease-and-desist declaration and undertakes to comply with the claimant's requests immediately at the beginning of the proceedings (Meril v Edwards, para. 15).

25. The same applies when a claimant files a Statement for revocation. Therefore, it may be justified on principles of equity to impose the costs on the successful claimant who has caused unnecessary costs by not contacting the patent holder before filing an action informing him of his intention to file an action for revocation and the grounds on which he intends to base the action, and the patent holder surrenders the patent immediately at the beginning of the proceedings. The risk of an opt-out prompted by the contact before filing the action does not inevitably speak against these cost consequences.
26. Contrary to Stäubli's view, in the case of a cease-and-desist declaration and an undertaking to comply with the claimant's requests, it is generally not necessary to examine whether the action was admissible and well-founded. The Court of Appeal has already ruled in *Meril v Edwards* that, for the purposes of determining which party is the successful party within the meaning of Art. 69(1) UPCA, it is generally not necessary to examine the admissibility and merits of the action at the time the undertaking is given (para. 14). The same must apply to the question of whether equity considerations justify a different decision on costs. This ensures that the Court can decide on the obligation to bear the costs of the proceedings without having to examine the facts of the case, which in patent cases may require a complicated and costly procedure (para. 19). The purpose of an acknowledgement of the claim by the defendant is precisely to avoid further costs. This purpose would be defeated if the parties were required to make further submissions on the prospects of success of the action.
27. The claimant is not unreasonably disadvantaged by this. If the defendant had not given cause for action, there was no reason for the claimant to bring the action and thus to incur unnecessary costs.

Cause for action

28. The former patentholders did not give rise to cause for action.
29. A defendant's conduct gives rise to cause for action if, from the claimant's objective point of view, it justifies the assumption that the claimant will not obtain justice without the action.
30. From an objective point of view, at the time the action was filed in October 2023, the conduct of the former patent holders did not give Stäubli any reason to assume that Stäubli would not obtain its rights without filing a Statement for revocation.
31. In fact, the former patent holders indicated that they were not convinced of the lack of validity on the basis of Stäubli's pre-court assertions of validity and pieces of prior art. However, they did engage in a substantive discussion and examination in this respect. This did not make it appear unlikely that the piece of prior art (A13), which was brought to the attention of the former patent holders for the first time with the Statement for revocation and which was entirely unrelated to the prior art discussed in the pre-trial submissions, would also be subjected to an examination and that it could lead to an acknowledgement of the lack of validity of the patent at issue.
32. In this respect, it is not decisive whether the lack of validity was already apparent from Stäubli's pre-trial submissions. This would require an examination of the prospects of success

of the action, which is, as a general rule, not necessary in the case of an acknowledgment for the reasons stated above.

33. It must also be taken into account here that Stäubli did not indicate to the former patent holders that Stäubli was seeking a revocation of the patent at issue in any case and irrespective of the further conduct of the former patent holders. On the contrary, the former patent holders could infer from the letter of 24 January 2023 (A5) that Stäubli considered the matter settled. Only in the event that the former patent holders were to allege an infringement of the patent on the basis of the previous submissions did the representatives of Stäubli announce that they would recommend that Stäubli take legal action. In the reply letter dated 15 February 2023 (A6), the former patent holders did not repeat the allegation of infringement but expressly left it open whether they had already "provided indications of the use of the patent-compliant teaching". They stated that the decisive factor for them is that Stäubli respects the patent as long as its invalidity is not proven. Eight months passed before the lawsuit was filed, without any further correspondence between the parties. The inactivity of the former patent holders could therefore only be understood in the sense that they also considered the matter to be settled.
34. Under the circumstances, it was reasonable to expect Stäubli to contact the former patent holders before filing the Statement for revocation and to bring the newly discovered prior art to their attention. The risk of an opt-out does not stand in the way of this either. Under the circumstances, the interest of both parties in avoiding unnecessary costs outweigh the interest of the claimant in being able to file a Statement for revocation before the UPC. As the Paris Central Division rightly held, an opt-out was not necessarily to be expected, because it is not always advantageous for a patent holder, since it provokes a large number of national attacks on validity and the patent holder is deprived of the opportunity to enforce the patent in central infringement proceedings. There was no indication that the former patent holders would consider an opt-out to prevent a revocation action from being filed before the UPC.

Immediate declaration to surrender the patent

35. Contrary to Stäubli's opinion, the former patent holders submitted the declaration to surrender "immediately at the beginning of the proceedings".
36. A declaration of surrender is made immediately at the beginning of the proceedings if it is within the time period applicable to the Defence to revocation.
37. Since a surrender declared vis-à-vis the claimant does not have *erga omnes* effect and the claimant may also challenge the validity of a patent irrespective of the existence of his own legal interest, it is generally necessary that a request for revocation of the patent pursuant to Art. 105a EPC is also filed with the European Patent Office within the time limit for filing a defence for revocation and that the fee required for this is paid. It can be left open here whether declarations of surrender to the national patent offices are also sufficient.
38. In addition, the surrender must be declared for the past and the future (*ex tunc*).

Requirements fulfilled here exceptionally for equity considerations

39. For equity considerations, these requirements are to be regarded as fulfilled in this case by way of exception.
40. In their Defences to revocation of 16 November 2023 and 20 November 2023, the former patent holders declared that they surrender the patent at issue *ex tunc* in all Contracting Member States.
41. The former patent holders repeated the surrender in their (further) Defence to revocation dated 16 January 2024 and stated that they had filed a request for revocation of the patent with the European Patent Office pursuant to Art. 105a EPC and submitted a copy of this request.
42. The request pursuant to Art. 105a EPC dated 15 January 2024 and the submission of its copy to the Court are considered to be filed in due time. The request was not filed within the time limit for filing a Defence to revocation and its copy was not submitted to the Court within that time limit, which expired on 8 January 2024. However, in this case, considerations of fairness justify by way of exception, considering the submission of 16 January 2024 as still being immediately at the beginning of the proceedings.
43. The principle set out in paras 36 and 37 above, that not only a declaration of surrender must be made immediately at the beginning of the proceedings, but that in addition it is also necessary, within this same time period, to file a request for revocation of the patent pursuant to Art. 105a EPC with the European Patent Office and to pay the required fee, could not have been reasonably expected of the former patent holders at that time.
44. In this case, considerations of equity justify by way of exception treating the former patent holders as if they had surrendered their patent in a timely manner, since they announced in due time that they would do so *ex tunc* and that they have done so within a reasonable period of time, namely only 8 days after the expiry of the time limit for filing a Defence to revocation, without causing further costs for Stäubli due to this short delay.

ORDER:

1. The appeal is dismissed.
2. Stäubli shall bear the costs of the appeal proceedings.
3. The value of the appeal proceedings is set at € 100,000.00.

This order was issued on 26 March 2025.

Rian Kalden, presiding judge and legally qualified judge

Ingeborg Simonsson, legally qualified judge

Patricia Rombach, legally qualified judge and judge-rapporteur

Kerstin Roselinger, technically qualified judge

Beate Schenk, technically qualified judge