Unified Patent Court
Einheitliches Patentgericht
Juridiction unifiée du brevet

Action number:
App_100/2024
UPC_CoA_4/2024

Order

of the Court of Appeal of the Unified Patent Court

issued on 18 January 2024

concerning an application for suspensive effect

DEFENDANTS AND APPELLANTS

1. Meril GmbH
   Bornheimer Straße 135-137, 53119 Bonn, Germany

2. Meril Life Sciences Pvt Ltd.
   M1-M2, Meril Park, Survey No 135/2/B & 174/2, Muktanand Marg, Chala, Vapi 396 191, Gujarat, India

represented by: Dr. Andreas von Falck, Dr. Roman Würtenberger and Beatrice Wilden, Attorneys-at-law (Hogan Lovells International LLP)

APPLICANT AND RESPONDENT

Edwards Lifesciences Corporation
1 Edwards Way, Irvine, 92614 California, USA

represented by: Boris Kreye and Anika Boche, Attorneys-at-law (Bird&Bird)

PATENT AT ISSUE
EP 3 763 331

DECIDING JUDGE
Peter Blok, legally qualified judge and judge-rapporteur

LANGUAGE OF PROCEEDINGS
German

IMPUGNED ORDER OF THE COURT OF FIRST INSTANCE

- □ Order of the Court of First Instance of the Unified Patent Court, Munich Local Division, dated 19 December 2023
- □ Action number attributed by the Court of First Instance: UPC_CFI_249/202
  ACT_550921/2023
  ORD_577734/20

FACTS AND REQUESTS OF THE PARTIES

On 19 June 2023, the Applicant and Respondent (hereinafter: the Respondent) issued a warning letter to the Defendants and Appellants (hereinafter: the Appellants) for infringement of European Patent 3 763 331 relating to a crimping device for crimping stent-based prosthetic valves, in particular prosthetic heart valves. By letter dated 30 June 2023, the Respondent informed the Appellants that the request for the grant of unitary effect for the patent at issue had been withdrawn and that the patent at issue would now be enforced as a conventional European patent. The last deadline prior to legal action expired to no avail on 13 July 2023.

On 18 July 2023, the Respondent applied for provisional measures at the Munich Local Division of the Unified Patent Court. The Appellants filed a preliminary objection against this on 25 August 2023, with 107 pages of written submissions and 49 annexes. A date for the oral hearing was set for 10 October 2023. In a written pleading dated 11 September 2023, the Respondent replied to the preliminary objection with 69 pages of written submissions and 5 annexes. In a written statement dated 25 September 2023, the Appellants submitted a cease-and-desist undertaking within the period granted to them to comment. The Respondent accepted this undertaking in a written statement dated 29 September 2023.

During a video conference held on 2 October 2023, both parties agreed that there was no longer any need to adjudicate on the action in the sense of Rule 360 of the Rules of Procedure (RoP) and that an oral hearing was no longer necessary. However, the parties continued to disagree on the question of who should bear the costs. The hearing on 10 October 2023 was set aside by order of the presiding judge (and judge-rapporteur) on 2 October 2023 and the question of who was to bear the costs was referred to the full panel for a decision.

By order dated 19 December 2023, the Court of First Instance, Munich Local Division:

1. determined that, as the Appellants had submitted a cease-and-desist undertaking on 25 September 2023, the application for provisional measures had become devoid of purpose and that thus there was no longer any need adjudicate on it,
2. disposed of the action concerning the application for provisional measures,
3. ordered that the Appellants bear the costs of the dispute as well as the other costs of the Respondents up to a maximum of €200,000.00,
4. otherwise rejected the Respondents' requests as currently premature and the Appellants' requests as unfounded,
5. set the value of the action at €1,500,000.00 and
6. granted leave to appeal.

The Court of First Instance, Munich Local Division, stated the following in support of its decision on costs under item 3:

> "*The adjudication and disposal of the action in the present case are based on exceptional circumstances, namely the action becoming devoid of purpose due to the submission of the cease-and-desist undertaking by the Respondents on 25 September 2023 and its acceptance by the Claimant.*
>
> *Under the circumstances of the present proceedings, it would be unfair to order the Applicant to pay the costs incurred. It is true that the Defendants have submitted the cease-and-desist undertaking "without acknowledging any legal obligation". However, this does not mean that the fact must be disregarded that they have effectively placed themselves in the position of the unsuccessful party in this respect and the time at which this occurred. On the contrary, these two circumstances must be considered.*
>
> *Irrespective of the question of whether the Applicant's application was fully admissible and well-founded at the time of the event which caused the action to become devoid of purpose, the Defendants could have submitted the cease-and-desist undertaking much more cost-effectively up to shortly before the expiry of the last deadline prior to legal action, which was stated in the warning letter as 13 July 2023. They have not explained why they did not submit the cease-and-desist undertaking, which they do not consider to be required, at this point in time. In the context of a warning letter, they are free to come up with their own wording for a cease-and-desist undertaking. The proposal of the party issuing the warning letter does not need to be accepted in this respect. The fact that the Defendants were aware of this possibility is evident from the fact that the cease-and-desist undertaking now submitted differs from the text proposed by the Applicant. The events surrounding the request for unitary protection for the patent at issue, which was initially lodged and later withdrawn due to the "Malta problem", did not constitute an obstacle in this respect. This is because the Applicant always kept the Defendants up to date in this respect. If the Defendants had already submitted the cease-and-desist undertaking by 13 July 2023, the costs now to be decided in principle would not have been incurred.*
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> *In the absence of any other evidence, it can be assumed that the Applicant would also have accepted this undertaking despite the differences with respect to the text of the declaration as proposed by the Applicant and would have refrained from filing an application for provisional measures. Consequently, the Defendants have caused the Applicant to incur unnecessary costs in the form of the costs of the proceedings and the Applicant's other costs.*
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> *The Defendants' conduct up to the submission of the cease-and-desist undertaking on 25 September 2023 does not require any other assessment. The Defendants initially filed a very extensive Preliminary objection on 25 August 2023 containing 107 pages and 49 annexes. The Applicant was required to respond to this just as extensively. A date for the oral hearing was set for 10 October 2023 and the Court initiated arrangements for simultaneous interpretation for this date. Against this background, the submission of the cease-and-desist undertaking came as a complete surprise to all other parties involved. Up to this point in time, the Applicant and the Court had incurred considerable costs. Considerable work had already been carried out in preparation for the oral hearing.*
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> *In this respect, it is equitable to order the Defendant to pay the entire costs, irrespective of*

the prospects of success of the application for provisional measures."

In a statement dated 2 January 2024, the Appellants brought an appeal against the Order of the Munich Local Division of the Court of First Instance dated 19 December 2023 (APL_83/2024, UPC_CoA_2/2024). In the Statement of appeal, they request:

I. that item 3 of the Order of the Local Division be revoked, and that the Respondent be ordered to pay the costs of the proceedings before the Court of First Instance, including the costs incurred by and in connection with the filing of protective letters relating to European patent 3 763 331, on the understanding that the recoverable costs of representation are limited to an amount of €200,000.00,

II. that the suspensive effect of the appeal against the aforementioned item 3 of the Order be ordered without delay,

III. that the Respondent be ordered to pay the costs of the appeal proceedings.

In addition, on 2 January 2024, the Appellants filed an application with the Court of Appeal in which they again requested that their appeal against the Order of the Court of First Instance be given suspensive effect. With the present Order, the Court of Appeal will rule on the latter application.

The Appellants argue that their application to order the suspensive effect of the appeal is admissible. To the extent that the wording of Rule 223.5 of the Rules of Procedure conflicts with this, it should be interpreted teleologically. The application should also be granted because, in summary, the order is shown to be grossly erroneous in law for a number of reasons and the cost assessment proceedings would incur unnecessary further costs for the Appellants.

The Respondent responded to the application in writing on 12 January 2024. It argues that the application is not admissible because, in summary, there is currently no enforceable title from which the scope of the required performance can be determined. Furthermore, the interests of the Appellants do not justify an exception to the rule that appeals have no suspensive effect.

GROUNDS FOR THE ORDER

1. The application is admissible.

The Appellants may lodge an application for suspensive effect under Article 74 UPCA and Rule 223.1 RoP. This is not precluded by Rule 223.5 RoP, as the present appeal does not constitute an appeal within the meaning of Rules 220.2, 220.3 or 221.3 RoP.

Under Rule 363.2 RoP, decisions issued under Rules 360, 361 and 362 RoP are final decisions within the meaning of Rule 220.1(a) RoP. A decision under Rule 360 RoP by which the Court has rejected an action because there is no need to adjudicate on the main action also includes the decision on the costs of the proceedings. Accordingly, item 3 of the Order of the Court of First Instance, against which the Appellants have filed the appeal, is to be regarded as a final decision within the meaning of Rule 220.1(a) RoP and not as a decision within the meaning of Rule 223.5 RoP.

2. The application is not well-founded.

According to Article 74(1) UPCA, the appeal has no suspensive effect unless the Court of Appeal decides otherwise at the motivated request of one of the parties.

The Court of Appeal can therefore grant the application only if the circumstances of the case justify an exception to the principle that the appeal has no suspensive effect. It must be examined whether, on the basis of these circumstances, the Appellant's interest in maintaining the status quo until the decision on its appeal exceptionally outweighs the Respondent's interest.

The Appellants argue that a procedure for cost decisions would incur further costs for them. However, such an interest does not, as a rule, outweigh the interest of the successful party within the meaning of Rule 151 RoP (in the present case, the Respondent) in a quick decision on the costs of the proceedings. This is expressed in No. 7 of the preamble to the Rules of Procedure, according to which case management shall be organized in such a way that cost decisions are issued at the same time as or as soon as practicable after the main proceedings, and is confirmed in Rule 151 RoP , according to which the successful party may lodge an application for a cost decision only within a period of one month after the decision. The rules of procedure, with these provisions, generally prioritise a quick decision on the costs of the proceedings, accepting that further costs may be incurred as a result of the cost decision procedure, which may turn out to be unnecessary if the appeal is successful. In addition, the Court of First Instance has the option to avoid incurring unnecessary costs by staying the procedure for cost decisions until the appeal proceedings have been concluded.

However, the granting of suspensive effect may be justified in exceptional cases if the order against which the appeal is directed is clearly erroneous. However, this is not the case in this instance.

The Appellant contends that the Court of First Instance's order of 19 December 2023 is grossly erroneous in law, for a variety of reasons. Whether the errors cited in the Statement of Appeal are in fact errors can remain open. If they are errors, they are in any case not errors that led to a manifestly erroneous order.

ORDER

The application for an order to grant the appeal suspensive effect is rejected.

This order was issued on January 18, 2024.

Peter Hendrik Blok

Digitally signed by Peter Hendrik Blok
Date: 2024.01.18 14:22:07 +01'00'

Peter Blok, legally qualified judge and judge-rapporteur