



UPC Webinar Series: Part II - Case Management

Speakers: Bryce Matthewson, Powell Gilbert
Dr. Daniela Kinkeldey, Bird & Bird
Oscar Lamme, Simmons & Simmons

Chair: Tess Waldron, Powell Gilbert

Date: Wednesday 27 March 2024

INTRODUCTION

The Unified Patent Court (“**UPC**”) operates across 19 Local, Regional and Central Divisions, as well as its Court of Appeal, all in parallel with the European Patent Office (“**EPO**”) and national courts. 24 EU member states have signed the Agreement on a Unified Patent Court, although to date only 17 have ratified it.¹

To ensure coherence against this background, the UPC has, as codified in the UPC Agreement (“**UPCA**”) and its Rules of Procedure (“**RoP**”), extremely broad case management powers.

These case management powers have already been applied across various aspects of proceedings, including when making Orders relating to Preliminary Objections, Security for Costs, Language of Proceedings, Parties to Proceedings, and Dates of Service.

In this second webinar in the UPC series, the three speakers discussed their views on the case management approaches taken by the UPC so far, with the first ‘main’ proceedings expected to be heard in June 2024.

PRELIMINARY OBJECTIONS

The UPC can exercise its case management powers to deal with preliminary objections, in two recent cases opting to continue proceedings and rule on these objections at the ‘main’ proceedings.

In *Nanostring v Harvard*,² it was held that a preliminary objection regarding pending litigations under Art. 30 Brussels Ibis Regulation (with an objection under Art. 29 felt not to be relevant on the facts) should be dealt with in the ‘main’ proceedings, for reasons of procedural economy and efficiency.

¹ <https://www.unified-patent-court.org/en/organisation/upc-member-states>

² UPC_CFI_252/2023

Competency-based preliminary objections have been raised in the numerous proceedings between Meril and Edwards. Meril argues, with regards to the UPC's 5-year limitation period,³ that the UPC does not have competence to adjudicate on alleged infringements occurring prior to 1 June 2023. Edwards' position is that the UPC will have regard to national limitation periods, if shorter, when assessing and awarding damages and that the UPC in any event will have jurisdiction over acts taking place after the UPC system commenced. The UPC has decided to rule on this point at the 'main' oral proceedings of this matter in September 2024 (although preliminary indications are that it will consider itself to have jurisdiction over the entirety of the claim).

SECURITY FOR COSTS

*Nanostring v Harvard*⁴ has established that the UPC may order security for costs where a party or legal entity is not part of the EU, without a relevant bilateral or international agreement in place. Security for legal costs and other expenses in the amount of €600,000 was requested by Nanostring, to be paid within 6 weeks, on the basis that it was uncertain if costs would be recoverable from a UK limited company, following Brexit.⁵ The UPC agreed that security for costs should be required and, of its own volition, fixed this amount at €300,000 without any relevant submissions on the amount by Harvard.

In *Plant-e v Arkyne*,⁶ by contrast, the UPC indicated that it may be reluctant to order security for costs for parties/legal entities that are micro, small and medium sized enterprises ("**SMEs**").

Arkyne filed a revocation counterclaim and sought security for its costs in the amount of €200,000, to be paid within 2 weeks. The UPC refused⁷ to grant this request, noting that one of the stated objectives of the UPCA is to facilitate the enforcement of patent rights by SMEs.⁸

Applying EU law principles,⁹ the Court weighed up the interests of both parties, concluding that:

- (a) a judgment would be directly enforceable (as the Plant-e entities were based in the EU);
- (b) the SMEs' need for access to justice outweighed Arkyne's concerns; and
- (c) security for costs would not have been available under the applicable national law (Dutch).

It is suggested that any application to the UPC for security address the above factors.

LANGUAGE OF PROCEEDINGS

Each of the local and regional divisions provide for parties to choose English as the language of proceedings.

To date, the majority of UPC proceedings have been commenced in German, with most initial cases filed in German. Recently, however, English has gained traction, and it appears that going forward English may be the most used language in the UPC. UPC judges have made

³ Art. 72 UPCA

⁴ UPC_CFI_252/2023

⁵ Note that this was also a factor in one of the cases between Meril and Edwards where the UPC declined to grant security on the basis that Edwards was domiciled out of the EU.

⁶ UPC_CFI_239/2023

⁷ ORD_586897/2023

⁸ Second consideration, UPCA

⁹ See for example the Enforcement Directive, preamble (10)

comments encouraging the use of English as the language of proceedings, however it seems clear that the nationality/native language of the judges is not a relevant consideration.¹⁰

It is possible to change the language of proceedings to that of the patent.¹¹ Previously there had been little guidance on this approach with the UPCA noting this may be done “*taking into account all relevant circumstances*”. However, recent cases suggest the UPC will consider the language of correspondence between the parties, where each party/legal entity is domiciled, and whether a change of language would create an imbalance between the parties or an unfair burden (particularly where one party is an SME).

DATES OF SERVICE

The UPC has exercised its case management powers in relation to service in *Amgen v Sanofi*¹² and *Phillips v Belkin*.

As has been widely reported, the UPC’s case management system suffered difficulties on its launch on 1 June 2023. This resulted in Amgen and Sanofi filing their actions in hard paper form just 19 minutes apart. Amgen filed its infringement claim at the sub-Registry of the Munich Local Division, whereas Sanofi filed at the UPC Registry in Luxembourg despite seeking revocation before the Munich Central Division. The UPC confirmed that Sanofi were permitted to file at the UPC Registry, and that the Munich Central Division was competent to continue with the action.

The CoA have taken what appears to be a sensible and proportionate approach in allowing claimants to file their Statement of Claim without its accompanying Annexes, provided it is clear what the subject matter is. This affords expediency for claimants, but to balance this, the 3-month time-period for the defendant to file its defence (and counterclaim) only begins once the accompanying Annexes are filed.

Service on multiple defendants on different days will create different terms for each to file their Statements of Defence.¹³ It remains to be seen if the court will then later exercise its case management powers to align dates later in the proceedings. The UPC has also confirmed that service on an entity may be affected through service upon a director of that entity, although there is divergence between different local divisions on this point.

JOINING, BIFURCATING AND STAYING PROCEEDINGS

The UPC has broad discretion to allow cases to be heard together,¹⁴ but it is not yet clear practically how the Court intends to implement such a connection joinder.¹⁵ In particular, it is not apparent whether Rule 340 RoP would mean a transfer from one Division to another, or if judges from different panels would hear a joined case together.

The potential for bifurcation¹⁶ generally arises where there has been a counterclaim for revocation. Whilst the Munich Local Division has shown a willingness to bifurcate to avoid inconsistent decisions,¹⁷ Orders from other Divisions suggest they would prefer to hear cases

¹⁰ See for example UPC_CFI_373/2023

¹¹ Art. 49(5) UPCA; Rule 323 RoP

¹² UPC_CFI_1/2023

¹³ UPC_CFI_5/2023

¹⁴ For example, Rules 302, 334 and 340 RoP

¹⁵ Rule 340 RoP

¹⁶ Art. 33 UPCA

¹⁷ ORD_392/2024

together.¹⁸ We have seen that different Divisions are willing to communicate with each other when considering bifurcation and joint hearings.¹⁹ A practical approach was taken by the Munich Local and Central Divisions in the two *Amgen v Sanofi* matters, requiring submissions to be identical, and all pleadings to be seen in both cases.

The UPC has general powers to stay proceedings but can issue a stay where there is a “rapid” decision from a parallel EPO action expected.²⁰ It is not yet clear how “rapid” will be interpreted. There has been no indication of easy stays to proceedings; decisions on stays will likely be fact-specific and depend upon the level of urgency and harm that may be suffered by the parties.

¹⁸ See for example ORD_8243/2024 and ORD_589338/2023

¹⁹ ORD_7184/2024

²⁰ Art. 33(1) UPCA; Rule 295 RoP