

UPC_CFI_380/2023
Procedural Order
of the Court of First Instance of the Unified Patent Court
delivered on 20 August 2024

HEADNOTES:

Since the imposition of a security for legal costs constitutes a restriction of the right to an effective remedy before a court, the need to protect the defendant has to be weight against the burden on the claimant caused by an order to provide a security. There should be no unjustified interference with the claimant's right to an effective remedy and to a fair hearing.

The fact that the Claimant is located in the United States and that we, for obvious reasons, still lack experience from enforcing orders by the UPC in the United States, is not in itself sufficient for ordering security for costs.

KEYWORDS:

Request for security for legal costs, Article 69.4 UPCA and Rule 158 RoP.

APPLICANTS/DEFENDANTS

- 1) **MERIL LIFE SCIENCES PVT LIMITED** - Bilakhia House, Survey No. 135/139, Muktanand Marg, Chala - Gujarat 396191 - Vapi – IN
- 2) **MERIL GMBH** - Bornheimer Strasse 135 – 137 - D – 53119 - Bonn – DE
- 3) **SMIS INTERNATIONAL OÜ** - Harju maakond, Tallinn, Kesklinna linnaosa, Kaarli pst 9-1a - 10119 - Tallinn – EE
- 4) **SORMEDICA, UAB** - V. Kuzmos str. 28 - LT-08431 - Vilnius – LT
- 5) **INTERLUX, UAB** - Aviečių g. 16 - LT-08418 - Vilnius – LT
- 6) **VAB-LOGISTIK, UAB** - Laisvės pr. 60 - LT-05120 - Vilnius – LT

Represented by Andreas von Falck, Alexander Klicznik, Kerstin Jonen, Roman Wurtenberger, Lars-Fabian Blume, Friederike Rohn and Beatrice Wilden

RESPONDENT/CLAIMANT

- 1) **EDWARDS LIFESCIENCES CORPORATION** - One Edwards Way - 92614 - Irvine, California – US

Represented by Jens Olsson, Siddharth Kusumakar and Tessa Waldron

PATENT AT ISSUE

EP3769722

DECIDING JUDGES

This Order has been issued by the panel:

Presiding judge & judge-rapporteur	Stefan Johansson
Legally qualified judge	Kai Härmand
Legally qualified judge	Mélanie Bessaud
Technically qualified judge	Stefan Wilhelm

LANGUAGE OF THE PROCEEDINGS

English

SUBJECT-MATTER OF THE PROCEEDINGS

Infringement action

THE ORDER SOUGHT BY THE PARTIES

1. The **Defendants** have requested:
 - a) that Claimant be ordered to provide, within a time limit to be set by the Regional Division, adequate security for the costs of the proceedings and other costs incurred and to be incurred by Defendants which Claimant may have to bear;
 - b) that in the event that Claimant fails to provide adequate security within the specified time limit, a default decision be issued.
2. The **Claimant** has requested that the security application be dismissed.

THE PARTIES' SUBMISSIONS

3. The **Defendants'** request for security is, *inter alia*, based on the following arguments.
4. Defendants fear that a potential enforcement of their claim for reimbursement of costs of proceedings would be considerably more difficult if it was not secured by a security for legal costs because Claimant has its seat outside the European Union (here: United States).
5. In the United States, a decision or order of the Court is not, as opposed to the situation in the Contracting Member States, enforceable in accordance with Art. 82(1) sentence 1 UPCA, but

its prior recognition is required. As there is, to the best of Defendants' knowledge, no precedent precisely concerning the recognition of decisions and orders of the Court by US courts, there is considerable legal uncertainty.

6. The fact that US courts have recognized foreign judgements and cost decisions in general in the past cannot be to the detriment of the Defendants. Nor can be the fact that there was obviously no experience with the recognition of the Court's decisions and orders by foreign courts. In Defendants' opinion, the lack of experience in fact rather confirms the still existing uncertainty which necessitates the ordering of security. For the same reason, Defendants can obviously not "prove" difficulties with the recognition of the Court's decisions and orders in the United States any further because no such case has yet been decided (be it affirmative or negative).
7. Given the likelihood that a possible cost order may not be enforceable or enforceable only in an unduly burdensome way, it does not matter in this context whether Claimant is wealthy. In Defendants' view, the above circumstances justify the order to provide security for costs of the proceedings even in such a case because the future enforcement of a decision may still become necessary – and difficulties associated with the enforcement of a decision in a third (non-EU) country may arise.
8. On the basis of Claimant's own estimate of the value in dispute (EUR 3,000,000.00), the Defendants suggest that security be provided in the amount of EUR 800,000.00 in total, i.e. the amount of the upper limit for recoverable costs in the first and second instance (see Article 1(3) of the Scale of ceilings for recoverable costs adopted by the Administrative Committee on 24 April 2023, according to which the ceiling shall be applied to each instance of the Court proceedings). In the alternative, the Defendants leave the amount of the security to be provided to the discretion of the Regional Division.
9. A security order would not be disproportionate in the present case, nor constitute an (undue) burden. If the Claimant has sufficient financial means (which the Defendants cannot examine themselves), the Claimant can – without any difficulty – provide the requested security, especially as the requested amount is not unreasonably high.
10. The **Claimant's** request for dismissal is, *inter alia*, based on the following.
11. There is no dispute that the Claimant has significant financial means to cover any adverse costs award. In the fourth quarter of 2023 alone, the Claimant's sales amounted to USD\$1.53 billion with a gross profit of approximately USD\$1.18 billion
12. The mere fact that the Claimant is located outside of the EU cannot be considered a sufficient reason to order for security for costs.
13. The Defendants have not suggested or put forward any evidence that the Claimant may be unwilling to cover any adverse costs award, despite the Claimant and the First and Second Defendants being involved in several international disputes over recent years.
14. The Defendants allege that there is a need for a security for costs order solely because the Claimant is based outside of the European Union (i.e. in the United States), which supposedly means that enforcing any costs order would be unduly burdensome. However, the Defendants have not been able to point to any substantiation or evidence as to why the enforcement of

orders of the UPC against the Claimant may be difficult to enforce. This cannot seriously be expected in view of the US courts routinely recognising and enforcing judgments of foreign courts.

15. Considering that there is simply no reason to order security for costs, it would be unjustified to burden the Claimant by requiring it to make the necessary arrangements to provide security for costs.
16. In any event, the Claimant submits that the EURO 800,000 amount of security requested by the Defendants is unreasonable and disproportionate.

GROUND FOR THE ORDER

17. According to Article 69.4 UPCA, the Court may, on application by the defendant, order the applicant to provide adequate security for the legal costs and other expenses incurred by the defendant which the applicant may be liable to bear, in particular in the cases referred to in Articles 59 to 62 UPCA.
18. Rule 158.1 RoP specify that following a reasoned request by one party, the Court may – at any time during proceedings – order the other party to provide, within a specified time period, adequate security for the legal costs and other expenses incurred and/or to be incurred by the requesting party, which the other party may be liable to bear.
19. Factors to be taken into account when deciding whether to issue an order for security include the financial position of the other party and/or the likelihood that a possible order for costs by the UPC may not, or only in an unduly burdensome way, be enforceable. Whether and to what extent such factors are present have to be determined based on facts and arguments put forward by the parties.
20. Since the imposition of a security for legal costs constitutes a restriction of the right to an effective remedy before a court, the need to protect the defendant has to be weight against the burden on the claimant caused by an order to provide a security. There should be no unjustified interference with the claimant's right to an effective remedy and to a fair hearing. It is for the party requesting a security order to provide facts and arguments as to why such an order is appropriate in the specific case. (See e.g. Munich LD, UPC_CFI_514/2023, 23.4.2024).
21. In this case, there is no indication that the Claimant would lack assets or will to pay costs of the proceedings and other costs incurred (or to be incurred) by Defendants, which the Claimant

may have to bear. Nor is there any evidence suggesting that a possible order for costs by the UPC would not, or only in an unduly burdensome way, be enforceable in the United States.

22. The fact that the Claimant is located in the United States and that we, for obvious reasons, still lack experience from enforcing orders by the UPC in the United States, is not in itself sufficient for ordering security for costs.

23. Consequently, the balance of interests is in favour of the Claimant. The application for security shall be dismissed.

ORDER

24. The application for security is dismissed.

25. The costs of the applications will be addressed with the costs in the main proceeding.

INFORMATION ABOUT APPEAL

Leave to appeal is granted. The present order may be appealed within 15 days of service of this Order which shall be regarded as the Court's decision to that effect (Art. 73.2(b)(ii) UPCA, rules 220.2 and 224.1(b) RoP).

Stockholm, 20 August 2024.

Stefan Johansson
Presiding judge and judge-rapporteur

Kai Härmand
Legally qualified judge

Mélanie Bessaud
Legally qualified judge

Stefan Wilhelm
Technically qualified judge