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Opt-out Withdrawal Ineffective: Choices have Consequences!

AIM Sport Vision AG v Supponor Oy & Others (UPC_CFI_214/2023)

Decision of 20 October 2023 (ORD 572699/2023 and ORD 5821/2023)

Facts & Main Arguments

These proceedings before the Unified Patent Court Helsinki Division were in respect of European Patent EP 3295663 relating to digital image overlay technology (the AIR system) used for advertising in stadiums.

The Patentee/ Claimant AIM filed an opt-out on 12 May 2023 (during the sunrise period) and then filed a withdrawal of the opt-out on 5 July 2023. However, national infringement and invalidity proceedings concerning the Patent were pending in Germany on the dates of both the opt-out and of the withdrawal of the opt-out and so these proceedings were pending on 1 June 2023 when the Agreement on a Unified Patent Court (UPCA) came into force.

Claimant brought an infringement action against the Defendants and also sought provisional measures to prevent the Defendants from making the AIR system available in certain jurisdictions. The Defendants lodged a preliminary objection challenging the effectiveness of the opt-out withdrawal, and hence the Court's competence, in view of the pending national proceedings and their reading of Article 83(4) UPCA and Rule 5.8 RoP. The Court considered the preliminary objection on both actions together before a full panel including a technically qualified judge.

The Claimant argued mainly that Article 83(4) UPCA cannot apply to national actions filed

before the entry into force of the UPCA on 1 June 2023 and that any other interpretation would be in violation of the principle of non-retroactivity of international treaties set out in Art. 28 of the Vienna convention on the Law of Treaties (VCLT) and would also discriminate against all those patentees whose European patents have ever been subject to a former national action. The Claimant also argued that Art. 83(4) UPCA was not applicable in this case because the parties in the national and UPC actions were different.

Decision

The full panel of judges applied Art. 83(4) of the UPCA and considered the withdrawal of opt-out on 5 July 2023 to be ineffective as national litigation in Germany concerning the same patent was pending. Hence, the opt -out of 12 May 2023 remained effective and the UPC lacks competence to hear cases relating to EP 3295663. The Court rejected Claimant's contention that Art. 83(4) only refers to national proceedings filed after the entry into force of the UPC on 1 June 2023.

The Court considered the wording of Art. 83(4) UPCA to be clear and unambiguous in stating that withdrawal of opt-out is possible "unless an action has already been brought before a national court". Hence, these words can be given their ordinary meaning as per Art. 31.1 VCLT and no further interpretation is needed. The Court noted that these words do not provide any limitation that could lead to the conclusion that Art. 83(4) would only apply to previous national proceedings initiated after 1 June 2023.

This reading of Art. 83(4) UPCA was also held by the Court to be in line with Rule 5.8 RoP and with the principle of non-retroactivity of treaties under Article 28 of VCLT.

Considering Rule 5.8 RoP, the Court noted that it does not provide restrictions as to the date of commencement of the national action and noted the interplay between Rules 5.5, 5.8 and 5.12 of RoP. Rule 5.12 RoP sets out that opt-outs lodged during the sunrise period are considered to have been entered on the Register on 1 June 2023. Rule 5.8 RoP contains a reference to an action commenced before a court of a Contracting Member State prior to the opt-out being effective (1 June 2023 for opt-outs lodged during the sunrise period) and so, by implication, Rule 5.8 RoP has to refer also to actions which were commenced before 1 June 2023. In this case, the national actions in Germany had been commenced in 2020 and were pending when the UPCA came into force and the opt-out was registered on 1 June 2023. Hence, these actions fell within the definition of Art 83(4) UPCA and Rule 5.8 RoP.

Interestingly the Court also stated that when the Claimant used its right to opt-out based on Art 83(3) UPCA, it made a strategic decision not only to opt-out of the jurisdiction of the UPC but also in awareness of the consequences of such opt-out for further

proceedings. Once opted-out, only national courts were competent to hear actions relating to EP 3295663 and since actions had already been started before a national court, the claimant blocked itself from withdrawing the opt-out. The Court also considers that the rule of non-retroactivity of international treaties as stipulated in Art. 28 VCLT is intended to protect parties from unforeseen provisions. However, in the current case, choosing to use the opt-out indicates awareness of the consequences so none of the provisions of the UPCA or RoP were unknown to or not foreseen by the Claimant. The intention to limit the right to withdraw opt-out was clear from the UPCA so the Court considered its reading of Art 83(3) UPCA and Rule 5.8 RoP to be in line with Art. 28 VCLT.

Claimant also argued, on the basis of Brussels 1 Regulation (Recast), that the German national litigations cannot have effect in this case as the parties in the German litigations are not exactly the same as in the current action. The Court did not accept this argument on the basis that Art 83(4) UPCA and Rule 5.8 RoP do not mention anything about the parties but only the patent in suit. The relevant provision of Brussels Recast was also considered to only apply to a situation of parallel jurisdiction which was not the case here since the competence of the UPC had been opted out.

Finally, the Court considered and dismissed the request for security for costs by the Defendant. It was not appropriate for the Court of First instance to order security for costs concerning potential future proceedings in the Court of Appeal. The risk of insolvency of the Claimant was also not considered sufficiently proven by the Defendants.

Comment

The Court appears to have given significant weight to the strategic choice of the Claimant to opt-out while national proceedings were pending. This choice was exercised in awareness of the consequence such an opt out would have of blocking Claimant from withdrawing the opt-out while the alternative to “remain passive and not to opt-out” was also available but not availed. This alternative seems to have been the only option for the Claimant in this case to make use of parallel jurisdiction of the UPC and national courts. In the event of an Appeal, it will be interesting to see whether the Court of First Instance’s approach is confirmed.

An interesting side issue in these proceedings was that the Court applied Rules 118.7 and 210.4 RoP to exceptionally hand down its decision orally immediately after closure of the oral hearing with reasons being provided later in writing. This was due to the Claimant emphasising the imminence of decisions concerning acquisition of the AIR system by the Union of European Football Associations.