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UPC Orders Provisional Injunction in relation to barcode reading software

Hand Held Products, Inc. v Scandit AG UPC_CFI_74/2024

Order of 27 August 2024 ORD_46277/2024[1]

The claimant Hand Held Products, Inc. is the proprietor of EP3866051, registered as a Unitary Patent, claiming a device and a method for reading barcodes, in which a successful read of the barcode is indicated visually, and an image of the product to which it relates is displayed. On 21 February 2024, the date of publication of grant of the European patent, the claimant filed an application for a provisional injunction at the Munich local division against Scandit AG, and on the same day also filed a main infringement action.

A key issue of the case is that Scandit did not sell devices, but rather a "software development kit" (SDK), which can be installed onto nearly any smartphone or tablet device. The claimant argued that nevertheless a provisional injunction should be granted on the basis that Scandit infringed the patent both by indirect infringement of the patent, but also by direct infringement of the patent.

The court disagreed with the claimant's assertion that Scandit infringed directly. Since Scandit's customer provides not only the hardware but the operating software of the hardware, and the SDK allows modification of the software to produce a device according to the patent, only a possibility of indirect infringement of the claims could be recognised, with the SDK constituting "means, relating to an essential element of the invention" (Article 26(1) UPCA). The court distinguished the situation where the customer was supplied a complete kit of parts which could only be assembled into an infringing device (for example because if assembled in a non-infringing manner it did not function), in

which direct infringement could be recognised on the part of the seller. The court was concerned not to blur the boundaries drawn by the legislator between the legal consequences of direct and indirect patent infringement.

The allegation of indirect infringement was however accepted by the court. The defendant's submissions that certain features of a device implementing their SDK differed from what was specified in the patent claims were rejected.

The court was sufficiently convinced of the validity of the patent. The court reiterated a rule previously articulated[2] by the same local division that in provisional proceedings the defendant is limited to their three best arguments to attack the validity of the patent. Scandit had indeed raised three pieces of prior art – two apps (the "Flow App", and the "Barinsa App") and a Japanese patent document. In respect of each piece of prior art however, the court discerned differences in their mode of operation from that specified in the patent claims, and saw no motivation for their modification to arrive at the claimed invention.

The court was also convinced that the requirement for urgency was met. In this regard, it considered that to satisfy the urgency requirement, the claimant must start an action for provisional measures within two months from having all the knowledge and documents that reliably enable a promising legal action; this follows the Munich decision cited above, and is more generous than a Düsseldorf decision[3] that has set the time limit as one month. In this case the claimant had started the action on the first possible day (the publication of grant of the European patent which is when the unitary effect becomes effective) and so the compliance with the urgency requirement could not be doubted.

In terms of the balancing of the interests of the parties, the court considered that the situation was one where the balance of harm was even, since the disadvantages for the applicant that cannot be compensated in monetary terms in the event of prevailing in the main proceedings are offset by the disadvantages for the defendant that cannot be compensated in monetary terms if the injunction requested is granted but the patent ultimately held to be invalid or not infringed. In such a situation, as was the case in 10x Genomics v Nanostring,[4] preference must be given to the patentee.

Having found the requirements for a provisional injunction to be met in respect of indirect infringement only, the court had to decide whether the injunction should be in absolute terms, prohibiting supply of the SDK at all, or whether it would be sufficient to allow sale to continue subject to warnings to the customers not to implement in an infringing manner. It was undisputed that it would be possible for the SDK to be updated in order to remove the infringing functionality, and it would continue to be able to provide a variety of non-infringing functionalities. The court therefore decided that an absolute prohibition

was warranted.

p3 The court therefore granted an order preventing supply of SDK suitable and intended to be used as operating software with the claimed functionality to third parties within the UPC territories.

The order was subject to the claimant providing a security deposit of €500,000. The penalty payment for any violation of the order was set at up to €100,000.

No order was made for costs since both parties had been successful in part in terms of the provisional measures and the question of costs could be considered further in the main proceedings taking into account any developments there.

[1] https://www.unified-patent-court.org/en/node/1043

[2] https://www.unified-patent-court.org/en/node/781

[3] https://www.unified-patent-court.org/en/node/679

[4] https://www.unified-patent-court.org/en/node/419