

EIP

Penalty Payment Ordered in 10x Genomics v Nanostring

10x Genomics, President & Fellows of Harvard College v Nanostring Technologies Inc and others, UPC_CFI_2/2023, Order of 5 December 2023 [1] ORD_ 577241/2023

Following the grant of a provisional injunction on 19 September 2023 (served on the parties on 20 September 2023) by the Munich local division of the UPC restraining Nanostring from infringement of EP4108782, [2] 10x Genomics went back to the court to request imposition of a penalty payment for non-compliance with the injunction by application of 28 September 2023.

The Munich local division basically agreed with 10x Genomics, and ordered a penalty payment of €100,000 (less than had been requested). Permission to appeal was immediately granted, in recognition of the fact that the jurisprudence of the UPC on provisional injunctions and penalty payments is still emerging.

Nanostring argued that the conditions for enforcement of orders, which by Article 82(3) UPCA are governed by the law of the contracting state where enforcement take place, should apply. In particular Nanostring argued that notice of intention to enforce the order should have been served, but no such notice had been given. However, the Court pointed out that the provisional injunction order of 19 September was directly enforceable upon service (Rule 354.1 RoP), and that Article 82(4) UPCA governing penalty payments requires no notice of an intention to enforce. National enforcement law would only become relevant if a penalty payment was ordered but not paid.

Most of the acts complained of related to offers on Nanostring's website. Nanostring showed that by 6 October disclaimers had been added to comply with the order, but the Court held that this was too late to escape sanction, given that the evidence supplied by

10x Genomics indicated that at 26 September no such disclaimers were present. In one instance where Nanostring stated that a disclaimer was present since 19 September, the UPC concluded that they were making false statements, since the screenshots supplied by 10x Genomics, taken on 21 September, lacked the disclaimer. In a further instance, the Court acknowledged that a disclaimer was present, but held that it was not sufficiently prominent to comply with the 19 September order.

In view of the circumstances, the Court decided that a penalty payment of €100,000 was warranted. This was less than 10x Genomics had sought. The size was determined on the one hand by the number of instances of breach of the injunction, but on the other hand by the fact that Nanostring had in the meantime made changes to their website to comply with the injunction. Note that a penalty payment of this type is paid to the UPC, not to the claimant.

Costs of the application for imposition of a penalty payment were awarded to 10x Genomics, since all of the infringements of the injunction put forward by them were agreed by the Court to be infringements. The fact that the amount of the payment that was ordered was less than 10x Genomics had suggested was not considered relevant to the costs situation – the size of the payment is to be determined by the Court, and the applicant's indication was to be regarded as only a proposal.

This ruling shows that immediate compliance with injunctions from the UPC is required, and that delay in response can lead to significant financial penalties.

[1] <https://www.unified-patent-court.org/en/node/509>

[2] https://eip.com//knowledge_hub/article/10x_genomics_v_nanostring/