



Order
of the Court of First Instance of the Unified Patent Court
issued on 27 December 2024
concerning EP 2 263 098 B1

CLAIMANT:

Ona Patents SL, represented by its CEO Raúl Diaz Morales, Carrer de Calàbria 149 En. 1, 08015 Barcelona, Spain,

represented by: Attorney-at-law Dr Christof Augenstein, Attorney-at-law Dr Benedikt Walesch, Attorney-at-law Dr Melissa Lutz, Kather Augenstein Rechtsanwälte PartGmbH, Bahnstraße 16, 40212 Düsseldorf, Germany,

Electronic address for service: augenstein@katheraugenstein.com

DEFENDANTS:

1. **Apple Inc.**, represented by its CEO Tim Cook, One Apple Park Way, Cupertino, CA 95014, USA,
2. **Apple Distribution International Ltd.**, represented by its Directors Cathy Kearny, Michael O’Sullivan and Peter Denwood, Hollyhill Industrial Estate, Hollyhill, Cork, T23 YK84, Republic of Ireland,
3. **Apple Retail Germany B.V. & Co. KG**, represented by its personally liable partner Apple Holding B.V., represented by its CEO Alexander Niemczyk, Michael Joseph Boyd und Peter Ronald Denwood, Maximilianstraße 54, 80538 Munich, Germany,
4. **Apple GmbH**, represented by its CEOs Michael Joseph Boyd und Peter Ronald Denwood, Katharina-von-Bora-Str. 3, 80333 Munich, Germany,
5. **Apple Retail France EURL**, represented by its CEOs Peter Ronald Denwood und Éamonn Clancy, 3-5 rue Saint Georges, 75009 Paris, France,

All Defendants represented by: Attorney-at-law Prof Dr Tilman Müller-Stoy, Attorney-at-law Dr Tobias Wuttke, Bardehle Pagenberg Partnerschaft mbB, Prinzregentenplatz 7, 81675 München, Germany,

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mueller-stoy@bardehle.com

PATENT IN SUIT:

European Patent No. EP 2 263 098 B1

PANEL/DIVISION:

Panel of the Local Division in Düsseldorf

DECIDING JUDGES:

This Order was made by the Presiding Judge Thomas acting as judge-rapporteur, the legally qualified judge Dr Thom and the legally qualified judge Kokke.

LANGUAGE OF THE PROCEEDINGS: English

SUBJECT OF THE PROCEEDINGS: Patent infringement action – Request for security of legal costs

SUMMARY OF FACTS AND STATEMENT OF FORMS OF ORDER SOUGHT BY THE PARTIES:

The Defendants have lodged a request for security of legal costs.

They put forward that the Claimant is not in the financial position to bear the Defendants' legal costs and other expenses in case the action is dismissed. The share capital of the Claimant is only EUR 3,000 and more information on the financial situation of the Claimant is not publicly available. The Claimant questions whether the patents that the Claimant seeks to enforce against Defendants even belong to the Claimant. In this context the Claimant also filed an R. 190-request. The Claimant has only one shareholder and it is not apparent that it owns any assets as NPE. The exclusive licensee of the patent in suit seems to have the strategical lead in the proceedings at hand. Even if he is involved with regard to financing the proceedings at hand, it is very unlikely that the licensee would be liable for costs and it is also insufficient since, according to the case law of the Local Division Paris, it usually only ensures the financial capacity of the Claimant and does not guarantee the other party's right to reimbursement of costs. In the past the shareholder and the licensee worked together in another company. The Defendants also state in relation to the amount of security.

The Claimant argues that there is no indication for doubts in the Claimant's solvency. The mentioned cooperation of the shareholder and the licensee does not give rise to the presumption that the Claimant does not have financial resources. The Claimant considers the required security to be too high.

Based on the foregoing, the Defendants request:

The Claimant is ordered to provide adequate security in the amount of 1.012 million for the costs incurred and to be incurred by the Defendants in the proceedings and for other expenses within one week or, in the alternative, within a period to be determined by the Court. The security shall be provided, to be chosen by the Claimant, either by payment into the bank account of the Unified Patent Court designated for the provision of security or in the form of a bank guarantee from a major European bank under the direct supervision of the European Central Bank.

The Claimant requests

to dismiss the application for security for the costs of the Defendants.

GROUNDS OF THE ORDER:

The Defendant's admissible request is well-founded.

1.

The Court has the discretion to order a security for legal costs and other expenses. In accordance with the case law of the UPC (see CoA, order of 17 September 2024 in case UPC_CoA_217/2024, *Audi ./.* *NST*), the Court, when exercising its discretion under Art. 69(4) UPCA and Rule 158 RoP, must determine, in the light of the facts and arguments brought forward by the parties, whether the financial position of the claimant gives rise to a legitimate and real concern that a possible order for costs may not be recoverable and/or the likelihood that a possible order for costs by the UPC may not, or in an unduly burdensome way, be enforceable. The burden of substantiation and proof why an order for security for costs is appropriate in a particular case is on the Defendant making such a request, but that – once the reasons and facts in the request have been presented in a credible manner – it is up to the Claimant to challenge these reasons and facts and in a substantiated manner, especially since that party will normally have knowledge and evidence of its financial situation. It is for the Claimant to argue that and why a security order would unduly interfere with its right to an effective remedy (see also CoA, Order of 29 November 2024 in case UPC_CoA_548/2024, *Arke ./.* *SodaStream*). According to the Central Division Paris in a case where it is undisputed that the Defendant's business model is exclusively characterized by the enforcement of patents, and the Defendant does not generate sufficient income or other cash flow, and since it was founded only a few months ago, its business will not operate profitably or even generate any significant cash flow, it is credible that the Defendant's financial situation gives rise to a legitimate and real concern that a possible order for costs may be recoverable (CD Paris, Order of 27 September 2024, App_42517/2024, UPC_CFI_164/2024, *Suinno ./.* *Microsoft*).

2.

Applying the above principles to the case at hand, the Defendants' interests in obtaining a security outweigh the interests of the Claimant in view of the facts and arguments brought forward by the parties, also when special care is taken to protect the Claimant's procedural rights.

The Defendants have argued in a substantiated way, that the Claimant indeed had been founded in October 2023, became alleged owner of the patent in suit before the infringement action was filed in March 2024. There are no apparent financial reserves other than the minimum amount of share capital. Even any financial support from third parties, such as the licensee, is not certain, apart from the question of whether it would be sufficient from a legal point of view. Finally, the Claimant seems to have no other significant assets beside other patents.

Although the disputed question of ownership of the patent in suit is not to be decided in such proceedings and even if it is understandable that a young company does not sign long-term leases for prestigious office space, the Claimant misses the point here. As shown above it is up to the Claimant to challenge the reasons and facts and in a substantiated manner brought forward by the Defendants, especially it will normally have knowledge and evidence of its financial situation. Instead, the Claimant did not provide any detailed information to substantiate its financial position, in particular that it is able to bear possible costs of the proceedings. In its statement, it only goes on to accuse the Defendants of the fact that the individual reasons which lead the Defendants to doubt the Claimant's financial reserves mean nothing in themselves without a

specific reference to her financial security. That is certainly not enough to convince the Court of its solvency. It follows that the Claimant does not have financial resources to cover a possible order for reimbursement of legal costs.

Therefore, the Claimant is ordered to provide adequate security for legal costs and other expenses to the Claimant.

c)

As to the amount of security that is deemed adequate, the Defendants refer to the guidelines for the determination of the court fees and the ceiling of recoverable costs set up by the Administrative Committee of the UPC on 24 April 2023 as D-AC/9/24042023_D.

According to Cif. II. 2.b) (2) (ii), the proposed value in dispute would be between EUR 12.0 million and EUR 15.0 million (6.0 million and 6.0/9.0 million), depending on whether a surcharge of up to 50 % for the counterclaim for revocation will be accepted. It is not necessary to decide at this stage whether this is the case. Whether or not such an increase is granted, the ceiling is always EUR 800,000.

However, when determining the amount of security, the Court must consider the fact that this amount is a ceiling and therefore a safeguard against undue cost recovery (see Decision of the Administrative Committee of 24 April 2023 on the Scale of Recoverable cost ceilings, D - AC/10/24042023_E, Preamble, recital 1). As for the costs for representation, according to R. 152 RoP, these are only reimbursable if they are reasonable and proportionate (R. 152.1 RoP). This aspect must be considered when determining the security.

Due to the costs associated with realising the security one will assume about 110 % of the amount of the claim to be secured (Tilmann/Plassman, Einheitspatent, Einheitliches Patentgericht, § 158 VerfO, mn. 6).

To the extent that the Defendants wish to consider a further amount of EUR 100,000 for other costs, they have failed to explain this amount in detail. It is therefore disregarded.

In exercising its discretion, the Court has also to take into account that an order to provide security can, depending on the circumstances, limit the Claimant's right to an effective remedy and to a fair hearing as guaranteed under Union law, including Art. 47 of the Charter and the Enforcement Directive (UPC_CFI_239/2023 (LD The Hague), Order of 13 February 2024, *Arkyne ./.* *Plant-e Knowledge*). This must be avoided. Therefore, the Defendants' interest in security on the one hand and the Claimant's interest in the effective enforcement of its patent rights must always be balanced.

Based on these principles and considering the submissions of the parties, the Court finds it fair, reasonable and proportionate to order the Claimant to provide a security to the amount of EUR 500,000.

The security may be provided by the Claimant in form of a deposit on the UPC account dedicated for security deposits or by a bank guarantee provided by a bank licensed in the European Union. The Defendant may choose which form of security it prefers to provide.

As to the time period, the Claimant has to provide security within six weeks of the date of service of the present order. This period is deemed sufficiently long to make the necessary arrangements for the Claimant on the one hand and on the other hand should give the Defendants the security they are entitled to within a reasonable time. The Court rejects the Defendant's request to order

security to be provided within one week. The order relied on by the Defendants in support of their request for a one-week period (UPC_CFI_151/2024, Order of 14 May 2024, ORD_23557/2024, *Ballinno B.V. ./ Union des Associations Européennes de Football (UEFA)*) was issued in the context of PI proceedings. The present case is therefore not comparable in this respect.

The Court also rejects the request for a decision by default against the Claimant if the Claimant fails to provide adequate security within the time limit set by the Court. This request is at present unfounded and premature. If and when a situation was to arise in which such a decision could be an appropriate remedy, a request may be made pursuant to Rule 158.5 in connection with Rule 355 RoP.

Leave to appeal is granted, as requested by the Defendants, with a view to ensuring a consistent application and interpretation of the RoP (Preamble RoP, no. 8).

ORDER:

For these grounds, having heard the parties on all aspects of relevance for the following order, the Court

- orders the Claimant to provide security for legal costs and other expenses to the Defendants in an amount of EUR 500.000 (five hundred thousand euros) either by way of deposit on the UPC account dedicated for security deposits, alternatively by way of bank guarantee issued by a bank licensed in the European Union to be chosen by the Claimant within six weeks from the date of service of this order;
- rejects the request for a decision by default to be given against the Claimant if the Claimant fails to provide adequate security within the time limit set by the Court;
- grants leave to appeal;
- rejects all other requests.

DETAILS OF THE ORDER:

App_41756/2024 related to the main proceedings ACT_11910/2024.

UPC-Number: UPC_CFI_99/2024

Subject of the Proceedings: Infringement action / request for security Rule 158.1 RoP.

INSTRUCTION TO THE REGISTRY:

The financial department of the Unified Patent Court is to be informed about this order. Bank details are to be provided by the Registry to the Claimant's representatives upon request.

INFORMATION ON 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, Rule

220.2, 224.1(b) RoP).

INFORMATION UPON SPECIFYING THE TIME LIMIT

Pursuant to Rule 158.4 RoP, the Claimant is informed that if it fails to provide the aforementioned security within the time stated (six weeks of the date of service of this order) a decision by default may be given, in accordance with Rule 355 RoP.

Issued in Düsseldorf on 27 December 2024

Names and Signatures

Presiding Judge Thomas	
Legally Qualified Judge Dr Thom	
Legally Qualified Judge Kokke	