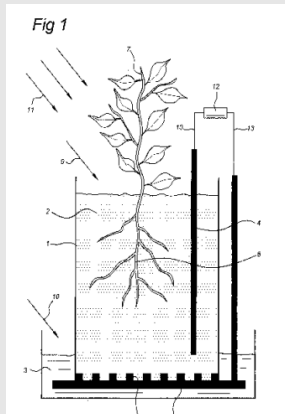


UPC CFI, LD The Hague, 13 February 2024, Plant-e v Arkyne



Device and method for converting light energy into electrical energy

PATENT LAW – PROCEDURAL LAW

Defendant's request for security for costs ("*cautio iudicatum solvi*") rejected ([Article 69\(4\) UPCA](#); [Rule 158 RoP](#), [Article 24 UPCA](#))

Legal framework

- [In exercising its discretion under Article 69.4 UPCA and Rule 158.1 RoP, the Court must consider the procedural framework, weigh up the relevant facts and circumstances and take into account the principle of proportionality.](#)
- [When hearing a case, the Court shall base its decision on Union law and, among other sources of law, national law \(Art. 24 UPCA\).](#)
- [Protecting the rights of the defendant should be balanced against the right of the claimant to enforce its patent rights.](#)

An order to provide security can, depending on the circumstances, limit the claimant's access to justice. The *cautio* cannot be an unjustified interference with 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](#). Any limitation on the right to an effective remedy before a tribunal within the meaning of [Art. 47](#) of the Charter must, according to [Art. 52.1 of the Charter](#), be provided for by law and respect the essence of that right. Furthermore, subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.

Rationale for the *cautio*

- [The main rationale for the *cautio* is to secure the enforceability of a potential cost order. If such order is directly enforceable after it is granted, it can serve as grounds not to allow a *cautio* at the start of or during the proceedings.](#)

In several multilateral and bilateral treaties wherein (reciprocal) enforceability of judgments is agreed, a requirement of security for court fees based on nationality or residence is excluded,

UPC cost order directly enforceable

- [against both Plant-e companies, established and located in a the Netherlands, a UPC Contracting Member State](#)

Plant-e are both established and located in the Netherlands, which is a Contracting Member State. The UPC is deemed to be a court of a Member State for the purposes of the Brussels I Regulation (see [Art. 71a Brussels I](#)). Its decisions and orders are directly enforceable in the Netherlands in accordance with [Art. 82 UPCA](#), [Art. 71d Brussels](#) and [R. 354.1 RoP](#). A *cautio* in this case is hence not justified because of the risk that a possible cost order in favour of Bioo will not be directly enforceable.

- [This contrasts with the situation decided by the CD Munich \[IPPT20231030\]](#) – thus far the only UPC decision where a security for costs has been granted – on which Bioo relies. In that case the relevant claimant was domiciled outside the EU and no treaty regarding the execution of judgments was in place.

As a rule, the court finds that a *cautio* based solely on (expected) material unenforceability

- [should be awarded in exceptional circumstances only.](#)

In this case Bioo's argument that there is a risk of material unenforceability because of the financial position of Plant-e which warrants a *cautio* in its favour, is rejected. [...]. Access to justice is, as mentioned above, an important right throughout the EU (and elsewhere). Especially for SMEs, enforcement of their patents through the UPC may be severely hampered if they not only have to bear substantial costs for their own counsel but are in addition ordered to provide security for the defendant. Requiring a *cautio* from claimants can thus also conflict with the high level of protection for IP rights holders envisaged by the Enforcement Directive.

The court agrees that under the circumstances in the present situation, which involves two competing SMEs with limited finances,

- [the financial strain on the claimant can be a serious impediment to enforcement of its rights and to access to justice, and hence for granting a *cautio*.](#)

Lastly the court takes into consideration that according to Dutch national procedural law

- [it is not possible to give a *cautio vis-a-vis* plaintiffs domiciled or residing in the Netherlands \(and hence in the EU\) under any circumstances, and also if there is good reason to doubt the possibility of recovery of a potential cost order due to the financial situation of the claimant.](#)

The UPC would distinguish itself from several national courts if a *cautio* was granted to a party resident in the EU. In this case the court is convinced that the SME

claimant's argument that imposing a cautio would effectively prevent it from enforcing its patent right through the UPC, whereas it can enforce its right in several national courts within the EU without a cautio (such as in The Netherlands).

Source: [Unified Patent Court](#)

**UPC Court of First Instance,
Local Division The Hague, 15 February 2024**

(Brinkman, Kokke, Granata)

UPC_CFI_239/2023

Application no. 586761/2023

R. 158 ORDER

of the Court of First Instance of the Unified Patent Court delivered on 13 February 2024

Headnote: Application of defendant to order the claimants to provide security for legal costs ([R. 158 RoP](#)) is rejected. Enforceability. Brussel I Regulation. Balance of interests of SME's.

Keywords: [R. 158](#) Application rejected

APPLICANT

Arkyne Technologies S.L. Barcelona - ES

Represented by Joran Spauwen

RESPONDENTS

1) **Plant-e Knowledge B.V.** Renkum – NL

Represented by Oscar Lamme

2) **Plant-e B.V.** Renkum – NL

Represented by Oscar Lamme

PATENT AT ISSUE:

Patent no Proprietor/s

[EP 2 137 782](#) Plant-e Knowledge B.V.

DECIDING JUDGES

The judge-rapporteur referred the decision on this application to the panel ([R. 331.2](#) Rules of Procedure, "RoP"), which is composed as follows:

Presiding judge Brinkman

Legally qualified judge Granata

Judge-rapporteur Kokke

LANGUAGE OF PROCEEDINGS: English

BACKGROUND AND SUBJECT-MATTER OF THE APPLICATION

Arkyne Technologies S.L. (hereinafter Bioo) is the defendant in an infringement action filed by patentee Plant-e Knowledge B.V. and its licensee Plant-e B.V. as claimants in the main proceedings (the claimants are hereinafter collectively referred to as "Plant-e"). Bioo filed a counterclaim for revocation.

With the present application, Bioo requests that the court:

1. orders Plant-e to provide Arkyne Technologies S.L. security for legal costs and other expenses of € 200,000 or another amount the Court considers justified, by way of deposit on the UPC account dedicated for security deposits, or by way of bank guarantee provided by a significant EU Bank which is under the direct supervision of the European central bank, as the Court considers justified, no later than on December 10, 2023, or another date the Court considers justified;

2. decides to revoke European Patent EP 2 137 782 BI in its entirety by default, or to take such decision by default as the Court considers justified; and

3. orders Plant-e Knowledge B.V. and Plant-e B.V. jointly and severally to pay the costs of this application.

Bioo thus requests the Court to order Plant-e to provide security for the legal costs of the legal representation of Bioo (including court fees). Bioo bases its application on the facts that (i) [Art. 69.4](#) of the Agreement on a Unified Patent Court ("UPCA") and [R. 158 RoP](#) make this possible (with the only requirement being "a reasoned request"), (ii) Bioo has incurred considerable legal costs for its defence already and (iii) the financial situation of Plant-e is such, that, according to Bioo, a possible cost order cannot be recovered if it wins the case.

Plant-e was invited to comment on the request, in accordance with [R.158.2 RoP](#), which it did, requesting the court to dismiss the application. It argued, among other things, that there is no risk that a possible cost order cannot be enforced as both claimants are based in the Netherlands where UPC decisions are recognised and enforceable and the financial prospects of Plant-e are such that there is no reasonable doubt that it will be able to pay a cost order, if any, especially since the amount requested by far exceeds the ceiling for recoverable costs set for a case with this value (the ceiling being € 112,000 if Plant-e's estimated value of the case is adopted and € 38,000 if the case value advocated by Bioo is upheld). Furthermore Plant-e argued that granting the request would limit access to justice/the right to an effective remedy for Plant-e as an SME/start-up.

GROUND FOR THE ORDER

Legal framework

The unsuccessful party in proceedings before the UPC shall, as a rule, bear the reasonable and proportionate legal costs and other expenses incurred by the successful party up to a ceiling set in accordance with the RoP ([Art. 69.1 UPCA](#)). At the request of the defendant the Court may order the claimant(s) at any time during the proceedings to provide security for such legal costs and other expenses incurred and/or to be incurred by the defendant, which the other party may be liable to bear ([Art. 69.4 UPCA](#) and [R.158.1 RoP](#)). An order to provide security is, according to [Art. 69.4 UPCA](#), especially relevant in the cases referred to in [Articles 59 to 62 UPCA](#), but not limited to those cases; this follows from the use of the phrase "in particular" in [Article 69.4 UPCA](#).

The decision to order security for legal costs (referred to as the *cautio iudicatum solvi*, hereinafter also the *cautio*) is at the discretion of the Court ([Art. 69.4 UPCA](#) and [Rule 158.1 RoP](#) "...the Court may order...").

In exercising its discretion under [Article 69.4 UPCA](#) and [Rule 158.1 RoP](#), the Court must consider the procedural framework, weigh up the relevant facts and circumstances and take into account the principle of proportionality. When hearing a case, the Court shall base its decision on Union law and, among other sources of law, national law ([Art. 24 UPCA](#)).

Imposing a security for legal costs serves to protect the position and (potential) rights of a defendant, which did not choose to initiate the main proceedings. On the other hand, the objective of the Enforcement Directive¹ is to approximate legislative systems within the Union and thus to ensure a high, equivalent, and homogeneous level of protection for IP rights holders in the internal market. Protecting the rights of the defendant should therefore be balanced against the right of the claimant to enforce its patent rights. An order to provide security can, depending on the circumstances, limit the claimant's access to justice. The cautio cannot be an unjustified interference with the claimant's right to an effective remedy and to a fair hearing as guaranteed under Union law, including [Art. 47](#) of the Charter² and the [Enforcement Directive](#). Any limitation on the right to an effective remedy before a tribunal within the meaning of [Art. 47](#) of the Charter must, according to [Art. 52.1 of the Charter](#), be provided for by law and respect the essence of that right. Furthermore, subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.³

Considerations

The main rationale for the cautio is to secure the enforceability of a potential cost order. If such order is directly enforceable after it is granted, it can serve as grounds not to allow a cautio at the start of or during the proceedings. In several multilateral and bilateral treaties wherein (reciprocal) enforceability of judgments is agreed, a requirement of security for court fees based on [nationality or residence is excluded](#), for instance in the Conventions on civil procedure of 1905 and 1954⁴ and the Convention on International Access to Justice of 1980.⁵ Almost all Contracting Member States are a party to at least one of these treaties.⁶ A Contracting Member State is a Member State of the European Union (hereinafter EU) that is a party to the UPCA ([Art. 2\(c\) UPCA](#)).

Plant-e are both established and located in the Netherlands, which is a Contracting Member State. The UPC is deemed to be a court of a Member State for the purposes of the Brussels I Regulation⁷ (see [Art. 71a](#)

[Brussels I](#)). Its decisions and orders are directly enforceable in the Netherlands in accordance with [Art. 82 UPCA](#), [Art. 71d Brussels](#) and [R. 354.1 RoP](#). A cautio in this case is hence not justified because of the risk that a possible cost order in favour of Bioo will not be directly enforceable. This contrasts with the situation decided by the CD Munich⁸ – thus far the only UPC decision where a security for costs has been granted – on which Bioo relies. In that case the relevant claimant was domiciled outside the EU and no treaty regarding the execution of judgments was in place.

Beside the formal possibility to directly enforce a UPC cost order on a claimant, certain other considerations may play a role in the cautio decision. In this case Bioo's argument that there is a risk of material unenforceability because of the financial position of Plant-e which warrants a cautio in its favour, is rejected. As a rule, the court finds that a cautio based solely on (expected) material unenforceability should be awarded in exceptional circumstances only. Access to justice is, as mentioned above, an important right throughout the EU (and elsewhere). Especially for SMEs, enforcement of their patents through the UPC may be severely hampered if they not only have to bear substantial costs for their own counsel but are in addition ordered to provide security for the defendant. Requiring a cautio from claimants can thus also conflict with the high level of protection for IP rights holders envisaged by the [Enforcement Directive](#).

In this case, both parties are SMEs/start-ups with a limited cash-flow and are competitors of each other. The parties agree that the claimant has limited financial capacities. Bioo substantiated its argument with publicly available current and past cash-flow and other financial data relating to Plant-e. Plant-e disputes that there is any reasonable concern that it will be unable to pay a possible cost order to its detriment in the future, relying on its prospects and recent investments, and also refers to data not publicly available concerning future investments that have already been negotiated or are being negotiated. On the other hand, Plant-e has pointed out that its financial capacity in terms of cash-flow is limited, which means that the granting of a cautio would put a such strain on its resources that it would be

¹ [Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights](#), see e.g. [preamble](#) (10)

² [Article 47 of the Charter of Fundamental Rights of the European Union \(the Charter\)](#), referred to in the preamble of the UPCA

³ See the judgments of the Court of Justice of [15 September 2016, Joined Cases C-439/14 and C-488/14 ECLI:EU:C:2016:688](#), par. 49 and of [4 May 2016, C-477/14, EU:C:2016:324, par. 160](#)

⁴ In the official contracting language (French): Convention relative à la procédure civile, La Haye, 17-07-1905 and Convention relative à la procédure civile, La Haye 01-03-1954, Article 17 of both treaties contains the following identical text:

Cautio judicatum solvi Article 17
Aucune caution ni dépôt, sous quelque dénomination que ce soit, ne peut être imposé, à raison, soit de leur qualité d'étrangers, soit du défaut de domicile ou de résidence dans le pays, aux nationaux d'un des Etats contractants, ayant leur domicile dans l'un de ces Etats, qui seront demandeurs ou intervenants devant les tribunaux d'un autre de ces Etats. La même règle s'applique au versement, qui serait exigé des demandeurs ou intervenants, pour garantir les frais judiciaires. Les

Conventions, par lesquelles des Etats contractants auraient stipulé pour leurs ressortissants la dispense de la caution judicatum solvi ou du versement des frais judiciaires sans condition de domicile, continueront à s'appliquer.

⁵ In the official contracting language (English):

Convention on International Access to Justice. Article 14: No security, bond or deposit of any kind may be required, by reason only of their foreign nationality or of their not being domiciled or resident in the State in which proceedings are commenced, from persons (including legal persons) habitually resident in a Contracting State who are plaintiffs or parties intervening in proceedings before the courts or tribunals of another Contracting State.

The same rule shall apply to any payment required of plaintiffs or intervening parties as security for court fees.

⁶ With the exception of Malta

⁷ [Regulation \(EU\) No 1215/2012](#) of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast)

⁸ [UPC Central Division \(Section Munich\), Order UPC CFI 252/2023, 30 October 2023](#)

prevented from taking effective action against Bioo through the UPC for patent infringement. It argues that Bioo's (the alleged infringer's) application is an attempt to circumvent such rights.

The court agrees that under the circumstances in the present situation, which involves two competing SMEs with limited finances, the financial strain on the claimant can be a serious impediment to enforcement of its rights and to access to justice, and hence for granting a cautio. Lastly the court takes into consideration that according to Dutch national procedural law⁹ it is not possible to give a cautio vis-a-vis plaintiffs domiciled or residing in the Netherlands (and hence in the EU) under any circumstances, and also if there is good reason to doubt the possibility of recovery of a potential cost order due to the financial situation of the claimant. The UPC would distinguish itself from several national courts if a cautio was granted to a party resident in the EU. In this case the court is convinced that the SME claimant's argument that imposing a cautio would effectively prevent it from enforcing its patent right through the UPC, whereas it can enforce its right in several national courts within the EU without a cautio (such as in The Netherlands). This does not appear to be in line with one of the stated objectives of the UPCA, which is to facilitate the enforcement of patent rights by SMEs:

CONSIDERING that the fragmented market for patents and the significant variations between national court systems are detrimental for innovation, in particular for small and medium sized enterprises which have difficulties to enforce their patents and to defend themselves against unfounded claims and claims relating to patents which should be revoked;¹⁰

The balance of interest in these circumstances is thus in favour of Plant-e. The result of this is that each party must bear its own legal costs until a final decision and cost order is made. Bioo has not argued that exceptional circumstances exist that would warrant a cautio in this case, such as an abuse of rights. That exceptional circumstances exist in this case is also not apparent.

For all of the above reasons, the court rejects the application for the provision of a security for € 200,000 of legal costs, or for any other amount.

appeal

[Rule 158.3 RoP](#) provides that an appeal may be lodged against an order to provide for security and therefore that leave to appeal should be granted according to [Rule 220.2 RoP](#). As the provision of security for costs is an issue that may arise in other cases before the UPC, immediate appeal of this order is allowed and therefore leave to appeal is granted.

ORDER

On these grounds, having heard the parties on all aspects of relevance for the following order, the panel orders that:

1. the application be dismissed;

2. the costs of the application be addressed together with the costs in the main proceedings.

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](#), [Rule 220.2](#), [224.1\(b\) RoP](#)).

DETAILS OF THE ORDER

ORD_586761/2023

UPC case number: UPC_CFI_239/2023

main proceeding CMS nos.: ACT_549536/2023 (claim)

and CC_588768/2023 (counterclaim)

Issued on 13 February 2024

judges signatures

Edger Brinkman

Samuel Granata

Margot Kokke

⁹ Art. 224 Dutch Code of Civil Procedure.

¹⁰ [Second consideration UPCA](#)