

UPC CFI, Local Division Milan, 8 April 2024, PMA v AWM and Schnell



PATENT LAW – PROCEDURAL LAW

No access to written report and any other outcome of the measures to inspect premises and to preserve evidence and revocation of the measures to preserve evidence

- because applicant did not timely start proceedings on the merits (Article 60(8) UPCA, Rule 198 RoP, Rule 9(4) RoP)

It is undisputed and uncontested that (i) none of the parties appealed against the order of 25.09.2023, (ii) AWM and Schnell did not file a request for review and (iii) PMA did not bring proceedings on the merits against the Defendants.

Therefore, PMA could have submitted the request for access to the experts report as early as 17.11.2023. However, the Applicant failed to do so, without even alleging the existence of any factual circumstances that – in any way or for any reason – would have prevented or impeded the exercise of this procedural right.

In fact, the request for access was not actually submitted until 16.02.2024.

In the meantime, the time limit for the introduction of the judgement on the merits expired on 18.12.2024, in accordance with Art. 60 UPCA and Rule 198.1 RoP and, more generally, in Art. 7, Directive EU no. 48/2004.

In the present case the longer period is 31 calendar days, with a deadline of 18.12.2024. If the time period of 20 working days were to be applied – excluding Saturdays, Sundays and the Italian national holiday of 8 December – the deadline would be brought forward to 17.12.2024. Although it is not a point at issue, the Court considers it appropriate to point out that the time limit provided for in Article 60 UPCA and Rule 198 RoP is a mandatory time limit which cannot be modified. Indeed, Rule 9.4 RoP expressly provides that “*the Court shall not extend the time period referred to in Rule 198.1*”.

Restitution of all evidence gathered through the execution of the revoked measures (Article 74 UPCA, Rule 223 RoP)

- is to take place from 05.06.2024 on, unless the Court of Appeal decides otherwise
it is quite clear that an appeal could not be effective if this Court’s order for the return of the evidence gathered were given immediate effect.

Damages claim dismissed (Article 60(9) UPCA, Article 54 UPCA, Rule 198(2) RoP)

- AWM and Schnell failed to allege, identify, and prove what concrete damage would have been caused

by the enforcement of the measures, resulting in the dismissal of the claim, since – as provided for in Art. 54 UPCA – the burden of the proof of facts lies with the party relying on those facts.

€ 10.000 in legal fees apportioned equitably (Article 69(2) UPCA)

- This decision is based on procedural grounds only, without any assessment of the infringement or the validity of the patent. It is also the first decision of the UPC concerning a specific legal issue for which no other case law is available. Taking due account of these elements, the Court finds that the exceptional circumstances set out in Art. 69.2 UPCA are met, leading to the possibility of awarding legal fees on an equitable basis.

Applying this principle of interpretation, the successful parties are entitled to reimbursement of the legal fees incurred while defending themselves in these proceedings, the fees being awarded on an equitable basis in a lump sum and all-inclusive amount of EUR 10,000, to be borne by the unsuccessful party, PMA.

Source: Unified Patent Court

**UPC Court of First Instance,
Local Division Milan, 8 April 2024**

(Perrotti, Garros Lignieres, Zana)

Act. no. 565446/2023 - Act. no. 565453/2023 UPC CFI no. 286/2023 - no. 287/202

ORDER

OF THE COURT OF FIRST INSTANCE OF THE
UNIFIED PATENT COURT
LOCAL DIVISION IN MILAN
issued on 8 April 2024

concerning the application to access expert report no. 8547/2024 related to order no. 9710/2024

KEYWORDS:

preservation of evidence; inspect premises; order issued ex parte; application lodged before proceedings on the merits have commenced; application for disclosure of the expert report.

APPLICANT

PROGRESS MASCHINEN & AUTOMATION AG
- Julius-Durst-Strasse 100, 39042, Brixen, Italy,
represented by Florian Robl, PhD, European Patent Litigator, Patentanwälte Torggler & Hofmann GmbH & Co KG, Wilhelm-Greil-Straße 16, 6020 Innsbruck, Austria

DEFENDANT 1

AWM S.R.L. - SS. 13 Pontebbana, Km. 146 33010 Magnano in Riviera (UD), Italy

DEFENDANT 2

SCHNELL S.P.A. - via Sandro Rupoli, 2, zona Ind. San Liberio 61036 Colli al Metauro (PU), Italy both represented by Cristina Schiavone and Federico Manzella, European Patent Litigators, and by Paolo Creta and Elisa Viotto, Attorneys at Law

PATENT AT ISSUE

EP 2726230 (Title: Method and device for continuously producing a mesh type); filed on 22.06.2012 – proprietor: PROGRESS MASCHINEN & AUTOMATION AG.

DIVISION

Local Division in Milan

DECIDING JUDGES

This order has been issued by the Court sitting in the following panel:

- Pierluigi PERROTTI presiding judge and judge-rapporteur
- Camille GARROS LIGNIERES legally qualified judge
- Alima ZANA legally qualified judge

LANGUAGE OF PROCEEDINGS

English

SUMMARY OF FACTS AND PROCEDURE

1. On 23.08.2023 Progress Maschinen & Automation AG (hereinafter PMA) filed two applications for preserving evidence and inspection against AWM s.r.l. and Schnell s.p.a, seeking an ex-parte order and alleging infringement of EP2726230 by the apparatus identified as Girderflex and/or Girderflex Vsx offered by AWM. The Court granted these applications via [orders no. 576298/2023 and no. 576304/2023, dated 25.09.2023](#), which were executed at the premises of both Defendants on 17.10.2023. The experts appointed by the Court lodged their reports on 18.10.2023 in sealed envelopes also containing the official report of the bailiff (in Italian) and the evidence gathered during the inspection. The Defendants did not apply for a review of the order, nor did the parties appeal against the same order. Furthermore, it does not appear that PMA has brought an action on the merits against AWM and/or Schnell

On 16.02.2024 PMA filed a request for access to the expert report. The judge-rapporteur granted the parties' terms for exchanging written submissions.

2. PMA insisted that the request for access to the expert report should be granted, stressing that knowledge of the content of the reports and their annexes is absolutely essential in order to assess whether or not to commence proceedings on the merits against AWM and Schnell. The Applicant also stated that the representatives cannot breach the confidentiality obligation imposed by the Court in respect of what they have learned and become aware of during the execution of the measures.

PMA concluded by requesting that:

- an amended order be issued by the Court, as soon as possible, to the effect that a time period for the Applicant to start proceedings on the merits of the case before the Court be set which takes into account the fact that the reports of the Court's experts are still not available to the Applicant's representatives and, as these representatives are bound to keep the results confidential until released by the Court, are still not available to the Applicant;
- the reports be made available to the Applicant's representatives as soon as possible after the Court has decided whether redacted versions have to be produced for the purposes of confidentiality;
- the Applicant's representatives be relieved of their duty of non-disclosure relative to the Applicant by the Court as soon as possible;

- as an auxiliary request, the Applicant's representatives be at least permitted to recommend that the Applicant start an action on the merits before expiry of the six-month time period provided for by [Rule 320.2 RoP](#) for filing a request for restitutio in integrum.

3. AWM and Schnell pointed out that the Court clearly defined the timeframe for the possible subsequent introduction of the proceedings on the merits, expressly providing that PMA would have to bring an action leading to a decision on the merits of the case before the Court within a period not exceeding 31 calendar days or 20 working days, whichever is the longer, after the expiry of the thirty-day term provided for by [Rule 197.3 RoP](#), without a request for review lodged by the Defendants.

The order for inspection and to preserve evidence was executed on 17.10.2024. Accordingly, the thirty-day period prescribed by [Rule 197 RoP](#) for the timely submission of a request for review expired on 16.11.2024.

The time limit for commencement of the proceeding on the merits – namely 31 calendar days or 20 working days, whichever is the longer – expired on 18.12.2024. Throughout this period, PMA did not file any request for access to the expert report.

The failure to start proceedings on the merits within the time limits resulted in the measures becoming ineffective pursuant to [Art. 60.8 UPCA](#) and [Rule 198.1 RoP](#), with the consequent inadmissibility of the request for access to the report filed on 16.02.2024.

At the same time, the Defendants noted that the Applicant had neither alleged nor established any circumstances justifying this delay. PMA could have requested access immediately after the expiry of the time limit for filing the application for review, i.e. from 16.11.2024, and simply failed to do so, without providing any justification for such omission.

The fact that AWM has continued to promote the contested products is completely irrelevant, as there is currently no decision finding that infringement of the patent held by PMA has occurred or otherwise imposing restrictions or prohibitions on the Defendants' activities. AWM and Schnell concluded by asking the Court to:

- reject the request filed by the Applicant on 16.02.2024 and the application filed by the Applicant on 04.03.2024;
- declare that the provisional measures to preserve evidence and to inspect (granted with order of the Court no. 576298/2023) are revoked and, in any case, cease to have effect, in accordance with [Art. 60.8 UPCA](#) and [Rules 198.1](#) and [199.2 RoP](#);
- order the return to the Defendants of any evidence gathered through the execution of the Court's order, which took place on 16.10.2023 at the premises of AWM and of Schnell, together with the written report of the experts;
- order the Applicant to provide the Defendants with appropriate compensation for any injury caused by those measures in accordance with [Art. 60.9 UPCA](#) and to [Rule 198.2 RoP](#), to be determined on an equitable basis;
- to order the Applicant to refund the Defendants for all the legal fees incurred.

GROUNDS FOR THE ORDER

4. In actions no. 565446/2023 and no. 565453/2023 the order to inspect premises and to preserve evidence was issued on 25.09.2023.

The enforcement was carried out simultaneously at the respective premises of AWM and Schnell on 17.10.2023. In the above-mentioned order, the Court clearly stated as follows:

“Pursuant to Art. 60.8 UPCA and Rule 198 RoP, the measures to preserve evidence and inspect premises shall be revoked or otherwise cease to have effect, at the Defendants’ request, if the Applicant does not bring an action leading to a decision on the merits of the case before the Court within a period not exceeding 31 calendar days or 20 working days, whichever is the longer, after, as alternatives:

(i) the final decision of the Court on a request for review lodged under Rule 197 RoP, that modifies or confirms the order ex parte;

(ii) the expiry of the thirty-day term provided by Rule 197.3 RoP, without a request for review lodged by the Defendants.”

The Court also added that

“[i]n the event that the Defendants should omit, for any reason, to file the request for review ex Rule 197.2 RoP, this would imply tacit approval of the full disclosure of the contents of the expert report and annex, without limitations or any other condition. In this case too, the access of the Claimant shall be nonetheless subject to the previous express authorisation of the Court” (underlining added).

Pursuant to Rule 197.3 RoP, the thirty-day period for filing a request for review commenced on the date of execution of the order (17.10.2023) and thus effectively expired on 16.11.2023.

It is undisputed and uncontested that (i) none of the parties appealed against the order of 25.09.2023, (ii) AWM and Schnell did not file a request for review and (iii) PMA did not bring proceedings on the merits against the Defendants.

Therefore, PMA could have submitted the request for access to the experts report as early as 17.11.2023. However, the Applicant failed to do so, without even alleging the existence of any factual circumstances that – in any way or for any reason – would have prevented or impeded the exercise of this procedural right.

In fact, the request for access was not actually submitted until 16.02.2024.

In the meantime, the time limit for the introduction of the judgement on the merits expired on 18.12.2024, in accordance with Art. 60 UPCA and Rule 198.1 RoP and, more generally, in Art. 7, Directive EU no. 48/2004.

In the present case the longer period is 31 calendar days, with a deadline of 18.12.2024. If the time period of 20 working days were to be applied – excluding Saturdays, Sundays and the Italian national holiday of 8 December – the deadline would be brought forward to 17.12.2024. Although it is not a point at issue, the Court considers it appropriate to point out that the time limit provided for in Article 60 UPCA and Rule 198 RoP is a mandatory

time limit which cannot be modified. Indeed, Rule 9.4 RoP expressly provides that “*the Court shall not extend the time period referred to in Rule 198.1*”.

The written report and any other outcome of the measures to inspect premises and to preserve evidence may only be used in the proceedings on the merits, in accordance with Rules 196.2 and 199 RoP. This means that access to the contents of the reports is solely for their use in the subsequent main proceedings, against the same parties.

Therefore, there is no possibility of granting PMA access to the report, as the Applicant irretrievably failed to comply with the time limit set out in Art. 60 UPCA and Rule 198.1 RoP.

The request for access is inadmissible and must be dismissed, as the Applicant cannot use its contents in the only permissible lawful manner, namely in an action on the merits against AWM and Schnell.

5. Art. 60.8 UPCA and Rules 198.1 and 199.2 RoP expressly provide that the Court shall ensure that the measures to preserve evidence and the orders for inspection are revoked or otherwise cease to have effect, at the Defendant’s request, without prejudice to the damages which may be claimed, if the Applicant does not bring, within a period not exceeding 31 calendar days or 20 working days, whichever is the longer, an action leading to a decision on the merits of the case before the Court.

AMW and Schnell made a specific request to that effect. In view of the above facts, and in particular of PMA's failure to comply with the statutory time limit laid down in Art. 60.8 UPCA and Rules 198.1 and 199.2 RoP, the Court declares that all the measures authorised by the order of 25.09.2023 are revoked and therefore no longer have any effect.

6. The Defendants’ request for the return of all evidence gathered through the execution of the revoked measures is also granted, thus restoring the status quo ante, as if the measures themselves had never been executed. The two receipts issued by the local clerks on 18.10.2024 read verbatim as reported below.

This is to confirm that on _October 18, 2023 at 11,00 h

a paper submission,

a physical evidence object,

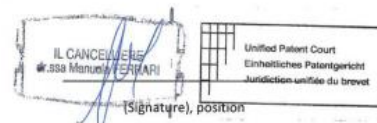
more precisely a:

An envelope sealed containing the expert’s report with list, a memory stick containing video and pdf file, bailiff official report in Italian, paper brochure relating to all machines

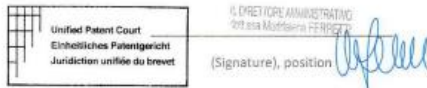
as declared by Ing. Fattori

concerning: case n. 565446/2023+565453/2023

from the sender stated above has been received by the Unitary Patent Court, Local Division Milan.



This is to confirm that on October 18, 2023 at 11,00 h
 a paper submission,
 a physical evidence object,
 more precisely as:
 An envelope sealed as listed in the report attached at the envelop the expert's report containing evidences collected during the inspection and a memory stick as declared by Ing Faggioni
 concerning: case n. 565446/2023, 565453/2023
 from the sender stated above has been received by the Unitary Patent Court, Local Division Milan.



AWM and Schnell are therefore entitled to have returned to them evidence taken from their respective premises during the execution of measures, namely:

- (i) a memory stick containing video and pdf files;
- (ii) paper brochures relating to all machines;
- (iii) evidence gathered during the inspection;
- (iv) a second memory stick.

7. The Court is aware that first-instance decisions are generally enforceable, subject to the possibility of lodging an application for suspensive effect before the Court of Appeal, in accordance with [Art. 74 UPCA](#) and [Rule 223 RoP](#).

At the same time, however, it is quite clear that an appeal could not be effective if this Court's order for the return of the evidence gathered were given immediate effect. Therefore, the Court finds it appropriate to order that restitution will take place from 05.06.2024 on, unless the Court of Appeal decides otherwise.

This will give the Applicant sufficient possibility to lodge an appeal and to apply for suspensive effect, in accordance with [Rule 223 RoP](#).

Should this order become final, the Panel will delegate the judge-rapporteur to proceed with its implementation – with the operational assistance of a clerk of the local the Sub-Registry – by opening the sealed envelopes, removing the above-mentioned items from the envelopes themselves and then returning them to the Defendants.

In any event, the expert report and the bailiff's minutes will then be put back in sealed envelopes, to be kept and archived as records of the proceeding, without any further right of access for the parties. All these activities will be reported in order to be uploaded to the CMS.

8. The Defendants' claim for damages is based, in the abstract, on the provision of [Art. 60.9 UPCA](#) and of [Rule 198.2 RoP](#), which provide that if the measures to preserve evidence are revoked, or if they lapse due to an act or omission of the Applicant, the Court may order the Applicant, at the Defendant's request, to provide the Defendant with appropriate compensation for any damage suffered as a result of those measures.

AWM and Schnell, however, failed to allege, identify, and prove what concrete damage would have been caused by the enforcement of the measures, resulting in the dismissal of the claim, since – as provided for in [Art.](#)

[54 UPCA](#) – the burden of the proof of facts lies with the party relying on those facts.

9. Finally, with regard to the costs of the proceedings, the Court recalls the general principle enshrined in [Art. 69 UPCA](#): reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity requires otherwise, up to a ceiling set in accordance with the Rules of Procedure. The same article also provides, under par. 2, that in exceptional circumstances the Court may order that those costs be apportioned equitably.

This decision is based on procedural grounds only, without any assessment of the infringement or the validity of the patent. It is also the first decision of the UPC concerning a specific legal issue for which no other case law is available. Taking due account of these elements, the Court finds that the exceptional circumstances set out in [Art. 69.2 UPCA](#) are met, leading to the possibility of awarding legal fees on an equitable basis.

Applying this principle of interpretation, the successful parties are entitled to reimbursement of the legal fees incurred while defending themselves in these proceedings, the fees being awarded on an equitable basis in a lump sum and all-inclusive amount of EUR 10,000, to be borne by the unsuccessful party, PMA.

10. This order is a final decision of the Court of First Instance. Therefore, an appeal may be lodged by the parties within fifteen days of the notification of this order in accordance with [Art. 73.2 \(a\) UPCA](#) and [Rule 220.1 RoP](#).

ON THESE GROUNDS

- the application filed by Progress Maschinen & Automation AG for disclosure of the expert report is inadmissible and therefore dismissed;
- the provisional measures to inspect premises and to preserve evidence granted with orders no. 576298/2023 and no. 576304/2023 are revoked and shall cease to have effect;
- the Court orders the restitution to AWM s.r.l. and Schnell s.p.a. of all evidence gathered through the execution of the revoked measures;
- the restitution shall take place from 05.06.2024 on, unless the Court of Appeal decides otherwise, under the supervision of the judge-rapporteur with the operational support of a clerk of the Sub-Registry;
- the Court awards legal fees in favour of AWM s.r.l. and Schnell s.p.a. and therefore orders Progress Maschinen & Automation AG to pay in their favour the sum of EUR 10,000.00;
- an appeal may be lodged by the parties within fifteen days of the notification of this order in accordance with [Art. 73.2 \(a\) UPCA](#) and [Rule 220.1 \(c\), 224.2 \(b\) RoP](#). Milan, 8 April 2024.

Pierluigi Perrotti presiding judge and judge-rapporteur
 Camille Garros Lignieres legally qualified judge
 Alima Zana legally qualified judge Maddalena Ferretti clerk
