

UPC CFI, Local Division Hamburg, 14 May 2024,
Ballinno v UEFA



PATENT LAW – PROCEDURAL LAW

Security for costs of the defendant of € 56.000 (article 69(4) UPCA, Rule 158(1) RoP).

- **The insolvency risk of the plaintiff is the relevant factor, not enforcement risk in case of an EU domiciled plaintiff**

The scope of application of [Art. 69.4 UPCA](#) and [Rule 158.1 RoP](#) is not limited to the defence against enforcement risks, on the contrary, considering that the UPC is deemed to be a Court of a Member State for the purposes of the Brussels I Regulation ([Art. 71a Brussels I](#)) and its decisions and orders are directly enforceable in the Member States in accordance with [Art. 82 UPCA](#) (see [LD The Hague, 13.02.2024 – UPC CFI 239 2023](#)), enforcement risks is not a relevant parameter when it comes to a claimant, who is domiciled within the EU. In fact, when ordering to provide for a security, the insolvency risk of the plaintiff is the relevant factor (comp. Dold/W. Tilmann in Tilmann/Plassmann, 1st ed. 2024, UPCA Art. 69 para. 100; Hessmann/Hechler, GRUR Patent 2024, 148 para. 30). Based on this assessment of the law the Panel finds that the request by the defendants is reasoned in accordance with [R. 158.1 RoP](#).

- **Claimant to provide security for the legal costs of the Defendants in the (total) amount of € 56.000.**

- As the starting point the undisputed facts point into the direction of the argument of the defendants that there is a risk of insolvency of the claimant when it comes to the reimbursement of the costs of the present proceedings. [...]

- In the present case the Panel has especially considered that the patent in suit was not only just recently assigned to the claimant, but that the transfer was performed months after the assignor entered into a pre-trial correspondence about a possible patent infringement with the defendants 2) and 3). This raises the concern that the purpose of this transfer might be to facilitate this litigation without any financial risk to applicant.

Source: [Unified Patent Court](#)

UPC Court of First Instance,
Local Division Hamburg, 14 May 2024

(Klepsch, Schilling, Granata)

UPC_CFI_151/2024

Final Order

of the Court of First Instance of the Unified Patent Court delivered on 14/05/2024

CLAIMANT

1) Ballinno B.V. (Applicant) - De IJvelandssloot 41 - 1713BA - Obdam - NL

Represented by Rien Broekstra

DEFENDANTS

1) Union des Associations Européennes de Football (UEFA) (Defendant) - Route de Genève 46 - CH-1260 - Nyon - CH

Represented by Christopher Maierhöfer

2) Kinexon GmbH (Defendant) - Schellingstraße 35 - 80799 - Munich - DE

Represented by Christopher Maierhöfer

3) Kinexon Sports & Media GmbH (Defendant) - Schellingstraße 35 - 80799 - Munich - DE

Represented by Christopher Maierhöfer

PATENT AT ISSUE

Patent no. Proprietor/s

[EP1944067](#) Ballinno B.V.

DECIDING JUDGE

Full Panel

Presiding Judge Sabine Klepsch

Judge-rapporteur Dr. Stefan Schilling

Legally qualified Judge Sam Granata

LANGUAGE OF PROCEEDINGS

English

SUBJECT-MATTER OF THE PRESENT ORDER

The defendants launched three applications on April 26th in the present application for provisional measures asking for the allocation of a technically qualified judge to the panel in the field of physics (APP 23217/2024), requesting an order before May 17th requiring the applicant to provide security for costs in the amount of at least € 200.000 prior to the oral hearing (APP 23209/2024) and to set the value in dispute to be at least EUR 2.000.000 (APP 23216/2024).

SUBMISSIONS OF THE PARTIES'

The defendants argue that the claimant lacks substantial assets to adequately secure reimbursement of the costs of litigation. As the claimant is a limited liability company incorporated under the laws of the Netherlands, with the sole shareholder and the only member of the board being [...] one of the inventors named in the patent in suit, its financial resources are insufficient to cover the legal costs and other expenses (to be) incurred in this lawsuit. The claimant's issued capital of EUR 1 is not even paid up (see Exhibit VB20). The claimant has no known assets, not even an office, other than the patent in suit. Furthermore, the claimant's business model is exclusively characterized by the enforcement of the patent in suit and the assertion of corresponding license claims. It must be assumed that the claimant does not generate sufficient income or other cash flow. Furthermore, it should be noted that the patent in suit was only recently assigned to the claimant by [...] on 22 January 2024 suggesting that the sole purpose of this transfer of right and title was to facilitate the present

litigation without any financial risk to the claimant. They point out that they would inevitably incur considerable costs and expenses in connection with the written proceedings and an oral hearing on short notice.

The defendants proposed that the claimant be ordered to provide a security equal to the maximum amount of recoverable costs as set out in the Administrative Committee's scale of ceilings for recoverable costs.

The defendants applied to adjust the value of the dispute to the amount of 2.000.000 €. They fear an irreparable harm to their reputation with other customers and further financial harm which should lead to a higher value of the case.

Furthermore, the defendants express their opinion that the facts of the case involve complex and specialized technical issues in the field of physics, particularly acceleration measurement and acoustics that require expert knowledge and assessment beyond the scope of general legal expertise. The appointment of a technically qualified judge would therefore facilitate a fair and efficient resolution of the dispute.

The judge-rapporteur invited the claimant to comment on the applications of the defendants'.

The claimant responded to the present applications on May 8th within the time frame set by the Court. It is of the opinion that [Rule 158](#) Rules of Procedure (in the following: RoP) – as relied on by defendants – is not applicable to actions for preliminary measures. Secondly, it states that it has to be considered that an order to provide security can limit the claimant's access to justice. An order to provide security would be especially harmful for SMEs/start-ups with limited cash flow. The claimant considers itself to be a small enterprise and holds that the defendants have not sufficiently substantiated their request. The issued capital of € 1 does not in any way reflect its cash reserves or cash flow. Its financial position is on the contrary such that it is able to reimburse recoverable costs in proceedings with a value that accurately reflects its objective interest in this action.

It states that the security in preliminary proceedings should only entail a small proportion of the maximum of recoverable costs for the infringement proceedings as in preliminary proceedings only an interim award of costs can be ordered according to [R. 211\(1\)\(d\) RoP](#). Additionally, the ceiling for recoverable costs is the maximum amount of costs recoverable. The defendants have not provided reasons why the maximum amount should be allocated. If, however, the Court does not reject the request per se, then the amount of security to be provided should be lowered significantly.

The claimant has not expressed objections against the allocation of a technically qualified judge, unless such application would lead to delay of the proceedings.

Regarding the value of the case it is of the opinion that the value of the case does not need to be established in actions for provisional measures. Additionally, the defendants had argued in their protective letter that the claimant's interest of this scope does not exceed € 200.000.

GROUNDS FOR THE ORDER

The judge-rapporteur refers the proposed order for the allocation of a technically qualified judge (APP 23217/2024), for the provision of a security for costs prior to the oral hearing (APP 23209/2024) and to set the value in dispute (APP 23216/2024) to the panel, [Rule 331.2 RoP](#).

1.

The Panel considers the application for an order to provide a security as admissible and justified to the extent laid out in this order.

a)

[Art. 69.4 UPCA](#) provides that the Court may at the request of the defendant order the applicant to provide adequate security for the legal costs and other expenses incurred by the defendant which the applicant may be liable to bear, in particular in the cases referred to in [Art. 59](#) to [62 UPCA](#). [Rule 158.1 RoP](#) transferred this provision to the Rules of Procedure stating that at any time during proceedings, following a reasoned request by one party, the Court may order the other party to provide, within a specified time period, adequate security for the legal costs and other expenses incurred and/or to be incurred by the requesting party, which the other party may be liable to bear. Contrary to the opinion of the claimant, already [Art. 69.4 UPCA](#) explicitly refers to proceedings for the application of provisional measures according to [Art. 62 UPCA](#) (comp. [LD Helsinki, 20.10.2023 – UPC CFI 214/2023](#), GRUR 2024, 115 Rn. 53), making [R. 158 RoP](#) applicable in proceedings for the application of provisional measures, as well. Additionally, [Rule 158.1 and 2 RoP](#) provide for a time saving application process that does not interfere with the (temporal) urgency of an application for provisional measures, but still allow for the right of the other party to be heard, [R. 264 RoP](#). The Panel sees the granting of a request for a security in line with the Law of the European Union and international treaties as long as the application of the relevant provisions is not discriminatory and allows the Court to take the specific facts of the case into consideration.

b)

The scope of application of [Art. 69.4 UPCA](#) and [Rule 158.1 RoP](#) is not limited to the defence against enforcement risks, on the contrary, considering that the UPC is deemed to be a Court of a Member State for the purposes of the Brussels I Regulation ([Art. 71a Brussels I](#)) and its decisions and orders are directly enforceable in the Member States in accordance with [Art. 82 UPCA](#) (see [LD The Hague, 13.02.2024 – UPC CFI 239 2023](#)), enforcement risks is not a relevant parameter when it comes to a claimant, who is domiciled within the EU. In fact, when ordering to provide for a security, the insolvency risk of the plaintiff is the relevant factor (comp. Dold/W. Tilmann in Tilmann/Plassmann, 1st ed. 2024, UPCA Art. 69 para. 100; Hessmann/Hechler, GRUR Patent 2024, 148 para. 30). Based on this assessment of the law the Panel finds that the request by the defendants is reasoned in accordance with [R. 158.1 RoP](#).

aa)

As the starting point the undisputed facts point into the direction of the argument of the defendants that there is a risk of insolvency of the claimant when it comes to the reimbursement of the costs of the present proceedings. The claimant did not challenge the assertion of the defendants' that the claimant "has no known assets, not even an office, other than the patent in suit" and that the registered capital of the company is € 1. Whereas the claimant responded that it is able to reimburse recoverable costs in proceedings with a value that accurately reflects its objective interest in this action, it did so without further elaborating the grounds for this statement and without giving any proof. Therefore, the defendants' assumption that the claimant does not generate sufficient income or other cash flow cannot be considered unfounded.

bb)

In the present case the Panel has especially considered that the patent in suit was not only just recently assigned to the claimant, but that the transfer was performed months after the assignor entered into a pre-trial correspondence about a possible patent infringement with the defendants 2) and 3). This raises the concern that the purpose of this transfer might be to facilitate this litigation without any financial risk to applicant. Whereas an order to provide security can, depending on the circumstances, limit the claimant's access to justice ([LD The Hague, 13.02.2024 – UPC CFI 239 2023](#)), the Panel weights the interests of the defendants higher than those of the claimant in the present case. Given the transfer of the patent on 22 January 2024 shortly before initiating proceedings before the Court on 18 April 2024, but months after the assignor having posed the question of patent infringement and having issued a first warning letter on 17 October 2023, the claimant is not in a position to claim protection for small and midsize businesses with regard to [Rule 158 RoP](#).

cc)

The amount, the type of security and the period within which the security is to be provided are at the discretion of the court. As the reference in [Rule 158.1 RoP](#) only mentions the expected costs and expenses of these parts of the proceedings there is no basis that any possible claims for damages can be regarded as costs within the meaning of [Art. 69.4 UPCA](#) (Tilmann/Plassmann/Dold/W. Tilmann, 1st ed. 2024, UPCA Art. 69 para. 105). In particular, according to R. 158.1 RoP the adequate security has to be based on the amount of the legal costs and other expenses incurred and/or to be incurred by the requesting party, which the other party may be liable to bear, not any other financial harms.

Regarding the estimation of this amount the Panel based its assumption on a preliminary value of the dispute of € 500.000. Although the defendants applied for a higher determination of the value of the dispute based on the fear of an irreparable harm to their reputation with other customers and financial harm, the panel does not see the need to follow that request at the present stage. The criteria for the determination of the value of a case before the UPC are the interest of the claimant,

especially based on a licence fee assessment, e.g. preliminary, the Panel finds the amount of € 500.000 being adequate for the value of the dispute. The panel reserves the right to adjust the value of the dispute at a later stage.

Whereas there is no automatism that the posed security has to follow the ceiling for recoverable costs this set of rules still give a guidance for the maximum amount of reimbursable costs. The ceiling for recoverable costs on the basis of the preliminary value of the proceeding (€ 500.000) is set by the Administrative Committee to up to € 56.000. With the regards to the interest of the claimant, the specifications of the present dispute and the nature of the patent in suit and the Panel finds the amount of € 56.000 to be an adequate security for the expected costs of the three defendants together.

Where the Court decides to order such security, it shall decide whether it is appropriate to order the security by deposit or bank guarantee. The Panel finds that both possibilities would be sufficient to meet the defendants' interests.

2.

The panel does not see the necessity to have a technically qualified judge allocated to the panel. Although an allocation is considered possible in proceedings for provisional measures even though not mentioned in the Rules of Procedure, the members of the Panel consider themselves being able to assess the technic-related questions in the present dispute without the support of a technically qualified judge. The technology in dispute is laid out and thoroughly explained by the parties' already in their present submissions. It is related to the field of physics on a level the members of the panel consider themselves familiar enough with to decide the case. Additionally, the allocation of a technically qualified judge would, given the narrow time window before the commencement of the UEFA EURO 2024 tournament, bear the risk of delaying the proceedings, which would be in the interest of neither party.

ORDER

1. The Court orders the Claimant to provide security for the legal costs of the Defendants in the (total) amount of € 56.000.

The security has to be provided within one week from the reception of this order.

The Claimant is free to provide the security by deposit or bank guarantee. If the Claimant chooses to provide the security by deposit this has to be with the following reference:

ACT 16267/2024 APP 23209/2024_Rien Broekstra

to the following bank account of the UPC:

Account Holder: JURIDICTION UNIFIEE DU BREVET

Account name: JURIDICTION-SECURITY RECEIPT

BIC: BCEELULL

IBAN: LU55 0019 7355 1895 9000

BANK: SPUERKEESS

Address :1 PLACE DE METZ L-2954 Luxembourg

2. The value of the dispute is preliminary set to € 500.000

3. The Panel dismisses the request for the allocation of a technically qualified judge.

INSTRUCTION TO THE PARTIES

If the security is not provided in due time, a default judgment may be issued according to Rules 158.5, 355.1

(a) RoP. The order for security is subject to the right of an appeal in accordance with Art. 73 UPCA, Rule 220.2 RoP.

INSTRUCTION TO THE REGISTRY

The order has to be sent to the financial team of the Court in Luxembourg.

ORDER DETAILS

Order no. ORD_23557/2024 in APP 23209/2024

Order no. ORD_23558/2024 in APP 23216/2024

Order no. ORD_23559/2024 in APP 23217/2024

UPC number: UPC_CFI_151/2024

Related proceeding no.: Application No. 16267/2024

Application Type: Application for provisional measures
ISSUED IN HAMBURG,

MAY 14TH 2024

Presiding Judge Sabine Klepsch

Judge-rapporteur Dr. Stefan Schilling

Legally qualified Judge Sam Granata

[...]
