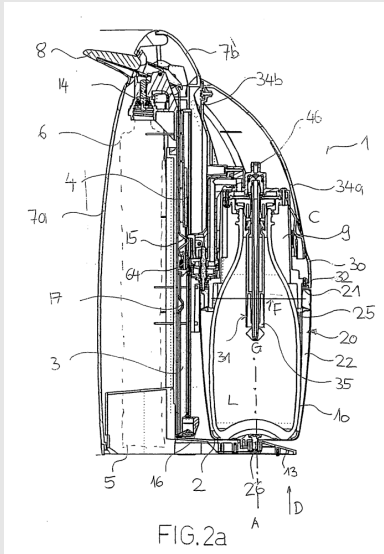


UPC CFI, Local Division Düsseldorf, 6 September 2024, Sodastream v Aarke

Appeal rejected: IPPT20241129, UPC CoA, Aarke v Sodastream



PATENT LAW – PROCEDURAL LAW

Request for panel review of dismissal of security for costs by judge-rapporteur dismissed ([R. 333.1 RoP](#), [R. 158 RoP](#))

- According to the legal standard as set out correctly in the Order under review, the Court has the discretion to order a security for legal costs and other expenses. Factors to be considered when ordering a security order include the financial position of the other party that may give rise to a legitimate and real concern that a possible cost order might not be recoverable and/or the likelihood that a possible cost order by the UPC may not, or in an unduly burdensome way, be enforceable. Imposing a security for legal costs serves to protect the position and (potential) rights of the Defendant (see CoA, [UPC CoA 328/2024, Order delivered on 26 August 2024, LD Munich, UPC CFI 15/2023, Order delivered on 29 September 2023; CD Munich, UPC CFI 252/2023, Order delivered on 30 October 2023; LD Paris, UPC 495/2023, Order delivered on 21 May 2024](#)).

- The judge-rapporteur correctly held that, under these principles, neither a financial risk nor a likelihood of unenforceability is presented to the Court.**

The Claimant, as part of the PepsiCo group, is financially able to comply with a decision on costs. This has not, in any event not sufficiently, been contested by the Defendant. In fact, the Defendant confirms in its Application (par. 6 “no insolvency risk is at hand”.) The fact that the PepsiCo group is not a party to these proceedings (par. 29-30 Application) does not mean that the Claimant is unable to comply with a possible decision on costs.

Source: [Unified Patent Court](#)

**UPC Court of First Instance,
Local Division Düsseldorf, 6 September 2024**

(Thomas, Thom, Kupecz)

UPC_CFI_373/2023

Order

of the Court of First Instance of the Unified Patent Court issued on 6 September 2024

concerning [EP 1793917](#)

HEADNOTES:

Factors to be considered when ordering a security order include the financial position of the other party that may give rise to a legitimate and real concern that a possible cost order might not be recoverable and/or the likelihood that a possible cost order by the UPC may not, or in an unduly burdensome way, be enforceable. Imposing a security for legal costs serves to protect the position and (potential) rights of the Defendant.

KEYWORDS

Security for costs; dismissal of a request; panel review; burden of presentation; financial risk; likelihood of unenforceability

CLAIMANT:

SodaStream Industries Ltd., 1 Atir Yeda Street, Kfar Saba 4464301, Israel

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DEFENDANT:

Aarke AB, Östgötagatan - 100, 11664 Stockholm, Sweden

Represented by: Advokaterna Jens Olsson, Magnus Dahlman and Emelie Rexelius, Advokatbyrå Gulliksson AB, P O Box 4171, SE-203 13 Malmö, Sweden
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PATENT AT ISSUE:

European patent n° [1793917](#)

PANEL/DIVISION:

Panel of the Local Division in Düsseldorf

DECIDING JUDGES:

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

LANGUAGE OF THE PROCEEDINGS: English

SUBJECT OF THE PROCEEDINGS:

Patent infringement action – Panel review [R. 333.1](#) of [R. 158 RoP](#) order regarding security for costs of a party
BACKGROUND AND SUMMARY OF THE FACTS

In its Statement of defence (‘SoD’), the Defendant requested the Court to order that the Claimant provide an adequate security for the costs. It suggested an amount of EUR 400,000 orientated at the decision on

scale of ceilings for recoverable costs (24/04/2023; D-AC/10/24042023_E).

The Claimant submitted comments to the Defendant's request asking the Court to dismiss the request.

By [order dated 5 August 2024 \(App 35905/2024 related to the main proceedings ACT 580849/2023\)](#), available on the UPC website), the judge-rapporteur dismissed the request for security of costs (also referred to as the 'Order under review'). In the Order under review, the judge-rapporteur held that neither a financial risk nor a likelihood of unenforceability was presented to the Court. The judge-rapporteur found that the Claimant, as part of the PepsiCo group, is financially able to comply with a decision on costs. Furthermore, the judge-rapporteur could not establish a likelihood of unenforceability even if the Hague Convention on Civil Procedure, concluded on 1 March 1954, cannot be considered as an international treaty recognising the enforceability of Unified Patent Court ('UPC') judgements and in spite of the doubts expressed by the Defendant as to the Claimant's willingness to comply with a decision.

By application under [Rule 333.1](#) of the Rules of Procedure ('RoP') dated 20 August 2024, the Defendant has asked for a panel review of the Order under review ('the Application').

The Claimant has provided comments to the Application.

INDICATION OF THE PARTIES' REQUESTS

In the Application, in addition to the reasons already brought forward in the original application in the SoD, the Defendant argues that enforcement in Israel would be impossible as the reciprocity condition as set out in section 4 of the Israeli Foreign Judgements Enforcement law (1958) is likely not met by the UPC. At least, lengthy procedures are probable as there is no case law as to the recognition and enforcement of a UPC decision in Israel as of today (at least as far as the Defendant has knowledge). This would amount to an undue burden for the Defendant. In addition, if in Israel under Israeli law the enforcement of a judgement is disputed by the party against which enforcement is sought, the enforcement proceedings may take two to three years before a decision in first instance is delivered. This would contribute to an undue burden. Based on the foregoing, the Defendant requests:

- the order be reviewed by the panel;
- the panel revise the order and thereby orders the Claimant to provide, within a time limit to be set by the Local Division Düsseldorf, adequate security for the costs of the proceedings and other costs incurred and to be incurred by the Defendant that the Claimant may have to bear ([Art. 69\(4\) UPCA; R. 158.1 RoP](#));
- the panel grant that its decision may be appealed with leave of the Court of First Instance within 15 days of service of the Court's decision to that effect (R. 220.2 RoP); and

- in the event that Claimant fails to provide adequate security within the specified time limit as ordered by the Court, that a default decision against the Claimant in accordance with R. 355 RoP (R. 158.5 RoP) be issued.

The Claimant in addition to the reasons already brought forward in the original application, states that it has not evaded enforcement of foreign judgements in Israel and further argues that a judgement of a foreign court is generally declared as enforceable in Israel. Foreign judgements from countries that do not maintain bilateral conventions with Israel are regularly enforced in Israel. The reciprocity requirement for the enforcement of a foreign judgement in Section 4(a) is fulfilled when there is in parallel a reasonable potential for the enforcement of Israeli judgements in the country that issued the judgement. The requirement of reciprocity is likely to be met for UPC Member States. Furthermore, none of the grounds for non-enforceability result in an undue burden or undue uncertainty in the enforcement of a potential cost judgement in Israel. On the other hand, an order to provide a security for costs needs to take into account the burden of providing security on the Claimant. Based on the foregoing, the Claimant requests:

- to reject the Defendant's requests to revise the Order and to order the Claimant to provide adequate security for the legal costs and other costs incurred by the Defendant which the Claimant may be liable to bear.

GROUND OF THE ORDER:

The Defendant's Application for review is admissible, but is dismissed.

1.

The present Application for review is admissible as the requirements of [Rule 333.2 and .3 RoP](#) have been met.

2.

According to the panel, the judge-rapporteur applied the correct legal standard to the request to provide security. According to the legal standard as set out correctly in the Order under review, the Court has the discretion to order a security for legal costs and other expenses. Factors to be considered when ordering a security order include the financial position of the other party that may give rise to a legitimate and real concern that a possible cost order might not be recoverable and/or the likelihood that a possible cost order by the UPC may not, or in an unduly burdensome way, be enforceable. Imposing a security for legal costs serves to protect the position and (potential) rights of the Defendant (see CoA, [UPC CoA 328/2024, Order delivered on 26 August 2024, LD Munich, UPC CFI 15/2023, Order delivered on 29 September 2023; CD Munich, UPC CFI 252/2023, Order delivered on 30 October 2023; LD Paris, UPC 495/2023, Order delivered on 21 May 2024](#)).

3.

The judge-rapporteur correctly held that, under these principles, neither a financial risk nor a likelihood of unenforceability is presented to the Court.

a)

The Claimant, as part of the PepsiCo group, is financially able to comply with a decision on costs. This has not, in any event not sufficiently, been contested by the Defendant. In fact, the Defendant confirms in its Application (par. 6 “no insolvency risk is at hand”.) The fact that the Pepsico group is not a party to these proceedings (par. 29-30 Application) does not mean that the Claimant is unable to comply with a possible decision on costs.

b)

No further (relevant) facts have been submitted by the Defendant that would lead the panel to find differently in relation to the Defendant's doubts as to the Claimant's compliance with a decision from this Court. In the absence of such facts, and in view of the Claimant's contestation, this remains a mere allegation. Likewise, no further substantiation has been provided by the Defendant as to the alleged abusive behaviour or the intent to evade the enforcement of a judgement by the Claimant. The fact that the Claimant did not contact the Defendant before proceedings were initiated in order to seek an amicable solution is insufficient to conclude that these proceedings are abusive per se. The panel sees no reason to find differently from the judge-rapporteur in this respect.

Given that it follows that the Claimant is financially capable and in the absence of any indication that the Claimant would not (voluntarily) comply with an order from this Court, the panel, even if it were to be assumed that it might take a long time to enforce a UPC judgement in Israel, does not see this as a sufficient ground to order a security. Moreover, it is by no means certain that a possible judgment of this Court would have to be enforced in court at all, let alone in an Israeli court, or that the Claimant would frustrate this enforcement. Having regard to these facts and circumstances, the judge-rapporteur was right to dismiss the security request and there is no reason to revise the Order under review. The application for review is dismissed accordingly.

c)

In view of the nature of the request for a security for costs, and the (undisputed) fact that the Defendant is likely to incur significant further legal costs in these proceedings, leave to appeal is granted as requested by the Defendant.

ORDER:

Having heard the parties on all relevant aspects of their requests:

1. The request for panel review is dismissed.
2. Leave to appeal is granted.

DETAILS OF THE ORDER:

App_47922/2024 related to the main proceedings
ACT_580849/2023

UPC-Number: UPC_CFI_373/2023

Subject of the Proceedings: Infringement action / request for panel review under Rule 333.1 RoP

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).

Issued in Düsseldorf on 6 September 2024

Names and Signature

Presiding Judge Thomas

Legally Qualified Judge Dr Thom

Legally Qualified Judge Kupecz

[...]
