UPC CFI, Local Division Lisbon, 4 April 2025, Ericsson v Asustek - II

Inductor layout for reduced VCO coupling

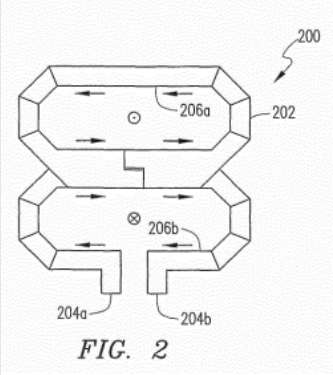

FIG. 2

PATENT LAW – PROCEDURAL LAW

Ericsson must reimburse AsusTek, Arvato, and Digital River after dismissed provisional measures only EUR 4,946.22 (Article 69 UPCA, R. 150 RoP)

- **With regard to the costs of representation and the costs of expert evidence claimed by AsusTek, Arvato, and Digital River, there may be an overlap with proceedings on the merits, thereby creating a risk of double assessment of costs, contrary to the principles of equity and proportionality**

24 In the main action following the PI proceedings lodged by Ericsson, issues regarding validity and infringement, as addressed in the PI, will be subject to further discussion and decision. The Court acknowledges that, insofar as it refers to the costs of representation and the costs of expert evidence claimed by AsusTek, Arvato, and Digital River, there may be an overlap between the two actions, thereby creating a risk of double assessment of costs, contrary to the principles of equity and proportionality. Therefore, in this case, the Court finds that these costs should not be awarded in these proceedings; rather, such assessment should be made as a whole.

25 However, the same reasoning does not apply to the travel expenses that were exclusively related to the PI proceedings. In this case, there is no risk of double assessment.

26 They should be then awarded as far as they are sufficiently substantiated.

Source: Unified Patent Court

UPC Court of First Instance,
Local Division Lisbon, 4 April 2025
(Lopes, Granata, Rinkinen)
UPC_CFI_317/2024
ACT_35572/2024
DECISION
of the Court of First Instance of the Unified Patent Court
Local Division in Lisbon
delivered on 4 April 2025

CLAIMANT
TELEFONAKTIEBOLAGET LM ERICSSON
21 Torshamnsgatan, Kista, 164 83 Stockholm, Sweden.
represented by Mr. Wim Maas
DEFENDANTS:
1. ASUSTEK COMPUTER INC
15, Lide Road, Beitou Dist., Taipei City 112019, Taiwan.
2. ARVATO NETHERLENDS B.V.
Brem 1, 6598 MH Heijen, The Netherlands
3. DIGITAL RIVER IRELAND LTD.
Ground Floor, Two Dockland Central, Guild Street, North Dock, Dublin 1, Ireland
all represented by Mr. Alex Wilson
PATENT AT ISSUE:
EUROPEAN PATENT NO EP 2 819 131 B1
PANEL/DECIDING JUDGE
Presiding judge and Judge-rapporteur: Rute Lopes
LANGUAGE OF THE PROCEEDINGS:
English
SUBJECT OF THE PROCEEDINGS
Costs Decision – R. 150 RoP
Procedural History and Parties' Requests
1 On 14 June 2024, Applicant TELEFONAKTIEBOLAGET LM ERICSSON (hereinafter "Ericsson") lodged an Application for provisional measures against Defendants ASUSTEK COMPUTER INC (hereinafter "AsusTek") ARVATO NETHERLANDS B.V. (hereinafter "Arvato") and DIGITAL RIVER IRELAND LTD (hereinafter "Digital River") at the Lisbon Local Division of the Unified Patent Court (hereinafter "UPC") based on an alleged infringement of EP 2 819 131 B1.

2 By final order issued on 15 October 2024, the Application was dismissed, and the Applicant, Ericsson, was ordered to bear reasonable and proportionate legal costs and other expenses incurred by the Defendants in those proceedings, up to the applicable ceiling (Art. 69(1) UPCA; R. 118.5 and R. 150.2 RoP).

3 On 14 November 2024, AsusTek, Arvato, and Digital River lodged an Application for a Cost Decision under R. 151 RoP, seeking reimbursement of their costs of legal representation up to the applicable ceiling, together with the expenses incurred in relation to expert evidence and travel expenses, as follows:

- Costs of representation - EUR 112,000.00
- Costs of expert evidence - EUR 9,768.75
- Travel expenses of Powell Gilbert - EUR 4,946.22
- Travel expenses of Defendants - EUR 13,904.16

4 With their submissions, AsusTek, Arvato, and Digital River submitted Exhibit 3, which related to travel costs for both the representatives and the parties.

5 According to Exhibit 3, the travel costs for the representatives are the following: Accommodation paid for the following rooms from 9 to 12 September, 2024:
Booking reference 13268688540600543236_____ EUR 555
Booking reference 4983927016_____EUR 555
Booking reference 4695118926_____EUR 555
Booking reference 4948217674_____EUR 555
Booking reference 4746465620_____EUR 579

Total:_____ EUR 2,799
Flights from 9 to 12 September 2024 - London Heathrow to Lisbon and back:
Mr. Ari Laakkonen:_____GBP 289.29
Mrs. Jessica Rosethorn: _____ GBP 289.29
Mrs. Claire Mellor: _____ GBP 289.29
Flights from 9 to 12 September 2024 - London Gatwick to Lisbon and back:
Mr. Alexander Wilson: _____GBP 327.65
Mr. Adam Rimmer: _____GBP 327.65
Transportation to Gatwick: _____ GBP 300.00
Total in EUR (exchange rate Aug 2024) EUR 2,147.22

6 Ericsson responded, requesting that the Court declare the Application inadmissible. Ericsson's arguments are the following:

• Reimbursement of costs in proceedings for provisional measures can only be requested as an interim award following an order or in an application for a cost decision once a decision on the merits has been rendered (which is not the case here).
• Ericsson has initiated the main proceedings.
• AsusTek and Digital River did not request an interim award of costs.

7 Alternatively, Ericsson requests that the Application for Costs be dismissed because it is premature and/or lacks proper substantiation. In particular, Ericsson asserts that AsusTeK, Digital River and Arvato merely outline the costs they allegedly incurred, such as costs of legal representation up to the ceiling, along with the expenses incurred concerning expert evidence and travel expenses. The only costs the invoice supports are those incurred by the Applicant's expert and the travel expenses. However, concerning travel expenses, so much information (in different currencies) is included in one exhibit that it remains unclear how the Applicants come to a total of € 4,946.22 of travel expenses for Powell Gilbert and € 13,904.16 of travel expenses for the parties' representatives.

8 On 29 November 2024, Ericsson lodged an action on the merits based on the infringement of **EP 2 819 131 B1** and claimed damages against AsusTek and Digital River.

GROUNDS FOR THE DECISION

9 **Art. 69 UPCA** provides the general principle that the losing party must bear the successful party's costs (comprising reasonable and proportionate legal costs and other expenses incurred by the successful party). Only exceptional circumstances of equity may provide differently. The same principle is derived from **Art. 14 of Directive 2004/48**.

10 This principle applies to all proceedings or sub-proceedings before the UPC (cf. **Milan CD, 23 December 2024, Order 59988/2024, UPC CFI 380/2024 (Insulete vs menarini)**), whenever a party seeks a binding decision or an order to be issued by the Court against another party. **Art. 69 UPCA** does not limit cost compensation to decisions on the merits. The Court must, in principle, apply **Art. 69 UPCA** in all proceedings upon recognising and identifying the unsuccessful party to the proceedings.

11 Therefore, **Art. 69 UPCA** applies to preliminary injunctions (hereinafter "PI"). It is, however, noted that, when granted, a PI involves a summary assessment of the patent at issue and, as a rule, requires that proceedings on the merits follow. When that happens, the order for costs cannot be separated from the provisional nature of the Court's decision granting the measures. This is why RoP provides that, in such cases, the Court may order an interim award of costs (**R. 211.1 (d) RoP**). Even if this decision follows the principle of **Art. 69**, it is not a final award on costs but a provisional one ("interim award"). The outcome of the proceedings on the merits will determine the final obligation to bear costs in the second part of the two-stage procedure (cf. **Munich LD 21 May 2024, UPC CFI 443/2023, ACT 589207/2023 (Dyson/SharkNinja)**; **Düsseldorf LD 9 April 2024, UPC_CFI/452/2023, ACT_589655/2023 (Ortovox/Mammut Sports)**; and **Düsseldorf LD 31 October 2024, UPC_CFI/347/2024, ACT_37931/2024 (Valeo Electrification/Magna)**.

12 On the other hand, according to the RoP, no interim award of costs is made when a final order rejects the provisional measures. **R. 211.1(d) RoP** is only applicable, as expressly stated, when provisional measures are granted and require, as said, further proceedings on the merits. Nevertheless, the successful party in such PI must be recognised as having the right to claim legal costs, following the general principle laid down in **Art. 69 UPCA**.That was so decided in the PI order issued on 15 October 2024, (Ericsson was then ordered to bear reasonable and proportionate legal costs and other expenses incurred by the Defendants up to the applicable ceiling, according to **Art. 69(1) UPCA**; **R. 118.5** and **R. 150.2 RoP**, which it did not appeal against) and this understanding is also in line with **Düsseldorf LD, 6 September 2024, UPC_CFI_166/2024, ACT_18551/2024 (Novartis/Celltrion)**.

13 Regarding what has been previously stated, Ericsson's argument that reimbursement of costs in proceedings for provisional measures can only be requested as an interim award following an order or in an application for a cost decision, once a decision on the merits has been rendered, is not correct and for that reason not acceptable.

14 Ericsson further asserts that the Applicants filed this Application based on **R. 151 RoP**, which relates to costs after a decision on the merits, and is therefore not applicable in this case.

15 Although the literal interpretation is correct - according to **R. 150 RoP**, a cost decision may be subject to separate proceedings following a decision on the merits or a decision for the determination of damages, and on PI, no such decision is issued – it has to be noted that interpreting **R. 150** as asserted by Ericsson, would be contrary to the principle that the losing party bears the costs, and to **Art. 20** and **24 UPCA**.

16 **R. 150 RoP** et seq. establishes the procedure for determining the specific amounts to be borne by the losing party, following a decision of the Court based on **Art. 69 UPCA**. As the CoA stated in **20.1.2025 (UPC CoA 297/2024, App 283/2025**

(SharkNinja/Dyson)): *"If the applicant does not start proceedings on the merits of the case pursuant to R. 213 RoP, for example, if the application for provisional measures was unsuccessful, R. 150 and 151 RoP do not appear to be applicable, at least on a strict literal reading. However, to fulfil the objectives of Art. 69(1-3) UPCA that the successful party can have its reasonable and proportionate legal costs and other expenses compensated by the unsuccessful party, an application of R. 150 and 151 RoP mutatis mutandis would be justified in that situation."*

17 Additionally, it must be recognised that where the information on the costs borne by the successful party is provided to the PI proceedings, the Court may immediately award the final amount – see LD Vienna, 13 September 2023, ACT 528738/2023 (Cup&Cino/Alpina). But, if no such information is provided, the award of costs must follow Art. 69 UPCA, and the procedures of R. 150 and 151 RoP should be applicable, as they aim to define the amounts to be awarded to the successful party (R. 156.2 RoP). Aninterpretation that precludes its application in this case would unlawfully impede a successful party from recovering its costs, contrary to Art. 69 UPCA.

18 It is true that Ericsson has initiated proceedings on the merits after the PI proceedings. However, in such proceedings, which were lodged outside the timeframe stated in R. 213 RoP and after lodging this application for costs, the issues that grounded the dismissal of the PI proceedings will not be discussed. They were not decided on a prima facie basis in the PI. They were final. In this regard, the Court agrees with the statement of AsusTek, Arvato, and Digital River that "the PI was refused due to a lack of urgency in bringing the action, and this cannot be altered by any outcome in the Infringement".

19 Furthermore, the Court agrees with the Applicants that the Defendants in the action on the merits, who are claiming damages, are not the same, as Defendant Arvato is not included in the action for damages.

20 The above understanding does not contradict that of the UPC Milan Central Division, dated 15 February 2025, ORD 65815/2024 UPC CFI 380/2024 (Eoflow/Insulet), paras. 26-28. In that case, PI was dismissed based on a prima facie assessment of the uncertainty of the validity of the patent. Nevertheless, an action on the merits was filed.

Understandably, the main action will likely discuss the same validity issues, as PI proceedings only involve a summary assessment of the patent at issue. In that regard, as stated by CD Milan, "splitting the costs of a single patent litigation and awarding costs compensation only for the PI proceedings while the merits case is already pending does not seem to be in line with the principles of proportionality and flexibility dictated by the preamble to the RoP. It does not seem 'proportionate' to leave room for a double assessment of costs, firstly (approximately) at the PI stage and secondly on the merits, since the assessment on the PI cannot be separated from the overall outcome of the proceedings".

21 Nor is it contrary to that of the Court of Appeal in case UPC_CoA_297/2024, App_283/2024 (SharkNinja/Dyson). Although focusing on a different aspect, the Court of Appeal found that the starting date to file the procedure for costs had to consider the date of the decision on the merits on a case where the PI was dismissed in appeal (in the first instance, it had been granted), based on no prima facie infringement, and in which, in the meantime, the defendant in PI filed a revocation action and the applicant in PI, a counterclaim for infringement.

22 Unquestionably, in both cited cases, the action on the merits will further discuss the grounds that led to the dismissal of the PI. Not in this case.

23 However, an important takeaway must be drawn from the orders mentioned above that is relevant to this case. The Principles of proportionality and equity as stated in Art. 69 must be regarded.

24 In the main action following the PI proceedings lodged by Ericsson, issues regarding validity and infringement, as addressed in the PI, will be subject to further discussion and decision. The Court acknowledges that, insofar as it refers to the costs of representation and the costs of expert evidence claimed by AsusTek, Arvato, and Digital River, there may be an overlap between the two actions, thereby creating a risk of double assessment of costs, contrary to the principles of equity and proportionality. Therefore, in this case, the Court finds that these costs should not be awarded in these proceedings; rather, such assessment should be made as a whole.

25 However, the same reasoning does not apply to the travel expenses that were exclusively related to the PI proceedings. In this case, there is no risk of double assessment.

26 They should be then awarded as far as they are sufficiently substantiated.

27 In that regard, the Court finds the travel costs of the representatives should be awarded in the requested amount of EUR 4,946.22, as these costs have been sufficiently substantiated.

28 The Court does not find grounds in Exhibit 3 to substantiate an award decision regarding the parties' costs. The documents are unclear about which expenses they specifically refer to. Therefore, it should be dismissed.

DECISION

1. Ericsson must reimburse AsusTek, Arvato, and Digital River until 10 May 2025, the amount of EUR 4,946.22.

2. The Application for a cost decision is rejected in relation to the other costs.

INFORMATION ABOUT APPEAL

The decision of the judge-rapporteur regarding costs may be appealed to the Court of Appeal in accordance with R. 157 and 221 RoP.

RUTE LOPES
JUDGE RAPPORTEUR
REGISTRY CLERK
ORDER DETAILS

Order no. ORD_68336/2024 in ACTION NUMBER: ACT_61133/2024
UPC number: UPC_CFI_697/2024
Action type: Proceedings for cost decision relating to ACT_35572/2024 (Application for provisional measures (RoP206)
