

EIP

UPC grants provisional injunctions on rotary electric engines

Valeo v Magna (UPC_CFI_368/2024 relating to EP3320604 and UPC_CFI_347/2024 relating to EP3320602)

Orders of 31 October 2024 (ORD_56534/2024[1] and ORD_56545/2024[2])

Valeo Electrification sought provisional injunctions from the Düsseldorf Local Division against three related Magna companies to restrain infringement of two similar patents EP3320604 and EP3320602, relating to rotary electric engines. The patents were granted in French, but the PI proceedings were in English.

Entitlement

The defendants alleged that Valeo was not entitled to commence proceedings because some of the subject matter of the patent was unlawfully extracted from a collaboration with one of the defendants. The Court noted that under Rule 8.5(c) RoP there is a rebuttable presumption that the recorded proprietor is the entitled person, and stated that this is a strong presumption which may be rebutted in PI proceedings only if the title is manifestly erroneous. An entitlement action had been filed at the Paris Court of First Instance, but this was more than six years after publication of the patent applications, and the defendants never challenged the entitlement before the patentee filed the PI application. The Court therefore concluded that Valeo was entitled to bring the PI proceedings.

Validity and Infringement

The Court considered in respect of each patent that it was more likely to be valid than

not. The defendants had referred to the general revocation rates of patents in this field, but the Court held that such generalised considerations were irrelevant. In relation to the specific pieces of prior art that were pleaded, the Court considered in each case that the patents were more likely than not valid with regard to them.

The Court similarly considered that the patents were more likely than not infringed by the accused embodiments. The Court also considered that the defendants are cumulatively liable because they act in a close and interdependent relationship due to their structure as a large group of companies. An agreement that granted Magna a licence to use “work results” from a project was not held to amount to a licence to the patent.

Delay

The Court held that Valeo had not delayed unreasonably. It received a vehicle containing the challenged embodiment on 15 May 2024. This then had to be disassembled and examined, which took nine days. Then Valeo set up a meeting with the team of experts, including inventors, patent attorneys, technical staff, and the attorneys acting as representatives for the PI application, which took place on 4 June 2024. The PI application was filed less than one month later on 1 July 2024.

Balance of harm

When considering the balance of harm, the Court also considered the interests of Magna’s existing customer BMW. In general, it considered that a provisional injunction was justified, since the patentee and defendants are direct competitors, and once a particular car manufacturer has decided on a supplier, the other’s market is blocked, since it is difficult to switch from one solution to another. On the other hand, the damage that a provisional injunction would cause to BMW was not considered justified insofar as it would extend to those BMW models which have been equipped with the defendants’ products from the outset.

Accordingly, injunctions were ordered in each case, but with a carve-out permitting the defendants to fulfil their current obligations to BMW in respect of five named models, and subject to the defendants providing security in the amount of €500,000. On the other hand, to enforce the PI, the patentee was required to provide security of €2,500,000. The defendants were ordered to pay a portion of the costs of the proceedings (€14,700). The possible recurring penalty payment for non-compliance with the injunction was set at up to €250,000. Other requests by the patentee, including an order for delivery up, were rejected.

[1] <https://www.unified-patent-court.org/en/node/1227>

[2] <https://www.unified-patent-court.org/en/node/1228>