



Bringing an action following preservation of evidence

Progress Maschinen & Automation AG v AWM Srl and Schnell S.p.A (UPC_CFI_286/2023 and 287/2023)

Order dated 8 April 2024 (ORD_9710/2024)[1]

Progress Maschinen & Automation AG (“PMA”) filed applications for preserving evidence and for inspection ex parte in respect of each defendant, which were granted on 25 September 2023[2]. The Orders were executed at the premises of the two defendants on 17 October 2023. The experts appointed by the court lodged their reports on 18 October 2023 in sealed envelopes also containing the official report of the bailiff and the evidence gathered during the inspection.

The defendants did not apply for a review of the order or appeal. PMA, on the other hand, did not subsequently bring an action on the merits. However, somewhat belatedly, on 16 February 2024 PMA did file a request for access to the expert report.

The defendants pointed out that the Court clearly defined in the Order the time frame for bringing proceedings on the merits (as set out below). The failure to start proceedings within due time meant that the measures became ineffective pursuant to Article 60.8 and Rule 198.1. Further PMA had not provided any circumstances to justify the delay.

Decision

The Court clearly stated in the Order that:

“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:

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- the final decision of the Court on a request for review lodged under Rule 197 RoP, that modifies or confirms the order ex parte;
- the expiry of the thirty-day term provided by Rule 197.3 RoP, without a request for review lodged by the Defendants.”

Pursuant to Rule 197.3 the thirty day period for filing a request for review commenced on the date of execution of the Order, 17 October 2023, and expired on 16 November 2023. PMA could have submitted the request for access as early as 17 November but did not do so until 16 February 2024. Meanwhile the time limit for bringing an action on the merits had expired after 31 days on 18 December 2023[3] in accordance with Article 60 and Rule 198.1 and more generally Article 7 of EU Directive 48/2004 (Enforcement Directive).

Further, Rule 9.4 expressly provides that “the Court shall not extend the time period referred to in Rule 198.1”.

In accordance with Rules 196.2 and 199 RoP the written report may only be used in the proceedings on the merits. That means access to the contents of the report is solely for use in subsequent main proceedings against the same parties. PMA irretrievably failed to comply with the time limit to bring proceedings and so cannot use the contents of the report in the only permissible lawful manner. Therefore the request for access was dismissed.

The Court declared that all measures authorised by its order of 15 September 2023 are revoked. All evidence gathered (contained in the sealed envelopes) is to be returned to the defendants by the Court. The expert report and bailiff’s minutes will be retained in sealed envelopes and archived as records of the proceedings with no right of access to the parties. The Court did, however, delay the time set in the order for return of the evidence until 5 June 2024 to give PMA time to appeal and apply for suspensive effect, should it wish to do so.

Finally, the Court made a costs order. The general principle in Article 69 is that the unsuccessful party shall bear reasonable and proportionate legal costs. Noting that this decision was based only on procedural grounds, with no assessment of infringement or validity, and that it was the first UPC decision concerning a specific legal issue for which no other case law is available, the Court found that there were exceptional circumstances meaning that costs could be awarded on an equitable basis according to Article 69.2. On this equitable basis the Court awarded a lump sum of 10,000 EUR to the defendants to be paid by PMA.

[1] <https://www.unified-patent-court.org/en/node/654>

[2] Reported [here](#).

[3] 20 working days would give a shorter time of 17 December 2023.