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Security for the Claimant in Revocation Action

KINEXON SPORTS & MEDIA GMBH vs BALLINNO B.V. (UPC_CFI_230/2024, Revocation Action No. ACT_27358/2024)

Order of the CFI of the UPC Paris Central Division dated 14 October 2024
[ORD_47273/2024][1]

The Claimant, Kinexon, successfully requested security for costs in the Revocation Action from the Defendant Ballinno, a Dutch limited liability company, owned by one of the inventors of the patent-in-suit (EP 1 944 067 B1).

Facts of the case

Before the Claimant Kinexon had filed the Revocation Action (on May 17, 2024) at the Central Division Paris (in the following “the Court”), the Defendant Ballinno filed for provisional measures (on April 18, 2024) against Kinexon et al. at the UPC Local Division Hamburg, related to the alleged infringement of the patent at UEFA EURO 2024.

The Local Division Hamburg dismissed Ballinno’s application (on June 3, 2024)[2]. Ballinno appealed the decision. The appeal regarding the dismissal of provisional measures is pending under UPC_CoA_328/2024 – Ballinno committed not to pursue its infringement case unless the Court of Appeal rules in its favor. The Court of Appeal ordered Ballinno to provide security for Kinexon’s legal costs amounting to EUR 25,000.

In the present action, Kinexon is Claimant, and it was therefore unclear, not least from the wording of Art. 69(4) UPCA which refers only to the Defendant, whether Kinexon is entitled to seek security for costs having been the party which initiated the action.

Kinexon argued that Ballinno lacks substantial assets and that showing a bank balance

on Ballinno's bank account would be insufficient evidence of financial stability. The Claimant also stated that R. 158.1 RoP allows any party to request security.

Ballinno argued that only Defendants can request security under Art. 69(4) UPCA.

Ballinno pointed out that they have committed not to pursue the infringement case until the appeal decision, so Kinexon caused unnecessary costs by not waiting for the Court of Appeal's decision. Ballinno stated that they cannot provide (additional) security.

Decision

According to Rule 158.1 RoP, which unlike Art. 69(4) UPCA refers to "one party", the Court may order a party to provide security for the legal costs and expenses of the other party upon request. The Court made it clear that this can be requested by any party, not just the Defendant. The Court acknowledged that the Rules of Procedure must align with the UPCA. Art. 69.4 UPCA allows the Defendant to request security, and Rule 158.1 RoP extends this to any party, including the Claimant. The term "Defendant" in Art. 69.4 UPCA includes any party responding to a claim, such as a revocation action filed in response to provisional measures. The Court further stated that Rule 158.1 RoP applies regardless of whether the defence is raised in the same proceeding or in a separate Revocation Action. Kinexon qualifies as "one party" that can request security in the Revocation Action under Rule 158.1 RoP. With this understanding of Rule 158.1 RoP, the Court saw no conflict between the Rules of Procedure and the UPC Agreement.

The Court has discretion to order security for costs, considering all relevant factors. The Court referred to the guidelines for exercising this discretion (in order of the Court of Appeal issued on 17 September 2024, UPC_CoA_218/2024, APL_25922/2024, UPC_CoA_220/2024, APL_25924/2024, UPC_CoA_222/2024, APL_25928/2024[3]), focusing on the financial position and the likelihood of recovering costs.

The Court stated that the current facts suggest a concern that a costs order against Ballinno might not be recoverable by Kinexon and that Ballinno has not provided sufficient evidence of its financial situation, raising concerns about its ability to cover litigation costs.

The Court further explained that Ballinno's commitment not to pursue its infringement case does not eliminate the risk that a costs order against Ballinno might not be recoverable by Kinexon. Also, the Court considered that Ballinno's commitment is conditional. Kinexon still has an interest in continuing the Revocation Action to obtain a final judgment declaring the patent invalid. The commitment does not prevent Ballinno from pursuing the infringement action if the Court of Appeal provisionally rules in its favor. Additionally, if the patent is transferred, the new owner might not be bound by

Ballinno's commitment, posing an ongoing risk to Kinexon.

Thus, the Court considered it appropriate to require Ballinno to provide security to guarantee a possible cost order.

The provision of security does not restrict Ballinno's access to justice. The Court pointed out that national rules on the provision of security for costs have been assessed several times by the Court of Justice of the European Union and held compatible with EU law provided they do not discriminate in relation to nationals of other Member States and that the litigant is not denied the opportunity to present his case effectively before the court (see for example judgment of 7 April 2011 in C-291/09 Francesco Guarnieri & Cie, ECLI:EU:C:2011:217, para 19, and judgment of 22 December 2010 in C279/09 DEB, ECLI:EU:C:2010:811, paras 45-47 and 61).

The Court considers EUR 25,000 to be an adequate amount and that both options to provide security (deposit or bank guarantee) are appropriate. In its decision on the granting of security the Court took into account the interest of the Claimant, the position of Ballinno as an SME and the Decision of the Court of Appeal (26 August 2024, UPC_CoA_328/2024, No. App_45255/2024 [\[4\]](#)), in its analysis for the guarantee in the proceeding for provisional measures.

Also, the Court considered an oral hearing (requested by Ballinno) to be not necessary and dismissed the request.

The order for security is subject to the right of an appeal (Art. 73 UPCA, Rule 220.2 RoP). If the security is not provided in due time, a default judgment may be issued (Rules 158.5, 355.1 (a) RoP).

[\[1\] Order | Unified Patent Court](#)

[\[2\] We reported on this order <https://eipamar.com/en/knowledge-hub/article/a-late-challenge-pi-refused-for-alleged-var-infringement/>](#)

[\[3\] <https://www.unified-patent-court.org/en/node/1110>](#)

[\[4\] <https://www.unified-patent-court.org/en/node/1041>](#)