

EIP

First penalty payment in a UPC case

myStromer AG v Revolt Zycling AG Düsseldorf Local Division Order of 18 October (ORD_526778/ 2023)[1]

Following its first ex parte provisional injunction[2], the UPC (Düsseldorf Local Division) imposed its first penalty payment in the case myStromer AG v Revolt Zycling AG.

Introduction

myStromer AG (in the following “Applicant”) together with Fairy Bike Manufacturing Co. Ltd. owns the EP 2 546 134 B1 which relates to a “combination structure of bicycle frame and motor hub”. The patent is currently in force in Austria, Germany, France, Italy, Liechtenstein, Switzerland and the Netherlands.

On 22 June 2023 the Applicant requested a provisional injunction against Revolt Zycling AG (in the following “Defendant”) concerning the Speed-Pedelecs of the “Opium” series (in the following “attacked embodiment”) which the Düsseldorf Local Division granted on the same day (ORD_525740/2023 re case: UPC_CFI_177/2023). In this case the UPC also ordered the seizure of infringing products, Art. 62(3) UPCA, R. 211.1 (b) RoP and a recurring penalty payment of up to 250,000.00 € for each case of infringement, Art. 62(1) UPCA, R. 354.3 RoP.

This order was served on the Defendant at 3:30pm on 23 June 2023 at the “Eurobike 2023” trade fair. Nevertheless, the Defendant's stand in the exhibition hall remained open until 6pm. In addition, the Defendant's website was switched off and could no longer be accessed the night after service. However, the Defendant's Instagram account, which offered, among other things, the possibility of booking test rides with the e-bikes in dispute, could still be accessed during the night of 23 to 24 June 2023. On 28 June 2023, the Defendant also sent a letter entitled “Confirmation” to its Belgian authorized dealers,

which stated, inter alia: "Selling the "OPIUM" on site to end customers from DE, NL, FR and IT remains permitted".

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On 21 July 2023, the Applicant therefore filed an application for the imposition of a penalty payment (Art. 82(4) UPCA, R. 354.4 and R. 264 RoP), which it justified with the aforementioned (alleged) violations of the injunction order. Also the company "Fahrrad Fischer" (Germany) had presented a disputed e-bike on 24 September 2023 in the context of an open Sunday, which the Defendant had provided for this purpose shortly before. The Defendant requested to dismiss the application.

Decision

The application for penalty payment (Art. 82 (3) and (4) UPCA, R. 354.4 RoP) is admissible and largely successful on the merits. The Defendant repeatedly violated the injunction order of the Düsseldorf Local Division, although not in all cases addressed by the Applicant, which is why a penalty payment was to be imposed. We will summarise the reasons of the order in the following.

1. Trade fair stand

By keeping its trade fair stand open on 23 June 2023 even after service of the injunction order, the Defendant violated the order. The trade fair stand as such can already be classified as a patent-infringing offer. In general, the Düsseldorf Local Division clarified that the term "offer" within the meaning of Art. 25(a) UPCA is to be understood in purely economic terms. In the case of a product, an offer comprises any act which makes the product available for purchase in an externally perceptible manner. Therefore, the display at a trade fair of goods within the scope of the respective patent is an offering within the meaning of this provision. The Court also made clear that not all features of the patent claim need to be shown in the advertising and thus also on a trade fair stand, if, when objectively considering the circumstances actually given in the case in dispute, it must be assumed that the product presented corresponds in its technical design to the subject-matter of the patent.

2. Instagram account

The deletion of the Instagram account did not take place immediately after service of the injunction order, but only in the morning of the following day, which constitutes a violation of the injunction order according to the Düsseldorf Local Division.

3. Providing test bicycle

The Defendant imported the test bike into the Federal Republic of Germany for the

purpose of offering it and (indirectly) possessed it there for this purpose, thereby at the same time participating in the offering of the same by "Fahrrad Fischer". In doing so, the Court decided that the Defendant violated the injunction order.

4. Letter to Belgian traders

The Düsseldorf Local Division explained that since the injunction order does not extend to Belgium, the reference ("Selling the "OPIUM" on site to end customers from DE, NL, FR and IT remains permitted") is applicable as long as the Belgian dealers only sell and deliver the e-bikes at issue locally. If the Belgian dealers are visited by customers from the aforementioned countries, they are still entitled to sell the e-bikes in question to these customers and to hand over the e-bikes to them on site. Therefore, the Court explained that the letter did not violate the order.

5. Amount of penalty payment

In general, the Court pointed out that the decisive criterion for determining the amount of the penalty payment is the importance of the order and thus ultimately the interest of the Applicant in its enforcement, which may, for example, be to distribute the patented products. Further, the Court stated that the penalty payment is intended to reliably deter the Defendant from future violations and infringements and therefore primarily has a coercive function. In addition, however, the penalty payment also represents a penalty-like sanction for the violation of the court prohibition, which is why the imposition of penalty payments also presupposes fault on the part of the Defendant as an unwritten prerequisite. This dual purpose of the penalty payment requires that the assessment of the penalty payment be made primarily with regard to the Defendant and his conduct. In particular, the type, extent and duration of the infringement, the degree of fault, the advantage of the infringer from the infringing act and the risk of the past and possible future infringing acts for the infringed party must be taken into account. The behaviour of the Defendant in the past is a decisive, although not necessarily the sole, indicator for the amount of the penalty payment to be imposed. The more frequently and intensively the Defendant has violated the injunction order imposed on him, the more clearly he has expressed his unwillingness to comply with the order. The assessment of the penalty payment must take this into account: If the Defendant has already violated the injunction order several times in the past, the necessary pressure increases to force him to comply with the order in the future. The respective penalty payment must therefore be correspondingly higher. If, on the other hand, the Defendant has made a serious effort to comply with the injunction, this must be taken into account in his favour.

Based on these principles, the Düsseldorf Local Division considers the imposition of a penalty payment in the amount of EUR 26,500.00 to be justified, but also necessary, in

order to force the Defendant to comply with the injunction order in the future, of which EUR 1,000.00 is attributable to the continued operation of the trade fair stand, EUR 500.00 to the delayed deletion of the Instagram account and EUR 25,000.00 to the open Sunday sales at "Fahrrad Fischer". The penalty payment has to be paid to the UPC (Art. 82 (4) UPCA).

Both parties can appeal the decision within 15 days after service (Art. 73(2)(b)(ii) UPCA, R. 220.2, 354.4 RoP).

[1] https://www.unified-patent-court.org/sites/default/files/upc_documents/2023-10-18-ld-dusseldorf-upc_cfi_177-2023-ord_557761-2023-app_552740-2023_r.-354.4-rop-final-order_anonymized.pdf (in German)

[2] <https://eipamar.com/en/knowledge-hub/article/provisional-injunction-granted-by-the-UPC/>