

EIP

Lisbon Local Division Refuses Provisional Injunction due to Delay

**Telefonaktiebolaget LM Ericsson v Asustek Computer Inc, Arvato Netherlands B.V.,
Digital River Ireland Ltd. (UPC_CFI_317/2024)**

Decision of 15 October 2024 (ORD_52116/2024[1])

This judgment relates to the first case filed before the Lisbon Local Division, and is the first substantive decision from that court, which has up until now issued only procedural decisions related to the same litigation case.

Ericsson sought a provisional injunction based on its patent EP 2819131 relating to voltage-controlled oscillators against three defendants. AsusTek is a Taiwanese company providing ASUS computers and parts; Arvato is a Netherlands shipping company acting as logistics partner to fulfil the business-to-consumer market for ASUS-branded products in the EU, including Portugal; and Digital River Ireland is an Irish company that acts as an authorized “re-seller” in respect of ASUS-branded products. Intel modules AX201 and AX211 contained in certain ASUS products were alleged to infringe the patent.

Jurisdiction and competence

The defendants did not dispute the competence of the UPC, but they did dispute the competence of the Lisbon local division.

First, the defendants submitted that the Lisbon local division lacked competence because the allegedly infringing products are not capable of realising all the features of the patent claim. However, unsurprisingly, the Court held that a challenge to competence of the division can only be based on arguments against the territorial connection with the UPC

Contracting Member State where the division is located, and the defendants did not challenge the territorial connection element. A defence based on the merits that no acts of infringement were committed cannot be used to challenge the competence of a specific division.

Second, Arvato challenged the competence of the Lisbon local division on the basis that Article 33(1)(a) UPCA is expressly limited to infringement and does not mention or relate to intermediaries. The court disagreed and stated that Article 33(1)(a) UPCA establishes competence regarding the place where the actual or threatened infringement has occurred or may occur. This is an objective link based on the place of the infringement and not the status of the accused entity as infringer or intermediary. Thus it applies irrespective of whether the defendant is an infringer or an intermediary. To hold otherwise would lead to the consequence that the infringer and intermediary would have to be sued in different divisions – this is clearly not a result intended by the legal framework of the UPCA and its principles of efficiency, economy of means and legal certainty. According to the Enforcement Directive, intermediaries are entities whose services are used by the alleged infringer to infringe a patent, and Article 62(1) UPCA explicitly states that a provisional injunction can be granted “against an intermediary whose services are used by the alleged infringer” as well as against the alleged infringer themselves.

Urgency

The court stated that it must be able to objectively conclude that urgency exists and that there is a consequent need to grant measures to protect the applicant’s right. It noted that the applicant is expected to be diligent in seeking a remedy against the alleged infringer, having gathered all necessary evidence, from the moment the infringement began or from the time the applicant became aware of said infringement. Accordingly, if the applicant has been negligent in seeking provisional measures in a timely manner, the court may take this lack of diligence into consideration when assessing the measures requested in the preliminary injunction proceedings. An unreasonable delay in initiating the proceedings, taking into consideration the factual circumstances, could lead to a finding that the temporal urgency required for the ordering of provisional measures is lacking.

The defendants stated that the alleged infringement began in 2019 regarding AX201, and 2021 regarding AX211, and the applicant had launched US ITC proceedings in October 2023. Moreover, Ericsson and AsusTek have been engaged in SEP licensing negotiations since 2018, and it would therefore be reasonable to expect Ericsson to pay special attention to ASUS products on the European market, specifically the modules in question

as they have been subject to other infringement procedures.

p3

The court agreed and noted that it is the applicant who must convince the court that there is an urgent necessity for ordering provisional measures. The applicant had however been silent regarding the exact date when it became aware that ASUS products incorporated the accused modules, and referred solely to the date of the test purchase (5 May, 2024), not even arguing that date as being the one when it became aware of the modules. During the hearing the applicant's representative stated that they had been instructed on 15 April 2024 to investigate the ASUS products, but the court doubted that this date (let alone the date of the test purchase) was the date when the applicant first became aware that the purchased products contained the modules. Therefore, the court concluded that the applicant had failed to indicate to the court the date on which it first became aware of the alleged infringement, which date marks the point from which any unreasonable delay must be evaluated. The court observed that the burden of proving urgency and due diligence in initiating proceedings is not satisfied if the applicant fails to provide the court with the exact date when it became aware of the infringement, particularly when the court has no other factual or objective temporal indication beyond the date the infringement commenced.

Accordingly the court concluded that the applicant had failed to provide sufficient temporal elements enabling the court to assess its diligence in initiating proceedings. Consequently, the application for provisional measures was dismissed.

Validity and Infringement

Rather surprisingly, despite the urgency finding being dispositive of the application for provisional measures, the court considered validity and infringement. It rejected allegations of added matter, lack of novelty and lack of inventive step, and indicated that it considered the patent to be valid. It noted however that had it concluded otherwise, the auxiliary request filed by the applicant would have been inadmissible, since entertaining auxiliary requests is incompatible with the summary nature and urgency of provisional injunction proceedings. The court also considered that it was proved to the necessary standard (more likely than not) that the patent was infringed by the accused products. Moreover it concluded that AsusTek and Digital River were infringers and that Arvato would be liable as an intermediary.

While strictly it was unnecessary for the court to indicate these substantive findings, perhaps it intended that its indications might guide the parties to a settlement without requiring an action on the merits to be filed.

[1] <https://www.unified-patent-court.org/en/node/1191>