

Act. no. 36483/2024

UPC CFI n. 337/2024



ACT. NO. 36483/2024
UPC CFI NO. 337/2024
ORDER N. 51269/2024

COURT OF FIRST INSTANCE OF THE UNIFIED PATENT COURT
LOCAL DIVISION IN MILAN

ORDER TO PRESERVE EVIDENCE
issued on 11 September 2024

APPLICANT

PRIMETALS TECHNOLOGIES AUSTRIA GMBH - Trumstraße 44, 4031, Linz, Austria
represented by Konstantin Schallmoser, Preu Bohligh & Partner Rechtsanwälte mbB,
Leopoldstraße 11a, München, Germany

DEFENDANT 1

DANIELI & C. S.P.A. - via Nazionale 41, 33042, Buttrio (UD), Italy

DEFENDANT 2

DANIELI AUTOMATION S.P.A. - via Bonaldo Stringher 4, 33042, Buttrio (UD), Italy

PATENT AT ISSUE

EP 2624977 (hereafter referred to as EP977), entitled *Driver for a steel strip coiling installation*

DIVISION

Local Division in Milan

DECIDING JUDGES

This order has been issued by the Court in the following panel:

- Pierluigi PERROTTI presiding judge and judge rapporteur
- András KUPECZ legally qualified judge

- Alima ZANA legally qualified judge

LANGUAGE OF PROCEEDING

English

SUMMARY OF FACTS AND PROCEDURE

On the 5th of July 2024 Primetals Technologies Austria GmbH (below PTA) has filed an application for preserving evidence and inspection against Danieli & C. s.p.a. (Defendant 1) and Danieli Automation s.p.a. (Defendant 2), seeking an *ex-parte* order before the commencement of proceedings on the merits. The request was subsequently supplemented on 18.7.2024 by means of an application under rule 9.1 RoP (app. no. 42247/2024), specifying some details concerning the implementation of the measure, if and to the extent the Court so authorizes.

PTA is the proprietor of EP977, that protects a driver for a steel strip coiling installation.

According to PTA, in September 2023 - during a visit to its customer Nucor Steel Gallatin in Ghent, Kentucky, US - it discovered that a driver for a steel strip coiler of Danieli group was in operation there, which reproduced - with high probability - the teachings of claims 1, 2, 5, 7 and 10 of EP977.

There was clear evidence of the involvement of both defendants in the design, manufacture and marketing of this machine component.

Indeed, a control cabinet bearing the name *Danieli Automation*, which refers to Defendant 2, was clearly visible in a photograph taken at the site. Furthermore, in May 2024, Defendant 1 presented a detailed report at an international conference illustrating the contents of the design of the Nucor Steel Gallatin plant.

The Applicant claims that the features of these machineries, as partially visible in the exhibited pictures, are assumed to replicate the claims' teachings of its patent.

PTA considers that the proof of the alleged infringement can be obtained only by means of an order for inspection of premises and for preserving evidence granted by the Court.

ORDER SOUGHT BY THE APPLICANT

In summary, the Applicant seeks:

- inspection of the premises of both defendants in order to collect and preserve, including by physical seizure, all technical, advertising and commercial documentation, in any form, whatsoever relating to drivers for a steel strip coiling machine or any other machine or component thereof having the features claimed in EP977, in particular with regard to - but not limited to - the company Nucor Steel Gallatin in Ghent, Kentucky, US;
- a detailed description of the allegedly infringing machine or its components, if available on site;
- the written report - to be used only in the proceedings on the merits of the case - to be made available to the Applicant itself immediately after (i) a final decision of the Court on a request for review filed under rule 197 RoP modifying or confirming this order or, in the alternative, (ii) the expiry of the thirty day period provided for in rule 197.3 RoP without a request for review filed by the defendants, subject to confidentiality measures ordered by the Court.

GROUND FOR THE ORDER

1. Jurisdiction and competence

The Unified Patent Court has jurisdiction with respect to the present request, under artt. 32.1 (c) and 60.1 UPCA.

The patent at issue is a European Patent that was not opted-out. The patent is in force, *inter alia*, in Italy, as evidenced by the register of the Italian Patent Office Register (annex 5).

The Local Division in Milan has competence pursuant to artt. 32.1 (c) and 33.1 (b) UPCA, for the following reasons.

Danieli & C. s.p.a. and Danieli Automation s.p.a. both have their registered offices and main places of business in Italy, in Buttrio (UD).

Application has been filed before the Milan Local Division where PTA intends to start proceedings on the merits based on art. 33.1 (b) UPCA, in conformity with rule 192.1 RoP.

2. Fulfilment of the provisions of rule 192.2 RoP

2.1. Content of the application

The application for preserving evidence and for inspection contains:

- (a) particulars in accordance with rule 13.1 (a) to (i) RoP;
- (b) a clear indication of the measures requested, including the exact location of the evidence to be preserved where it is known or suspected with good reason (domiciles of the Defendants);
- (c) the reasons why the proposed measures are needed to preserve relevant evidence;
- (d) the facts and evidence relied on in support of the application.

2.2. Concise description of the future proceeding in the merits

The Applicant will start proceedings on the merits with respect to the patent infringement against the Defendants and/or against the companies within the Danieli Group responsible for the patent infringement relying on the evidence obtained by the present proceedings if, as is to be expected, the suspicion of patent infringement is confirmed.

Consequently, conditions as provided by rule 192.2 RoP are fully met.

3. Burden of proof for the applicant under art. 60 UPCA - Reasonably available evidence given by the Applicant

3.1. Rights on a valid patent

The Applicant sufficiently proved that it is entitled as proprietor of the patent EP977 (see annex 3 and 5).

Concerning the validity of the patent at issue, no opposition has been filed at the European Patent Office.

PTA did not report the existence of any action for revocation brought before national Courts, as provided for in rules 13.1(h) and 192.2(a) RoP nor of any other material act known to it relating to the validity of the patent at issue which might influence the Court in deciding whether or not to make an order without hearing the Defendant (rule 192.2 RoP, second sentence).

Therefore, the Court has no reason to doubt the validity of the patent at issue - at this early stage.

3.2. Alleged infringement

EP977 protects a driver for a steel strip coiling installation (see claims 1 - 10) and a method for removing a drive roller from a driver (see claims 11 - 14).

Claim 1 is divided into features by the Applicant as follows:

Driver (1) for a steel strip coiling installation

1. Having at least one supporting drive roller (3)

1.1. The supporting drive roller (3) is mounted on a frame (2)

2. Having at least one drive roller (4)

2.1. The drive roller (4) can be positioned in opposite to the supporting drive roller (3)

2.2. The drive roller (4) is mounted on at least one rocking arm (5a, 5b)

2.2.1 The rocking arm (5a, 5b) is connected to the frame (2)

2.3. The drive roller (4) is attached to a bearing region (7) of the rocking arm (5a, 5b)

characterized in that

3. The bearing region (7)

3.1. is open sideways and or

3.2. is open upwards

3.3. is open introducing or removing the drive roller (4) when placing the rocking arm (5a, 5b) in the operating position

4. The driver (1) has a fixing mechanism for fixing the drive roller (4) to the bearing region (7).

The Applicant explains that the patent at issue makes it possible to carry out periodic maintenance and cleaning of the drive rollers more easily, in less time and under safer conditions, thus overcoming the disadvantages of the prior art.

PTA provides written testimony from one of its employees (see annex 8) that he personally inspected the Nucor Steel Gallatin mill in Ghent, Kentucky, US, on 6 September 2023, following a customer request for a solution to their quality problems with down coiler pinch rolls. On that occasion, several photographs of the apparatus were taken and then attached to the written witness statement.

The Applicant encloses an expert's report stating that it is highly probable that the installation depicted in the photographs fulfills the features of claim 1 of EP977.

One of the photographs clearly shows an electrical cabinet bearing the name of Defendant 2 Danieli Automation.

PTA also shows that Danieli & C. published a detailed report on the design solutions chosen for the customer Nucor Steel Gallatin plant in Ghent. The contents of this report were presented in May 2024 at an international meeting organized by AISTech, an association of companies in the sector, held in Columbus, Ohio, US, from 6 to 9 May 2024 (see annex 10).

Therefore, the Applicant has sufficiently provided - at this stage - reasonable evidence to support the well-founded suspicion that its patent has been infringed.

PTA points out that the supporting drive roller is not visible in the photographs.

Moreover, it is not possible to know with certainty what each Defendant's role and contribution was in designing, manufacturing and marketing this component of the system at the Nucor Steel Gallatin mill.

These are the reasons why the applicant needs an order for gathering more evidence to be able to prove the alleged infringement.

4. Requirements under rule 194.2 RoP and rule 197 RoP

According to rules 194.2 and 197 RoP, the Court shall take into account the urgency of the action and the reasons to grant an order *ex parte* in exercising its discretion to decide the Application without hearing the Defendant (rule 194.1(d) RoP). In accordance with rule 197 RoP the Court may order measures to preserve evidence without the defendant being heard, in particular where there is a demonstrable risk of evidence being destroyed or otherwise ceasing to be available. Such is this case here.

4.1. Urgency

The contents of the report annex 10 became available in May 2024.

PTA is not in a position to make more detailed enquiries with Nucor Steel Gallatin, as this company is a joint customer of the parties.

A test purchase is also not possible because the construction of this type of plant requires a specific, time-consuming and very expensive design.

4.2. Reasons to grant an order without hearing the defendants - risk of destruction of evidence

Data capture is Applicant's main target and it is generally accepted that digital data can be easily hidden or erased if Defendants are given previous notice of this kind of application.

Therefore, there is the real and concrete chance that evidence could be easily removed in case Defendants are informed or heard before the measure.

Consequently, taking into account all relevant factors, this order needs to be granted without the defendants having been heard, in particular since there is a demonstrable risk of evidence being destroyed or otherwise ceasing to be available (art. 60.5 UPCA).

5. Payment of court fees

The Court fees have been properly paid, therefore conditions under rule 192.5 RoP are fulfilled.

6. Balance of interests and modalities of execution

6.1. Balance of interests

The weighting up of the interest of all parties implies granting the measure, considering the potential risk of harm for each of the parties, in the case of granting - for the Defendants - or denial of the measure - borne by the Applicant.

Taking into consideration the principle of proportionality, the threat of definitive destruction of the evidence borne by the Applicant is deemed to be prevalent over the Defendants' exposure to the enforcement of the required measures.

In this case, applications seeking an *ex-parte* order for inspection of premises and preserving evidence shall be considered as reasoned request and shall be granted as requested by the Applicant.

6.2. Modalities of execution

Pursuant to rule 196.4 RoP, the authorised measures will be carried out in accordance with the national law of the place where the measures are executed - i.e. Italian law - by one expert, appointed by the Court and namely mentioned in the operative part. This expert is included in the list of patent experts who are used to cooperate with the national Courts, so that the choice guarantees expertise, independence and impartiality, as required by rule 196.5 RoP. The expert

will be supported by auxiliaries of his trust, including two experts in computer forensics, in order to proceed simultaneously at the premises of each Defendant.

The search and copying of documents in digital form on media, devices and supports used by the Defendants will be carried out on the basis of the list of keywords provided by the Applicant (see annex 13). This method of data selection is intended to ensure the highest probability of actual relevance and correlation between the retrieved documents and the alleged infringement. The auxiliaries shall work under the direct control and responsibility of the expert and are subject to the same professional obligations of confidentiality with regard to all information to which they have access in the course of their duties.

The appointed expert will proceed assisted by the competent bailiff.

Only two representatives of the Applicant for each location to be inspected may be present at the execution of these measures. Their names are indicated in the operative part of the order. No other representative, nor any employee of the Applicant is therefore allowed to be present at the execution of these measures.

The appointed expert shall lodge a written report, together with a full copy of all the documents and data acquired as a result of the execution of the measures, immediately and no later than two days after the completion of execution of the measures.

6.3. Confidentiality

In its decision of 23.7.2024, the Court of Appeal provided a systematic interpretation of the provisions relating to the application for the preservation of evidence or the inspection of premises, establishing some relevant legal principles, which are set out below (Apl. no. 20002/2024 - UPC CoA no. 177/2024).

An application for the preservation of evidence or inspection of premises within the meaning of Article 60 UPCA and rules 192 et seq. RoP implies a request to disclose to the applicant the outcome of the measures, including the report written by the person who carried out the measures. This follows from the fact that the legitimate purpose of the measures is the use of the evidence in proceedings on the merits of the case (rules 196.2 and 199.2 RoP), which includes the use of the evidence to decide whether to initiate proceedings on the merits and to determine whether and to what extent the evidence will be submitted in these proceedings.

Disclosure of the evidence to the applicant or to certain persons acting on behalf of the applicant is indispensable for that purpose. Moreover, rules 196.1 and 199.1 RoP provide that the Court may decide in its order that the evidence shall be disclosed to certain named persons and shall be subject to appropriate terms of non-disclosure. This confirms that the procedure initiated by an application under Article 60 UPCA aims at not merely the preservation of evidence and the inspection of premises as such, but also at the disclosure of the evidence to the applicant.

However, the granting of an application for preservation of evidence or inspection of premises does not imply an unconditional order to disclose the evidence to the applicant. Pursuant to Article 60(1) UPCA the order must be subject to the protection of confidential information (see also Article 7(1) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights). Where the evidence may contain confidential information, this entails that the Court must hear the other party before deciding whether and to what extent to disclose the evidence to the applicant. In this context, the Court must give the other party access to the evidence and must provide that party with the opportunity to request the Court to keep certain information confidential and to provide reasons for such confidentiality. If the other party makes such a confidentiality request, the Court must provide the applicant with the opportunity to respond in a manner that respects the potential confidentiality interests of the other party. The Court may do this, for example, by granting access only to the representatives of the applicant whom the Court, pursuant to rule 196.3(a) RoP, has authorised to be present during the execution of the measures and subject to appropriate terms of non-disclosure.

The opportunity for the other party to make a confidentiality request must be distinguished from the remedies available against the order for the preservation of evidence or the inspection of premises, such as the review of an order for preservation of evidence without hearing the defendant pursuant to rule 197.3 RoP. Therefore, the Court must hear the other party on the request for disclosure even if this party has decided not to file a remedy against the order to preserve evidence or inspect premises. For the same reasons, the failure to apply for a review of an order for the preservation of evidence or for the inspection of premises, cannot not be considered as a tacit approval of the disclosure of evidence. 4. Pursuant to Article 60(8) UPCA the Court shall ensure that measures to preserve evidence or to inspect premises are revoked or

otherwise cease to have effect, at the defendant's request, if the applicant does not bring, within a period not exceeding 31 calendar days or 20 working days, whichever is longer, action leading to a decision on the merits of the case before the Court (see also Article 7(3) of Directive 2004/48/EC and Article 50(6) of the Agreement on Trade-Related Aspects of Intellectual Property Rights). Rules 198.1 and 199.2 RoP specify that the time period runs from the date specified in the Court's order, taking into account the date when the report referred to in rule 196.4 RoP is to be presented. These rules must be interpreted in the light of the purpose of the measures for the preservation of evidence or inspection of premises, which is to use the outcome of these measures in the proceedings on the merits of the case (rules 196.2 and 199.2 RoP). In view of this, the Court must, as a general principle, specify in its order a time period that starts to run from the date of disclosure of the evidence to the applicant or from the date on which the Court has made a final decision not to grant the applicant access to the evidence.

These principles are fully acknowledged here, thus modifying the different interpretation previously expressed by this same Local Division (UPC CFI no. 286/2023, no. 287/2023- Act. no. 565446/2023, no. 565453/2023).

It is clear that access to the Defendants' computer systems and devices, at their respective premises, and the capture of the data contained therein entails the actual risk of the extraction of confidential information.

For this reason, the Court considers that a very high standard of caution must be applied, preventing temporarily any access to the contents of the expert's report and its annexes, even by the Applicant's representatives, and making such access subject to effective verification of the existence of confidential information worthy of protection.

Considering that the application under Article 60 UPCA and rules 192 et seq. RoP implies a request to disclose to the applicant the outcome of the measures, the Applicant is not required to lodge further requests. The report and its annexes will be filed by the expert at the Sub-Registry and the Applicant will have full access to them from 30.10.2024 on, unless the Defendants make use of their opportunity to request confidentiality, irrespective of whether other remedies - such as review or appeal - are proposed.

Applicant's access shall be by way of pickup of a copy (previously made available by the expert, as already provided in this order) at the premises of the Sub-Registry, under the supervision of the judge-rapporteur and with the assistance of a clerk. The activities will be reported in order to be uploaded on the CMS.

If a request for confidentiality is actually made by Defendants within 30.10.2024, the Court will determine by specific order, after having consulted the parties, whether, to whom and to what information access will be granted.

Request for review and appeal may be filed independently (see following paragraphs 6.7 and 6.8) and the outcome of these remedies shall be respected.

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 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, that will start to run from the date of disclosure of the evidence to the Applicant or from the date on which the Court has made a final decision not to grant the Applicant access to the evidence.

6.4. Restrictions on the use of the written report

The written report and any other outcome of the measures to the inspection of premises and to preserve evidence may only be used in the proceedings on the merits of the case, in accordance with rules 196.2 and 199 RoP.

6.5. Service

Taking into account the need to ensure the surprise effect, service of the application, together with this order, shall be carried out by the Applicant at the premises of the Defendants, immediately at the time of the execution of this order, in accordance with rule 197.2 RoP,

6.6. Security

Pursuant to rule 196.3 and 196.6 RoP, the Court orders PTA to provide adequate security - also as a condition to the enforceability of this order - for the legal costs and other expenses and

compensation for any injury incurred or likely to be incurred by the Defendants, by deposit of the amount of 25.000 Euros.

This order shall become effective only after security by deposit has been provided by the Applicant.

6.7. Review

Defendants may request for the review of this order according to art. 60.6 UPCA and rule 197.3 RoP.

6.8. Appeal

An appeal may be lodged by the parties within fifteen days of the notification of this order in accordance with art. 73.2 (a) UPCA and rule 220.1 RoP.

FOR ALL THESE REASONS

THE COURT OF FIRST INSTANCE – MILAN LOCAL DIVISION

orders that the Applicant is allowed to:

- simultaneously inspect Danieli & C. s.p.a. and Danieli Automation s.p.a. premises in Buttrio (UD), respectively, in via Nazionale 41 and in via Bonaldo Stringher 4, in order to
 - (i) obtain, gather and preserve all the technical, promotional and commercial documentation regarding only and strictly drivers for a steel strip coiling installation or other devices or components having the features as claimed in EP 2624977, in particular with respect to - but not limited to - the plant installed at Nucor Steel Gallatin company, in whatever format, previous disclosure also of all related digital media and data available on any kind of device used by the Defendants, including external and cloud storage units / systems; the keywords list provided by the applicant (annex 13) will be used to search, select and collect documents in digital format;
 - (ii) preserve evidence at Danieli & C. s.p.a. and Danieli Automation s.p.a. premises by detailed description of the drivers for a steel strip coiling installation or other devices or components having the features as claimed in EP 2624977, possibly present on site,

- accompanied by photos and videos of these machines and / or components, also in order to establish whether the machineries are implementing the teachings as claimed in EP 2624977;
- Danieli & C. s.p.a. and Danieli Automation s.p.a. are ordered to allow the persons appointed to carry out this order (i) to enter the aforementioned premises, to inspect the premises as previously determined and to preserve evidence; (ii) to take photographs or films for documentary purposes relevant to the ordered preservation of evidence and to the inspection ordered; (iii) to have full access to all the documents, in whatever format, regarding only and strictly drivers for a steel strip coiling installation or other devices or components having the features as claimed in EP 2624977, in particular with respect to - but not limited to - the plant installed at Nucor Steel Gallatin company, and therefore related to the ordered inspection and preservation of evidence, also by login to any device or storage unit / system in their use;
 - in case the Defendants do not comply spontaneously with these instructions, the persons appointed to carry out the order are authorised - in accordance with the provisions of Italian law on the execution of judicial measures - to request the intervention of a locksmith, to force access to computer systems and, in any event, to request the assistance of law enforcement if deemed necessary;
 - this order shall be carried out, with the bailiff territorial competent, by ing. Filippo Ferroni, ***** - ***** tel. ***** - ***** e-mail ***** assisted by an auxiliary and by two experts in computer forensics so to proceed contemporary at the premises of both Defendants;
 - as representatives of the Applicant, only Rechtsanwalt Konstantin Schallmoser and Rechtsanwalt Tankred Thiem for Defendant 1 premises and only Rechtsanwalt Andreas Haberl and Avvocato Luigi Goglia for Defendant 2 premises are allowed to be present during the execution of this order, excluding any other representative or employee; the authorised representatives shall keep confidential any information which come to their knowledge in the course of the execution of this order and which concerns the commercial activity of the Defendants, also from the Applicant itself and its employees;

- it is ordered to the appointed expert to present to the Sub-Registry of the Local Division in Milan of the Unified Patent Court a written Report on the findings of the inspection of premises and the measures to preserve evidence with regard to the suspected infringement of EP 2624977, enclosing all the collected documents, once the required activities will have been completed and, in any case, no later than two days after all operations will have been finalised; four copies of the aforementioned Report and documents should be made available, one for the Court and one for each of the parties;
- the written Report and any other outcome of the measures to preserve evidence and the inspection of premises may only be used in the proceedings on the merits of the case;
- the measures to preserve evidence and to inspect premises shall be revoked or otherwise cease to have effect, at the Defendants' request, if the Applicant does not bring 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, that will start to run from the date of disclosure of the evidence to the Applicant or from the date on which the Court has made a final decision not to grant the Applicant access to the evidence;
- the access to the written expert's Report and its attachments will be available for the Applicant from 30.10.2024 on, at the premises of the Sub-Registry of the Milan Local Division, under the supervision of the judge-rapporteur, with the assistance of a clerk, unless the Defendants make use of the opportunity to file a request for confidentiality within 30.10.2024; in case this request for confidentiality is actually filed the Court is to decide if and which persons will have access and to what information;
- this order, together with a copy of the application and its exhibits as well as the letter of service and the instructions for access to the proceedings by the CMS, shall be served by the Applicant at the premises of the Defendants immediately at the time of the execution of this order, complying with the Italian law in regard to service of judicial documents;
- this order is enforceable under condition of recorded payment by the Applicant of a security by deposit of 25.000,00 Euros;
- the decision on costs is referred to the subsequent proceedings on the merits;
- the Defendants may request a review of this order within thirty days after the execution of the measures, pursuant to rule 197.3 RoP;

- an appeal may be lodged by the parties within fifteen days of the notification of this order in accordance with art. 73.2 (a) UPCA and rule 220.1 (c), 224.2 (b) RoP.

Milan, 11 September 2024.

Pierluigi Perrotti
presiding judge and judge rapporteur


Pierluigi Perrotti
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Pierluigi Perrotti
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András Kupecz
legally qualified judge
András Ferenc Kupecz
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von András Ferenc
Kupecz
Datum: 2024.09.11
08:46:07 +02'00'

Alima Zana
legally qualified judge

Alima ZANA
Firmato digitalmente da Alima
ZANA
Data: 2024.09.11 10:44:06 +02'00'

Maddalena Ferretti
clerk

 FERRETTI MADDALENA
MINISTERO DELLA
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Keywords: preservation of evidence; order issued *ex parte*; application lodged before proceedings on the merits have commenced.