UPC_CFI_380/2024
Procedural Order
of the Court of First Instance of the Unified Patent Court
Central Division (Milan section)
delivered on *15/02/2025*

Headnotes: The costs of a preliminary injunction must be settled at the same time as the decision on the merits, since the outcome of the preliminary phase must be considered in the framework of the overall settlement of litigation costs; cost compensation cannot be parcelled out according to the outcome of the various stages of the case but must relate to the final decision on the case as a whole. The outcome of the preliminary phase concerning the application for a preliminary injunction, therefore, does not give rise to an award of costs if the filing of an application for preliminary measures has already been followed or is to be followed by proceedings on the merits.

Keywords:

APPLICANT in the Cost compensation proceedings

EOFLOW Co., Ltd. 302Ho, HUMAX VILLAGE, 216 - 13595 - Hwangsaeul-ro, Bundang-gu, Seongnam-si, Gyeonggi-do - KR

Represented by Ronald Mirko Weinert

DEFENDANT in the Cost compensation proceedings

INSULET Corporation (Main proceeding party - Applicant) - 100 Nagog Park - MA 01720 - Acton – USA *Represented by Dr. Marc Grunwald*

PATENT AT ISSUE

Patent no. EP4201327 – owned by Insulet Corporation

DECIDING JUDGE:

This order has been issued by the judge rapporteur, Andrea Postiglione

LANGUAGE OF PROCEEDINGS: English

GROUNDS FOR THE ORDER

1. The present application for costs filed by EOFLOW relates to the final order of the Court of 22 November 2002 in Case No. UPC_CFI_380/2024, ORD_62486/2024 concluding the first-instance proceedings for provisional measures.
2. With this Order the Court rejected INSULET's request for a provisional injunction (PI), filed on 3 July 2024 and based on alleged infringement of EP 4201327.
3. Meanwhile, EOFLOW brought a separate action against INSULET for revocation of EP 4201327 (UPC_CFI_597/2024).
4. On 10 December 2024, INSULET filed a defence against revocation, a conditional application for amendment of EP '327 and a counterclaim for infringement.
5. INSULET also filed a notice of appeal against the final decision of 22 November 2024.
6. EOFLOW seeks now reimbursement of the costs incurred in preparing its defence in the PI proceedings brought by INSULET, comprising the recovery of court fees, attorneys' fees, experts' fees and other expenses and, in particular:
   (1) costs between the service of the warning letter on 21 June 2024 and the information on the request for provisional measures filed on 9 July 2024;
   (2) costs between notification of the request for provisional measures filed on 9 July 2024 and service of the request on the applicant on 22 August 2024; and
   (3) costs after service of the request on 22 August 2024.
7. EOFLOW requests that the Court:
   I. order the Defendant to compensate the Applicant for the costs of legal representation in the first-instance proceedings for provisional measures in the amount of EUR 400,000.00;
   II. order the Defendant to compensate the Applicant for the costs of experts in the amount of EUR 3,704.00;
   III. order the Defendant to pay the Applicant's disbursement costs in the amount of EUR 12,272.15;
   IV. order the Defendant to reimburse the Applicant for the costs of the prior art search in the amount of EUR 33,428.00; and
   V. order the defendant to pay the said amount within such time as the Court may think fit.
8. INSULET filed a defence to the statement of costs and a rejoinder asking the Court to:
   (1) Dismiss the application as unfounded and excessive, possibly making the question of costs dependent on the outcome of the case on the merits (see CoA 283/25) or, at least, at the outcome of the decision pending before the CoA and also reducing the costs claimed as excessive and recalculating them;
   (2) staying the decision on costs until a final decision on the merits has been issued (Rule 295 m) of the Rules of Procedure- RoP); and
   (3) order EOFLOW, subordinately, to grant INSULET an adequate security (escrow); EOFLOW is allegedly in a situation of financial distress in the light of the outcome of a lawsuit brought by INSULET against EOFLOW before a US court, in which INSULET would win damages of USD 452 million.
9. The application is not well founded.
10. Rule 150 RoP provides that "a cost decision may be the subject of separate proceedings following a decision on the merits and, if applicable, a decision for the determination of damages."
11. The "general rule" stated in Art. 69 UPCA is, nonetheless, that in any proceedings or sub-proceedings which result in a final decision, the unsuccessful party shall always reimburse the successful party for the costs of the proceedings ("Reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the

unsuccessful party, unless equity requires otherwise, up to a ceiling set in accordance with the Rules of Procedure").

12. Art. 69 UPCA does not limit cost compensation only to decisions on the merits.
13. In fact, it might well happen that, once a PI is issued by the Court (for example injunctions issued in favour of the applicant during trade fairs), the applicant has no interest in following the PI with a decision on the merits.
14. In that case, PIs cease to have effect pursuant to Rule 213 RoP, but, nevertheless, justice was done for the applicant in its specific case, and it seems appropriate and proportionate that, even in that case, the applicant be awarded compensation for costs.
15. This issue has already been addressed by this Milan Central Division in the Application - Order 59988/24 UPC_CFI 380/24 (issued on 23 Decembre 2024)
16. In that case, this Court affirmed the principle that a fair interpretation of Rule 151 RoP cannot lead to the exclusion, from the costs, of all proceedings which do not result in a decision on the merits. Rule 151 has a more limited scope than Article 69 UPCA, and in the event of a conflict between a procedural rule and a UPCA rule, the UPCA rule must prevail.
17. The case referred to the outcome of a case of application in intervention pursuant to Rule 213 RoP where defendant, once its request to intervene was rejected, objected it was not a decision 'on the merits'. This Court stated: "*the request to intervene, regardless of the outcome, opens a sub-proceeding that requires the enforcement of the rule of law and leads either to the intervener's access to the trial (so that the applicant becomes a "party" in that proceedings) or to its exclusion… The "successful party" here pursuant to Rule 151 is, thus, to be considered, not as related to the main proceeding, but to the sub-proceedings aimed at assessing the legal conditions for intervention. Defendant, as the winning party, must be granted the right to claim legal costs, following a general principle common to several national jurisdictions whereby the successful party is entitled to recover from the losing party the costs incurred in the proceedings…The Judge-Rapporteur is, in addition, of the opinion that the decision on the right to intervene also entails a decision on the merits, in particular on the background of right to intervene. Intervention procedure is governed by legal provisions which turn into substantial (RoP 313.1 and 313.2) and formal conditions of admissibility (Rop 313.3 and RoP 313.4). Substantial conditions of admissibility entail a decision on the merits of the legal interest of the intervener and on the very nature of his support to one of the parties*".
18. That said, not all sub-proceedings give rise to a possible request for reimbursement of the cost of the proceedings, but only those that fully satisfy the interest of the claimant and end with the anticipatory phase.
19. This applies mainly in those proceedings in which the applicant, obtaining by means of a PI the same effect as a decision on the merits, has no interest in reaffirming the legitimacy of his right in a proceeding on the merits, thus bearing the unnecessary costs of a new proceeding.
20. On the contrary, if following a decision on a PI there arises the need to establish the legitimacy of the right on the merits or at a subsequent stage, such as in this case, or in the event that the PI is challenged before the CoA, cost compensation must be awarded based on a general assessment of the outcome of the case 'on the merits'.
21. The Court agrees indeed with the reasoning of the Court of Appeal in App. CoA 283/25, according to which, where a PI is followed, irrespective of its outcome, by an action on the

merits, any decision on the costs must be considered at the end of the proceedings on the merits.

22. Preliminary injunction proceedings only involve a summary assessment of the patent at issue and require the existence of
    (1) the likelihood of the infringement alleged by the plaintiff, and
    (2) urgency of legal protection, understood as a condition that does not allow the plaintiff time to wait until a decision on the merits.
23. The same rules of approximation to which the interim decision is subject would therefore also apply to the hypothetical settlement of costs.
24. Injunctions, as the Court of Appeal pointed out, are almost always followed by a trial on the merits in which all the evidence already submitted to the Court (and possibly more) is explored and considered in greater detail and depth.
25. However, splitting the costs of a single patent litigation and awarding costs compensation only for the PI proceedings while the merits case is already pending does not seem to be in line with the principles of proportionality and flexibility dictated by the preamble to the RoP.
26. It does not seem 'proportionate' to leave room for a double assessment of costs, firstly (approximately) at the preliminary injunction stage and secondly on the merits, since the assessment on the PI cannot be separated from the overall outcome of the proceedings.
27. Furthermore, it does not seem to meet the principle of flexibility for the Court to be involved twice in the assessment of the same legal costs. Flexibility, according to the preamble, is strictly related to efficiency and cost-effectiveness. If the Court is called upon to decide on the same legal situation twice, first on a preliminary assessment and later in a more in-depth evaluation, valuable time is taken away from the examination of the other pending cases.
28. This leads to delays, inefficiencies, and a regulation of costs which, as emphasized by the defence of INSULET, involves non-definitive payments that require an extra-commitment by the Court with deposits and escrows, whereas the regulation of costs, apart from exceptional cases, can take place more thoughtfully at the outcome of the merit assessment.

FOR THESE REASONS

ORDER

EOFLOW's applications are dismissed without examination of the substance.

Issued at Milan
On 15 February 2025

Judge-rapporteur
Andrea Postiglione

ANDREA POSTIGLIONE

Firmato digitalmente da ANDREA POSTIGLIONE
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INFORMATION ABOUT APPEAL

Rule 157 – Appeal against the cost decision
The decision of the judge-rapporteur as to costs only may be appealed to the Court of Appeal in accordance with Rule 221. Since this order touches on relevant issues, leave to appeal is issued.

ORDER DETAILS

Order no. ORD_65815/2024 in ACTION NUMBER: Not provided
UPC number: UPC_CFI_380/2024
Applications N° 5366/25 and 65673/24
Related proceeding no. Application No.: 39640/2024
Application Type: Application for provisional measures (R. 206 RoP)