



Action number:
UPC_CoA_365/2025
APL_19216/2025
App_21951/2025

Order
of the Court of Appeal of the Unified Patent Court
of 21 May 2025
concerning an application for an order for suspensive effect

GUIDING PRINCIPLE:

Ordering security for enforcement is not necessary in every case, but is at the discretion of the Court of First Instance (CFI). It is up to the defendant to present the facts in the proceedings before the CFI that make it necessary to order security, such as the poor financial situation of the plaintiff. Therefore, as a rule, an application for suspensive effect cannot be based on the fact that the plaintiff's financial situation requires an order for the provision of security if this could already have been asserted at first instance.

KEYWORDS:

Application for suspensive effect

APPELLANT AND CLAIMANT/DEFENDANT IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE

Knaus Tabbert AG, Jandelsbrunn, Germany,
(hereinafter: Knaus Tabbert)

represented by: Lawyer Dr Rüdiger Pansch and other lawyers from the law firm Rospatt Rechtsanwälte PartGmbH, Düsseldorf, Germany

DEFENDANTS/APPELLANTS IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE

1. **Yellow Sphere Innovations GmbH**, Cologne, Germany (hereinafter: Yellow Sphere)
2. **Erwin Härtwich**, Allmersbach, Germany (hereinafter: Härtwich)

represented by: Attorney Dr Dirk Jestaedt, Krieger Mes & Graf von der Groeben Partnerschaft mbB, Düsseldorf, Germany

THIRD PARTY DEFENDANT IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE

Alexander Christ, Cologne, Germany (hereinafter: Christ)

LANGUAGE OF THE PROCEEDINGS

German

PANELS AND DECIDING JUDGES

PANEL 2

Rian Kalden, legally qualified judge and presiding judge Ingeborg Simonsson,
legally qualified judge

Patricia Rombach, legally qualified judge and rapporteur Marc van der Burg,
technically qualified judge

Erwin Wismeth, technically qualified judge

ORDER CONTESTED BY THE COURT OF FIRST INSTANCE

Date: 10 April 2025, Düsseldorf local division

Action number of the Court of First Instance: UPC_CFI_50/2024, ACT_6665/2024, ORD_68984/2024

PATENT AT ISSUE

EP 3 356 109

FACTS AND APPLICATIONS OF THE PARTIES

1. Yellow Sphere and Härtwich take Knaus Tabbert to court for patent infringement.
2. Yellow Sphere and Härtwich are the registered proprietors of European patent EP 3 356 109 (patent at issue), which was applied for claiming priority on 25 January 2016 and relates to a frame for a vehicle with at least one structural part made of foam resin and manufacturing processes therefor. The publication of the mention of the grant of the patent took place on 9 March 2022. The patent at issue is in force in Germany, France, Ireland, Italy and Slovenia.
3. The inventors of the patent at issue are Härtwich and Christ (the third-party defendant). Before filing the patent at issue, Knaus Tabbert, the two inventors and the companies managed by them (Freitec Kunststoffe GmbH, Freitec Technologies GmbH, Digital Design Solutions GmbH) concluded a development contract (Annex rop A10). The inventors built three test models in realisation of this contract, which they handed over to Knaus Tabbert.
4. Knaus Tabbert sold caravans based on the models developed by the inventors under the names "Travelino", "DESEO" and "AZUR". Knaus Tabbert and the inventors did not conclude an agreement granting rights of use. There was no response to enquiries regarding such an agreement.
5. In a letter dated October 2023 (Annex rop 12), the two inventors, Digital Design Solutions GmbH and Freitec Technologies GmbH, declared the cancellation of the development agreement. The letter stated that the contractual relationship between Knaus Tabbert and FREITEC Kunststoffe GmbH had already been terminated by cancellation agreement in 2018.
6. In any case, the patent at issue was transferred from Christ to Yellow Sphere with regard to Germany, France, Italy and Slovenia by agreement dated 28 December 2022 (Annex K1 in the main proceedings).
7. Yellow Sphere and Härtwich are of the opinion that the "AZUR" and "DESEO" frames (hereinafter referred to as the attacked embodiments) make use of the teaching of the patent. They have therefore sued Knaus Tabbert for infringement of claim 1 of the

patent at issue for injunctive relief, information, recall, removal from the distribution channels, damages and appropriate compensation.

8. Knaus Tabbert has filed a counterclaim for annulment against Yellow Sphere and Härtwich.
9. In the contested decision, the Düsseldorf local division largely upheld the action, whereas the counterclaim for a declaration of invalidity was unsuccessful on the merits. In letter C. of the operative part, the local division ordered Knaus Tabbert to
 - I. to refrain from infringing acts with regard to the challenged embodiments in the territory of the Federal Republic of Germany, the French Republic, the Italian Republic and the Republic of Slovenia;
 - II. to pay a penalty payment of up to EUR 250,000 for each case of non-compliance with the obligation to cease and desist;
 - III. to provide information about the acts of infringement committed since 8 September 2018;
 - IV. to recall from the distribution channels and permanently remove from the distribution channels the challenged embodiments which have been delivered since 9 April 2022 within a period of 30 days after service of the notice within the meaning of R. 118.8 sentence 1 RoP and, if applicable, the certified translation at the defendant's expense;
 - V. to destroy the moulds directly and/or indirectly [sic] and/or owned by Knaus Tabbert or to hand them over to a bailiff to be appointed by Yellow Sphere and Härtwich;
 - VI. to pay Yellow Sphere and Härtwich an amount of EUR 100,000 as provisional damages;
 - VII. to reimburse Yellow Sphere and Härtwich for all damages that they have suffered and will suffer as a result of the infringing acts in the period since 9 April 2022;
 - VIII. Yellow Sphere and Härtwich to pay appropriate compensation for the period from 8 September 2018 to 8 April 2022 for patent infringing acts relating to the Federal Republic of Germany.
10. In point I. of the operative part of the decision, the local division set the upper limit of the reimbursable representative costs for the action and for the action for annulment at EUR 112,000.
11. The decision states that the Orders will only be enforceable after Yellow Sphere and Härtwich have notified the court which part of the Orders they intend to enforce and have submitted a certified translation of the Orders into the official language of the Contracting Member State in which enforcement is to take place and Knaus Tabbert has been served with the notification and the (respective) certified translation.
12. Knaus Tabbert has filed an appeal against the decision with regard to both the infringement action (APL_19216/2025 UPC_CoA_365/2025) and the counterclaim for a declaration of invalidity (APL_19338/2025, UPC_CoA_367/2025).

Applications by the parties

13. In summary, Knaus Tabbert seeks an Order of the Court of Appeal to the following effect:

- I. The appeal against the contested decision has suspensive effect (with regard to the infringement action).
- II. In the alternative: The appeal against the contested decision has suspensive effect with regard to Orders C.IV (recall and removal from the distribution channels), C.V (destruction), C.VI (interim damages) and I. (recoverable agency costs).
- III. Further in the alternative: Enforcement of Orders C.IV, C.V, C.VI and I. is made dependent on the provision of security in the amount of at least [REDACTED].
- IV. In the further alternative: The proceedings are stayed pursuant to R. 266.5 sentence 1 RoP and the following question is referred to the ECJ for a preliminary ruling pursuant to Art. 21 UPCA in conjunction with Art. 267 TFEU:

Does EU law, in particular Article 16 of the EU Charter of Fundamental Rights (freedom to conduct a business), Article 17 of the EU Charter of Fundamental Rights (right to property) and Article 47 of the EU Charter of Fundamental Rights (right to an effective remedy), require that the enforcement of first instance UPC decisions, in particular Orders for recall, removal from the channels of commerce, destruction and payment, be made subject in principle to the provision of security pursuant to Article 82(2) UPC Agreement?

ARGUMENTS OF THE PARTIES

14. Knaus Tabbert essentially summarises as follows:

- In the event of enforcement, the appeal would lose its meaning and purpose, at least with regard to the orders for recall and removal from the distribution channels and destruction, as these could not be reversed if the appeal were later successful.
- The provision of security is necessary to cover the damage threatened in the event of enforcement of the Order for recall and removal from the distribution channels, destruction, payment of provisional damages and recoverable agency costs.
- After the oral hearing before the local division on 13 February 2025, Knaus Tabbert learned that insolvency proceedings had been opened against Freitec Kunststoffe GmbH on 1 March 2025 due to insolvency. This gave rise to fears that Yellow Sphere and Härtwich did not have sufficient assets to satisfy Knaus Tabbert's potential claims for damages.
[REDACTED]
- The coincidence of, on the one hand, irreversible acts of enforcement and, on the other hand, damage caused to Knaus Tabbert as a result, which will probably not be compensated due to the poor financial situation of Yellow Sphere and Härtwich, constitutes a significant threat to the fundamental rights of Knaus Tabbert protected by Art. 20 UPCA in conjunction with the EU Charter of Fundamental Rights (CFR), in particular Art. 16 CFR (freedom to conduct a business), Art. 17 CFR (right to property)

and Art. 47 CFR (right to an effective legal remedy). The fundamental and human rights of Knaus Tabbert protected by the German Basic Law (GG) and the European Convention on Human Rights (ECHR) are also acutely jeopardised by the present situation, in particular the freedom to choose an occupation pursuant to Art. 12 GG, the right to property pursuant to Art. 14 GG and Art. 11 ECHR-CP as well as the right to a fair trial pursuant to Art. 6 ECHR.

- Knaus Tabbert had already asserted in the first instance the disproportionality of the remedial measures requested in the action for recall and removal from the distribution channels and destruction and had opposed the interim damages claimed.
- The Court of Appeal was obliged to refer the matter to the ECJ pursuant to Art. 267 (3) TFEU. Union law requires that the enforcement of first instance UPC decisions, in particular Orders for recall, removal from the channels of commerce and destruction as well as payment, be made dependent on the provision of security pursuant to Art. 82 (2) UPC Agreement.

REASONS FOR THE ORDER

I. Admissibility

15. The application for an order of suspensive effect is admissible, in particular admissible pursuant to Art. 74 UPCA, R. 223.1 RoP.

II. Justification

16. The application for suspensive effect is not successful, neither according to the main application nor according to the auxiliary applications.

1. Conditions for ordering suspensive effect

17. According to Art. 74 para. 1 UPCA, an appeal has no suspensive effect unless the court of appeal decides otherwise upon a reasoned application by a party. The court of appeal can therefore only grant the application if the circumstances of the case justify an exception to the principle that the appeal has no suspensive effect. In doing so, it must be examined whether the appellant's interest in maintaining the status quo until the decision on its appeal outweighs the respondent's interest by way of exception (UPC Agreement Court of Appeal, Order of 18 January 2024, UPC_Co. Order of 18 January 2024, UPC_CoA_4/2024, App_100/2024 *Meril/Edwards*, p. 5; Order of 19 June 2024, UPC_CoA_301/2024, App_35055/2024, para. 7; Order of 19 August 2024, UPC_CoA_388/2024, APL_39884/2024, *Sibio et al/Abbott*, para. 6).
18. The order of suspensive effect may be considered in particular if the Order against which the appeal is directed is manifestly erroneous (UPC Agreement Court of Appeal, Order of 18 January 2024, UPC_CoA_4/2024, App_100/2024, *Meril/Edwards*, p. 5; Order of 19 August 2024, UPC_CoA_388/2024, APL_39884/2024, *Sibio et al/Abbott*, para. 7) or the enforcement of the contested decision would render the appeal largely irrelevant (UPC Agreement Court of Appeal, Order of 6 November 2023, UPC_CoA_407/2023, App_584588/2023 *Ocado/third party*; Order of 2 May 2024, UPC_CoA_177/2024, APL_20002/2024, *Progress Maschinen & Automation*, para. 10).

19. Furthermore, the violation of fundamental procedural rights such as the principle of the right to be heard may also justify the order of suspensive effect if it cannot be ruled out from the outset that the court would have reached a different conclusion without the violation (UPC Agreement Court of Appeal, Order of 29 October 2024, UPC_CoA_549/2024, App_53031/2024, *Philips/Belkin*, para 61).
20. According to R.223.2 RoP, the application for suspensive effect must contain (a) the reasons why the appeal should be granted suspensive effect and (b) the facts, evidence and legal arguments put forward. This means that such an application must in itself enable the court of appeal to decide on this application, if necessary without further information. References to text passages in documents and documents in the first instance files are admissible, provided they are sufficiently specific.
2. *Evident error in the contested decision with regard to the lack of an order for security for enforcement*
21. There is no obvious error with regard to the lack of an order for security for enforcement.
22. Pursuant to Art. 82 para. 1 UPCA, the decisions and orders of the court are enforceable. Pursuant to Art. 82 para. 2 UPCA, the enforcement of a judgement may, where appropriate, be made subject to the provision of security or equivalent guarantees to ensure compensation for damage suffered, in particular in the case of (injunctive) orders. It is clear from this that the ordering of security for enforcement is not necessary in every case; rather, it is at the discretion of the court. The local division correctly assumed that the patent proprietor's interest in the effective enforcement of its property right must be weighed against the interest of the alleged patent infringer in the effective enforcement of possible claims for damages in the event of a subsequent annulment of the decision (see, with regard to destruction, Article 10(3) of Directive 2004/48 EC of 29 April 2003 [Enforcement Directive], OJ of 30 April 2004, L 157/45).
23. Only in this way will the fundamental rights of entrepreneurial freedom and property cited by Knaus Tabbert, as well as the right to a fair trial pursuant to Art. 6 ECHR and the right to an effective remedy (Art. 47 CFR) - which both parties can invoke - be sufficiently guaranteed. Knaus Tabbert's fundamental rights are not guaranteed without restriction. Subject to the principle of proportionality, restrictions may be imposed if the protection of the rights and freedoms of the other party actually requires this (see Art. 52 para. 1 sentence 1 CFR). It is obvious that the Order to provide security for enforcement in the case of a decision that has not yet become final requires a weighing of the respective interests (cf. also the predecessor provision of Art. 46 para. 3 Brussels I Regulation: ECJ, 4 October 1991, C-183/90, *Van Dalzen et al./Van Loon et al.*, para. 23).
24. Even for provisional measures, Article 9(6) of the Enforcement Directive does not necessarily require the provision of security. Accordingly, provisional measures may be subject to the provision of an appropriate deposit or security by the applicant (see ECJ, 28 April 2022, C-44/21, *Phoenix Contact* para. 46).
25. An obvious error by the local division in weighing up the interests has not been shown. In view of the fact that Knaus Tabbert was aware of the patent at issue, and thus with the

Since the company has taken a calculated risk of patent infringement in the distribution of the challenged embodiments, the waiver of enforcement security is justifiable.

3. *Evident error with regard to proportionality*

26. The local division's view that the order for recall, final removal from the distribution channels and destruction cannot be dispensed with for reasons of proportionality is not manifestly erroneous. The local division did not fail to recognise that the Orders would only be complied with if not only the challenged frames but the entire caravans were recalled, removed from the distribution channels and destroyed. It justified this with the consideration that the patent at issue does not protect individual components of minor importance, but the basic construction of the caravan (para. 258). Even if the disagreements between the parties, as argued by Knaus Tabbert, are only of a financial nature, the Order for destruction in particular may be justified.

4. *Risk of the appeal becoming irrelevant*

27. There is also no reason to fear that the enforcement of the Orders will render the appeal largely moot.

Recall, removal from distribution channels and destruction

28. Knaus Tabbert argues unsuccessfully that if the orders for recall and removal from the distribution channels and destruction are enforced, the appeal will become irrelevant. It is true that if the contested designs are destroyed, this can no longer be cancelled. However, Knaus Tabbert is entitled to compensation in this case. It is not apparent from Knaus Tabbert's submission that its interests are not sufficiently taken into account by the payment of damages.
29. Without success, Knaus Tabbert argues that it is to be feared that Yellow Sphere and Härtwich do not have sufficient assets to satisfy Knaus Tabbert's claim for compensation for the enforcement damage. The fact that insolvency proceedings were opened against Freitec Kunststoffe GmbH, of which Härtwich is the managing director, on 1 March 2025 - and thus after the conclusion of the hearing on 13 February 2025 - does not allow any conclusions to be drawn about Härtwich's financial situation.
30. Insofar as Knaus Tabbert claims that Yellow Sphere's financial situation is inadequate, it is not apparent from the submission that Yellow Sphere's financial situation was already the subject of the submission at first instance, nor that Knaus Tabbert was unable to present its financial situation before the CFI. There is no reason to admit this submission for the first time in the proceedings for an Order of suspensive effect (cf. R. 222.2 RoP). As explained (para. 22), an Order to provide security is at the discretion of the court. It is up to the Court of First Instance (CFI) to weigh up the relevant interests. The ordering of a security is not dependent on the application of a party; it can also be ordered ex officio (see UPC Agreement Court of Appeal, Order of 3 March 2025, UPC_CoA_523/2024, APL_51115/2024, *Sumi/Syngenta*, paras. 112 and 115). However, it is incumbent on the defendant to present facts that make it necessary to order the provision of security - such as the plaintiff's poor financial situation - already in the proceedings before the CFI (see *Sumi/Syngenta* para. 115). The fact that submissions on the financial circumstances are necessary in the proceedings before the CFI is also appropriate. As a rule, findings on the financial circumstances of the claimant can only be made after hearing the opposing party. Also, findings of fact

be necessary. The procedure for applying for suspensive effect, in which the court of appeal decides on the application without delay (R. 223.3 RoP), is not suitable for this purpose.

31. Against this background, there is also no reason to make the enforcement of the Order dependent on the provision of security.

Omission, information, provisional damages and representation costs

32. Nothing else applies with regard to Orders for injunctive relief, information, provisional damages and the representative's costs.

Liability for damages and compensation

33. Knaus Tabbert does not have to fear direct enforcement measures with regard to the established obligation to pay damages and compensation. In this respect, enforcement can only take place after the court has determined the amount of damages and compensation in accordance with R. 125.1 RoP.

III. Suspension and submission pursuant to R. 266.1 RoP in conjunction with Art. 21 UPCA, 267 TFEU

34. There is no need to refer the question to the CJEU as to whether the enforcement of first instance UPC decisions, in particular Orders for recall, removal from the channels of commerce and destruction as well as payment, should in principle be made subject to the provision of security pursuant to Art. 82 UPC Agreement. For the reasons stated in para. 23 and 24, there is no reasonable doubt as to the correct interpretation of Art. 82 UPCA (see ECJ, 6 October 1982, C-283/81, ECLI:EU:C:1982:335, CILFIT, para. 21).

IV. Consideration of the submission in R.9 RoP application (App_22825/2025)

35. This decision took into account the submissions in the application dated 14 May 2025.

V. Conclusion

36. In view of the above, the main application and the alternative applications must be rejected.

VI. Deciding judges

37. The rapporteur referred the decision to the panel for decision in accordance with R.102.1 PANEL.

ORDER:


The applications of Knaus Tabbert are rejected. Issued on 21

May 2025

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Rian Kalden

Rian Kalden, legally qualified judge and presiding judge


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Patricia Rombach, legally qualified judge and rapporteur

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