

ORDER

of the Court of Appeal of the Unified Patent Court

issued on 4 June 2025

concerning the composition of the Court when adjudicating on a request that periodic penalty payments be imposed (R. 354 RoP)

HEADNOTE:

When adjudicating on a request for imposition of periodic penalty payments pursuant to R. 354.4 RoP, the composition of the Court must be a panel.

KEYWORDS:

Composition of the Court (R. 354.4 RoP)

APPELLANT (AND APPLICANT BEFORE THE COURT OF FIRST INSTANCE)

Hybridgenerator ApS, Årlev, Denmark
hereinafter Hybridgenerator

represented by attorney-at-law Mikkel Kleis, Patrade, Aarhus, Denmark

RESPONDENTS (AND RESPONDENTS BEFORE THE COURT OF FIRST INSTANCE)

1. **HGSystem ApS**, Årlev, Denmark
2. **HGSystem Holding ApS**, Årlev, Denmark
3. **Infotech Concept ApS**, Årlev, Denmark
4. **Infotech Holding ApS**, Årlev, Denmark
5. **██████████**, Årlev, Denmark

hereinafter jointly referred to as the Respondents

all represented by attorney-at-law Kenneth Kvistgaard-Aaholm, Gorrissen Federspiel, Aarhus, Denmark and other representatives from that firm and from COPA Copenhagen Patents, Frederiksberg C, Denmark

PATENT AT ISSUE

EP 4 238 202

PANEL AND DECIDING JUDGES

Panel 2

Rian Kalden, presiding judge and legally qualified judge

Ingeborg Simonsson, legally qualified judge and judge rapporteur

Patricia Rombach, legally qualified judge

IMPUGNED ORDER OF THE COURT OF FIRST INSTANCE

Order of the Copenhagen Local Division of 3 March 2025, ORD_10371/2025, ACT_47484/2024, UPC_CFI_492/2024

LANGUAGE OF PROCEEDINGS

Danish, the language of the appeal proceedings is English

SUMMARY OF THE FACTS

1. With reference to an alleged infringement of the patent at issue, Hybridgenerator applied on 16 August 2024 to the Local Division Copenhagen for an order to preserve evidence and for inspection without hearing the other party at the Respondents' address. Hybridgenerator requested that the case be heard by a single judge (Art. 8(7) of the Agreement on a Unified Patent Court, hereinafter the UPCA). The application was made to the standing judge. On 19 August 2024, the standing judge referred the application to the presiding judge of the competent Local Division (ORD_47773/2024).
2. On 26 August 2024, the Local Division granted the request in the composition of a single judge. The order further stated that if the Respondents did not comply with the terms set out in the order, they could be subject to penalty payments payable to the Court. The order was enforced by the bailiff in Svendborg, Denmark, on 30 August 2025.
3. By order of 4 September 2024 (uploaded on 5 September 2024), the Local Division in the composition of a single judge (ORD_50233/2024) made a provision that the Respondents jointly and severally pay the Court a penalty of € 5,000 per day until they had complied with conditions of the Court's order of 26 August 2024.
4. On 26 September 2024, Hybridgenerator lodged an infringement action (ACT_53697/2024, UPC_CFI_560/2024).
5. On 30 September 2024, the Respondents lodged a request for review of the Local Division's order of 26 August 2024 (R. 197.3 RoP). The oral hearing on this request was held on 28 November 2024, and by order of 19 December 2024 (ORD_67514/2024), the Local Division, in composition as a single judge with reference to R. 194.3 RoP, decided that the order of 26 August 2024 should be upheld.

The impugned order

6. The impugned order was issued by a single judge with reference to R. 194.3 RoP. It is explained in the order that Hybridgenerator has urged the Court to start imposing the penalty payments and requested

that the imposition be continued until the Respondents have complied with the Court's order. The Court however found that, on the existing basis, the Respondents could not now be imposed to pay the penalties set by the Court. In the operative part of the order, the Local Division wrote: "On the present basis, the Respondents are not ordered to pay the periodic penalty payments set by the Court in its order of 4 September 2024". Leave to appeal was granted.

7. Hybridgenerator appealed the part of the order referred to in the previous paragraph and requested (in brief) that penalties should be imposed on the Respondents.
8. The judge-rapporteur invited the parties to comment on the composition of the Local Division in the impugned order and what the consequences would be if the penalty order could not be issued by the single judge.

SUBMISSIONS OF THE PARTIES (IN SUMMARY AND INSOFAR AS RELEVANT)

Hybridgenerator

9. The procedure for securing evidence and inspection of property is complete and the impugned order concerns the question of enforcement of the first instance order of 4 September 2024 on penalty payments under R. 354.4 RoP. Since the decision not to impose penalty payments was not made by a panel, the impugned order should be set aside with regard to the part of the order concerned by the present appeal. The Court of Appeal should at the same time refer the case back for decision by a panel of the Court of First Instance in accordance with Art. 75(1), second sentence UPCA and R. 243.1 RoP by analogy.

The Respondents

10. In R. 354.4 RoP, it is stated that such an order must be made by the panel (as opposed to a single judge), which is based on the fact that periodic penalty payments are very intrusive, which is why the defendant's legal certainty requires that the order must be made by a panel to ensure that all relevant legal rules are complied with and to ensure that the decision is objective and proportional. It is established that the impugned order was issued by a single judge at the Local Division, whereby the order was issued without legal basis in the Rules and is therefore invalid.
11. However, this has the consequence that the order of 4 September 2024 on the provision of penalty payments was also made without a legal basis in the Rules and is therefore also invalid having been made by a single judge and, moreover, without prior hearing of the Respondents. It is noted in this connection that the order of 4 September 2024 was not served on the Respondents until 16 September 2024 - i.e. 12 days after the order, which makes a prior hearing of the Respondents impossible.
12. Hybridgenerator has no legal interest in the issue of the imposition of penalty payments on the Respondents. Penalty payments are paid to UPC and not to Hybridgenerator, which means that Hybridgenerator, regardless of the wording of the provision in R. 354.4 RoP has no legal interest in the matter, as the wording of R. 354.4 RoP presupposes that the basis for the penalty payments is present.
13. The Respondents have long since complied with all elements of the first instance order to preserve evidence and thus have provided all the information that they have been ordered to provide. R. 354.4

RoP thus only generally states that Hybridgenerator may appeal a decision on a penalty payment but presupposes that the basis for the penalty payment is present, which is not the case here.

14. In light of the above, the Court of Appeal is requested to decide that penalty payments cannot be imposed in continuation of both the order of 3 March 2025 and the order of 4 September 2024, as both orders were issued by the Court of First Instance without legal basis in the UPCA and the RoP and without prior hearing of the Respondents.

GROUND FOR THE ORDER

The composition of the Local Division

15. The appeal is admissible and successful. The Local Division should have been composed of a panel when issuing the impugned order.
16. Following the review of the order of 26 August 2024 in the order of 19 December 2024, the procedure for securing evidence and inspection of property was completed (R. 192 to 197 RoP). The impugned order, with regard to penalty payments, related to the enforcement of the combined orders of 26 August 2024, in which the Local Division provided for penalty payments, and that of 4 September 2024, in which the Local Division set the value of the periodic penalty payments.
17. For a proper understanding of the Rules when it comes to composition of the Court, it is important to distinguish here between an order following an Application for preserving evidence (R. 192 et seq. RoP) wherein the value of periodic penalty payments is set (R. 354.3 RoP), and an order concerning imposition of periodic penalty payments (R. 354.4 RoP). The composition of the Court differs, as will be set out here.
18. Where main proceedings on the merits of the case have not yet been started before the Court, as was the case here, an Application for preserving evidence shall be dealt with in accordance with R. 18 RoP (designation only of judge-rapporteur by presiding judge), see R. 193.1 RoP. R. 18 RoP provides (insofar as relevant here) that the presiding judge of the panel to which the action has been assigned [Rule 17.2] shall designate one legally qualified judge of the panel as judge-rapporteur. The presiding judge may designate himself as judge-rapporteur.
19. The reference in R. 193.1 to R. 17.2 RoP (assignment to a panel) does not prevent that work is commenced immediately on an Application to preserve evidence. According to R. 194.3 RoP, the presiding judge may decide that he or the judge-rapporteur or other single judge or the standing judge may decide on an Application to preserve evidence. In cases of extreme urgency the standing judge appointed in accordance with R. 345.5 RoP may decide immediately on an Application to preserve evidence and the procedure to be followed on the Application. This Rule applies mutatis mutandis when a party makes a reasoned request for an order for inspection (R. 199.2 RoP).
20. These provisions reflect the inherent urgency of Applications for preservation of evidence and for inspection. If the order is issued without hearing the defendant, the defendant may request a review of the order. Following review, the Court may modify, revoke or confirm the order (R. 197.4 RoP).

21. Pursuant to R. 354.3 RoP, the Court's decisions and orders may provide for periodic penalty payments payable to the Court in the event that a party fails to comply with the terms of the order or an earlier order. The value of such payments shall be set by *the Court* having regard to the importance of the order in question. There is no wording in R. 354.3 RoP that such orders shall be adopted by the panel.
22. According to R. 1.2 RoP, where the Rules of Procedure provide for the Court to perform any act other than an act exclusively reserved for a panel of the Court, the President of the Court of First Instance or the President of the Court of Appeal, that act may be performed by: (a) the presiding judge or the judge-rapporteur of the panel to which the action has been assigned; (b) a single legally qualified judge where the action has been assigned to a single judge; (c) the standing judge designated pursuant to R. 345.5 RoP.
23. Setting the value of periodic penalty payments as was done in the order of 4 September 2024, can by consequence be done by the presiding judge or a single legally qualified judge with reference to R. 1.2 RoP. There is no obligation in R. 354.3 RoP to hear the failing party prior to setting the value of periodic penalty payments.
24. If it is alleged that a party has failed to comply with the terms of the order of the Court, the first instance *panel* of the division in question may decide on penalty payments provided for in the order upon the request of the other party or of its own motion (R. 354.4 RoP). The procedure foreseen in R. 264 RoP shall apply (opportunity to be heard). At this stage, there is a right of the other party to be heard.
25. The panel composition is explicit in R. 354.4 RoP. The composition of the Local Division when adjudicating on the request for imposition of periodic penalty payments should consequently have been a panel. It can be left open whether it would have been possible for the parties to agree on a single judge (R. 345.6 RoP), as there is no indication in the casefile, the impugned order or in the parties' submissions that such an agreement was made. For the reasons explained, the impugned order must be set aside in this part.
26. As regards the legal consequences of setting aside the impugned order, the Respondents' complaints about the order of 4 September 2024 fail. The Respondents never sought any legal remedy against the order. They also fail to recognize that the order of 4 September 2024 is not the subject of the present appeal. Even if a limited review of the order of 4 September 2024 would be possible, encompassing possible manifest defects such as contraventions of *ordre public*, such a review would reveal that the order does not suffer from a defect in terms of the composition of the panel as asserted by the Respondents.
27. Insofar as the Respondents' final argument – that Hybridgenerator has no legal interest in the issue of the imposition of penalty payments – can be considered as a challenge of the standing of Hybridgenerator to appeal the impugned order, this fails too. A party that has requested imposition of periodic penalty payments can bring an appeal if the request is wholly or partly unsuccessful (CoA, order of 2 June 2025, UPC_CoA_845/2024, APL_68523/2024 (Appeal), UPC_CoA_50/2025, APL_3697/2025 (Cross-Appeal), *Belkin vs Philips et vv*, paras 25-29).

Referral back

28. In exceptional circumstances the Court of Appeal may refer the action back to the Court of First Instance for decision or for retrial. This is such a situation. The Local Division shall adjudicate as a panel on the request of Hybridgenerator that penalties be imposed on the Respondents. There is nothing to prevent the presiding judge of the Local Division to preside in the panel.

Costs

29. No decision on the reimbursement of legal costs will be made in this appeal, since this order of the Court of Appeal is not a final order or decision, i.e. not an order or decision concluding the proceedings pending before the Court of First Instance.

ORDER

1. The Court of Appeal sets aside the following part of the order of the Copenhagen Local Division of 3 March 2024, ORD_10371/2025, ACT_ 47484/2024, UPC_CFI_492/2024
"Der pålægges ikke på det foreliggende grundlag rekvisiti at betale de af Domstolen ved kendelse af 4. september 2024 fastsatte løbende tvangsbøder".
2. This part of the action, i.e. Hybridgenerator's request that periodic penalty payments be imposed on the Respondents, is referred back to the Local Division Copenhagen for adjudication. The Local Division shall adjudicate as a panel on the request of Hybridgenerator made in January 2025 that periodic penalty payments be imposed on the Respondents. There is nothing to prevent the presiding judge of the Local Division to preside in the panel.

Issued on 4 June 2025

Rian Kalden
Date:
2025.06.04
12:34:47 +02'00'

Rian Kalden, presiding judge and legally qualified judge

Ingeborg Simonsson
Digitally signed by
Åsa Ingeborg
Simonsson
Date: 2025.06.04
12:13:04 +02'00'

Ingeborg Simonsson, legally qualified judge and judge-rapporteur

Patricia Ursula Rombach
Digitally signed by
Patricia Ursula
Rombach
Date: 2025.06.04
13:33:16 +02'00'

Patricia Rombach, legally qualified judge