

GULDE & PARTNER

NEWSLETTER
Patents

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UPC: Cost allocation in revocation action | BGH: Effectiveness of priority with added embodiments | UPC: CoA sets legal standard for added matter



UPC: Allocation of costs in a revocation action after surrender of the patent

"The unsuccessful party must bear the reasonable and proportionate legal costs (...) if a claimant files a revocation action without the patent holder having given rise to the action and the patent holder surrenders the patent immediately"

Background of the case:

A patent owner sent a letter to a potential infringer, asking them to explain why they considered themselves authorised to use the patent.

The potential infringer asserted, among other things, the **lack of validity** of the patent and asked whether the matter was thus considered settled. The potential infringer otherwise reserved the right to take further legal action. "In the event of further unjustified action" by the patent owner "due to alleged patent infringement", the potential infringer announced that it would "if necessary have further prior art searched" and claim the costs from the patent owner.

Eight months later, **without prior notice**, the potential infringer lodged a **revocation action** before the UPC against the European patent, wherein the invalidity of the patent was based **inter alia on prior art not yet presented** in the out-of-court correspondence. Shortly thereafter - **before the defendant submitted its defence** - the patent owner **surrendered the patent**, also filing for **central revocation before the EPO** (Art. 105a EPC). The substantive dispute was thus rendered moot, but the **issue of cost allocation** remained.

Art. 69(1) UPCA:

The unsuccessful party, in principle, has to bear the costs of the proceedings (Meril v. Edwards - EPG, 4.10.2024 – UPC CoA 2/2024, GRUR-RS 2024, 30309).

This case - Departure from the "loser pays" rule (Art. 69(1) UPCA):

Although the potential infringer formally prevailed, the **Court of Appeal ordered the potential infringer to bear the costs** of the proceedings based on Art. 69 (2) UPCA: "Where a party succeeds only in part or in **exceptional circumstances**, the Court may order that costs be apportioned equitably or that the parties bear their own costs."

Main reasons:

- ✓ The plaintiff did **not notify** the defendant of the **entire relevant prior art** before filing the revocation action
- ✓ The plaintiff missed an opportunity to **resolve the issue amicably** outside court.

Head notes:

1. An exception to the general rule of Art. 69 (1) UPCA that the unsuccessful party must bear the reasonable and proportionate legal costs and other expenses incurred by the successful party may apply if a claimant files a revocation action **without the patent holder having given rise to the action and the patent holder surrenders the patent immediately** at the beginning of the proceedings.

2. For this rule to apply, it is generally necessary that **within the time limit for filing a defence** to revocation not only the patent holder **surrenders the patent** but within the same time period also files a **request for revocation** of the patent pursuant to Art. 105a EPC with the European Patent Office and **pays the required fee** within that time period.

Recommendations & take-aways:

- ✓ For revocation plaintiffs:

Consider sending a **pre-litigation letter** with (all!) relevant prior art (front-loading into prior out-of-court correspondence). Filing without notice may lead to **cost sanctions**, even if the claim succeeds. Ask yourself whether the patent owner (objectively) gave rise to cause for action.

- ✓ For patent owners:

A **swift and voluntary surrender** can help **avoid liability for costs**, especially if the plaintiff gave no prior warning. The surrender must apply to both the past and future (ex tunc).

- ✓ For all UPC litigants:

The **UPC will actively manage costs** to discourage unnecessary proceedings. This decision confirms the UPC's commitment to **efficiency, fairness, and proportionality** in cost allocation.



BGH: Decision "Slice-Segmente"

Effectiveness of priority with added embodiments

Background of the case:

European Patent application 2 842 318 (hereinafter EP'318) filed in April 2013 pertains to a decoder for reconstructing a picture and claims priority from US provisional application 61/624,098 (hereinafter US'098) filed in April 2012.

Compared to US'098, EP'318 comprises an additional embodiment that was not part of the specification of US'098 but was added to the specification of EP'318 upon filing.

This patent resulting from EP'318 was subject to nullity proceedings before the German Federal Patent Court (BPatG), which declared it invalid in light of prior art document 2NK4. This document 2NK4 was published in December 2012, i.e. **after** the priority date of US'098, but before the filing date of EP'318.

Prior art document 2NK4 was taken into account because the priority claim was deemed invalid due to the additional embodiment in EP'318.

Disclosure of US'098 vs. EP'318:

US'098 discloses the use of a regular slice (RS) in a picture to be decoded as an anchor to break dependencies to previous slices:

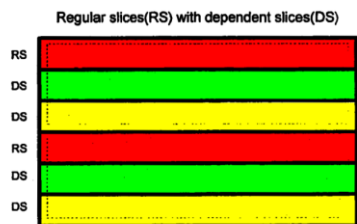


Figure 13 – Robustness improving through Regular Slices as anchors

EP'318 also discloses the use of a regular slice as an anchor to break dependencies to previous slices. **In addition**, EP'318 discloses that a group („slice **segment**“) of a regular slice plus dependent slices build a **logical entity**, wherein the group has properties of one single slice.

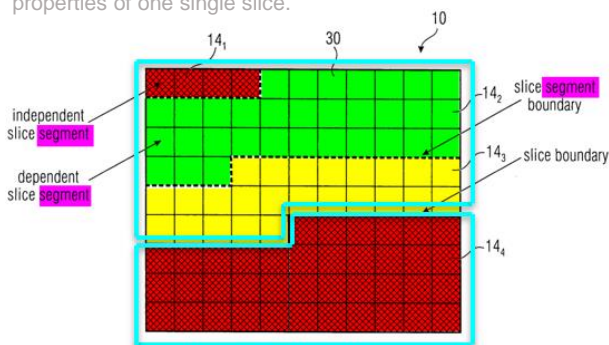


FIG 27

It is important to note that **granted claim 1** did neither comprise features related to the slice **segments** nor features to the logical **entity** (which were both not part of US'098).

Decision of the BPatG:

- US'098 merely discloses that regular slices may be used as an anchor to break dependencies to previous slices.
 - No disclosure that a group ("slice segment") consisting of an independent slice and subsequent dependent slices forms a logical unit for arbitrary geometric arrangements.
 - No disclosure that this group has the properties of a conventional slice.
- The patent is therefore to be **revoked**.

Decision of the Federal Court of Justice (BGH):

- Contrary to the view of BPatG, the BGH considered it **irrelevant** that the term "slice segment" and the corresponding embodiment disclosed in the contested patent are not mentioned in the priority document (US'098).
 - Such a deviation would matter only **if the embodiment led to a different understanding of the features** disclosed in US'098, or if features of claim 1 were disclosed **only** through that embodiment.
 - It is considered that the embodiment **does not change the interpretation** of claim 1. Since US'098 discloses all features of this claim as part of the invention, the subject matter of the contested patent does not go beyond disclosure of US'098.
 - The fact that the contested patent discloses additional functions in connection with the embodiment is irrelevant, because **claim 1 does not require these functions** and US'098 neither expressly nor implicitly excludes their implementation.
- The patent is therefore to be **maintained**.

Take-aways:

- The claim as a combination of features is decisive and subsequent examples **must not alter the meaning** of the claim features.
- If the original filing contains a generic term, later embodiments may fall under it - but the key question is **whether the new embodiment retroactively influences the interpretation** of that generic term.
- Later embodiments are typically closer to the final product than the early ones, which makes the potential impact on claim interpretation particularly relevant.

Other interesting notes of the case:

- The BGH considered the plaintiff's non-participation in the appeal as an indication of the **appropriateness of a final decision**.
 - The BGH applied the criterion of readiness for decision generously, even though **numerous validity attacks remained unaddressed** by the BPatG.
 - Interest of the patent proprietor in **swift legal certainty** weighed heavily.
- Parties should **not assume that**, if successful on appeal, the case will be **automatically remitted** to the Federal Patent Court for assessment of further arguments.

UPC: Court of Appeal sets legal standard for added matter

The UPC will not apply the EPO's 'strict gold standard', but will instead focus more on the understanding of a skilled person and on whether a feature is necessary to achieve the objective of the invention.

Background of the case:

The invention relates to in vivo analyte monitoring systems for people suffering from diabetes.

The proprietor alleged that two defendants infringed the patent by importing infringing products. The defendants/potential infringers sued for nullity.

The patent is based on a second-generation divisional application. Claim 1 requires that "the base portion of the enclosure comprises a recess (4710)". As support for this feature of claim 1 in the original application, the applicant indicated a text passage in the description stating: "a recess 4710 (...) includes an elastomeric sealing member 4714".

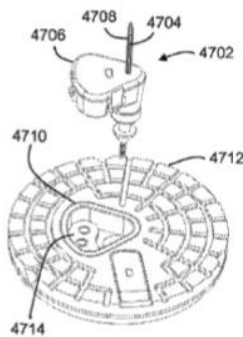


FIG. 47A

The UPC's Court of First Instance (CFI) found that the patent will be held invalid in proceedings on the merits due to added matter and denied the application for provisional measures due to the feature an elastomeric seal (4714) in the recess of the base portion of the enclosure representing an unallowable intermediate generalization. (UPC CFI 131/2024).

The applicant appealed the decision.

Ruling of the Court of Appeal (CoA):

The appeal is successful. The CoA sets aside the first-instance order and grants a preliminary injunction.

Both defendants must refrain from all acts under Art. 25(a) UPCA, even if not all are alleged. The proof of one defendant's infringement and a credible threat of the other's suffices for a broad preliminary injunction against both.

The CoA allows Art. 67 UPCA measures as provisional relief if urgent and proportionate. The applicant may obtain information on origin, distribution, and involved parties.



The CoA's claim interpretation:

As a legal standard to assess whether the patent claims contain added matter, the CoA holds that the UPC must ascertain:

- "what the skilled person would derive **directly and unambiguously using his common general knowledge** and seen objectively and relative to the date of filing, from the **whole of the application as filed**, whereby implicitly disclosed subject-matter, i.e. matter that is a clear and unambiguous consequence of what is explicitly mentioned, shall also be considered as part of its content." (similar to the **gold standard** of the EPO)
- The CoA stresses that: added matter must be assessed **in the context of the entire original application**, not just cited parts and "it is **not required** that a claim uses the exact **same wording** as used in the original application".
- The CoA **finds it clear** that sealing contacts are needed to protect against moisture and prevent device malfunctions.
- Since **alternative sealing methods** (potting) are **disclosed** and no advantage of an elastomeric sealing unit is described, the skilled person understands that the exact sealing method is irrelevant and would not see elastomeric sealing as necessary **to achieve the invention's aim**.

Take-aways:

- Means-plus-function features are to be **interpreted broadly**, namely as **any feature suitable** for carrying out the function (Art. 69(1) EPC).
- In accordance with the **gold standard** of the EPO: means-plus-function features in device claims are treated consistently by both the EPO and the UPC.
- The UPC will **not** apply the EPO's "strict gold standard" of literal disclosure. Instead, the CoA **focuses more on the skilled person's understanding** and whether a feature is necessary to achieve the invention's objective.
- Notably, "means-plus-function" claims are still interpreted **more broadly** in Europe than in the US.
- The approach of the CoA to added matter **strengthens the position of the patent proprietor** before the UPC.
- Might be **easier to defend** for the proprietor than in opposition proceedings before the EPO.
- **Potential infringers should file an opposition** if possible, as the EPO can revoke the patent for added matter even if the UPC upholds it.



Gulde & Partner Patent- und Rechtsanwaltskanzlei mbB

GERMANY

Berlin

Berliner Freiheit 2
10785 Berlin
Tel.: +49 30 20623-0
Fax: +49 30 20623-127

Dresden

Bautzner Straße 8
01099 Dresden
Tel.: +49 351 316399-0

Düsseldorf

Neuer Zollhof 3
40221 Düsseldorf
Tel.: +49 211 955846-0
Fax: +49 211 955846-10

Hamburg

Neuer Wall 10
20354 Hamburg
Tel.: +49 40 881656-44
Fax: +49 40 881656-88

Munich

Leopoldstraße 23
80802 Munich
Tel.: +49 89 232361-82
Fax: +49 89 232361-83

JAPAN

Yokohama

4-173-2-205
Noge-cho Naka-ku
Yokohama 231-0064
Tel.: +81-(0)45-315-3654
Fax: +81-(0)45-315-3687

CHINA

Beijing

Room 617, Danling Soho Building
Danling Street No.6, Haidian District
Beijing, China 100080
Tel.: +86 13671205058
Fax: +86 1065907018