UPC Mock Trial

"The PET Bottle Case"

Swisscom vs. M&B

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* Modified and simplified case scenario, based on actual case

Swisscom‘s Position

- Swiss company Swisscom AG owns European patent EP 1 663 630 (EP‘630) on „*Single-Layer PET Bottles With High Barrier Properties and Improved Clarity*”.
- EP‘630 was granted in 2009 and will expire in 2024; it is in force in all major EPC countries.
- Swisscom observes high sales of PET bottles by its Italian competitor M&B, particularly in Italy. M&B has also announced to enter the German market.
- Swisscom believes that M&B‘s sales infringe its EP‘630 and sends out a warning letter to M&B to stop these activities.

M&B‘s Reaction

- M&B feels threatened by Swisscom‘s letter.
- M&B believes that EP‘630 is neither infringed nor valid and that it would have good chances to prevail before court.
- M&B informs Swisscom about its position accordingly.
- M&B does not want to proactively litigate in multiple countries, but decides to start nullity action in Germany against German part of EP‘630 to avoid disadvantages under the German two-track system.

Swisscom‘s Action before the UPC

- Swisscom wants to stop M&B‘s activities as effectively as possible
- As the UPC Agreement has just come into force, Swisscom considers starting an action before the UPC.
- No opt-out has been declared regarding EP‘630.
- Swisscom starts infringement action before the UPC‘s Local Division (LD) in Dusseldorf to bring M&B under pressure, requesting an injunction, rendering of information and accounts and damages regarding M&B‘s activities in the whole UPC territory.

M&B‘s Counter-Action and Parties‘ Claims

- M&B argues non-infringement in its statement of defense and files a counterclaim for revocation against Swisscom.
- M&B claims lack of jurisdiction of the LD in Duesseldorf because there are no sales in Germany so far; in addition, sales in Italy only do not justify UPC-wide remedies.
- Swisscom defends against the counterclaim for revocation and insists on infringement, at least on the basis of the doctrine of equivalents.
- Swisscom claims lack of jurisdiction of the UPC for the counterclaim for revocation due to the pending national nullity action in Germany.

Further Procedure before the UPC

- Local Division decides to hear infringement action and revocation counter-action together, without referral to the Central Division
- Technical Judge is appointed
- Decision on procedural objections is deferred to the oral proceedings and the final decision on the case

Background of the EP‘630

- PET bottles were known as good replacement for glass due to lighter weight, decreased breakage, lower cost
- However, major deficiency of PET is high gas permeability
- Multilayer PET bottles having a low gas-permeable inner layer were not successful due to haze formed by the domains in the two-phase system
- PET bottles using a partially aromatic polyamide as low gas permeable inner layer were lower in haze, but tended to yellow
- Problem was to provide PET bottle with low gas permeability, low haze and low yellowness

The Claim & The Attacked Embodiment

Claim 1 of EP‘630:

A composition for containers comprising:

1. A polyester
2. A partially aromatic polyamide
3. An ionic compatibilizer
4. A cobalt salt

M&B‘s PET bottles:

A composition for containers, consisting of

1. A polyester that also acts as an ionic compatibilizer
2. A partially aromatic polyamide, and
3. A cobalt salt

[0044] It has surprisingly been found that the ionic compatibilizer, in addition to improving gas barrier properties and improving haze, in combination with a cobalt salt significantly reduces the yellowness of the resin, preform and container.

Introduction by the court

M&B's Arguments: Lack of jurisdiction of LD Düsseldorf

Local division in Düsseldorf has no jurisdiction, because…

- Swisscom has no domicile in Germany
- No relevant acts have been conducted in Germany
- Jurisdiction of local division (LD) Düsseldorf cannot be based on imminent threat of infringement when there are other divisions of the UPC available
- Other divisions (e.g. in Italy) are more suitable since jurisdiction could be based on relevant acts that have actually occurred
- Extensive forum shopping to an unjust disadvantage of the defendant should be avoided where there is no need for it
- At least: No jurisdiction of LD Düsseldorf for claims going beyond an injunction as no infringement occurred in Germany

Swisscom‘s Arguments: Jurisdiction

- No lack of jurisdiction of LD Dusseldorf concerning infringement claim
  - Concrete threat of upcoming infringement in Germany
  - EP‘630 not opted out: UPC wide protection

- Lack of jurisdiction of LD Dusseldorf concerning counterclaim for revocation
  - Pending nullity action in Germany against German part of EP’630
  - Art. 27 (1) EC Regulation 44/2001: Danger of irreconcilable decisions

“Where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall … stay its proceedings until such time as the jurisdiction of the court first seised is established”

M&B‘s Arguments: Jurisdiction for counterclaim

UPC has jurisdiction for counterclaim for revocation, because…

- If Art. 27 (1) EC Regulation 44/2001 was applicable, UPC should have no jurisdiction for the infringement action in the first place as soon as a counterclaim for revocation has been raised
- However, if it is to be assumed that the UPC has jurisdiction irrespective of the (earlier started) German nullity action, then it has jurisdiction also for the counterclaim for invalidation.

M&B's Arguments: Jurisdiction for counterclaim

UPC has jurisdiction for counterclaim for revocation, because…

- UPC Agreement was not in force when German nullity action was started, so that M&B had no option to go to the UPC when the German action was filed
- At least for such transitional situations, parallel proceedings should be accepted
- M&B has valid interest in German revocation action even now:
  - Earlier invalidation by German court may prevent provisional injunction by German court or other national courts
  - Withdrawal of German nullity action would have negative consequences (costs, etc.)
- At least: Carve-out should be accepted, i.e. jurisdiction for revocation for the UPC territory except for Germany

Interim conclusions of the court regarding jurisdiction

Swisscom‘s Arguments: Literal Infringement

➢ Wording of Claim 1 of EP‘630

- No restriction to four components
- Confirmation by patent description

➢ Function orientated claim interpretation

- [0044]: “It has surprisingly been found that the ionic compatibilizer, in addition to improving gas barrier properties and improving haze, in combination with a cobalt salt significantly reduces the yellowness of the resin, preform and container.”
- [0046]: “Alternatively the polyester resin can be polymerized with the ionic compatibilizer, and optionally a transition metal catalyst (…) to form a polymer.”

➢ No claim interpretation below its wording

Swisscom‘s Arguments: Equivalent Infringement

➢ Same technical effect

- Undisputed

➢ Without any inventive considerations

- Patent description provides different exemplary methods to prepare “blend of polyester, ionic compatibilizer, cobalt salt and partially aromatic polyamide” [0046], [0047], including pre-polymerization of the polyester and the compatibilizer
- Claim 9 of EP’630: “The composition of claim 1 to 8, wherein said ionic compatibilizer is a copolyester containing a metal sulfonate salt.”

➢ Equivalent solutions

- No restriction to solutions of four components
- No selection decision of patent applicant

M&B‘s Arguments: Non-infringement (I)

No literal infringement, because…

- EP‘630 protects a composition containing at least four components („comprising“)
- In contrast, M&B‘s composition consists only of three components

- Functional interpretation does not lead to a different result as it does not allow to neglect entire claim features

M&B‘s Arguments: Non-infringement (I)

No infringement by equivalent means, because …

- Surprisingly, it has been found that a separate compatibilizer can be omitted if a specific type of polyester is used
- Such specific polyester has not been disclosed in EP‘630 and was not known at the priority date
- A separate compatibilizer was therefore a necessary requirement at the priority date to avoid haze
- Using such specific polyester was therefore **not obvious** for the person of skill in the art
- „*Blend*“ does not mean that one component can be omitted; claim 9 does not suggest anything to the contrary
- There was **no guidance in the teaching of the patent** that would have directed the person skilled in the art to look for, find or use the specific polyester that is used in M&B‘s composition

M&B‘s Argements: Lack of validity (I)

EP‘630 lacks inventive step vis à vis a combination of D3 with D1

D3 (EP‘719) discloses bottles comprising:

- A polyester
- A partially aromatic polyamide
- and a Cobalt salt
  - Shows that the cobalt salt significantly reduces yellowness

D1 (JP63-288993) discloses a hollow article, i.e. container, comprising:

- A polyester
- A partially aromatic polyamide
- and a compatibilizer
  - Shows that the addition of the compatibilizer significantly reduces haze

Combination of D1 and D3 clearly leads to claim 1 of EP‘630

- There was a motivation to combine these documents since....
- A skilled person working the teaching of D1 would find that the resulting PET bottles are
  - Good in oxygen permeability
  - Low in haze, BUT
  - Tend towards yellow discoloration
- D3 shows that the addition of a Cobalt salt to a polyester / polyamide combination reduces yellowness of the resulting PET bottles
- Yellowness and low haze are separate, additive problems, for each of which a solution was known

Swisscom‘s Arguments: Validity

- D3 (EP ‘719)
  - Certain polyamide added to polyester as an oxydisable component.
  - Cobalt is added as a catalyst for oxidation.
  - Not mentioned that hazing could be a problem.

- D1 (JP 63-288993)
  - Certain polyamide added to polyester to obtain passive gas barrier.
  - Compatibilizer is added to avoid hazing.
  - Not mentioned that yellowing could be a problem.

- Skilled person would not have combined D3 and D1, at least was not provided with incentive to do so

Conclusions by the court

Comments & Discussion