

IN THE NAME OF THE KING

JUDGMENT

District Court The Hague

Trade Team

Seated in The Hague

Case number / docket number: C/09/513596 / KG ZA 16-793

Judgment in preliminary relief proceedings of August 9, 2016

In the matter of

1. The private limited liability company

RUBY DECOR B.V.,

Established in Broek op Langedijk (municipality Langedijk);

2. The private limited liability company

APARTO B.V.,

Established in Broek op Langedijk (municipality Langedijk);

plaintiffs,

Attorney: *Dr. Mr.* Th.C.J.A. van Engelen of Utrecht

versus

The legal entity under foreign law

BASIC HOLDINGS ULC,

Established in Dublin (Ireland),

Respondent;

Attorney: *Mr.* A. Tsoutsanis of Amsterdam

Plaintiffs hereafter shall also be referred to as Ruby Decor and Aparto, and jointly as Ruby Decor *cum suis* (feminine singular). Respondent hereafter shall be referred to as Basic Holdings.

In this matter Ruby Decor *cum suis* was also assisted by *Ir.* A.H.K. Tan, patent attorney of Groningen.

1. The proceedings

1.1 The course of the proceedings is evident from:

- the writ of summons dated June 28, 2016, with exhibits 1 through 16;
- the exhibits 1 through 10 of Basic Holdings which were received on July 20, 2016;
- the additional legal costs schedules of Ruby Decor *cum suis* and Basic Holdings (exhibit 17 and exhibit 11 respectively) which were received on July 26, 2016;
- the oral hearing of parties, held on July 26, 2016;
- the pleading notes of Ruby Decor *cum suis*;
- the pleading notes of Basic Holdings.

1.2 Judgment was set for today.

2. The facts

2.1 By judgment in earlier preliminary relief proceedings between the parties dated May 4, 2016 (hereafter: the Judgment)¹, the following facts were assumed.

2.1 *Basic Holdings forms part of the Glen Dimplex Group which operates worldwide and engages in the development and manufacture of artificial fireplaces.*

2.2 *Basic Holdings is right holder to European patent EP 2 029 941 B1 (hereafter: EP 941 or the patent) for an 'Artificial Fireplace'. EP 941, amongst others, is valid in the Netherlands, Germany, France, the United Kingdom and Ireland. EP 941 was granted on October 3, 2012, following an application for such on March 13, 2007, which invoked priority on the basis of patent applications GB 0605001 of March 13, 2006 and GB 0623434 of November 24, 2006.*

2.3 *EP 941 has 17 claims, of which the first claim is independent. The subsequent claims all are dependent upon claim 1. The original English text of claim 1 of EP 941 runs as follows:*

1. *A simulated fire effect apparatus (10) (450) (322) comprising:
An aperture bed (12) (232);*

¹ Preliminary relief judge district court The Hague, May 4, 2016, ECLI:NL:RBDHA:2016:4657

A container (30) (452) (452') (652) (752) adapted to contain a body of liquid (32), the container providing a head space (496) (6528) above the liquid;

An ultrasonic transducer (34) (34') (462) (458) device having a transducing surface operatively in liquid contacting relation with the body of liquid (32) and operable to produce a vapour in said head space (496) (652B); and

means for providing a current of air directed upwardly from the aperture bed (12) (232)

Characterized in that the container (30) (452) (452') (652) (752) includes a vapour outlet port (482) ((482')), and ***in that***

the apparatus (10) (450) (322) further comprises means (26) for providing a flow of air along a path extending into the head space (496) (652B) and out of the vapour outlet port (482) (482'), wherein the outlet port (482) (482') is so disposed that the air flow path exits the container (30) (452) (452') (652) (852) below the aperture bed (12) (232).

2.4 In the – undisputed – Dutch translation claim 1 reads as follows:

1. A simulated fire effect apparatus (10) (450) (322) comprising:

An aperture bed (12) (232);

A container (30) (452) (452') (652) (752) adapted to contain a body of liquid (32), the container providing a head space (496) (6528) above the liquid;

An ultrasonic transducer (34) (34') (462) (458) device having a transducing surface operatively in liquid contacting relation with the body of liquid (32) and operable to produce a vapour in said head space (496) (652B); and

means for providing a current of air directed upwardly from the aperture bed (12) (232)

Characterized in that the container (30) (452) (452') (652) (752) includes a vapour outlet port (482) ((482')), and ***in that***

the apparatus (10) (450) (322) further comprises means (26) for providing a flow of air along a path extending into the head space (496) (652B) and out of the vapour outlet port (482) (482'), wherein the outlet port (482) (482') is so disposed that the air flow path exits the container (30) (452) (452') (652) (852) below the aperture bed (12) (232).

(...)

2.9 *Ruby Decor is a former customer of the Glen Dimplex Group. In addition, it is the manufacturer of (amongst others) several types of artificial fires. The cooperation terminated on September 1, 2015.*

2.10 *Since November 1, 2015 – whether or not by intermediation of dealers – Ruby Decor markets artificial fires under the name Mystic Fires, with model numbers 1510H, 1530H, 1535H, 1520C and 1540C (hereafter: the Ruby artificial fires). (...).*

2.11 *Ruby Decor is (co) managing director and (co)shareholder of Aparto, a company that also engages (among other things) in the trade in artificial fires. Aparto offers the Ruby artificial fires on its website www.aparto.nl.*

2.2 Currently, the Judgment found that claim 1 of EP 941 is valid and that the Ruby artificial fires infringe this claim as well as the claims 2, 6, 8, 9, 10, 13, 16 and 17, the validity of which had not been disputed. In that connection, at Basic Holdings' request, amongst others the following preliminary measures were stipulated:

5.1 *Prohibits Ruby Decor and Aparto, following two days from the service of this judgment, to in any way infringe the Dutch part of EP 941, including the manufacturing, marketing, selling, delivering and/or otherwise trading or having in stock for such purpose, offering or importing of the Ruby artificial fires;*

5.2 *Prohibits Ruby Decor, following two days from the service of this judgment, to in any way infringe the German, French, Irish part of EP 941 or the part of EP 941 valid for the United Kingdom, including the manufacturing, marketing, selling, delivering and/or otherwise trading or having in stock for such purpose, offering or importing of the Ruby artificial fires;*

These preliminary measures involved a penalty of EUR 10,000 per product, with a maximum of EUR 1,000,000.

2.3 Ruby Decor *cum suis* has filed appeal against this Judgment – that was ruled to be preliminary enforceable – with the Appellate Court of The Hague. Basic Holdings had the Judgment served on Ruby Decor *cum suis* on May 13, 2016.

2.4 By letter of June 16, 2016, the attorney of Ruby Decor *cum suis* advised the attorney of Basic Holdings that Ruby Decor had developed three variants on the Ruby artificial fires which according to him, for reasons mentioned in the letter, did not infringe EP 941. In this letter, which included three simple drawings, the attorney of Ruby Decor *cum suis* asked Basic Holdings' attorney, on behalf of his clients, to confirm that the variants introduced (hereafter also: the Variants) did not infringe EP 941 and that with these Ruby Decor *cum suis* does not forfeit penalties based upon the Judgment.

2.5 By letter of June 22, 2016, Basic Holdings' attorney advised the attorney of Ruby Decor *cum suis* that Basic Holdings is not able and is also not held to provide technical and legal advice

to a competitor in respect of three designs, of which it is completely unclear whether or not these will be marketed.

- 2.6 By email of June 23, 2016, the attorney of Ruby Decor *cum suis* again asked the attorney of Basic Holdings to confirm that by trading the Variants submitted, EP 941 would not be infringed and that when marketing such no penalties would be forfeited on the basis of the Judgment. Hereupon the attorney of Basic Holdings replied by email of June 24, 2016 that Basic Holdings shall only (be able to) form an opinion if it is clear which concrete products have been marketed with which construction measures. Furthermore, Basic Holdings' attorney writes the following:

“There is no reason nor ground for the ‘statement of non-infringement’ that you wish to receive. Any real threat of execution is not at order. Nor is there any (urgent) interest. If your clients would actually market concrete products and Basic Holdings at such time, following study thereof, would believe that all of this would come under the judgment of May 4, 2016 and would notify [your clients] of payment of penalties being due in that connection, then your clients at such time would have the opportunity to initiate execution preliminary relief proceedings, if so desired. That situation presently is not at order, given that no point of view has been taken as to infringement, nor notification been given of penalties or legal steps of whichever nature.”

3. The dispute

- 3.1 In summary, Ruby Decor *cum suis* requests that Basic Holdings be prohibited from taking execution measures by virtue of the Judgment to seek redress for forfeited penalties on account of performing acts in connection with the Variants 1, 2 and 3 mentioned in the writ of summons in the Netherlands, or Germany, France, Ireland or the United Kingdom, at least that an injunction be imposed, to be determined in its judiciary discretion, all of this on pain of forfeiture of a penalty and while sentencing Basic Holdings to the legal costs in accordance with article 1019h Code of Civil Procedure (CCP).
- 3.2 Given its further clarification during the court hearing, Ruby Decor *cum suis* bases these claims, briefly summarized, on the following.
- 3.2.1 The Variants 1, 2 and 3 developed by Ruby Decor do not infringe EP 941 since one or two elements of claim 1 (the position of the vapour outlet port and/or the air flow path described therein) are missing. In connection with those Variants therefore there is no reason to claim penalties by virtue of the Judgment. Given that Basic Holdings has served the Judgment, however, it can collect penalties without further judicial intervention, at any moment it so chooses.
- 3.2.2 Although requested to do so, Basic Holdings has refused to provide clarity as to whether it will claim forfeited penalties when Variants 1, 2 and/or 3 shall have been marketed, nor has it advised which information it needs to be able to provide such clarity. Basic Holdings must be deemed able to provide the requested clarity on the basis of the (paper) description of the Variants.

- 3.2.3 Ruby Decor *cum suis* has urgent interest in the requested preliminary measure because it will suffer considerable damage if it were to be established afterwards that EP 941 is infringed by trading the Variants and that possibly EUR 1,000,000 shall have been forfeited in penalties. Damage also arises in the shape of missed product orders, broken trust with customers, alarm about the product range and investments that cannot be earned back. The fact that Basic Holdings is liable for all damage caused by unlawful execution measures does not alter that Ruby Decor *cum suis* would first have to experience that damage. For that reason Ruby Decor *cum suis* has interest in beforehand obtaining clarity regarding the question whether Basic Holdings will proceed to execution of penalties in respect of these Variants. There is a continued threat of execution measures. Because Basic Holdings does not provide the requested clarity – at least indicates to only advise on such after products have appeared on the market – the threat of penalties up to a maximum of EUR 1,000,000 being claimed remains real. Ruby Decor *cum suis* have the right to develop non-infringing artificial fires in competition with Basic Holdings.
- 3.2.4 Given the large financial and economic risks for Ruby Decor *cum suis*, Basic Holdings – on the basis of the requirements of reasonableness and fairness and based on the carefulness that Basic Holdings must professionally observe towards Ruby Decor *cum suis* – is held to beforehand provide clarity regarding the exercise of its execution powers in connection with the three Variants submitted to it. By taking the position it does, Basic Holdings abuses its powers, since as a result thereof it obstructs authorized competition by Ruby Decor *cum suis*. Consequently, Ruby Decor *cum suis* is entitled to and has an interest in the imposition of the injunction that it requests. Reasonableness implies that Basic Holdings be denied the authority to collect penalties in respect of the three Variants submitted.
- 3.2.5 To the extent presently of importance, Basic Holdings argues the following defence.
- 3.2.6 Basic Holdings disputes that Ruby Decor *cum suis* has any interest, let alone an urge interest in admission of its claim, since threatened execution is not at order. There are no real indications that Ruby Decor *cum suis* is actually going to market the Variants and Basic Holdings has not initiated legal steps, or even announced such. If there is a concrete product, Basic Holdings shall investigate such and then make its opinion known. It will not claim penalties that have been forfeited prior to that statement. Hence there is no reason whatsoever to intervene in the execution powers in connection with products that are not even yet on the market, and certainly not in the far reaching manner as claimed by Ruby Decor *cum suis*. Furthermore, an error and/or an emergency within the meaning of the Ritzen/Hoekstra² judgment has been neither alleged nor shown.

² Supreme Court April 22, 1983, NJ 1984, 145.

3.2.7 To the extent of importance, the assertions of parties will be further dealt with below.

4. The assessment

Competency

4.1 Since Basic Holdings does not dispute the competency of this district court, it is competent to rule in this action by virtue of article 26 paragraph 1 EEXII Regulation³, it is also competent to order preliminary measures as claimed by Ruby Decor *cum suis* in these preliminary relief proceedings.

Urgent interest in the requested preliminary relief measure

4.2 The assertions set out in 3.2.3 boil down to Ruby Decor *cum suis* wanting to have certainty that it will not forfeit penalties by trading the Variants. The certainty that Ruby Decor *cum suis* wants, however, cannot be given in preliminary relief proceedings. It is up to the court hearing the main action to determine whether the Variants infringe EP 941 and – in a possible execution dispute – whether penalties have been forfeited as a result thereof. The criterion that applies in this connection – also given the grounds on the basis of which the ban was ordered – is that the scope of the ban is limited to acts which in all seriousness cannot be doubted to constitute infringements as prohibited by the court.⁴ Consequently, imposition in preliminary relief proceedings of a ban that is unconditional and unlimited in time as claimed by Ruby Decor *cum suis* (which according to the verbatim text apparently aims to even prohibit execution of the Judgment *after* it would have been established in proceedings on the merits that penalties have been forfeited) is not possible and hence Ruby Decor *cum suis* has no (whether or not urgent) interest in such. Ruby Decor *cum suis* has not claimed a temporary suspension of Basic Holdings' authority to execute the Judgment, and that too would lack interest. Moreover, Ruby Decor *cum suis* would only find partial relief in a (temporary) ban, because – as Ruby Decor *cum suis* itself emphasized during the court hearing – the requested preliminary relief measure would not alter Basic Holdings' power to invoke EP 941 (or another intellectual property right) against Variants 1, 2 and/or 3.

4.2.1 In itself it is correct that Ruby Decor *cum suis* has the right to develop and trade non-infringing artificial fires. However that does not provide an interest in the requested preliminary relief measure. Ruby Decor *cum suis* has not argued any facts or circumstances which might imply that there is a concrete threat that Basic Holdings will execute the Judgment in connection with non-infringing artificial fires marketed by Ruby Decor *cum suis*. Moreover, Ruby Decor *cum*

³ Regulation (EU) 1215/2012 of the European Parliament and the Council of December 12, 2012 on jurisdiction and the recognition and enforcement of decisions in civil and trade matters.

⁴ Compare Supreme Court April 5, 2002, ECLI:NL:HR:2002:AD8181, NJ 2003/356 and Supreme Court January 3, 1965, NJ 1965, 445.

suis need not fear the unnoticed forfeiture of penalties, given that Basic Holdings has promised to only claim damages after it has investigated a product and advised Ruby Decor *cum suis* of its standpoint on such.

Final conclusion and legal costs

4.3 Given the foregoing the preliminary relief measure must be dismissed for lack of (urgent) interest. Being the unsuccessful party Ruby Decor *cum suis* shall be sentenced to the legal costs, to be estimated while applying article 1019 CCP. Basic Holdings has estimated its legal costs at EUR 24,965.50, inclusive of disbursements and exclusive of VAT. Ruby Decor *cum suis* has not conducted a defence against this specification of costs, so that the amount indicated will be awarded.

5. The ruling

The preliminary relief judge:

5.1 Dismisses the claims;

5.2 Sentences Ruby Decor *cum suis* to payment of the legal costs, up to now estimated at EUR 24,965.50 on the side of Basic Holdings.

This judgment was rendered by *mr.* P.G.J. de Heij and was pronounced at the public court hearing on August 9, 2016.

[signed: illegible]

[signed: illegible]

[SEAL DISTRICT COURT]

Issued today for copy of the original to:
Mr. A. Tsoutsanis, aforementioned, by me
Clerk of the district court The Hague
August 9, 2016 [signed: illegible]