ES – Megaplast v. Ecoventi / Barcelona Court of Appeals, 14 May 2018, Docket No. 322/2018

In a decision rendered on 14 May 2018, the Barcelona Court of Appeals upheld a judgment dated 22 September 2016 by Barcelona Commercial Court No. 1, according to which ECOVENTI SISTEMAS S.L. (hereinafter, ECOVENTI) was held responsible for the infringement of MEGAPLAST, S.A.'s (hereinafter, MEGAPLAST) patent EP 1989044, entitled "Packaging film". Relying on a decision by the EPO Board of Appeals issued after the first instance decision, the Court of Appeals dismissed ECOVENTI's arguments concerning the invalidity of the patent and declared the infringement of MEGAPLAST's patent by ECOVENTI's products.

The plaintiff, MEGAPLAST, a packaging film manufacturer, sued ECOVENTI and its Spanish distributor for the infringement of its patent ES 2366871 (ES 871), the Spanish validation of European patent EP 1989044.

The patent comprises 14 claims, with claim 1 being the only independent claim:

1. Packaging film, comprising
   - a main film (1) made of a stretchable polymer film material; and
   - a multiplicity of holes (2) on the main film (1);

characterized in that the holes (2) on the main film (1) are arranged in at least three substantially parallel columns (3) along the main direction (X);

wherein the columns of holes (3) are staggered with respect to the main direction such that a center of one hole in one column is on a different line transverse to the main direction than the centers of adjacent holes in the immediately adjacent columns,
wherein the main film is made of structural polyethylene films material or copolymers thereof; wherein

a. a ratio of aeration percentage over final weight is greater than or equal to 14 meters per gram;

- the aeration percentage is calculated for a predetermined length of the packaging film as the total area covered by the holes (2) over the total area of the packaging film including the area of the holes (2), when the packaging film is stretched along a main direction to an elongation equal to the elongation at the Natural Draw Ratio point (NDR point);

- the final weight is the weight of the packaging film per said film meter measured in grams per meter, when the packaging film is stretched along a main direction at an elongation equal to the elongation at the Natural Draw Ratio point (NDR point);

b. the width of the packaging film is reducible by less than 15 % between a condition before any stretching of the packaging film and a condition when the packaging film is stretched along a main direction at an elongation equal to the elongation at the Natural Draw Ratio point (NDR point);

c. a ratio of an absolute value of the difference of a holding force of the packaging film minus a predetermined target holding force divided by the target holding force is less than or equal to 5 %, wherein the holding force of the packaging film is determined as the tensile force at the Natural Draw Ratio point (NDR point);

d. a ratio of an elongation at break of the packaging film measured along a transverse direction to the main direction over the elongation at the Natural Draw Ratio point (NDR point) is greater than or equal to 50 %.

MEGAPLAST exploits this patent through a range of packaging products called Air-O-Film® Stretch.

MEGAPLAST filed a complaint for infringement against ECOVENTI asking the first instance court to declare that "Ecoven Plus" and "Ecoven Plus Reinforced" packaging films fell within the scope of protection of claim 1 of patent ES 871. In reply, ECOVENTI filed an invalidity counterclaim. However, in a judgment dated 22 September 2016, Barcelona Commercial Court No. 1 dismissed ECOVENTI's invalidity counterclaim and found that ECOVENTI's packaging film products infringed MEGAPLAST's patent ES 871. As a result, compensation for € 858,526.25 was ordered, according to figures determined by a court-appointed expert. Faced with this first instance judgment, ECOVENTI filed an appeal against the rulings on patent infringement and validity, which MEGAPLAST opposed.

Firstly, concerning the invalidity of patent ES 871, the Court had to examine two nullity grounds raised by the defendant ECOVENTI: lack of clarity of the claims and insufficiency of the description.

On the lack of clarity, the Court of Appeals indicated that was not really a nullity ground as provided for by Law. Against this, ECOVENTI argued that the lack of clarity was an invalidity ground provided for in section b) of Article 112 of the Spanish Patent Act and in Article 138 of the European Patent Convention (EPC). However, in that sense, the Court made clear that patent invalidity grounds are defined by Spanish Law in a *numerus clausus* list, to which the Judge cannot add new requirements. It was explained that the national Judge cannot analyze the requirements concerning the granting of a patent to verify if a patent meets the patentability requirements. Thus, the Court dismissed the appeal for alleged lack of clarity of patent ES 871.

On the other hand, concerning the insufficiency of the description, it must be noted that the defendant ECOVENTI argued at the first instance proceedings the existence of a case pending before the EPO Board of Appeals, as a result of an appeal filed by ECOVENTI itself against the Opposition Division decision which declared the validity of the patent at stake. Proceedings before the EPO were resolved by a decision dated January 12, 2017, issued by the EPO Board of Appeals, which concluded that the patent was sufficiently descriptive and was not invalid due to lack of inventive step. The Barcelona Court of Appeals upheld the conclusions reached by the EPO Board of Appeals, pointing out that that decision did nothing more than substantiate the reasonings reached by the first instance court, thus confirming the validity of patent ES 871.

As regards the infringement of MEGAPLAST's patent ES 871, the issue was to determine whether or not the defendant's products "Ecoven Plus" and "Ecoven Plus Reinforced" fell within the scope of protection of claim 1 of patent ES 871. To that end, both MEGAPLAST and ECOVENTI submitted expert reports at the first instance proceedings. A non-infringement expert report filed by ECOVENTI alleged that ECOVENTI's products reproduced all the features of claim 1 of patent ES 871, except:

- feature b: *the width of the packaging film is reducible by less than 15 % between a condition before any stretching of the packaging film and a condition when the packaging film is stretched along a main direction at an elongation equal to the elongation at the Natural Draw Ratio point (NDR point)*, and

- feature c: *a ratio of an absolute value of the difference of a holding force of the packaging film minus a predetermined target holding force divided by the target holding force is less than or equal to 5 %, wherein the holding force of the packaging film is determined as the tensile force at the Natural Draw Ratio point (NDR point)*.

With regard to feature b, the defendant claimed that the width of ECOVENTI's packaging films was not reducible by less than 15 %. To support this statement, it relied on its non-infringement expert report which concluded that ECOVENTI's packaging films had figures greater than 15% reduction of the packaging film's width, so ECOVENTI's product would be excluded from the scope of protection of claim 1. However, these figures differed from those obtained by MEGAPLAST, whose expert report stated that the parameters defined in feature b of claim 1 were fulfilled in the defendant's packaging films.

Thus, the main issue was to determine who used the most appropriate procedure, according to the patent, to measure the parameter specified in feature b of claim 1. ECOVENTI considered that the correct step was to take the measurement in an intermediate zone of the machine in which the packaging film is produced, that is, between the exit of the roller and the beginning of the load.

Conversely, MEGAPLAST argued that it should be done just at the exit of the second roller where the film has already been stretched.

The Court considered that MEGAPLAST's approach was the more appropriate one according to the patent. This view was later confirmed by the EPO Board of Appeals, which had to decide on the tests carried out by the parties when analyzing the sufficiency of the description requirement. The EPO concluded that this feature b, and more particularly the width of the stretched film, should be measured at the Natural Draw Ratio point (NDR) that occurs at the exit of the second drawing roll where the film is stretched under the NDR conditions and has experienced the width reduction that corresponds to the applied stretch. Therefore, the EPO's decision upheld the conclusions reached by the first instance court. Consequently, the Court of Appeals confirmed this point and declared that ECOVENTI's products do set out a parameter as protected by feature b of claim 1 of patent ES 871.

As for feature C, ECOVENTI claimed that it was a non-measurable parameter since it would depend on the use given to the packaging films by each client. However, the Court rejected this argument, stating that claim 1 of ES 871 was a product claim and not a use claim, so it was not possible to affirm that the value of the "difference of a holding force" depends on the use. On the other hand, the Court explained that the calculation of this parameter is possible, as shown by MEGAPLAST in its expert report, where the relevant calculations are carried out. Those calculations showed that the defendant's packaging films complied with the parameters of feature c of claim 1. In addition, the EPO Board of Appeals' decision, when dealing with the ground of insufficiency of the description, indicated that although the value of the "difference of a holding force" was not specifically set out in claim 1, this did not mean that it was not clear. Besides, the patent description included examples of the holding force that should be applied according to the width of the film (page 4, par. 0031), that can be used by an expert to calculate the value in each case, which is exactly, as pointed out by the Court of Appeals, what MEGAPLAST's experts had done.

Therefore, the Court of Appeals upheld the first instance judgment as to the existence of patent infringement.

Finally, concerning compensation for damages, the Court decided –according to the calculations made by a court-appointed expert– that ECOVENTI must pay an amount of € 858,526.25 to MEGAPLAST. In its complaint, MEGAPLAST asked the Court to calculate the compensation based on the income that MEGAPLAST failed to obtain due to the existence of infringing products, or (whichever amount was higher) on the basis of the hypothetical royalties that ECOVENTI should have paid to MEGAPLAST to use its patent rights. However, the court-appointed expert showed that, given the impossibility of calculating MEGAPLAST's lost profits (as he/she did not have enough data to do so because the defendant ECOVENTI failed to provided sufficient accounting documents, and also due to the numerous documents provided by MEGAPLAST, which were written in a foreign

language), the calculation was made by averaging the undue income earned by ECOVENTI and a 20% royalty fee that ECOVENTI should have paid to MEGAPLAST.

Even though this point had not been challenged by MEGAPLAST, the Court made two clarifications in this regard: firstly, that the compensation for damages cannot be calculated by averaging the two compensation criteria; on the contrary, as requested by MEGAPLAST, the higher amount should have been chosen. And secondly, in the same vein, the Court of Appeals stated that: *"The lack of cooperation of the infringer to provide essential data for the calculation of the damages compensation, or the limitations that the judicial expert may suffer in the preparation of his/her report, cannot harm the patentee whose rights have been infringed; it must be understood that, even indirectly, the lost profit has been calculated, that is, what the patent holder has failed to gain as a consequence of the infringement is, at least, what the infringer has obtained."*

In any case, since MEGAPLAST did not appeal this part of the decision, the Court of Appeals upheld the compensation for damages established in the first instance judgment.

This judgment exemplifies the significance that EPO decisions may have on the analysis of patent invalidity or even infringement by a Spanish court. Additionally, this judgment is relevant to the issue of compensation for damages: regardless of the criteria chosen by the plaintiff, if the compensation cannot, for any reason (for example, due to lack of accounting data) be calculated based on that criteria, this fact cannot under any circumstance harm the patentee whose rights have been infringed.

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