

Introduction

On 14 April 2020, the Court of Appeal of Milan ('CoA') delivered its decision (n. 898/2020) in a patent case between S.I.SV.EL. SpA ('Sisvel' or the 'Appellant') and BRAU VERWALTUNGSGESELLSCHAFT mbH ('Brau' or the 'Appellant') against TOSHIBA EUROPE GmbH ('Toshiba').

The patent at issue in this case is the Italian fraction of Brau's patent n. EP 595790 (the 'Patent'), which protects, *inter alia*, a method of transmitting additional digital information in one line of a television signal (the so-called 'WSS Technology'). The Patent expired on 9 April 2012, and was licensed by Brau to Sisvel.

In addition to contesting the findings of the Court of First Instance of Milan (the 'CoFI') that the Patent was valid only in a limited form and not infringed, the Appellants focused their arguments on errors supposedly committed by the CoFI in relation to the burden of proof and right of defence in patent matters and, in particular, how these doctrines apply during the technical phase of the proceedings.

This article will first summarize the findings of the Court in the First Instance, before proceeding to a description of the Appellants' grounds of appeal and closing with an analysis of the findings of the CoA, which concluded that (i) the CoFI correctly interpreted the burden of proof pursuant to art. 67 of the Italian Industrial Property Code ('IPC'), and (ii) there was no violation of the right of defence or the right to participate in an adversarial procedure.

The first instance proceedings

In May 2012, Sisvel sued Toshiba – a German company, and leader in sector of high technology for information and communication systems – before the CoFI, alleging that the system implemented by Toshiba to manufacture and market television sets and DVD/VHS recorders (the 'Products') infringed the its Patent. Sisvel requested the CoFI to issue a finding of infringement and to order Toshiba to pay compensation for damages.

Toshiba argued, *inter alia*, that the Patent was invalid. Moreover, it summoned Brau into the proceedings, which in turn requested that the CoFI reject Toshiba's claims and filed a counterclaim for infringement of the Patent.

The CoFI deemed it necessary to appoint a technical expert ('TE') to assess the Patent and issue findings on validity and infringement.

In light of the alleged Patent invalidity as claimed by Toshiba, Sisvel and Brau filed two limitations of the Patent ("Main Request" and "Auxiliary Request") pursuant to art. 79 IPC. They requested that the TE examine both the Main and Auxiliary Requests alternatively, i.e. only in the event that the Patent in its original version was found to be invalid.

Regarding validity, the TE held that the Patent in its original form was invalid for lack of novelty. Therefore, the TE examined the limitation requests and concluded that: (i) the Patent was invalid in relation to the Main Request, but (ii) the Patent was valid in relation to the Auxiliary Request. The TE then examined the issue of infringement in light of the Auxiliary Request, concluding that the Products did not infringe the Patent.

Following the findings of the TE, Sisvel and Brau requested a supplementary expertise phase. The CoFI then ordered Toshiba to submit additional documentation concerning the Products to permit further examination, along with appropriate mechanisms in place to protect the confidential information of such materials. Specifically, only the TE and the technical experts appointed by the parties were allowed to access any documentation classified as confidential.

After examining these additional materials, the TE confirmed the finding that the Patent was not infringed.

According to Sisvel and Brau (later, the Appellants), however, the supplementary expert report was unsuitable because the documentation filed by Toshiba was insufficient and incomplete, and thus could not be a valid basis on which to draw a conclusion. Moreover, restrictions enforced to protect the confidentiality of the materials – i.e. the fact that only the TE and the parties’ technical experts were allowed to access the documentation – prevented Sisvel and Brau from examining the documentation in full. This, in turn, negatively impacted the proper functioning of the adversarial procedure. Thus, Sisvel and Brau requested that the CoFI intervene and order that the technical expert phase be repeated, without the confidentiality limitations on the additional documentation that had been submitted by Toshiba.

The CoFI rejected this request, and proceeded to issuing a decision (decision n. 10965/2017) confirming the TE’s opinion, concluding that the Patent, as limited pursuant to the Auxiliary Request, was valid, and it was not infringed by the Products.

As for Sisvel and Brau’s objections regarding the supplementary expertise phase, the CoFI pointed out that it was the TE himself who did not find the overall documentation filed by Toshiba to be insufficient. Furthermore, the request to supplement the documentation submitted by Sisvel and Brau was generic. Finally, the confidentiality measures – which were agreed by the parties and, in any event, not contested by Sisvel or Brau – were suitable to ensure a discussion on technical matters.

Sisvel and Brau appealed the decision before the CoA.

Grounds of appeal

In support of their application to the Court of Appeal, Sisvel and Brau raised three grounds of appeal:

- In their first ground, they claimed that the CoFI incorrectly found the Appellants’ request to provide additional documents to be ‘*generic, irrelevant and filed with delay*’. In doing so, argued the Appellants, the CoFI wrongfully interpreted the burden of proof pursuant to art. 67 IPC, which, in their view, fell on Toshiba, which had the burden to provide specific and suitable documents capable of demonstrating the lack of infringement (the so-called ‘negative burden of proof’), and instead the documentation it made available was incomplete and unintelligible (e.g. the information was in Japanese, and Toshiba itself had provided a summary of the information provided). As such, the documentation was completely incapable of allowing one to understand how the Products functioned and, therefore, to demonstrate that they did not infringe the Patent. Moreover, the Appellants claimed that their objections on this issue were prompt and punctual, e.g. they were raised during the hearings and technical meetings;
- Following that, in the second ground Appellants’ claimed a violation of their right of defence during the supplementary technical expertise phase. Moreover, they criticized the fact that the

CoFI did not address their objections on the manner in which the supplementary phase was carried out. In particular, the CoFI erred by allowing only the parties' technical experts, and not their lawyers or internal advisors, to examine the additional documents that were provided by Toshiba and classified as confidential;

- The Appellants' third ground criticized the decision of the CoFI concerning i) the Patent's priority claim; ii) the finding that the Patent (in its original form) was invalid; and iii) that the Patent was not infringed.

Findings of the Court of Appeal

As anticipated above, the case is interesting because of the CoA's findings with regard to the first and second grounds, concerning the burden of proof, the right of defence and the adversarial procedure.

First, the CoA found that the request to supplement the documentation in the technical phase before the CoFI was generic, as the Appellants did not clearly indicate what documents were sought.

Moreover, pursuant to art. 67 (1) IPC, in the case of a patent process such as the one protected by the Patent, there is a presumption that a product which is identical to that produced by the patented process is obtained by way of that patented process. However, this presumption only applies where the patent owner demonstrates that (i) there is a substantial probability that the identical product was manufactured through the process, and (ii) the patent owner is not able to determine the process actually carried out.

In the present case, while the Appellants satisfied condition (ii) – since the documentation was classified as confidential during the technical phase, the Appellants could not determine the process that was actually carried out – they failed to prove the existence of condition (i). Further, requests to the other party for documentation aimed at fulfilling this burden cannot be generic. Consequently, the CoA rejected the first ground of appeal.

With respect to the second ground, the CoA indicated that there must be a balancing of interests between the right of defence and the right of the alleged infringer to protect its manufacturing and business secrets pursuant to art. 67 (2) IPC.

In the present case, the CoFI properly balanced these opposing interests, without violating the Appellants' right of defence, even though only the TE and the parties' technical experts examined the confidential documents. If the parties' 'internal advisors' had been allowed to examine the documents, as requested by the Appellants, this would have been no different from how documents are shared in the ordinary procedure, thus with no protection for materials that are confidential. In light of the above, the CoA rejected the Appellants' second ground.

Turning to the last and final ground of appeal, the CoA concluded that the Products did not infringe the Patent in light of the fact that the 'heart' of the Patent was the specific structure of the additional digital information, which includes the simultaneous evaluation of two signals (i.e. information data). Such evaluation was not implemented in Toshiba's Products and, therefore, these findings were sufficient grounds for the CoFI to exclude infringement even without further investigation of the method used by Toshiba.

The CoA thus upheld the first instance decision in its entirety, dismissing all of the arguments raised by the Appellants, and ordered the Appellants to provide compensation for Toshiba's legal costs.