

**February 25th, 2016
FINAL – subject to legal scrubbing**

**Preparatory Committee
for the Unified Patent Court**

Rules on Court fees and recoverable costs

I. Proposal for

A – an amendment of Rule 370 of the Rules of Procedure

B – a table of fees

C – a scale of ceilings for recoverable costs

II. Explanatory Note

A. Proposal for an amendment of PART 6 of the Rules of Procedure

Part 6 – FEES AND LEGAL AID

Court Fees

Rule 370 – Court fees

1. Court fees provided for in these Rules shall be levied in accordance with the provisions contained in this part and the table of fees adopted by the Administrative Committee in accordance with Art. 36 (3) UPCA.

2. A fixed fee shall be paid in accordance with section I (fixed fees) of the table of fees adopted by the Administrative Committee for the following actions at the Court of First Instance:

- (1.) Infringement action [R. 15]
- (2.) Counterclaim for infringement [R. 53]
- (3.) Action for declaration of non-infringement [R. 68]
- (4.) Action for compensation for license of right [R. 80.3]
- (5.) Application to determine damages [R. 132]

3. In addition to the fixed fee a value-based fee shall be due in accordance with section II (value-based fees) of the table of fees for those actions at the Court of First Instance of the preceding paragraph, which exceed a value of 500.000 €.

4. For the following procedures and actions at the Court of First Instance a fee shall be paid in accordance with section III (other procedures and actions) of the table of fees adopted by the Administrative Committee:

- (1.) Revocation action [R. 47]
- (2.) Counterclaim for revocation [R. 26]
- (3.) Application for provisional measures [R. 206.5]
- (4.) Action against a decision of the European Patent Office [R. 88.3, 97.2]
- (5.) Application to preserve evidence [R. 192.5]
- (6.) Application for an order for inspection [R.199.2]
- (7.) Application for an order to freeze assets [R. 200.2]
- (8.) Filing a protective letter [R. 207.3]
- (9.) Application to prolong the period of a protective letter kept on the register [R.207.8]
- (10.) Application for rehearing [R. 250]
- (11.) Application for re-establishment of rights [R. 320.2]
- (12.) Application to review a case management order [R. 333.3]
- (13.) Application to set aside decision by default [R. 356.2]

5. For the following procedures at the Court of Appeal fees shall be paid in accordance with section IV. of the table of fees adopted by the Administrative Committee:

- (1.) Appeal pursuant to Rule 220.1 (a) and (b) [R 228]
- (2.) Interlocutory appeals [R. 220.1 (c)]
- (3.) Application for leave to appeal [R. 221]
- (4.) Request for discretionary review [R. 220.2, R. 228]
- (5.) Application for re-establishment of rights [R. 320.2]
- (6.) Application to review a case management order [R. 333.3]
- (7.) Application to set aside decision by default [R. 356.2]

6. The assessment of the value of the relevant action (Rule 370.3) shall reflect the objective interest pursued by the filing party at the time of filing the action. In deciding

on the value, the Court may in particular take into account the guidelines laid down in the decision of the Administrative Committee for this purpose.

7. If an action has more than one claimant and/or more than one defendant or if an action concerns a plurality of patents only one fixed fee and, if applicable, one value-based fee shall apply.¹

8. Small enterprises and micro-enterprises are entitled to pay only 60 % of the fees provided for in subsections 2 to 5 above (hereinafter: regular fees) under the following criteria:

a) In the statement of claim or counterclaim or in the application for a procedure or an appeal the applicant shall lodge with the Registry a notification in an electronic form in the language of the proceedings.

In this notification the applicant shall provide an affirmation that he fulfills either the criteria of a “small enterprise” or a “micro-enterprise” as defined in Title I of Annex of the Recommendation of the European Commission n° 2003/361 of 6 May 2003.

b) If the requirements referred to above have not been met rule 16 applies *mutatis mutandis*.

c) The Court, on its own motion, may order the applicant to supply further documentation including any document linked to its financial resources. The application shall be dealt with by the Court without delay.

d) The Court may, at any time, on its own motion, and after having heard the applicant order payment of

(1) the remainder of the regular fee, in case payment of just 60 % of the regular fees is manifestly disproportionate and unreasonable in respect of the financial capacity of the applicant;

¹ Rule 304 RoP has to be deleted accordingly.

(2) the remainder of the regular fee plus an additional 50 %, if the affirmation given by the applicant is found to be wholly or partially incorrect.

An order of an additional fee pursuant to paragraph (1) and (2) above shall state the reasons on which it is based and may be appealed to the Court of Appeal in accordance with rule 220.2.

If the additional fee is not paid within the time limit given by the Court, a decision by default against the applicant will be given by the Court pursuant to Rule 355.

9. Reimbursements of fixed and value-based fees

(a) If the action is heard by a single judge (Rule 345.6.) the party liable for the Court fees will be reimbursed by 25 %.

(b) In case of the withdrawal of an action (Rule 265) the party liable for the Court fees will be reimbursed by:

60 %	if the action is withdrawn before the conclusion of the written procedure
40 %	if the action is withdrawn before the conclusion of the interim procedure
20 %	if the action is withdrawn before the conclusion of the oral procedure

(c) If the parties have concluded their action by way of settlement the party liable for the Court fees will be reimbursed by:

60 %	if the action is settled before the conclusion of the written procedure
40 %	if the action is settled before the conclusion of the interim procedure
20 %	if the action is settled before the conclusion of the oral procedure

(d) Only one of the reimbursements referred to in subsection (a), (b) and (c) will apply per action and party. Where more than one reimbursement is applicable, the larger will be applied for each party.

(e) In exceptional cases, having regard, in particular, to the stage of the proceedings and the procedural behavior of the party, the Court may decide to deny or decrease

the reimbursement according to subsection (b) and (c) of the aforementioned provisions.

10. If the amount of payable Court fees threatens the economic existence of a party who is not a natural person, and has presented reasonably available and plausible evidence to support that the amount of Court fees threatens its economic existence, the Court may upon request by that party, wholly or partially reimburse the fixed and value-based fee. The request shall be dealt with by the Court without delay. In reaching a decision the Court shall reflect on all circumstances of the case including the procedural behaviour of the party. Before making such a decision the Court may give the other party an opportunity to be heard. A party who is adversely affected by the order may bring an appeal pursuant to Rule 220.

B. Table of fees

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The Administrative Committee of the Unified Patent Court

Decision

The Administrative Committee adopts pursuant to Article 36 (3) of the Agreement on a Unified Patent Court the following table of fees:

I. Fixed fees (Court of First Instance)

Procedures/actions	Fixed fee
Infringement action [R. 15]	11.000 €
Counterclaim for infringement [R. 53]	11.000 €
Action for declaration of non-infringement [R. 68]	11.000 €
Action for compensation for license of right [R. 80.3]	11.000 €
Application to determine damages [R. 132]	3.000 €

II. Value-based fees (Court of First Instance and Court of Appeal)

Value of action	additional value-based fee
Up to and including 500.000 €	0 €
Up to and including 750.000 €	2.500 €
Up to and including 1.000.000 €	4.000 €
Up to and including 1.500.000 €	8.000 €
Up to and including 2.000.000 €	13.000 €
Up to and including 3.000.000 €	20.000 €
Up to and including 4.000.000 €	26.000 €
Up to and including 5.000.000 €	32.000 €
Up to and including 6.000.000 €	39.000 €
Up to and including 7.000.000 €	46.000 €
Up to and including 8.000.000 €	52.000 €
Up to and including 9.000.000 €	58.000 €
Up to and including 10.000.000 €	65.000 €
Up to and including 15.000.000 €	75.000 €
Up to and including 20.000.000 €	100.000 €
Up to and including 25.000.000 €	125.000 €
Up to and including 30.000.000 €	150.000 €
Up to and including 50.000.000 €	250.000 €
more than 50.000.000 €	325.000 €

III. Other procedures and actions (Court of First Instance)

Procedures/actions	Fixed Fee
Revocation action [R. 47]	20.000 €
Counterclaim for revocation [R. 26]	same fee as the infringement action subject to a fee limit of 20.000 €
Application for provisional measures [R. 206.5]	11.000 €
Action against a decision of the European Patent Office [R. 88.3, 97.2]	1.000 €
Application to preserve evidence [R. 192.5]	350 €
Application for an order for inspection [R. 199.2]	350 €
Application for an order to freeze assets [R. 200.2]	1.000 €
Filing a protective letter [R. 207.3]	200 €
Application to prolong the period of a protective letter kept on the register [R. 207.8]	100 €
Application to review a case management order [R. 333.3]	300 €
Application to set aside decision by default [R. 356.2]	1.000 €

IV. Court of Appeal

Appeals/applications	Fee
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to an application for provisional measures [R. 206.5]	11.000 €
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to an infringement action [R. 15]	11.000 € + additional value-based fee according to table II
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to a counterclaim for infringement [R. 53]	11.000 € + additional value-based fee according to table II
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to a revocation action [R. 47]	20.000 €
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to a counterclaim for revocation [R. 26]	fee paid in the first instance
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to an action for declaration of non-infringement [R. 68]	11.000 € + additional value-based fee according to table II
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to an action for compensation for license of right [R. 80.3]	11.000 € + additional value-based fee according to table II
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to an application to determine damages [R. 132]	[3.000 € + additional value-based fee according to table II]
Application for rehearing [R. 250]	2.500 €
Appeal pursuant to Rule 220.1 (a) and (b) [R 228] as to an action against a decision of the European Patent Office [R. 88.3, 97.2]	1.000 €
Interlocutory appeals [R. 220.1(c), 228]	3.000 €
Application for leave to appeal against cost decisions [R. 221, 228]	1.500 €
Request for discretionary review [R. 220.3, 228]	350 €
Application for re-establishment of rights [R. 320.2]	350 €

Appeals/applications	Fee
Application to review a case management order [R. 333.3]	300 €
Application to set aside decision by default [R. 356.2]	1.000 €

C. Scale of ceilings for recoverable costs

DRAFT

Decision of the Administrative Committee of the Unified Patent Court on the scale of recoverable cost ceilings

The Administrative Committee,

Having regard to Article 69 (1) of the Agreement on a Unified Patent Court (hereinafter: Agreement) and pursuant to Rule 152(2) of the Rules of Procedure of the Unified Patent Court (hereinafter: RoP),

Considering that:

- (1) Article 69 of the Agreement qualifies the general rule that the unsuccessful party shall bear the successful party's costs by a number of principles, which serve as important safeguards when the Court makes its decision on costs, by allowing for exceptions from the general rule or limiting its application. The ceiling on the recoverable representation costs is only one of the safeguards against undue cost recovery, and the last one to apply when the Court makes its decision on costs. Firstly, only reasonable and proportionate legal costs and other expenses incurred by the successful party may be recovered from the unsuccessful party. Moreover, equity may also serve as a self-standing ground for rendering the general rule inapplicable. Furthermore, in case of partial success or in exceptional circumstances, the Court may order the parties to bear their own costs, or apply a different apportionment of cost, based on equity. Unnecessary costs caused to the Court or the other party shall be borne by the party incurring them, which means that even the successful party has to reimburse costs caused that are deemed unnecessary by the Court. Only the recoverable costs established in compliance with these principles is measured against the ceilings set forth in this Decision. There is a

large margin of appreciation for the Court when applying the safeguarding principles before making a cost decision, and thus, the ceilings are only to be regarded as a safety net, i.e. an absolute cap on recoverable representation costs applicable in every case.

- (2) In limited situations, such as the particular complexity of the case or multiple languages used in the proceedings having an impact on the representation costs, the ceiling laid down in the Annex upon request by one party, having regard to the financial capability of all the parties in the light of the principle of fair access to justice may be raised up to a certain extent.
- (3) Upon request of one of the parties, the Court may lower the ceiling applicable in the Annex with regard to that party if, in the event that the requesting party is unsuccessful, the applicable level of recoverable costs of representation to be awarded to the successful party would threaten the economic existence of the requesting party, especially if the latter is a micro-enterprise, SME, non-profit organisation, university, public research organisation or natural person. For this purpose the Court shall take into consideration all available information on the parties, including, where possible, the procedural behaviour of the parties, the applicable level of the ceiling for recoverable costs in comparison with the annual turnover of both parties, the type of economic activity of both parties, as well as the impact the lowering of the ceiling would have on the other party.
- (4) The Rules of Procedure shall apply mutatis mutandis when the Court decides on a request to raising or lowering the ceiling laid down in the Annex.
- (5) Apart from the regular adjustment pursuant to Rule 152(2), an early review of the scale of ceilings for recoverable costs is called for, with a view of possible amendments, in the light of the practice of how judges apply the cost recovery rules.

HAS ADOPTED THIS DECISION:

Article 1

- (1) The scale of ceilings for recoverable costs shall be set forth in the Annex.
- (2) The ceilings of recoverable costs shall apply to representation costs.

(3) The ceiling shall be applied to each instance of the Court proceedings regardless of the number of parties, claims or patents concerned.

(4) In case of partial success, the ceiling applicable in the case shall correspond to the proportion of success of the party seeking cost recovery.

Article 2

In limited situations, such as the particular complexity of the case or multiple languages used in the proceeding, the Court may upon request by one party, having regard to the financial capability of all the parties in the light of the principle of fair access to justice, raise the ceiling laid down in the Annex:

- a) by up to 50 % of the applicable level in the scale corresponding to a value of the proceeding up to and including EUR 1 million;
- b) by up to 25 % of the applicable level in the scale corresponding to a value of the proceeding of more than EUR 1 million and up to and including EUR 50 million;
- c) up to EUR 5 million in cases with a value of the proceeding of more than EUR 50 million.

(2) Upon request of one of the parties, the Court may lower the ceiling applicable in the Annex with regard to that party if, in the event that the requesting party is unsuccessful, the amount of recoverable costs of representation to be awarded to the successful party would threaten the economic existence of the requesting party, especially if the latter is a micro-enterprise, SME, non-profit organisation, university, public research organisation or natural person.

(3) When deciding upon a request to lower the ceiling, the Court shall take into consideration all available information on the parties and circumstances, including, where possible, the procedural behaviour of the parties, the applicable level of the ceiling for recoverable costs in comparison with the annual turnover of both parties, the type of economic activity of both parties, as well as the impact the lowering of the ceiling would have on the other party.

(4) A request to raise or lower the ceiling shall be made as soon as possible and practicable in the proceeding. This may be with the Statement of claim by the plaintiff, or with the Statement of defence by the defendant but shall be lodged in sufficient time to enable the Court to make a decision before closure of the interim procedure. The request shall include all reasonably available evidence.

(5) The request shall be dealt with by the Court without delay after having heard the parties and at the latest before closure of the interim procedure.

Article 3

The Administrative Committee shall review this Decision within two years after the entry into force of the Agreement, and thereafter every [three] years.

Article 4

This Decision shall enter into force on [...].

Done at [...] on [...]

For the Administrative Committee
The Chairman

Annex

Scale of ceilings for recoverable costs

Value of the proceeding	Ceiling for recoverable costs
Up to and including 250.000 €	Up to 38.000 €
Up to and including 500.000 €	Up to 56.000 €
Up to and including 1.000.000 €	Up to 112.000 €
Up to and including 2.000.000 €	Up to 200.000 €
Up to and including 4.000.000 €	Up to 400.000 €
Up to and including 8.000.000 €	Up to 600.000 €
Up to and including 16.000.000 €	Up to 800.000 €
Up to and including 30.000.000 €	Up to 1.200.000 €

Value of the proceeding	Ceiling for recoverable costs
Up to and including 50.000.000 €	Up to 1.500.000 €
More than 50.000.000 €	Up to 2.000.000 €

II. Explanatory Note

Introduction

The attached proposal on Court Fees and recoverable costs provides a delicate balance of Member States' views, comments made in responses to the consultation over the summer and recommendations from the UPC Expert Panel. The proposal must still be subject to legal checking.

A. Rule 370 – Court Fees

Fees for other counterclaims pursuant to Article 32 (1) (a) UPCA

During the consultation it was remarked that it is unclear as to exactly what the fee related to and so when it would be incurred. We have therefore deleted it from the list of fees at paragraph 2.

Fees for Application for and withdrawal of an opt-out

One of the few areas of clear consensus in consultation responses was that the opt-out fee should be removed or lowered to reflect the commitment made by the Preparatory Committee that the fees for both the opt-out and its withdrawal are set to reclaim administrative costs only and that the Court would not profit from either of these.

We now know much more detail as to how the proposed opt-out process will work and that the administration burden rests almost entirely with the applicant. We also know that any cost to the Court associated with the opt-out is related to processing the fee. There is no additional cost for the Case Management System to process opt-out requests if there is no fee. Requiring people to make payment generates costs for the court which would not be needed if there were no fee. So, removing the fee removes the cost; it also eliminates the problem of how to process payments particularly during provisional application and honours the commitment already made to only reclaim administrative costs for the opt-out.

Paragraph 5 – clarification on fees for appeals

The proposal clarifies that the fee structure and the level of the fees of the actions/procedures at the Court of First Instance remain the same in the Court of Appeal. As a consequence the appeals on revocation actions and counterclaims for revocation are not subject to value-based fees.

For ease we have moved all Appeal fees into their own section.

Paragraph 7 - multiple parties and patents

Many respondents to the consultation asked for clarification on how the fees would apply in situations of more than one party or patent. We have added this paragraph to provide this clarification and adopted an approach recommended by the Expert Panel.

Implementation of Article 36 (3) of the Agreement

The Consultation document reflected a difference of opinion as to how Article 36 (3) of the Agreement could be interpreted and presented two different proposals. In the first proposal support was given to all, focusing on particular behaviours (Alternative 1). In the second proposal, support was targeted at legal persons listed in Article 36 (3) (Alternative 2).

Unsurprisingly, there was no clear consensus on either of the two alternatives from the consultation, however some useful comments were received on a “third way” for SME support and the pros and cons of both Alternatives. Clear concerns were expressed on the administrative burden of the SME support proposed and the potential abuse by so called patent trolls. A high number of respondents also thought that the fixed fees (as well as the value-based fees) would disadvantage SMEs.

The compromise proposal suggested recognises the broad support for the reimbursements in cases of early settlement, withdrawal or use of a single judge along with the desire to see a simplified form of direct support for those in particular need. Micro and small enterprises will be entitled to a 40%

reduction on all Court Fees (fixed and value-based) which are incurred at the Court of First Instance as well as at the Court of Appeal. The proposal has been cleared through our cost modelling and is deemed affordable – that is it will still enable a sustainable Court by year 8.

The application process proposed is similar to that currently in use by the EPO. A micro or small enterprise may assume a reduction if they present a signed affirmation as to their status, however additional fees will be sought from any false claimants.

Payment of the Value-Based Fee

Several consultation responses identified a problem with the existing system to pay the value-based fee as set out in Rule 371 4 which currently states:

The value-based fee shall be paid within 10 days of service of the order determining the value of the dispute in accordance with the Rules 22, 31, 59, 60, 74, 104(i) and 133.

The issue as to when to assess the case value and pay the value-based fee was also discussed in depth by the Expert Panel. The Panel recommended that claimants make their own value assessment and pay the fee based on that at the same time as the fixed fee; that is when lodging the relevant application. If there is any contention over the assessment this will be rectified at the interim conference. The Fees Sub-Group agrees that this is the most simple and efficient process and so have accepted the recommendation.

B. Table of fees

The Agreement provides in Article 36 (3) that the Court fees shall consist of a fixed fee, combined with a value-based fee above a predefined ceiling.

As before, the proposal contains level of Court fees formed of estimates of the expected volume of activity, staff and operating costs. These estimates together serve as a point of reference for the calculation of the Court fees which at the end of the transitional period will need to ensure a self-financing

state. The fee levels suggested remain the lowest that will enable sustainability of the Court.

Changes to Value-Based Fees

Consultation responses identified inconsistencies in the proposed value-based fees, we have therefore reviewed these and amended them to both improve consistency and better reflect the principle as set out in Declaration attached to the UPC Agreement that states:

Whilst all users of the Unified Patent Court should contribute to its financing, users having more significant economic interests should provide a reasonable and proportionate contribution to the functioning of the Court, on the basis of an additional value-based fee, proportionate to the economic value of the case at stake in the specific procedure, applicable above a pre-defined ceiling.

To this end we have added two more values of action – up to and including EUR 50 million and more than EUR 50 million.

Application for an order to freeze assets

This fee has been reduced to better reflect the level of work involved and bring it more in line with other interim measures.

C. Scale of ceilings for recoverable costs

According to Article 69 (1) of the Agreement the unsuccessful party shall bear reasonable and proportionate costs and other expenses incurred by the successful party up to a ceiling set in accordance with the Rules of Procedure. The issue of recoverable costs consists of two parts: (1.) the specification of which costs shall be recoverable and (2.) the determination of a ceiling for the recoverable costs.

The levels at which to set the ceilings have been a difficult area to agree given different existing approaches in various Member States. A compromise is

used that recognises these differing views and provides a table of ceilings for most situations.

The proposal includes the ability to go above these levels only in certain situations (for example where there is particular complexity) as well as the ability to request the ceilings to be lowered if the amount of recoverable costs of representation would threaten the economic viability of the requesting party. As for the similar ability offered on Court fees (Rule 370, paragraph 10), all types of organisation may make this request, but those from micro-enterprises, SMEs, non-profit organisations, universities, public research organisations or natural persons are given particular emphasis in the wording.

The levels of the ceilings for the lowest three values of the proceeding may be increased by up to 50%. The increase will be limited to up to 25% where the value is more than EUR 1 million and up to and including EUR 50 million. The top ceiling retains an absolute maximum of EUR 5 million.

There is no limit to the level the ceilings may be reduced.

Procedural rules on how to apply the possible increase to the ceilings are also included.

This compromise also includes text which sets-out the principles to be applied when considering cost orders. These principles are set out in the Agreement and Rules of Procedure but are highlighted in the proposal to demonstrate that the ceilings are there as a safety net and should not be viewed as the default level of recoverable costs for all cases of that value.