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Costs firmly capped in the PCC

Brian Cordery (Bristows) · Wednesday, October 3rd, 2012

After widespread reform in late 2010 (previously reported [here](#)), the Patents County Court (the “PCC”) is increasingly becoming a court of choice in intellectual property matters in England and Wales, particularly for small and medium-sized enterprises (“SMEs”). Part of the revamp included introducing a cap on costs (provided by CPR rules 45.41 – 45.43). In summary, subject to certain limited exceptions, the court will not order a party to pay total costs of more than £50,000 on the final determination of a claim in relation to liability (and no more than £25,000 on an inquiry as to damages or account of profits).

Last year, in the case of *Westwood v Knight* [2011] EWPC 8, His Honour Judge Birss QC (the resident judge of the PCC) explained there is a three-stage process for determining costs:

1. Determine what costs were actually incurred, and group them in the categories for which costs limits apply in the PCC;
2. Reduce the actual costs by assessment in the traditional way – this may result in a reduction by approximately one third; and
3. If any of the amounts resulting from stage 2 exceeds the PCC limit, reduce the amount to the PCC limit.

Now, further guidance regarding costs in the PCC has been provided in the recent case of *Gimex International Groupe Import Export v Chill Bag Co Ltd and others* [2012] EWPC 34 (20 July 2012), a registered design case where it was held that Gimex’s Community registered design for an ice bucket bag was valid and had been infringed. The relevant facts are as follows:

The case involved five defendants, albeit in two camps. For these purposes let us call the camps D1-3 and D4&5. D1-3 and D4&5 had filed separate pleadings and separate (but similar) evidence. By the end of the case Gimex had incurred total costs of £119,000. But as previously explained, since the matter had been heard in the PCC, a £50,000 costs cap would apply. Since there were two camps of defendants, Gimex argued that it would be fair and reasonable to recover two lots of capped costs (it was seeking £45,000 from each camp). The defendants argued that the wording of CPR r.45.42(1) (the relevant rule applying the £50,000 costs cap) was clear, preventing the court from ordering a party to pay total costs of more than £50,000 on the final determination of a claim.

The judge held that the £50,000 costs cap has an important role in facilitating access to justice in that it allows a litigant to be confident about its possible costs exposure should it lose a case. The terms of CPR rule 45.41(1) were drafted clearly and the court would not order a party to pay total costs of more than the capped sum. Accordingly, Gimex’s application had to fail – there was no

justification for allowing a claimant to share out its single costs bill as between two sets of defendants and thereby recover more than £50,000 in costs.

It is suggested that this decision will provide further comfort to SMEs making the PCC an even more attractive forum for smaller IP disputes.

Interestingly, further measures are being introduced to provide more assistance to SMEs and private individuals looking to protect their IP rights quickly and in a low cost forum. From 1 October 2012, there will be a new small claims track for copyright, trade mark, unregistered design and database rights cases in the PCC (patents and registered design cases are excluded). The small claims track may be used for claims of up to £5,000 and costs recovery will be severely limited to certain fixed sums (e.g. fees for issuing the claim, court fees etc.) and certain other expenses related to attending court hearings.

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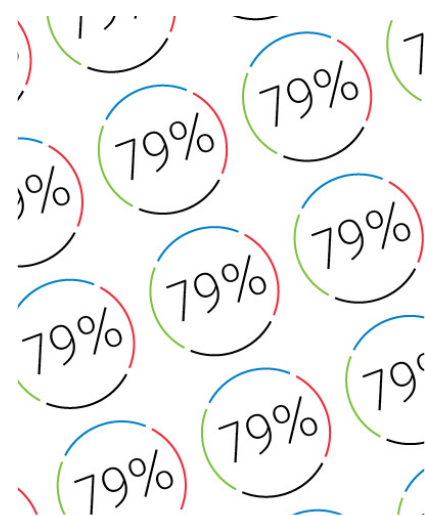
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