

# Kluwer Patent Blog

## Basics of the Unitary Patent System. Part 4: UPC court fees and recoverable costs

Pieter Callens (Eubelius) · Saturday, March 12th, 2016

Europe is preparing for the launch of the new Unitary Patent and the Unified Patent Court (UPC). A provisional phase for the UPC is expected to start later this year, with a view to a full start of the system in the spring of 2017. In a series of articles, Kluwer IP Law explains the upcoming changes and the consequences they have for patent practitioners. The fourth blogpost: UPC court fees and recoverable costs

### Unitary Patent and Unified Patent Court and what they mean for professionals

#### 1. Do I have to pay court fees to litigate before the Unified Patent Court?

Yes. If a claimant starts an infringement or revocation action he shall have to pay a court fee. The Statement of claim shall not be deemed to have been lodged until the fee for the infringement action has been paid (Rule 15.2. Rules of Procedure (RoP)). If during the infringement or revocation proceedings, the defendant launches a counterclaim for revocation of the patent or an infringement action, the defendant shall also have to pay a court fee (Rule 26 and 53 RoP).

The Court fees shall consist of a fixed fee and in certain cases an additional value based fee (Rule 370 RoP).

For the actions relating to infringement (infringement action, counterclaim for infringement, action for declaration of non-infringement, action for compensation for license of rights) the fixed fee shall be 11,000 EUR. If there will be an additional application for the determination of damages, the fixed fee for such application shall be 3,000 EUR. No fee shall be due for the actions relating to infringement and the applications for determination of damages having a value of less than 500,000 EUR. For actions with a value of more than 500,000 EUR a value based fee ranging from 2,500 EUR (for actions with a value between 500,000 EUR and 750,000 EUR) up to 325,000 EUR (for actions with a value of more than 50,000,000 EUR) shall be due (see the [Rules on Court fees and recoverable costs](#) for the grid with value based fees).

For independent revocation actions, there will only be fixed court fee of 20,000 EUR. For

counterclaims for revocation the fee shall be the same as the fee of the infringement action (including the value based fee), with a maximum of 20,000 EUR. For an application for provisional measures there will be a fixed fee of 11,000 EUR.

## **2. Do the same court fees apply to small enterprises?**

No. Small enterprises and micro-enterprises (as defined in Title I of the Annex of the Recommendation of the European Commission n° 2003/361 of 6 May 2003) only have to pay 60% of the fixed and value based fees (Rule 370.8 RoP). In order to obtain the fee reduction, the micro or small enterprise has to present a signed affirmation as to its status.

The UPC can on its own motion order payment of the remaining 40% if the 60% is manifestly disproportionate and unreasonable in respect of the financial capacity of the applicant. The UPC can also order payment of 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. These security mechanisms have been put in place to avoid abuse by patent trolls.

## **3. Do I have to pay a fee for an order for inspection or an order to preserve evidence? And what about the fee for filing protective letters?**

For an application for an order for inspection or an application to preserve evidence the fixed fee shall be 350 EUR. The court fee for an application for an order to freeze assets shall be 1,000 EUR.

The filing of a protective letter will be subject to a court fee of 200 EUR. Prolonging the period which a protective letter is kept on the register (normally 6 months) will cost 100 EUR per additional six months.

## **4. Is there also a court fee in appeal proceedings?**

Yes. But different from earlier proposals, the Preparatory Committee decided that the court fees for the appeal proceedings shall in principle be the same as those in first instance. E.g in appeal proceedings as to an infringement action a court fee of 11,000 EUR fixed fee and an additional value based fee for actions with a value of over 500,000 EUR, shall be due. The appeal as to a revocation action requires a court fee of 20,000 EUR.

## **5. Who determines the value of an action? And how shall this value be calculated?**

Initially, the claimant shall make its own value assessment and pay the fee based on that assessment when lodging its application. If there is any contention over the assessment of the value based fee, the Court can rectify this at the interim conference.

The Preparatory Committee has agreed on [Guidelines](#) for establishing the value of actions. These Guidelines are not only important for the determination of value based Court fees, but also for the ceilings for the recoverable costs for the representatives of the successful Party (see question 6).

The Guidelines set out that a method of determining a value-based fee should be as simple as practically possible. The most practicable method, in most cases, will be a valuation based on an appropriate licence fee. The Guidelines further explains the royalty calculation for determining the value of an action based on the licence fee. A valuation based on the claimant's loss of profits or

the defendant's profits gained may also be applied, where appropriate, but will normally be too complex to be determined at the beginning of proceedings resulting in a mini-trial.

Where the parties agree on a valuation the Court should in principle base its valuation on their estimate.

## **6. Can I recover my representation costs when I win the case?**

Yes. As a general rule the unsuccessful party shall bear the successful party's reasonable and proportionate legal costs and other expenses, up to a ceiling. The legal costs shall include representation costs (article 69 (1) UPCA).

The Preparatory Committee has recently agreed on the scale of ceilings for recoverable costs. The ceilings are an absolute cap on recoverable representation costs. In limited situations (e.g. particular complexity of the case, multiple languages used in the proceedings having an impact on the representation costs), the ceiling may be raised by the UPC by up to 50% in cases with a value of less than 1 million EUR, up to 25% in cases with a value between 1 and 50 million EUR, or up to 5 million EUR in cases with a value of more than 50 million EUR. The Court can also decide upon the request of one of the parties to lower the ceiling if the ceiling would threaten the economic existence of a party, such as SME's, non-profit organisations, universities, public research organisations or natural persons.

The ceilings range from 38,000 EUR in proceedings with a value of 250,000 EUR or less, over 400,000 EUR in proceedings with a value between 2 million and 4 million EUR, up until 2 million EUR in proceedings with a value of more than 50 million EUR (see the [Rules on Court fees and recoverable costs](#) for the grid with the scale of ceilings for recoverable costs).

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 (article 69 (2) UPCA).

It is unclear from the current texts if the successful party can also recover the Court fees from the unsuccessful party. Based on article 69 UPCA this seems to be the case, but the decision on the scale of ceilings for recoverable costs seems to indicate that these ceilings only apply to representation costs, which suggests that Court fees cannot be recovered.

Pieter Callens (Eubelius, Belgium) is co-author of the book '[Introduction to the Unitary Patent and the Unified Patent Court](#)'. An updated version of this book shall become available in 2016.

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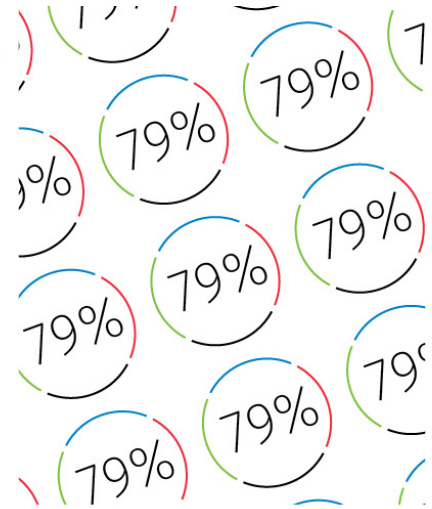
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