



CFI_761/2024

Proc No. 63992/2024

Ord_n._22179/2025

Unified Patent Court

First Instance

Milan Local Division

COST DECISION

according to rule 156 RoP

adopted on 6 May 2025

Headnotes

- 1.** In proceedings governed by Rules 150 et seq. RoP, the upper limit reimbursable defence costs in favour of the party to whom such a right has been granted by a decision on the merits, in accordance with the principle of proportionality, may only be reached in limited situations, e.g. due to the complexity of the issues at stake, the number of patents examined, the parties involved or the use of several languages.
- 2.** In the proceedings governed by Rule 150 et seq. RoP, the underlying decision on the merits -which is the legal prerequisite- establishes the rule to be followed by the judge rapporteur in the allocation of costs, which cannot be challenged or changed here.

Keywords.

Const decision, Art.69 and 70 UPCA; Rules 150-157 ROP

APPLICANT

Oerlikon Textile GmbH s CO KG (applicant in the main proceedings)

RESPONDENT

Bhagat Textile Engineers (defendant in the main proceedings)

PATENT AT ISSUE

Patent no.

Owner/s

EP2145848

Oerlikon Textile GmbH s CO KG

DECIDING JUDGE

ALIMA ZANA AS JUDGE RAPporteur

DECISION

Procedural events

1. On 4.12.2024 Oerlikon Textile GmbH & C KG (hereinafter referred to as Oerlikon) filed an *Application for a cost decision* following the judgment on the merits No. 549585/2023 (CFI_241/2023) held before the local division in Milan against Baghat Textile Engineers (hereinafter Baghat) and concluded with decision No. 598484/2023 filed on 4 November 2024.

The Court ruled as follows:

"For all the reasons, the Court:

- 1. declares that Baghat Textile Engineers has infringed the patent EP '848 owned by Oerlikon Textile GmbH & CO KG - in force in Italy and Germany - promoting and offering to the public the structuring/texturing machine exhibited at the ITMA trade fair in June 2023 in Rho - Milan;*
- 2. prohibits Baghat Textile Engineers from selling, marketing and promoting the machine indicated in paragraph 1 in infringement of the '848 patent and in the territories of Italy and Germany; 4*
- 3. sets a penalty of €12,000.00 pursuant to Rules 63(2) and 354 RoP to be paid to the Court for each incident of a breach of the order referred to in No. 2;*
- 4. orders Baghat Textile Engineers to pay Oerlikon Textile GmbH & CO KG a provisional liquidated damages of EUR 15,000.00;*
- 5. set the value of the case at 750,000.00 Euro;*
- 6. orders that 20 per cent of the costs of the proceedings be borne by the parties and the remaining 80 per cent by Baghat Textile Engineers;*
- 7. rejects all further claims of Oerlikon Textile GmbH & CO KG'.*

In light of paragraph 5 of the operative part above, in this case, Oerlikon sought in particular, pursuant to and for the purposes of Rules 150-155 RoP, to:

- (A) quantify the costs of the proceedings borne by Oerlikon Textile GmbH & CO KG in the amount of €136,756.10, to cover (i) the Court fees paid for the commencement of the proceedings to preserve evidence (ACT_500982/2023 - CFI_141/2023) and the judgment on the merits (ACT_549585/2023 - CFI_241/2023); (ii) the costs of translation and notification; (iii) the fees of Court Expert Ing. Marietti, appointed to execute the order to preserve evidence on 14 June 2023; (iv) the professional fees of the Representatives in the proceedings to preserve evidence, in the judgment on the merits and in the sub-proceedings pursuant to Rule 262A RoP (APP_21554/2024);*
- (B) and taking into account the 20% offset between the parties, quantify the sum to be paid by Bhagat Textile Engineers to*

Oerlikon Textile GmbH & CO KG in the amount of €109,404.88 and ordered its payment;

(C) order Bhagat Textile Engineers to pay Oerlikon Textile GmbH & CO KG the costs of the present proceedings to such extent as the Court may deem equitable.

3 Having been cross-examined, Baghat preliminarily requested that the proceedings be stayed pending the decision of the court of appeal to which the ruling was appealed.

The application for suspension was rejected by order of 19 March 2025, (ord_n. 10531/2025), which has not been appealed: the Court of First Instance specifically noted that the Court of Appeal had rejected the application for suspension of the first instance decision.

4. On the merits, Baghat contested the quantification of costs made by the opposing party (by filing his own authorised notes on 28.4.2025, in workflow no. 10536/2025). In particular, he asked the Court:

- I. First step: reduce the amount of recoverable professional fees by 50%, i.e. from €120,425.30 to €60,212.65;*
- II. Second step: Since the adjusted professional fees of €60,212.65 are below the maximum recovery amount of €112,000, no ceiling applies;*
- III. Third step: Adding the €60,212.65 to the other costs incurred of €16,330.82 gives a total of €76,543.47 in adjusted costs;*
- IV. Fourth step: Applying the 20 per cent set-off to this sum results in an amount of €61,234.78, which would be the amount the defendant would be obliged to pay, subject to appeal.*
- V. In the alternative, if the Court is not willing to reduce the amount of recoverable professional fees by 50 per cent, we request such other reduction as it deems appropriate.*

Reasons for the decision

5. This decision is taken accordingly:

(i) to the following principles contained in Preamble 2 of the RoP:

- proportionality, flexibility and fairness;

- *discretionary power for the judges to organise the proceedings in the most efficient and cost effective manner;*

- *fairness and equity, having regard to the legitimate interests of all parties;*

(ii) the principles of flexibility, proportionality and reasonableness;

(iii) Articles 69 and 70 UPCA;

(iv) to Rule 150-157 ROP,

(v) the jurisprudence of the UPC.

6. The costs claim made by Oerlikon is admissible, since a judgment on the merits has been pronounced, which *is to be understood "as a decision that concludes litigation proceedings, that is proceedings where the ascertainment of a right is sought by one party against another and is capable of producing the effects of res judicata on conflicting subjective positions and from which a situation of the defeat of one party with respect to another may arise, justifying the award of costs"* (see Decision of the Central Division of Paris, Order no. ORD_59519/2024 in ACTION NUMBER: ACT_22275/2024 UPC number: UPC_CFI_189/2024).

The first decision is also enforceable: in fact, the Court Appeal, requested pursuant to rule 223 RoP, rejected the relevant application on 16.1.2025 (see doc. 1 of the appellant). Thus, the first instance decision is immediately enforceable.

Finally, the *application* contains all the elements required by Rule 151 RoP and was filed within the prescribed period of one month from the filing of the decision on the merits.

7. That being said, and turning to the merits, the rule supporting the decision on costs is contained in Chapter No. 6 of the decision on the merits No. 598484/2023, whereby the costs of the proceedings are set off at 20 per cent between the parties and are to be borne Baghat for the remaining 80 per cent.

And this taking into account that the value of the case was set by the Panel at €750,000.00.

8. In this regard, Oerlikon claimed reimbursement of the following costs totalling €136,756.10 comprising:

- a) 13,850€ court fees (350€ for emergency proceedings and 13,500 € for the judgment on the merits);
- b) € 478.82€ for translation and notification costs;
- c) € 2,002.00€ for the services of Ing. Marietti, appointed as Court Expert in the *ante causam* phase;

d) 120,425.28 € for professional fees, in turn to be divided into 23,712.00€ for the proceedings to *preserve evidence* € 96,713.28 € for the judgment on the merits.

All invoices for the costs and fees of the representatives were duly paid by Oerlikon (see doc. 16 of Oerlikon).

As for fees and out-of-pocket expenses

9. The costs claimed by Oerlikon are all recoverable in general, subject to the following considerations regarding the 20% set-off established by the Court.

Indeed:

- (I) As to the disbursements under subparagraph (a), i.e. the fees paid to the Court, there is no dispute by Baghat as to recoverability.
- (II) As to the costs under (b), the claim for recovery is based on the rule 155 ROP, which provides for '*compensation for costs for interpreters and translators*';
- (III) also the costs of Court Expert advanced by the plaintiff are reimbursable under Rules 150 and 151 RoP.

All items of expenditure are shown were actually incurred by Oerlikon and are provided for as reimbursable in the RoP system.

Thus the total amount is € 16,330.82

As for representation costs

10 Turning to the reimbursement of representation costs incurred, such a right cannot be recognised if they are incurred:

- are not reasonable and proportionate (CJEU C- 57/15, CJEU C- 531/20);
- were not reasonably sustained;
- are higher than the ceiling set by the Administrative Committee in relation to the value of the case (ROP 152.2.).

In this regard, it must be considered that the ceiling, in accordance with the principle of proportionality, can only be reached in limited situations, e.g. due to the complexity of the issues involved, the number of patents examined, parties involved or the use of several languages.

As stated in previous decisions of the Court, the costs actually caused by the necessary measure must not be disproportionate in terms of a specific amount. In particular, they must not be disproportionate to the amount

of the dispute, the importance of the issue, the degree of difficulty and complexity of the disputed legal and factual points relevant to the decision and the prospects of success of the measure involving costs (UPC, Local Division Dusseldorf, 22 April 2025, UPC_CFI_16/202, UPC_CFI_115/2025, UPC_CFI_116/2025).

11. In the case, the defendant does not dispute that the costs were not incurred, but that they were not reasonable or proportionate.

In this regard, it should be borne in mind that:

- the case on the merits was preceded by an *order to preserve evidence* granted *ex parte*;
- the value of the case was defined by the Court at €750,000.00, therefore the maximum reimbursable limit amounts to €112,000.00
- In the present case, the defendant neither challenged the validity of the patent nor denied infringement. Thus, no technical patent investigation was carried out in this regard;
- no other investigative activities were carried out;
- the actuated patent is only one;
- there are only two parties to the dispute, plaintiff and defendant.

This is therefore a relatively simple case, albeit among the first regulated by the new Unified Patent Court (*the order to preserve evidence* was the first ever and the ruling on provisional damages, publication and ancillary measures among the first on this point).

Even taking into account the *ante causam* proceedings and the subproceedings under Rule 262 A RoP, the crystallisation made by Oerlikon, amounting to €120,425.28, does not appear proportionate.

The Court therefore considers that they should be settled in an amount lower than the maximum amount, which it deems equitable to set at €80,000.00, which includes the case on the merits, in the amount of €65,000.00, and the interlocutory proceedings, in the amount of €15,000.00.

To this must be added € 20,000.00 for the case on the merits.

The total reimbursable costs of representation thus amount to €80,000.00, which is below the ceiling for the respective value of the case.

The 20% compensation ordered by the Court

12. Out of the total liquidated amount of € 96,330.82, the set-off of 20% ordered by the Court in its final decision must be made.

And this on all costs here, both by way of fees and out-of-pocket expenses and by way of defence costs, since the ruling on the merits - which establishes the rule that in

this Court has not made any distinction on this point.

No change to that decision can be made here.

This resulted in the sum of €77,064.65, of which €64,000.00 was for representation expenses and the remainder for fixed and out-of-pocket expenses incurred.

the time limit within which Baghat is obliged to reimburse Oerlikon for its expenses

13. According to Rule 156(3) RoP the losing party is obliged to reimburse the winning party for costs within the time limit decided by the judge rapporteur.

In this case, taking into account the indicative time limit set forth in Rule 370(4) RoP on the one hand and, on other hand, that the defendant is a company with a non-European head office, it seems appropriate to grant a time limit of thirty days from the date of the communication of this decision.

ORDER

1. The defendant Baghat Textile Engineers must reimburse plaintiff Oerlikon Textile GmbH & C KG for costs litigation in the total amount of €77,064.65.
2. Payment must be made within one month of notification of this decision.
3. For the rest, the applicant's request for costs is rejected.

Milan, 9 May 2025

Judge rapporteur

Alima Zana

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For the Deputy Registrar

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Appeal Information

This decision may be appealed to the Court Appeal pursuant to Rule 221 RoP

Order details

Order no. ORD_22179/2025

in ACTION NUMBER: ACT_549585/2023

UPC number: UPC_CFI_761/2024

Action type: Infringement Action