

ORDER
of the Court of Appeal of the Unified Patent Court
issued on 14 October 2025
concerning an appeal against an order relating to penalty payments

HEADNOTES

- The system of penalties under the Rules of Procedure is as follows.
- Pursuant to R. 354.3 RoP an order or decision may include an order for the forfeiture of a penalty sum in case of (future) non-compliance with an order (hereinafter: a penalty order). Although this must be considered the exception to the rule, it follows from the words “or an earlier order” in R. 354.3 RoP that a penalty order may also be issued separately in a later order, thereby connecting a penalty order to an order that is already contained in an earlier order or decision. Generally, the penalty order is included in the order or decision on the merits as this enhances legal certainty.
- This applies regardless of whether it was requested before but was rejected, or it is requested later for the first time. The circumstances of the case when issuing the order may have given rise to a rejection of a request for a penalty order. Similarly, at the time of filing a statement of claim the claimant may not have seen the need to ask for a penalty order. The circumstances may, however, change over time and later give rise to a different evaluation of the need to issue or ask for a penalty order. Such later request for a penalty order therefore does not require an appeal against the main decision.
- It follows from R. 354.3 RoP that the penalty amount that may be forfeited shall be set by the Court, considering the importance of the order in question. This amount should be sufficiently deterrent to be coercive, but also within reasonable limits for it to be an appropriate (proportionate) penalty.
- The penalty order must also specify upon which occurrence a certain penalty sum may be forfeited, e.g. as a lump sum or (preferably) for non-compliance per specified time period, per item, per act, etc. Where appropriate, the penalty order may also set a maximum amount of penalties that may be forfeited per order or overall. This, however, does not prevent the Court from increasing such maximum amount in any further order, e.g. in enforcement proceedings, for future further non-compliance, if the circumstances of the case so require (R. 354.3 RoP).
- In view of legal certainty for the defendant, the order or decision on the merits should generally also, where compliance is not required immediately after service of the order or decision, specify the time period for compliance with each order, after which time a penalty shall be forfeited.

- The suggested penalty amount for non-compliance with the relevant order(s) as well as the time period(s) for compliance therewith, must be included in the claimant's corresponding application (in the statement of claim, application for provisional measures or separate request as the case may be (see Court of Appeal, 3 October 2025, in *Belkin v. Philips (merits)*, UPC_CoA_683/2024, par. 240).
- It is incumbent on the defendant to comment on both the penalty amount(s) as well as the time period suggested by the claimant during the proceedings on the merits or for provisional measures or for the separate request, as the case may be. If the claimant requests a penalty order but has not included a suggested amount and/or time period, the defendant may still comment on what it considers reasonable and feasible.
- In the rare case that no time period is specified in the order or decision containing a penalty order, it is the responsibility of the claimant to set a time period for compliance with the relevant order(s) (see *Belkin v. Philips (merits)*, par. 240). In such case, if the order that is reinforced by a penalty (hereafter also: 'penalty reinforced order') is contained in an order for provisional measures, to which R. 118.8 RoP does not apply, the claimant must notify the defendant of the time period together with or immediately after service of the order; if the penalty reinforced order is contained in a decision on the merits, this must be done when notifying the defendant of its intention to enforce the decision under R. 118.8 RoP.
- It then falls on the defendant to dispute the reasonableness of the time period set by the claimant immediately after notification by the claimant or service of the enforcement notice, as the case may be; the defendant should not wait until the time period set has already lapsed.
- When a time period is set by the claimant and the parties disagree, it is left to the Court to determine a reasonable time period based on the submissions of the parties in the enforcement proceedings pursuant to R. 354.4 RoP. This time period applies retrospectively; a time period that is too short triggers the commencement of a reasonable period as established by the Court (Court of Appeal, 30 May 2025, in *Belkin v. Philips (penalties)*, UPC_CoA_845/2024, par. 40-41)
- It follows from the wording "penalty payments provided for in the order" in R. 354.4 RoP that any order to pay any penalty sum in enforcement proceedings pursuant to this Rule, must be based on a *prior* penalty order having been made, either in the operative part of the main decision or order, or of a further order or decision to that effect. It is not sufficient for the claimant to send an enforcement notice pursuant to R. 118.8 RoP or to allege non-compliance. It is equally insufficient if the Court only in the grounds for its order or decision referred to the possibility that upon non-compliance of any order a penalty may be imposed.
- Thus, if a claimant alleges that a defendant has not or not timely complied with a penalty-reinforced order, a penalty does not become automatically payable, but the claimant must request the Court who issued such order, to order the defendant to pay the penalty sum forfeited. The penalty amounts and the time periods set for compliance, as provided for in the order or decision, shall generally be the basis for calculating the amount payable by the defendant. The Court may, however, deviate therefrom in favour of the defendant for reasons of reasonableness and proportionality, if the circumstances of the case so require. Relevant factors in this regard include, among others, aspects such as the severity of the established breach, its duration, and the defendant's ability to pay. It is for the defendant to present and substantiate facts that reasonably prevented it from fully and timely complying with a penalty reinforced order or that otherwise justify the imposition of a lower amount of penalties than the amount that would follow from the penalty amounts and the time periods set for compliance, as provided for in the order or decision or later order or decision (see also *Belkin v. Philips (penalties)*, par. 35; 57).

- The burden of proof that a penalty reinforced order has been fully and timely complied with lies with the defendant, since the evidence concerns information within the defendant's own sphere which is not accessible to the claimant. It is generally incumbent on the defendant to provide a substantiated account of the measures taken to comply with the penalty reinforced orders (see also *Belkin v. Philips* (penalties), par. 66).
- It enhances legal certainty for the defendant if the claimant in its application already requests and the order or decision already specifies which evidence is required – but also sufficient – in this respect. Depending on the circumstances and always within the discretion of the Court, it may e.g. be required that the completeness of information to be provided is confirmed by an accountant; that a copy of recall letters is sent or a list of addressees of recall letters is provided, that destruction of infringing products is confirmed by a bailiff or other independent authority, etc. An explicit legal basis for this in the UPCA or the RoP is not required, since this a matter of evidence. It serves legal certainty and prevents disputes at the time of enforcement.
- If the defendant can reasonably foresee that the orders and evidence requested by the claimant may require it to disclose confidential information, this should be raised by the defendant during the proceedings on the merits, so that where necessary in the order or decision appropriate measures can be taken to protect such confidential information. Although it would still be possible to file a confidentiality request thereafter, confidentiality issues generally do not stay the time period set for compliance with a penalty reinforced order.
- If the penalty reinforced order is contained in an order for provisional measures, to which R. 118.8 RoP does not apply, the time period for compliance with such a penalty reinforced order starts upon service of the order for provisional measures on the defendant or, if that order does not contain a time period for compliance, upon notification of the time period set by the claimant, in both cases provided that, if applicable, a security pursuant to R. 211.5 RoP has been rendered.
- If the penalty reinforced order is contained in a decision on the merits, the time period for compliance with such a penalty reinforced order starts upon service of the notification pursuant to R. 118.8, first sentence, RoP if all other requirements for enforcement are met including, if applicable, the rendering of a security pursuant to R. 352 RoP.
- It follows from R. 118.8 RoP that the claimant has to send an 'enforcement notice' to the Court in which he indicates which part of the orders he intends to enforce. Together therewith he needs to provide "a certified translation of the orders in accordance with Rule 7.2, where applicable, into the official language of a Contracting Member State in which the enforcement shall take place". Through the reference to paragraphs 1 and 2(a) of R. 118 RoP, which has the heading 'Decision on the merits' it is clear that 'translation of the orders' refers to the individual orders contained in the operative part of the decision.
- It is also clear from the wording of R. 118.8 RoP that a translation is required only from the orders that the claimant actually wishes to enforce and that these only need to be translated into the language of the Contracting Member State where such enforcement is to take place. The translation allows the enforcing authority (e.g. the bailiff) to understand in its own language what it needs to enforce. The requirement of notification of this translation to the defendant is to allow it to verify whether the translation correctly reflects the order in the decision to be enforced.
- Consequently, orders that are only enforced by means of the possible forfeiture of a penalty sum do not require translation, since pursuant to R. 354.4 RoP this enforcement is to be effected through the Court who issued the decision. There is no requirement that the enforcement notice itself – which should be drafted in the language of the proceedings – be translated.

- R. 118.8 RoP does not require that after the claimant has notified the Court which part of the orders it intends to enforce, the Registry must subsequently and separately serve this enforcement notice on the defendant in the manner as prescribed for the service of a statement of claim, i.e. generally by post. The service of further written pleadings and other documents from the parties as prescribed or allowed under the Rules of Procedure must be effected through upload of the relevant communication in the CMS (R. 6.1 (b), R. 271.2, R. 278. 1, 278.5 RoP). That applies also to an enforcement notice pursuant to R. 118.8 RoP (see also Belkin v. Philips (penalties), par. 37). Subsequent service by the Registry takes place by making this enforcement notice available to the representative of the defendant through its CMS.

KEYWORDS

interpretation of R. 354.3 and R. 354.4 RoP;
burden of proof;
evidence of compliance;
confidentiality of information to be provided;
start of the time period for compliance;
translation requirement of R. 118.8 RoP;
service of notice of enforcement pursuant to R. 118.8 RoP.

APPELLANTS (AND DEFENDANTS BEFORE THE COURT OF FIRST INSTANCE)

1. **Kodak GmbH**, Stuttgart, Germany
 2. **Kodak Graphic Communications GmbH**, Stuttgart, Germany
 3. **Kodak Holding GmbH**, Stuttgart, Germany
- (hereinafter jointly referred to as “Kodak”)

all represented by Kilian Seidel, and other attorneys-at-law of the law firm Freshfields Bruckhaus Deringer, Munich, Germany

RESPONDENT (AND CLAIMANT BEFORE THE COURT OF FIRST INSTANCE)

Fujifilm Corporation, Tokyo, Japan
(hereinafter referred to as “Fujifilm”)

represented by: Dr. Christof Augenstein, and other attorneys-at-law of the law firm Kather Augenstein, Düsseldorf, Germany; Dr. Martin Herzog, and other patent attorneys of Herzog IP Patentanwalts, Düsseldorf, Germany

PATENT AT ISSUE

EP 3 511 174

LANGUAGE OF THE PROCEEDINGS

English

PANEL AND DECIDING JUDGES

This order was issued by Panel 2
Rian Kalden, presiding judge and judge-rapporteur
Patricia Rombach, legally qualified judge
Ingeborg Simonsson, legally qualified judge
Lorenzo Parrini, technically qualified judge
Max Tilmann, technically qualified judge

ORAL HEARING

With the agreement of the parties, the oral hearing was held by videoconference on 2 October 2025

IMPUGNED DECISION OF THE COURT OF FIRST INSTANCE

Order of the Local Division Mannheim issued on 23 July 2025 in infringement action UPC_CFI_365/2023 concerning EP 3 511 174.

SUMMARY OF FACTS (INSOFAR AS RELEVANT)

The proceedings before the Local Division Mannheim

1. Fujifilm filed an action against Kodak for infringement of the patent at issue (hereinafter also: the patent). It requested, *inter alia*, an injunction and orders to provide information in relation to the origin and distribution channels, quantities and prices to be provided within twenty-one days of the date of service of the decision, supported by evidence verified by an independent accountant, as well as orders for the destruction together with proper evidence certified by an independent bailiff as to how and when the destruction was carried out, recall together with an exhaustive list of all recipients to be provided to the claimants, and removal from channels of commerce of the infringing products. Fujifilm requested that a penalty be set in case of non-compliance with the injunction and the provision of information. No such request was made in relation to the other orders it requested.
2. The Local Division Mannheim (LDM) found that the attacked embodiment infringed the patent and by final decision of 2 April 2025 issued an injunction (order under A.I) together with an order for the payment of a penalty in case of non-compliance therewith (A.II).
3. The LDM also granted the requested order for information (B.II), the destruction (B.III), recall (B.IV) and removal from channels of commerce (B.V), but no penalty order was issued in connection therewith.
4. For the order to provide information (B.II) the LDM considered in par. 140 of the Grounds for the Decision as follows:
“The panel exercises its discretion not to determine a fixed time period for the provision of the information and not to set an amount of penalty in case of non-compliance up-front, thereby retaining the flexibility to take into account the circumstances of the failure if the Defendants should fail to provide proper information in due time. As regularly, the infringer has to provide the information as soon as possible without undue delay. Also, the request to provide information supported by evidence verified by an independent accountant had to be rejected as the comprehensiveness of the information rendered is sufficiently ensured by the possibility of severe penalties to be imposed on Defendants, if falsified and/or insufficient information is rendered”.
5. In relation to the order for destruction (B.III) the LDM considered in par. 141:
“no legal basis to order the production of evidence certified by an independent bailiff as to how and when destruction was carried out can be found in the UPCA nor the RoP. Again, the threat of penalties serve as a sufficient remedy to ensure compliance with the decision.”
6. In relation to the ordered recall (B.IV) the LDM considered in par. 142:
“Similarly as for the destruction, it lies in the infringer’s own vital interest to indicate the fulfilment of its recall obligation beyond any reasonable doubts towards the Claimant in order to avoid an enforcement proceedings. However, contrary to Claimant’s request at hand, there is no need to order the infringer to provide a list of the recipients of the recall letter.”

7. In relation to the removal from the channel of commerce (B.V) the LDM considered in par. 143:
“it suffices to request and order the definite removal without specifying the modalities thereof (...) It is the infringer’s responsibility how he guarantees such success.”
8. On 29 April 2025 Fujifilm uploaded in the Court’s Case Management System (CMS) an enforcement notice (R118.8) and requested that the LDM:
“issues a warning to the Defendant that in the event of any breach of and/or failure to comply with any of the orders set out in Section B.II (Information) of the operative part of the judgement dated 2 April 2025, ref. UPC_CFI_365/2023 after the expiry of a period of three (3) weeks following service of the notification, the respective Defendants shall pay to the court a penalty of up to EUR 30,000.00 per day of delay and/or non-compliance, with any days that have commenced counting as full days.”
9. By submission dated 7 May 2025, Kodak objected to Fujifilm’s request for a ‘warning’, with reference to the rejection of Fujifilm’s request for a deadline and a penalty amount in the 2 April 2025 decision, and, referring to par. 140 of the decision, stated: “The Court correctly held that the infringer has to provide the information as soon as possible without undue delay, and that, if Defendants should not provide the information in due time, this could be taken into account in the course of the enforcement”.
10. Kodak also noted that there is no legal basis for the requested warning. In that respect Kodak submitted:
“Pursuant to Rule 354.3 RoP UPC, the Court may order penalty payments up-front for potential non-compliance with an order. However, this provision, correctly interpreted, refers only to up-front penalty orders issued in the context of the decision on the merits that forms the basis for enforcement. (...) the legislator intended orders under Rule 354.3 RoP UPC to be made with the decision on the merits and not only subsequently in enforcement proceedings.
Once a decision on the merits has been rendered at first instance, Rule 354.3 RoP UPC no longer applies. Instead, under the system provided by the Rules of Procedure, (periodic) penalty payments can only be imposed in the actual enforcement proceedings pursuant to Rule 354.4 RoP UPC. However, this provision requires that a breach of a court order has already been established by the court. The imposition of periodic penalty payments in advance of a possible breach is not provided for under Rule 354.4 RoP UPC.”
11. Fujifilm uploaded a similar enforcement notice and request in relation to the orders A.I, B.III, B.IV and B.V. on 9 May 2025, stating a time period of one week for compliance rather than three weeks. On 27 May 2025 Kodak filed an objection similar to the one of 7 May 2025.
12. On 28 May 2025 Fujifilm filed an “Application for the imposition of a penalty and for an order to take a substitutive measure”. In this Application Fujifilm requested the LDM (insofar as relevant) (again) to issue a warning that penalties would be due in case of non-compliance with orders B.II, B.III, B.IV or B.V and also to order Kodak, by means of an appropriate penalty, the amount to be determined by the panel, to comply with the orders B.II to B.V. In relation to the requested warning, Fujifilm stated:
“Basis for the warning of coercive measures in the individual case is R. 354.3 and 4 RoP in conjunction with general legal principles. According to the Applicant’s understanding, the imposition of a penalty requires a prior warning. However, this warning may also be issued in individual cases. Furthermore, such a warning may be immediately followed by enforcement measures.”
13. In its orders dated 3 June 2025, the judge-rapporteur rejected Fujifilm’s requests for a warning. He referred to par. 140 of the Decision and considered:
“The panel explicitly decided in the main decision that no fixed time period for the provision of information is set and that no amount of penalty is set up-front. All related points have to be addressed in the course of an application to impose penalties.”

14. A panel review of the 3 June 2025 orders pursuant to R. 333 RoP requested by Fujifilm on 18 June 2025 was denied by orders of 16 July 2025.
15. In its response to Fujifilm's application of 28 May 2025, Kodak *inter alia* argued that Fujifilm's enforcement notices did not comply with the translation requirements of R.118.8 RoP; the enforcement notices were unclear and conditional on the warning which had not been issued; the time periods for compliance were not validly set and too short; Kodak was diligently working on order B.II and had fully complied with orders B.III to B.V. Kodak for the sake of completeness offered evidence, by hearing its general counsel as a witness "for all factual statements made in this brief regarding steps being taken and internal procedures".
16. On 18 June 2025, Kodak filed a request for confidentiality with respect to the information to be provided under the B.II order. This was rejected by order of 17 July 2025.
17. On 9 July Fujifilm replied to Kodak's response and in summary stated that the enforcement notices contained clear and reasonable deadlines which were not objected to, were not conditional on the requests for a warning and were effectively served pursuant to R. 118.8 RoP through CMS and that Kodak had failed to comply with the orders B.II to B.V.

The impugned order

18. In the impugned order, the LDM rejected Fujifilm's request for a warning, and also rejected all of Kodak's arguments. It *inter alia* considered:
 - the language of R. 354.3 RoP does not call for a warning at least when the decision on the merits unambiguously states that the imposition of penalties may be the court's reaction to disobedience with the operative part of the judgment;
 - R. 118.8 RoP already mandates that the defendant is warned by the claimant, who has to fulfil the prerequisites contained therein prior to execution;
 - a translation is only necessary where the enforcement is not being carried out by the UPC itself through imposing penalties under R. 354 RoP but through the national enforcement authorities;
 - the defendants bear the burden of proof that their efforts have been sufficient.
19. Orders 1., 2., and 3. of the impugned order read as follows:
 1. *The Defendants are ordered to pay a penalty of 100.000 €, payable to the Court within two weeks from the date of service of this order, for the failure to comply with order B.II. (information), B.III. (destruction), B.IV (recall) and B.V. (removal from the channels of commerce) of the operative part of the final decision of the Local Division Mannheim, Court of First Instance of the Unified Patent Court dated 2 April 2025 UPC_CFI_365/2023 so far.*
 2. *An additional penalty of 2.500 € per day is set for each day of further non-compliance within a period starting with the day of service of this order and extending until 4 August 2025. The accumulated amount is payable to the Court within two weeks after this period has elapsed, i.e. until 18 August 2025.*
 3. *For every day of further non-compliance with this order after 4 August 2025 the penalty is set to 10.000 € per day and may be increased upon further application of the Claimant. The accumulated penalty amount for each one week of further non-compliance is payable to the Court at the latest five business days after the end of the weekly period.*

PARTIES' REQUESTS

20. Kodak requests (in summary) that the impugned order be set aside, or alternatively that the amount of the penalty imposed under 1. of the impugned order as well as the daily penalties under 2. and 3. of the impugned order be substantially reduced.

21. Fujifilm requests that the Court of Appeal:

- dismiss the appeal (and as auxiliary request issue a warning);
- declare that Kodak remains non-compliant;
- set further penalty orders similar to the orders under 2. and 3. of the impugned order;
- order Kodak to bear the costs of the enforcement proceedings in both instances;
- declare the order immediately enforceable.

SUBMISSIONS OF THE PARTIES

22. Kodak advances – insofar as relevant – that the impugned order contains errors in relation to:

- a) the preconditions for ordering penalties, including:
 - the lack of formal warning or order according to R. 354.4 RoP;
 - the lack of unconditional and clear enforcement notices;
 - the failure to comply with the translation requirement under R. 118.8 RoP;
- b) several inconsistencies and legal shortcomings, in particular
 - incorrect assessments of Kodak's conduct and compliance
 - lack of differentiation between the appellants and their obligations/compliance;
 - assumption of an incorrect burden of proof;
 - lack of attributability of the lumpsum penalty to specific acts of non-compliance;
 - lack of addressing appellants' right to be heard;
 - wrongful characterisation of the confidentiality concerns as delaying tactics;
 - lack of consideration of the slowly emerging requirements for enforcement; and
 - imposition of a disproportionately high penalty.

23. Fujifilm submits that:

- Kodak argued extensively at CFI that a prior warning was not required; it cannot in good faith now argue the opposite;
- Kodak received multiple express warnings that non-compliance will result in penalties;
- The enforcement notice was unconditional, clear and complied with the translation requirements;
- R. 353.3 RoP allows that a warning can be issued for an earlier order;
- A single lump sum may be set for multiple non-compliance and it is allowed that multiple defendants must pay a penalty as joint debtors;
- The burden of proof of proper compliance lies with defendants;
- The LDM denied confidentiality in par. 138 of its order. The scope of the information was apparent from the order of 2 April 2025 already;
- There was no need to hear defendants twice; any proof they could have provided should have been submitted at their response since they have the burden of proof;
- The offer of hearing a witness was not sufficiently substantiated.

GROUND

Admissibility

24. The appeal is admissible.

Scope of the appeal

25. Fujifilm rightly submits that Kodak at first instance explicitly argued that a 'warning' – whereby parties mean: an order for the forfeiture of a penalty sum in case of (future) non-compliance with an order, hereinafter 'penalty order' – was not required and that a penalty sum could be imposed in enforcement proceedings pursuant to R. 354.4 RoP without a prior penalty order having been issued, and that it now on appeal argues the opposite.

26. Even though a party must generally be permitted to advance *further* legal arguments to support its case on appeal, it must generally be considered contrary to R. 222.1 RoP – which provides that requests, facts, evidence and arguments submitted by the parties under Rules 221, 225, 226, 236 and 238 shall, subject to paragraph 2 [the discretion of the Court of Appeal to disregard or allow new requests, facts and evidence], constitute the subject-matter of the proceedings before the Court of Appeal – to advance arguments that are contrary to those advanced by that party at first instance.
27. Similarly, Kodak has rightly submitted that Fujifilm has not filed an appeal against the panel order of the LDM denying its requests for penalty orders.
28. Nevertheless, the Court of Appeal, when in appeal proceedings called upon to decide on the application of the Rules of Procedure by the Court of First Instance, must of its own motion apply the Rules of Procedure according to their proper interpretation. This does not depend on whether any specific interpretation has been advanced by the parties in any way and at whatever stage of the proceedings. This is not different if the Court of First Instance and one or even both parties agreed to a certain (wrong) understanding of the Rules.
29. The appeal proceedings are limited to the facts and circumstances existing prior to the impugned order and any arguments relating to the period thereafter shall be disregarded, as already set out and decided in the case management order of 19 September 2025.

Interpretation of R.354.3 and R. 354.4 RoP

30. According to the Court of Appeal the system of penalties under the Rules of Procedure is as follows.
31. An order or decision may include a penalty order (R. 354.3 RoP). Although this must be considered the exception to the rule, it follows from the words “or an earlier order” that a penalty order may also be issued separately in a later order, thereby connecting a penalty order to an order that is already contained in an earlier order or decision. Generally, the penalty order is included in the order or decision on the merits as this enhances legal certainty.
32. This applies regardless of whether it was requested before but was rejected, or it is requested later for the first time. The circumstances of the case when issuing the order may have given rise to a rejection of a request for a penalty order. Similarly, at the time of filing a statement of claim the claimant may not have seen the need to ask for a penalty order. The circumstances may, however, change over time and later give rise to a different evaluation of the need to issue or ask for a penalty order. Such later request for a penalty order therefore does not require an appeal against the main decision, as Kodak argued at first instance and the LDM (in the panel review order of 16 July 2025) decided.
33. It follows from R. 354.3 RoP that the penalty amount that may be forfeited shall be set by the Court, considering the importance of the order in question. This amount should be sufficiently deterrent to be coercive, but also within reasonable limits for it to be an appropriate (proportionate) penalty.
34. The penalty order must also specify upon which occurrence a certain penalty sum may be forfeited, e.g. as a lump sum or (preferably) for non-compliance per specified time period, per item, per act, etc. Where appropriate, the penalty order may also set a maximum amount of penalties that may be forfeited per order or overall. This, however, does not prevent the Court from increasing such maximum amount in any further order, e.g. in enforcement proceedings, for future further non-compliance, if the circumstances of the case so require (R. 354.3 RoP).

35. In view of legal certainty for the defendant, the order or decision on the merits should generally also, where compliance is not required immediately after service of the order or decision, specify the time period for compliance with each order, after which time a penalty shall be forfeited.
36. The suggested penalty amount for non-compliance with the relevant order(s) as well as the time period(s) for compliance therewith, must be included in the claimant's corresponding application (in the statement of claim, application for provisional measures or separate request as the case may be) (see Court of Appeal, 3 October 2025, in *Belkin v. Philips* (merits), UPC_CoA_683/2024, par. 240).
37. It is incumbent on the defendant to comment on both the penalty amount(s) as well as the time period suggested by the claimant during the proceedings on the merits or for provisional measures or for the separate request, as the case may be. If the claimant requests a penalty order but has not included a suggested amount and/or time period, the defendant may still comment on what it considers reasonable and feasible.
38. In the rare case that no time period is specified in the order or decision containing a penalty order, it is the responsibility of the claimant to set a time period for compliance with the relevant order(s) (see *Belkin v. Philips* (merits), par. 240). In such case, if the order that is reinforced by a penalty (hereafter also: 'penalty reinforced order') is contained in an order for provisional measures, to which R. 118.8 RoP does not apply, the claimant must notify the defendant of the time period together with or immediately after service of the order; if the penalty reinforced order is contained in a decision on the merits, this must be done when notifying the defendant of its intention to enforce the decision under R. 118.8 RoP.
39. It then falls on the defendant to dispute the reasonableness of the time period set by the claimant immediately after notification by the claimant or service of the enforcement notice, as the case may be; the defendant should not wait until the time period set has already lapsed.
40. When a time period is set by the claimant and the parties disagree, it is left to the Court to determine a reasonable time period based on the submissions of the parties in the enforcement proceedings pursuant to R. 354.4 RoP. This time period applies retrospectively; a time period that is too short triggers the commencement of a reasonable period as established by the Court (Court of Appeal, 30 May 2025, in *Belkin v. Philips* (penalties), UPC_CoA_845/2024, par. 40-41)
41. It follows from the wording "penalty payments provided for in the order" in R. 354.4 RoP that any order to pay any penalty sum in enforcement proceedings pursuant to this Rule, must be based on a *prior* penalty order having been made, either in the operative part of the main decision or order, or of a further order or decision to that effect. It is not sufficient for the claimant to send an enforcement notice pursuant to R. 118.8 RoP or to allege non-compliance. It is equally insufficient if the Court only in the grounds for its order or decision referred to the possibility that upon non-compliance of any order a penalty may be imposed.
42. Thus, if a claimant alleges that a defendant has not or not timely complied with a penalty-reinforced order, a penalty does not become automatically payable, but the claimant must request the Court who issued such order, to order the defendant to pay the penalty sum forfeited. The penalty amounts and the time periods set for compliance, as provided for in the order or decision, shall generally be the basis for calculating the amount payable by the defendant. The Court may, however, deviate therefrom in favour of the defendant for reasons of reasonableness and proportionality, if the circumstances of the case so require. Relevant factors in this regard include, among others, aspects such as the severity of the established breach, its duration, and the defendant's ability to pay. It is for the defendant to present and substantiate facts that reasonably prevented it from fully and timely complying with a penalty reinforced order or that otherwise justify the imposition of a lower amount of penalties than the amount that would follow from the

penalty amounts and the time periods set for compliance, as provided for in the order or decision or later order or decision (see also *Belkin v. Philips (penalties)*, par. 35; 57).

Burden of proof, evidence required and confidentiality

43. The burden of proof that a penalty reinforced order has been fully and timely complied with lies with the defendant, since the evidence concerns information within the defendant's own sphere which is not accessible to the claimant. It is generally incumbent on the defendant to provide a substantiated account of the measures taken to comply with the penalty reinforced orders (see also *Belkin v. Philips (penalties)*, par. 66).
44. It enhances legal certainty for the defendant if the claimant in its application already requests and the order or decision already specifies which evidence is required – but also sufficient – in this respect. Depending on the circumstances and always within the discretion of the Court, it may e.g. be required that the completeness of information to be provided is confirmed by an accountant; that a copy of recall letters is sent or a list of addressees of recall letters is provided, that destruction of infringing products is confirmed by a bailiff or other independent authority, etc. Other than as suggested by the LDM an explicit legal basis for this in the UPCA or the RoP is not required, since this a matter of evidence. As said, it serves legal certainty and prevents disputes at the time of enforcement.
45. If the defendant can reasonably foresee that the orders and evidence requested by the claimant may require it to disclose confidential information, this should be raised by the defendant during the proceedings on the merits, so that where necessary in the order or decision appropriate measures can be taken to protect such confidential information. Although it would still be possible to file a confidentiality request thereafter, confidentiality issues generally do not stay the time period set for compliance with a penalty reinforced order.

Start of the time period for compliance;

46. If the penalty reinforced order is contained in an order for provisional measures, to which R. 118.8 RoP does not apply, the time period for compliance with such a penalty reinforced order starts upon service of the order for provisional measures on the defendant or, if that order does not contain a time period for compliance, upon notification of the time period set by the claimant, in both cases provided that, if applicable, a security pursuant to R. 211.5 RoP has been rendered.
47. If the penalty reinforced order is contained in a decision on the merits, the time period for compliance with such a penalty reinforced order starts upon service of the notification pursuant to R. 118.8, first sentence, RoP if all other requirements for enforcement are met including, if applicable, the rendering of a security pursuant to R. 352 RoP.

Translation requirement of R. 118.8 RoP

48. R. 118.8 RoP provides (insofar as relevant here): "The orders of the Court referred to in paragraphs 1 and 2(a) shall be enforceable on the defendant only after the claimant has notified the Court which part of the orders he intends to enforce, a certified translation of the orders in accordance with Rule 7.2, where applicable, into the official language of a Contracting Member State in which the enforcement shall take place has been provided by the claimant and the said notice and, where applicable, a certified translation of the orders have been served on the defendant by the Registry".
49. The claimant thus has to send an 'enforcement notice' to the Court in which he indicates which part of the orders he intends to enforce. Together therewith he needs to provide "a certified translation of the orders in accordance with Rule 7.2, where applicable, into the official language of a Contracting Member State in which the enforcement shall take place". Through the reference to

paragraphs 1 and 2(a) of R. 118 RoP, which has the heading 'Decision on the merits' it is clear that 'translation of the orders' refers to the individual orders contained in the operative part of the decision.

50. It is also clear from the wording of R. 118.8 RoP that a translation is required only from the orders that the claimant actually wishes to enforce and that these only need to be translated into the language of the Contracting Member State where such enforcement is to take place. The translation allows the enforcing authority (e.g. the bailiff) to understand in its own language what it needs to enforce. The requirement of notification of this translation to the defendant is to allow it to verify whether the translation correctly reflects the order in the decision to be enforced.
51. Consequently, other than Kodak submits, orders that are only enforced by means of the possible forfeiture of a penalty sum do not require translation, since pursuant to R. 354.4 RoP this enforcement is to be effected through the Court who issued the decision. Other than Kodak submits, there is no requirement that the enforcement notice itself – which should be drafted in the language of the proceedings – be translated.

Service of the notice of enforcement pursuant to R. 118.8 RoP

52. Kodak has taken the position that R. 118.8 RoP requires that after the claimant has notified the Court which part of the orders it intends to enforce, the Registry must subsequently and separately serve this enforcement notice on the defendant in the manner as prescribed for the service of a statement of claim, i.e. generally by post.
53. The Court of Appeal disagrees. The service of further written pleadings, and other documents from the parties as prescribed or allowed under the Rules of Procedure must be effected through upload of the relevant communication in the CMS (R. 6.1 (b), R. 271.2, R. 278. 1, 278.5 RoP). That applies also to an enforcement notice pursuant to R. 118.8 RoP (see also *Belkin v. Philips* (penalties), par. 37). Subsequent service by the Registry takes place by making this enforcement notice available to the representative of the defendant through its CMS.

Merits of the appeal

54. The appeal is successful only in part.

Order 1. of the impugned order

55. It follows from the interpretation of R. 354. 4 RoP that in enforcement proceedings, any order for the payment of a penalty sum due to the non-compliance of any order, requires a *prior* order in which the order that has not been complied with was reinforced with the possibility of a penalty payment. Such penalty order was requested by Fujifilm, but rejected by the LDM.
56. It follows that the order for the payment of € 100.000 under 1. of the impugned order lacks legal basis and must be set aside.
57. Even though Fujifilm rightly argues that it must have been abundantly clear to Kodak that the LDM intended to impose the payment of a penalty sum upon non-compliance of any of the orders in the decision of 2 April 2025 without a prior penalty order, and Kodak at first instance actually argued this was possible and even applied the correct interpretation of R. 354.3 and R. 354.4 RoP, this cannot alter the fact that upon the proper interpretation of these Rules, the impugned order lacks legal basis. No factual behaviour or knowledge of Kodak can cure such a legal defect.
58. None of the other arguments brought forward by Kodak against the impugned order has merit.

59. Kodak has objected that the LDM offered Fujifilm an opportunity to reply to Kodak's response in the enforcement proceedings, without offering Kodak the possibility to file a rejoinder. Even though Kodak is right that the Rules of Procedure generally allow the parties an equal number of opportunities to be heard in terms of filing statements, the Court has a wide discretion in determining whether to allow one or more further statements by one or more parties, e.g. in view of relevant new facts brought forward in the last statement filed in the case.
60. Kodak has not convinced the Court of Appeal that it was unduly limited in its right to be heard by the LDM under the circumstances of the case. In addition, the facts and circumstances brought forward by Fujifilm in its reply relate to the alleged non-compliance by Kodak up to the date of that statement (9 July 2025). It follows from the above that, failing a prior penalty order, no penalty sums may be forfeited by Kodak in that respect. In view thereof, there is also no interest for Kodak that its objection is considered. Insofar as Kodak considers the facts and circumstances it would have liked to include in its rejoinder to be also relevant for the penalty amounts set in orders 2. and 3. of the impugned order, it can still bring forward these facts and circumstances in enforcement proceedings (if any) relating to its alleged further non-compliance. Kodak's right to be heard is thus sufficiently secured.
61. The same considerations apply to Kodak's objection that the LDM did not hear the witness brought forward by it in its response to Fujifilm's application in the enforcement proceedings.
62. It follows from the above considerations that Kodak's argument, that the enforcement notices were insufficiently clear and conditional was rightly rejected by the LDM. The enforcement notices clearly conveyed which orders Fujifilm wished to enforce and within which time period. This was furthermore confirmed in the letters sent by Fujifilm's representatives to Kodak's representative in parallel to the upload in CMS of the enforcement notices. Kodak did not respond to these letters, which would have been expected if it was in doubt or did not agree with the time periods set by Fujifilm. That Kodak understood these notices to be conditional, as it submitted, is thus not convincing, as the LDM rightly considered. That is particularly so since Kodak at the time held the opinion that a prior notice was not required in order for it to (possibly) forfeit penalty sums in case of con-compliance with an order.
63. The same applies to Kodak's argument that Fujifilm failed to comply with the translation requirements of R. 118.8 RoP.
64. Contrary to Kodak's submissions, the enforcement notices were properly served. As Kodak itself stated (Statement of grounds of appeal par. 10) both were made available to it through CMS on the date they were lodged by Fujifilm, i.e. 29 April and 9 May 2025 respectively. The fact that the Registry, without there being a need to do so – as Kodak correctly said: *once again* - served them via postal service on 22 May 2025 doesn't alter the fact that the notices were at any rate *also* served earlier, on 29 April and 9 May 2025 respectively.
65. As is also clear from the above considerations, the LDM was right to consider that the burden of proof of the full and timely compliance with the orders B.II to B.V was on defendants.
66. It was furthermore right for the LDM to consider that the confidentiality request in relation to the information to be provided under order B.II, which Kodak did not file until 18 June 2025, as too late filed. It should have been clear from Fujifilm's request in its Statement of claim that this – if granted – would require Kodak to provide information that it considered confidential. As already said, Kodak should have brought this up during the proceedings on the merits already. Since Kodak apparently took the position that it would not (have to) provide any information until a confidentiality regime had been established – as it confirmed during the oral hearing – it was not without cause that the LDM qualified this as tactic to delay enforcement.

67. The rejection of Kodak's request for confidentiality is not, as such, subject of the present appeal proceedings.

Orders 2. and 3. of the impugned order

68. As explained above, the payment of a penalty sum can only be ordered based on a prior penalty order and penalties do not become automatically payable but require enforcement proceedings in which the Court must establish both whether a penalty reinforced order has not been complied with and, if so, which amount must be paid in view thereof. This means that the orders under 2. and 3. of the impugned order insofar as they order Kodak to make any payments to the Court must be set aside.
69. There is, however, no ground for fully setting aside the orders under 2. and 3. of the impugned order. With these orders, the LDM has, upon the request of Fujifilm, set a penalty order for a possible future non-compliance by Kodak of any of the orders under B.II to B.V of the 2 April 2025 decision. As explained above this is possible and it is not relevant in this respect that Fujifilm in its Statement of claim did not request a penalty order in relation to the orders for destruction, recall and removal from the channels of commerce.
70. For clarity's sake, the Court of Appeal reiterates what it said in the case management order of 19 September 2025: the imposition of penalties for any (alleged) continued non-compliance of any of the orders under B.II to B.V by Kodak after the date of the impugned order is outside the scope of the present appeal proceedings. The actual forfeiture of any such penalty sums first needs to be established by the LDM in enforcement proceeding upon Fujifilm's request or of the Court's own motion (R. 354.4 RoP).
71. Other than as requested by Kodak, there is no reason to already, at this stage, mitigate the penalty amounts set by the LDM under 2. and 3. of the impugned order. The Court has a wide discretion in this respect and Kodak has not convinced the Court of Appeal that the amounts are inappropriate, as it submits. Insofar as Kodak thinks there are facts or circumstances that call for mitigation of the amount that it may be ordered to pay, these must be submitted and substantiated by Kodak and decided upon by the LDM in proceedings pursuant to R. 354.4 RoP.
72. Kodak's argument that a penalty sum must always be set per individual order separately must be rejected. The Court has a wide discretion to which non-compliance it connects a penalty order. This may be per individual order, but a penalty sum may also be due in case of non-compliance with any of several orders, as long as it is sufficiently clear how the penalty sum that may be forfeited is to be calculated. It is clear from the orders under 2. and 3. of the impugned order that these penalty orders are connected to non-compliance with any one or more of the orders B.II to B.V. of the decision on the merits of 2 April 2025, such that as long as at least one of the orders is not complied with, an amount of € 2.500,- (until 4 August) or € 10.000,- (after 4 August) is forfeited for each day of non-compliance, whether or not only one or more orders are not complied with that day. This is sufficiently clear and there is no objection to this.
73. Kodak also unsuccessfully objects to the fact that the orders are directed to 'the Defendants' in general, without distinguishing between them. The orders to which the penalty orders are connected all start with "The defendants are ordered...". It is therefore without objection that the penalty order is also imposed on the Defendants in general in a similar way. The orders contained in the decision on the merits as such are not subject to these appeal proceedings.

Fujifilm's requests

74. Fujifilm has not itself appealed, nor cross-appealed. Insofar as its requests purport anything else than upholding the impugned order with a cost decision, the requests are inadmissible. Its request to dismiss the appeal is only partly successful.

Costs

75. The appeal has been successful only in part in that order 1. of the impugned order is set aside and orders 2. and 3. are maintained, albeit in slightly limited form. The Court of Appeal shall in view thereof order that each of the parties shall bear its own costs of the proceedings both in first instance and on appeal (Art. 69(2) UPCA).
76. Fujifilm's argument that equity requires that Kodak be ordered to bear Fujifilm's costs in both instances, given that Fujifilm's interpretation of R. 354.3 and R. 354.4 RoP is held to be the right one and not that of Kodak (at first instance; its changed position on appeal being not as admissible) is rejected. As explained, the interpretation of the Rules of Procedure by the Court of Appeal does not depend on the arguments advanced by the parties. In addition, Fujifilm could have acquired clarity on this earlier, if it had filed an appeal against the LDM panel order denying its request for a penalty order.

ORDER

The Court of Appeal:

- I. sets aside the order under 1. and 6. (cost decision) of the impugned order;
- II. sets aside the orders under 2. and 3. of the impugned order insofar as they order Kodak to make any payments to the Court and declares that accordingly these orders must as of 23 July 2025 be understood to read as follows:

2. The Defendants are ordered to pay a penalty of € 2.500 per day for each day of non-compliance with order B.II. (information), B.III. (destruction), B.IV (recall) and B.V. (removal from the channels of commerce) of the operative part of the final decision of the Local Division Mannheim, Court of First Instance of the Unified Patent Court dated 2 April 2025 UPC_CFI_365/2023, starting from 23 July 2025 and extending until 4 August 2025;
3. The Defendants are ordered to pay a penalty € 10.000 € per day for every day of further non-compliance with one or more of the orders mentioned under 2. after 4 August 2025; the amount of the penalty may be increased upon the further application of the Claimant.
- III. orders that each party shall bear its own costs of the proceedings, both in first instance and on appeal;
- IV. rejects all further requests.

Issued on 14 October 2025

Rian Kalden, presiding judge and judge-rapporteur

Patricia Rombach, legally qualified judge

Ingeborg Simonsson, legally qualified judge

Lorenzo Parrini, technically qualified judge

Max Tilmann, technically qualified judge