



Reference no.:

UPC_CoA_8/2025

APL_366/2025

Order
of the Court of Appeal of the Unified Patent Court
regarding an application for security for costs under R. 158 RoP
issued on 30 October 2025

HEADNOTES

- If required, subject to the circumstances of the case and substantiated by compelling reasons, an application for security for costs may be filed after the summon for oral hearing has been issued. It shall nevertheless be requested before an award on costs has been decided by the Court pursuant to R. 150 RoP since the main purpose of a security for costs in the UPC system is to protect a party from a future risk of not being able to recover its legal costs that the other party may, pursuant to R. 158.1 RoP first sentence, be liable to bear.
- The fact that, following an order of the Court of First Instance ordering the defendant to bear the costs, the Claimant, respondent in the appeal, has not yet received the corresponding payment from the defendant, is a matter of enforcement of the CFI order, and does not justify a request for security of costs in proceedings before the Court of Appeal with regard to these costs already awarded.

KEYWORDS

Legal costs and security for costs, Art. 69 (4) UPCA; Security for costs of a party R. 158 RoP

APPLICANT (RESPONDENT BEFORE THE COURT OF APPEAL AND DEFENDANT BEFORE THE COURT OF FIRST INSTANCE)

Oerlikon Textile GmbH & Co KG, Leverkuser Strasse 65, 42897, Remscheid, Germany
(hereinafter referred to as “**Oerlikon**”),
represented by Stefania Bergia, attorney at law, Simmons & Simmons, and other representatives of that firm

DEFENDANT (APPELLANT BEFORE THE COURT OF APPEAL AND CLAIMANT BEFORE THE COURT OF FIRST INSTANCE)

Bhagat Textile Engineers, PLOT NO B/13/10-A, HOJIWALA INDUSTRIAL ESTATE, ROAD NO. 13, Sachin Apparel Park SEZ, 394230, Sachin, Surat, Gujarat, India
(hereafter referred to as “**Bhagat**”),
represented by Peter FitzPatrick, attorney at law, Powell Gillbert (Europe) LLP and other representatives of that firm

PATENT AT ISSUE

EP 2 145 848

LANGUAGE OF THE PROCEEDINGS

Italian

DECIDING JUDGES

Panel 1b

Klaus Grabinski, President of the Court of Appeal

Emmanuel Gougé, legally qualified judge and judge-rapporteur

Emanuela Germano, legally qualified judge

Giorgio Checcacci, technically qualified judge

Stefan Wilhelm, technically qualified judge

IMPUGNED DECISION OF THE COURT OF FIRST INSTANCE

- ☐ Decision of the Court of First Instance of the Unified Patent Court, Milan Local Division, dated 04 November 2024
- ☐ Reference numbers:

ORD 598484/2023
ACT 549585/2023
UPC_CFI_ 241/2023

SUMMARY OF FACTS, PARTIES REQUESTS AND SUBMISSIONS

Summary of facts

1. The Milan Local Division (hereafter the “Milan LD”) held Bhagat liable for infringement of the patent at issue (impugned decision of 4 November 2024, ORD 598484/2023).
2. Following an application for a cost decision (R. 151 RoP) lodged by Oerlikon on 4 December 2024, and a subsequent application filed by Bhagat under R. 295 (m) RoP to suspend the costs proceedings which was rejected by the Milan LD (Order of 19 March 2025 (ORD_10531/2025), the Milan LD ordered Bhagat to pay the costs of proceedings to Oerlikon in the amount of €77,064.65 (hereafter the “CFI costs”) within one month of service of the decision on costs (Milan LD costs decision of 9 May 2025, ORD_22179/2025, hereafter the “Costs decision”).
3. An appeal was lodged by Bhagat against the impugned decision, for which the oral hearing is scheduled on 14 November 2025. The appeal is limited to the review of the award of interim damages granted by the CFI, the value of the proceedings and the allocations of the costs, as well as a request for suspension under R. 295 (m) RoP pending the outcome of parallel UPC proceedings for revocation of the patent at issue which have since been withdrawn.
4. On 26 September 2025 Oerlikon filed an application for security for costs pursuant to Art. 69.4 UPCA and R. 158 RoP to which Bhagat responded on 18 October 2025.

Parties' requests and submissions

5. Oerlikon requests the Court of Appeal to order Bhagat, within a period deemed appropriate, to pay a security of €168,000 or to obtain a bank guarantee in favor of Oerlikon for the same amount and to bear the costs incurred by Oerlikon in relation to this application for a security for costs.
6. In summary, Oerlikon submits that, pursuant to R. 158 RoP, an application for a security for costs may be filed at any time during the proceedings, including in appeal proceedings. According to Oerlikon the security for costs shall cover the legal costs of first instance which have already been awarded in the Costs decision as well as the costs incurred in the appeal proceedings.

7. It argues that, considering Bhagat's conduct to date with regard to its obligation to pay the legal costs of the CFI proceedings, there are legitimate concerns that the enforcement in India of a possible decision on costs against Bhagat, an Indian company, would be unduly burdensome. Also, Bhagat had argued that it is a small company with limited financial resources, thus further justifying the necessity of a security.
8. Bhagat requests that the application be dismissed and, in the alternative, that the costs already ordered against Bhagat in the CFI proceedings be excluded from any security to be ordered, that the amount of security be no more than €19,000 and that Bhagat should be given at least 6 weeks to comply with the order.
9. Bhagat submits inter alia that a security for costs would limit Bhagat's access to justice and would unduly interfere with Bhagat's right to an effective remedy contrary to Article 47 of the Charter of Fundamental Rights of the European Union (hereafter "CFREU"). It acknowledges that it has not yet been able to pay the Costs awarded by the CFI on 9 May 2025 and that it is likely to be very difficult for it to meet any order for security for costs involving a similar amount by the Court of Appeal (Response to the application for security for costs, para.7). It further argues that Oerlikon's application comes late and was filed only after the parties were summoned to the oral hearing in the appeal proceedings. According to Bhagat the CFI costs must be excluded from any security to be ordered by the Court of Appeal since said costs have already been awarded by the Milan LD, and the quantum of a potential security for costs in relation to the costs of the appeal proceedings should be reduced from €90,000 to a maximum €19,000.

GROUND FOR THE ORDER

10. According to Article 69(4) UPCA, at the request of the defendant, the Court may order the applicant to provide adequate security for the legal costs and other expenses incurred by the defendant which the applicant may be liable to bear, in particular in the cases referred to in Articles 59 to 62 UPCA.
11. Under Chapter 6 (Security for costs) of the Rules of procedure, it is further provided that at any time during proceedings, following a reasoned request by one party, the Court may order the other party to provide, within a specified time period, adequate security for the legal costs and other expenses incurred and/or to be incurred by the requesting party, which the other party may be liable to bear. Where the Court decides to order such security, it shall decide whether it is appropriate to order the security by deposit or bank guarantee (R. 158.1 RoP).
12. Oerlikon's application relates to the costs incurred by Oerlikon during both the CFI and the appeal proceedings.

Time and stage of the proceedings for filing an application for a security for costs

13. An application for a security for costs may be filed at any time during proceedings (R. 158.1 RoP first sentence) and may equally be filed in first instance and appeal proceedings (UPC_CoA_328/2024, Order of 26 August 2024, Ballinno BV v. Kinexon, para 25 ff). If required, subject to the circumstances of the case and substantiated by compelling reasons, such an application may be filed after the summon for oral hearing has been issued. It shall nevertheless be requested before an award on costs has been decided by the Court pursuant to R. 150 RoP since the main purpose of a security for costs in the UPC system is to protect a party from a future risk of not being able to recover its legal costs that the other party may, pursuant to R. 158.1 RoP first sentence, be liable to bear.
14. In the present case, while the CFI costs were expected to be paid by Bhagat within one month from service of the Costs decision, on 9 June 2025, two reminders were sent in the month of August 2025 by Oerlikon representatives to obtain payment of the same from Bhagat. It is only on 10 September 2025 that a response was received from Bhagat representatives with the mere indication that they will respond substantively if they were given instructions to do so by their client (see Oerlikon exhibit VIII). Considering the resistance of Bhagat to comply with the Costs decision, the fact that Oerlikon filed its application for a security for costs within about two weeks following said response from Bhagat's representatives and three days following the summons for

oral hearing and the closure of the written phase, cannot be seen, contrary to Bhagat's assertions (Statement of Response, para 4), to be against the principles of proportionality, flexibility, fairness and equity set out under the Preamble of the Rules of procedures.

15. Contrary to Bhagat's further assertion, there is also no risk towards access to justice and of a breach of Art 47 CFREU which could arise from the grant of a security for costs, as already made clear by this Court (CoA Order of 26 August 2024, ORD_ 45561/2024, CoA 328/2024, Ballinno B.V., v Kinexon, para 35).

Costs incurred by Oerlikon during the CFI proceedings

16. The costs incurred by Oerlikon during the CFI proceedings have already been awarded to Oerlikon by the Milan LD (Costs decision of 9 May 2025) in the amount of €77,064.65 (the CFI Costs), to be paid within one month from service of the order. The fact that, following this award of costs, Oerlikon has not yet received the corresponding payment is a matter of enforcement of the Costs decision, and does not justify a request for security of costs in proceedings before the Court of Appeal with regard to these costs already awarded.
17. Furthermore, ordering a security for costs against Bhagat in relation to the costs incurred by Oerlikon in the CFI proceedings would, unlike the costs incurred in the appeal initiated by Bhagat, lead to providing a security for costs against the defendant in an infringement action, which is contrary to the position of this Court (CoA order of 20 June 2025, AorticLab srl v Emboline, Inc., UPC_CoA_393/2025).
18. Oerlikon's request to be provided with a security for costs in relation to the costs already awarded in the Milan LD Costs decision shall thus be dismissed.

Costs incurred by Oerlikon in the appeal proceedings

19. A security for costs shall be provided in relation to the costs incurred by Oerlikon in the appeal proceedings for the following reasons.
20. The Court, when exercising its discretion under Art. 69(4) UPCA and R.158 RoP, must determine, in the light of the facts and arguments brought forward by the parties, whether the financial position of the claimant gives rise to a legitimate and real concern that a possible order for costs may not be recoverable and/or the likelihood that a possible order for costs by the Court may not, or in an unduly burdensome way, be enforceable (CoA Order of 17 September 2024, ORD_48916/2024, Audi AG v Network System Technologies LLC, para 7).
21. There are several facts and arguments raised by Oerlikon, and not denied by Bhagat, which give rise to a legitimate and real concern that an order for costs in the appeal may not be recoverable if the Court of Appeal decided to reject the appeal and to order Bhagat to pay the costs of the proceedings.
22. Bhagat has so far not paid the CFI costs which, according to the Milan LD Costs decision, had to be paid to Oerlikon within one month of service of the same, that is by 9 June 2025. Bhagat has not disputed this. It has explicitly acknowledged that it has not yet been able to pay the Costs decision and that it is likely to be very difficult for them to meet any order for security for costs.
23. As to its financial position, Bhagat has not brought anything forward to negate Oerlikon's assertions according to which Bhagat has explained during the first instance proceedings that it is a small company with limited financial resources, which raises concerns as to its ability to bear the legal costs and other expenses incurred by Oerlikon in the appeal proceedings should the Court decide that Bhagat shall bear said costs (see Bhagat Exhibit 4 in the CFI proceedings, letter of Bhagat dated 27 October 2023 referring to Bhagat as "a small and slowly growing concern with limited resources"; Bhagat Exhibit 7 in the CFI proceedings, e-mail of 26 August 2023, in which Bhagat's Indian lawyers refer to Bhagat as "a small entity, [which] would not be in a position to refund the cost associated with the actions").

24. As to the concerns arising out of enforcement of a costs decision in a foreign country, it is not required that it is proven that enforcement is impossible. It is sufficient for a defendant to establish that enforcement of a cost order is unduly burdensome, in which case the applicant shall not only provide evidence as to the foreign law applicable in the territory where the order shall be enforced, but also its application (CoA Order of 29 November 2024, ORD_56773/2024, CoA_548/2024, Aarke AB v SodaStream Industries Ltd).
25. Bhagat has not denied Oerlikon's concerns regarding the likelihood that an order by the Court may not, or in an unduly burdensome way, be enforceable in India, a country in which, according to Oerlikon, the Code of Civil procedure provides that a judgment issued by a court, such as the UPC, in a territory with which there are no bilateral agreements, cannot be automatically enforced in India (Grounds of Appeal, para 13).
26. Since Bhagat failed to provide sufficient comfort that there is no real and legitimate concern that a possible order for costs may not be recoverable, an adequate security for cost must be provided to Oerlikon.

Quantum of the security

27. The determination of an adequate amount of a security for costs for appeal proceedings can best be assessed once the existence and scope of an appeal can be seen (CoA Order of 26 August 2024, ORD_45561/2024, CoA 328/2024, Ballinno B.V., v Kinexon, para 33).
28. In the present case, neither the infringement nor the validity of the patent at issue is in dispute between the parties. Rather, the disputed issues are limited to the ones set out here above (see above para. 3). It follows that the Court of Appeal shall focus its assessment of the amount of the security in relation to the costs incurred and/or to be incurred by Oerlikon as a Respondent in relation to these issues only.
29. Considering the scope of the appeal proceedings, which is not complex and more limited than with the CFI proceedings, a security for costs in the amount of € 90,000 is not appropriate. Instead, considering the CFI costs (€77,064.65) awarded to Oerlikon in the CFI proceedings, which required Oerlikon to deal with more extensive issues, and considering that the value of the proceedings may be reviewed in the appeal to the lowest category of value of the proceedings (up to and including € 250,000, according to the scale of ceiling for recoverable costs, decision of the Administrative Committee of 24 April 2023) for which the ceiling for recoverable costs is up to € 38,000, it is reasonable, at the stage of this order, to determine an adequate security for the costs incurred and/or to be incurred by Oerlikon in the appeal proceedings at 50% of said ceiling, that is € 19,000.

Form of the security and timing

30. As to the form of the security, the Court of Appeal leaves it open to Bhagat to provide the security either by deposit or by a bank guarantee issued by a bank licensed in the European Union.
31. Considering the upcoming oral hearing in the main appeal scheduled on 14 November 2025, the Court of Appeal considers a time period of 10 (ten) days from the date of service of this order appropriate.

Decision by default in case of non compliance

32. Pursuant to R. 158.5 RoP, if Bhagat fails to provide the security within the time stated, the Court may give a decision by default pursuant to R.355 RoP.

Costs related to the application for a security for costs

33. No decision on the reimbursement of legal costs will be made in this order since this order is not a final order or decision concluding an action. Bhagat's request for a cost order shall thus be dismissed.

ORDER

The Court of Appeal

- (i) rejects the application for a security concerning the costs incurred by Oerlikon in the first instance proceedings which have already been awarded by the Court of First instance in its decision ORD_22179/2025;
- (ii) orders Bhagat to provide a security for costs to Oerlikon in an amount of € 19,000 - either by deposit or by a bank guarantee issued by a bank licensed in the European Union, within 10 (ten) days from the date of service of this order.

This order was issued on 30 October 2025.

Klaus Grabinski
President of the Court of Appeal

Emmanuel Gougé
Legally qualified judge and judge-rapporteur

Emanuela Germano
Legally qualified judge

Giorgio Checcacci
Technically qualified judge

Stefan Wilhelm
Technically qualified judge