

EIP

UPC sets out Guidelines for Penalty Payments

Kodak v. Fujifilm (UPC CoA 699/2025, order of 14 October 2025)[1]

According to Art. 82(2) UPCA and Rule 354.3 RoP, a party may be sanctioned with a recurring penalty payment, payable to the UPC, if the party does not comply with the terms of an order of the court. In Kodak v. Fujifilm (UPC CoA 699/2025, order of 14 October 2025), the UPC Court of Appeal set out a series of principles according to which these “penalty orders” are imposed and enforced.

When can a penalty order be issued?

A penalty order will normally be issued in a final order in an application for provisional measures, or a decision on the merits. However, penalty orders may be issued separately, connecting a recurring penalty payment to an order contained in an earlier order or decision.

A separate request for a penalty order, is admissible regardless of whether it is the first request for a penalty order, or whether a penalty order was requested earlier but rejected. A separate request for a penalty order does not require an appeal against the main decision.

Reasonable and proportionate penalty

The amount of the penalty payments is set by the Court, taking into account the importance of the order in question. The amount should be “sufficiently deterrent to be coercive”, but remain within reasonable limits “for it to be an appropriate (proportionate) penalty”.

Clear definitions of time periods and actions required

A penalty order must specify the circumstances that will lead a party incurring a penalty payment.

The penalty order may also set a maximum amount of penalties that may be incurred per order, or overall. This, however, does not prevent the Court from increasing such maximum amount in any further order.

Where compliance is not required immediately after service of the order or decision, the order or decision on the merits should generally specify the time period for compliance with each order.

Claimants' and defendants' responsibilities

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 application for the imposition of penalty payments.

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). 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[2], as the case may be; the defendant should not wait until the time period 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. This time period applies retrospectively; a time period that is too short triggers the commencement of a reasonable period as established by the Court.

Enforcement follows a prior penalty order

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.

If a claimant alleges that a defendant has not complied with a penalty-reinforced order, a penalty does not become automatically payable, but the claimant must request that the court order the defendant to pay the penalty.

The penalty amounts and the time periods set for compliance, as provided for in the order or decision, will generally be the basis for calculating the amount payable by the

defendant. The court may, however, deviate from that basis 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, amongst others, 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 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.

Evidence of compliance

The burden of proof that a penalty-reinforced order has been fully complied with lies with the defendant.

The order or decision should specify the evidence required to demonstrate that a penalty-reinforced order has been complied with. The form of this evidence is preferably set out by the claimant with their request that an order be reinforced with penalty payments.

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 as early as possible. Although it would still be possible to file a confidentiality request later, confidentiality issues generally do not stay the time period set for compliance with a penalty reinforced order.

Start of the time period for compliance with a penalty reinforced order

If the penalty reinforced order is contained in an order for provisional measures the time period for compliance starts upon service of the order for provisional measures on the defendant. If the order does not specify a time period for compliance, the time period for compliance starts with notification of the time period set by the claimant. In both cases, it is necessary for security to be provided by the claimant, if applicable.

If the penalty reinforced order is contained in a decision on the merits, the time period for compliance starts upon service of the notification pursuant to Rule 118.8 RoP, provided that all other requirements for enforcement are met including, if applicable, the provision of security by the claimant.

Translation not required

Orders that are only enforced by means of the possible forfeiture of a penalty sum do not require translation. There is no requirement that the enforcement notice^[3] itself – which

should be drafted in the language of the proceedings – be translated.

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[1] <https://www.unifiedpatentcourt.org/en/node/149385>

[2] i.e. the notice under R118.8 of the parts of a decision that the claimant intends to enforce

[3] i.e. the notice under R118.8 of the parts of a decision that the claimant intends to enforce, if such notice is required