EIP

IP Infringement: A question of fees

In a recent application regarding appropriate Court fees (Lifestyles Equities CV v Sportsdirect.com Retail Ltd), the High Court confirmed that issuing a claim form limited to a claim for intellectual property infringement (claimed as damages/an account of profit) attracts the fee applicable to non-monetary claims (currently £480) and importantly not the potentially larger issuing fee associated with recovery of a sum of money (which was £10,000 in this case).

Detail

The legal framework for court fees in England and Wales requires that certain fees be paid by a Claimant when issuing proceedings. Where the claim is to recover a sum of money and that sum exceeds £200,000 (or is unlimited) the fee is £10,000. Where the claim is for "any other remedy" it is £480 (which can be in addition to the £10,000 depending upon the combination of remedies claimed).

In the case at hand, the Claimant had issued a claim for trade mark infringement and inducing breach of contract and the remedies sought included:

- "an enquiry as to damages" regarding acts of inducing a breach of contract; and
- "an enquiry as to damages" regarding "acts of trade mark infringement, alternatively at the Claimants' option, and account of profits accrued to the Defendant or any of them by such acts."

The Claimants also stated that they were: "unable at this stage to quantify their damage however they believe it to be substantial" and "If the Claimants succeed on liability, the Claimants undertake to pay the appropriate court fee upon an order of the court directing all due sums to be paid by an inquiry as to damages and the claimant [sic] electing for such an inquiry…"

On issuing their claim the Claimants only paid the fee for a non-monetary claim. The Defendants submitted that the £480 fee paid was only applicable to claims for remedies other than "to recover a sum of money" (referred to in the Fees Order as a "non money claim") and that in seeking damages/an account of profit the Claimants were seeking to recover a sum of money (and a substantial one at that). If the Defendants were correct the action would have to be stayed pending payment of the additional fee.

The court found that the claim associated with the breach of contract was considered to be a claim to recover a sum of money, and so the larger fee was payable. However, the court helpfully went on to consider the party's additional arguments regarding the remedies associated with the claim for trade mark infringement.

Relying on Page v Hewetts Solicitors [2013] EWHC 2846 (Ch) the Court rejected the Defendant's further submissions; finding that determination of an account of profits is a process of investigation undertaken by the Court. This may result in the Court discovering that the Defendant did indeed not make a profit, resulting in no monies being payable. While a claim for damages can be a claim for recovery of money alone because it was claimed as an alternative to an account of profits, the Court found that "it is not until a claimant elects for an inquiry (which it may not do) that it can be said that its claim is a claim to recover money." Ultimately the Court found that had the claim only been for trade mark infringement the appropriate fee would already have been paid.

Conclusion

Practically this means that Claimants in proceedings strictly limited to allegations of intellectual property infringement may be exempt from paying, at least at the commencement of proceedings, the considerably higher court fees associated with claims for a sum of money.

However, the door remains open for an unsuccessful defendant who is about to be subjected to a damages enquiry to argue that payment of the higher fee should be made before the damages assessment can take place.

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