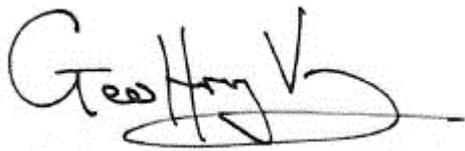


162nd UPDATE – PILOT PRACTICE DIRECTION

The new Practice Direction 51ZD supplementing the Civil Procedure Rules 1998 is made by the Master of the Rolls under the powers delegated to him by the Lord Chief Justice under Schedule 2, Part 1, paragraph 2(2) of the Constitutional Reform Act 2005, and is approved by Lord Bellamy KC, Parliamentary Under-Secretary of State for Justice, by the authority of the Lord Chancellor.

The new Practice Direction comes into force on 1 January 2024.

A handwritten signature in black ink, appearing to read 'Geoffrey Vos', with a horizontal line extending from the end of the signature.

The Right Honourable Sir Geoffrey Vos
Master of the Rolls and Head of Civil Justice:

Signed by authority of the Lord Chancellor:

Lord Bellamy KC

Parliamentary Under-Secretary of State for Justice

Ministry of Justice

Date: 28th November 2023

PRACTICE DIRECTION 51ZD – PILOT SCHEME FOR CAPPING COSTS IN PATENT CASES IN THE SHORTER TRIAL SCHEME

- 1) After Practice Direction 51ZC, insert Practice Direction 51ZD as set out below.

“PRACTICE DIRECTION 51ZD – PILOT SCHEME FOR CAPPING COSTS IN PATENT CASES IN THE SHORTER TRIAL SCHEME

General

- 1.1 This Practice Direction is made under rule 51.2. It provides for a scheme for piloting the use of capped costs for patents cases in the Patents Court. The aim of the pilot scheme (“the Pilot”) is to improve access to the Patents Court for litigants with cases which are less complex and less valuable but for which the Intellectual Property Enterprise Court is not appropriate, primarily through:

- (1) streamlining the procedures of the Patents Court;
- (2) lowering the costs of litigation;
- (3) increasing the certainty of costs exposure; and
- (4) speeding up the resolution of claims.

Streamlined procedures meeting the objectives in paragraphs (1) and (4) are already available to litigants through the Shorter Trial Scheme in Practice Direction 57AB (“STS”). The Pilot introduces an aggregate cap on the costs which can be recovered by the successful litigant for all patent cases in the Patents Court to which the STS applies to meet the objectives in paragraphs (2) and (3).

- 1.2 The Pilot will last for three years, starting on 1 January 2024 and finishing on 31 December 2026 (“the Pilot Period”), and will apply to all claims which are issued in the STS in the Patents Court during the Pilot Period. Any cases proceeding within the Pilot at the end of the Pilot Period will remain subject to the procedure of the Pilot thereafter.
- 1.3 This Practice Direction supplements the rules and Practice Direction applying to the STS and only addresses the additional provisions which shall apply to the STS patent cases to which the Pilot applies. For the purposes of the Pilot where the provisions of this Practice Direction conflict with other provisions of the rules or other Practice Directions, this Practice Direction will take precedence.

Costs

General

- 1.4 The provisions on costs in the STS shall apply save as and to the extent set out in this Practice Direction.

Amount of capped costs

- 1.5 Except insofar as otherwise provided in this section, the court will not order a party to pay total costs of more than:
- (1) £500,000 on the final determination of a claim in relation to liability; and
 - (2) £250,000 on an inquiry as to damages or account of profits.
- 1.6 The amount in paragraph 1.5 applies after the court has applied the provision on set off in accordance with rule 44.12(1)(a).
- 1.7 Subject to assessment where appropriate, the following may be recovered in addition to the amount of costs assessed in accordance with paragraph 1.5:
- (1) court fees;
 - (2) costs relating to the enforcement of any court order;
 - (3) wasted costs; and
 - (4) additional costs where the paying party has behaved unreasonably.
- 1.8 Where appropriate, VAT may be recovered in addition to the costs awarded under this section, and any reference in this section to an amount of costs is a reference to those costs net of any such VAT.
- 1.9 Where a party is entitled to costs for a part of the proceedings in question, the Court will apportion the costs cap taking into account that part of the proceedings in relation to the whole.

Part 36 offers

- 1.10 Part 36 applies to proceedings in the Pilot subject to paragraphs 1.5 to 1.9 and 1.11 to 1.15.
- 1.11 Where a Part 36 offer is made in proceedings in the Pilot and is accepted, rule 36.13 applies save that the Court shall apportion the costs cap taking into account the stage in the proceedings at which the relevant period expired.
- 1.12 Where an offer is made in proceedings in the Pilot but is not accepted, rule 36.17 applies with the modifications in paragraphs 1.13 and 1.14.
- 1.13 Where an order for costs is made pursuant to rule 36.17(3), the total of the costs awarded, not including any amounts awarded under paragraphs 1.7 and 1.8, shall not exceed the relevant amount in paragraph 1.5 and the Court shall take into account the proportion of the costs incurred by each party before and after the expiry of the relevant period and apportion the costs cap accordingly.
- 1.14 Where an order for costs is made pursuant to rule 36.17(4), the total of the costs awarded, not including any amounts awarded under paragraphs 1.7 and 1.8, shall not exceed 125% of the relevant amount(s) in paragraph 1.5 and the Court shall take into account the proportion of the costs incurred by each party before and after the expiry of the relevant period and apportion the costs cap and the increased costs cap accordingly.

1.15 Section 65 of the Patents Act 1977 (Certificate of Contested Validity) shall apply save that the total costs a court may order are not more than 125% of the amount in paragraph 1.5 (1) (plus any amounts awarded under paragraphs 1.7 and 1.8)."