

PATENTS ACT 2004

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 14 – Costs and expenses in infringement proceedings etc

89. **Section 106** requires the court, when making an award of costs (or in Scotland expenses) in certain proceedings under the 1977 Act, to have regard to all the relevant circumstances, including the financial position of the parties. In the existing section 106, that requirement is imposed only in relation to proceedings under section 40 (compensation of employees for certain inventions: see paragraphs 61 – 65 above).
90. **Section 14** amends section 106 to extend the range of proceedings in which the courts are required to take into account the financial position of the parties, as a relevant factor in deciding on an award of costs.
91. **Subsections (2) and (3)** amend the existing section 106(1), and insert a new section 106(1A) setting out the range of proceedings to which section 106 applies. In addition to proceedings under section 40, section 106 now extends to all patent disputes in which infringement is at issue. These are, namely: infringement proceedings (under section 61 or 69); proceedings for a declaration or declarator of non-infringement under section 71; and proceedings for groundless threats under section 70. It is to be noted that the validity of the patent may be put in issue in such proceedings (for instance as a defence to a claim for infringement under section 61). In such a case, section 106 applies also to any award of costs relating to the issue of validity raised in those proceedings. In contrast, it does not extend to any proceedings, such as those under section 72, which do not involve any issue of infringement (but only involve an issue of validity).
92. **Section 106** does not, of course, prevent any other relevant circumstances from being taken into account by the court in exercising its discretion as to costs. This is consistent with the general duty to have regard to all the circumstances of the case (including, for example, the conduct of the parties) in awarding costs in civil proceedings which arises, in England and Wales, under rule 44.3 of the Civil Procedure Rules. However, in the case of proceedings covered by section 106, the financial position of the parties is deemed to be one of those relevant circumstances.
93. **Subsection (4)** is a transitional provision which ensures that these amendments to section 106 apply only to proceedings which are launched on or after the date on which the amendments come into effect.