

CNCPI comments on Rules on Court fees and recoverable costs July 2015

I. Introduction

A. CNCPI

The CNCPI (“Compagnie Nationale des Conseils en Propriété Industrielle”) is the legal entity and professional organization instituted by the law to represent the French Patent and/or Trademark Attorneys.

The CNCPI is the interface between the French Patent and/or Trademark Attorneys and the governmental authorities and guarantees competence, independence and morality.

Today, the CNCPI is representing about 1000 French Patent and/or Trademark Attorneys, among which about 500 are European Patent Attorneys.

The CNCPI welcomes the consultation of the Preparatory Committee on the Rules on Court fees and recoverable costs and would like to make the following comments.

B. General considerations

The CNCPI wishes to draw the attention of the Preparatory Committee on the fact that no data are given regarding the costs and funding of the Unified Patent

Court. In particular, no information is disclosed concerning the number of cases per year and their expected values which are the basis of this draft.

Consequently, the CNCPI considers that it is not able to give any sound comments on the total amount of the fees proposed by the Preparatory Committee. The CNCPI is only giving suggestions on relative amounts considering that when a reduction of fees is suggested on one side, compensation must be found on another side, in order to maintain the balance established by the Preparatory Committee.

II. Response to the Consultation

A. Rule 370 points 2., 3. and 5.

- Rule 370 (2), (3) and (5) recites:

"2. A fixed fee shall be paid in accordance with section I (fixed fees) of the table of fees decided by the Administrative Committee for the following actions:

(1.) Infringement action [R.15]

(2.) Counterclaim for infringement [R. 53]

(3.) Action for Declaration of non-infringement [R. 68]

(4.) Action for compensation for license of right [R. 80.3]

(5.) Application to determine damages [R. 132]

(6.) Appeal pursuant to Rule 220.1(a) and (b) [R 228]

(7.) Other counterclaims pursuant to Article 32(1)(a) UPCA

3. In addition to the fixed fee a value-based fee shall be due in accordance with section II of the table of fees for those actions of the preceding paragraph, which exceed a value of 500.000 €.

5. The assessment of the value of the relevant action (Rule 370.4) shall reflect the objective interest pursued by the filing party at the time of filing the action. In deciding on the value, the Court shall in particular take into account the criteria laid down in the decision of the Administrative Committee for this purpose."

- No value-based fee for low-value cases of a value of less than 500.000 € is stated that is appreciated.
- It has been noted that Guidelines for the evaluation of the case-value have been withdrawn from the draft Rules of January 2014. However, “the objective interest pursued by the filing party” is a criterion, which appears to be difficult to evaluate and quite subjective. Thus, the criteria laid down in the decision of the Administrative Committee are eagerly awaited.
- Limited value-based fee for a counterclaim for revocation is appreciated. The CNCPI further suggests that SME, micro-entities, non-profit organization, universities, public research organizations and natural persons be exempted from the payment of this limited value-based fee.
- Two wordings are used in the draft rules of procedure: value of the dispute and value of the action. Clarification is requested concerning what is it intended by each of the wording.

B. Rule 370 point 6.

- Two alternatives of Rule 370 (6) are proposed by the Preparatory Committee. Each of these alternatives are intended to reduce the cost of litigation for some entities such as the SME’s.

In fact the basis of each of these possibilities are very different and it seems that one does not exclude the other.

The CNCPI thus strongly recommends that a new Rule 370 (6) be drafted, combining the two above-mentioned alternatives. Indeed:

Alternative 1:

On its face, *Alternative 1* looks perfectly reasonable and fair. It provides an objective basis for fee reduction, linking the cost of litigation with the effective

amount of work required to the Court. However, the CNCPI considers that this alternative alone does not meet the stated aim.

Indeed, a partial reimbursement in case of early termination of the proceedings does not constitute "*targeted support measures for small and medium-sized enterprises and micro entities*", and therefore Alternative 1 is not a proper implementation of Art. 36(3), last sentence, of the Agreement.

According to the explanatory note, "*it is intended that these types of reimbursements will particularly appeal to small and medium-sized enterprises*". This, however, is questionable and could even constitute an argument against the pertinence of Alternative 1, as SMEs could be nudged into accepting an unfair compromise in order to reduce the burden of procedural fees.

For these reasons, the CNCPI considers that the fee reduction of *Alternative 1* can only supplement a fee reduction specifically targeted towards SMEs and micro entities.

Alternative 2

In order to ensure access to justice for SME's, Alternative 2 is preferred to Alternative 1. However, most preferred is a combination of Alternatives 2 and 1.

- Concerning the documents to be submitted to justify the SME's status, they appear to be numerous but in line with the EU and French legislations. Several documents aim at confirming the limited resources of the entities. Such documents are not required from non-profit organizations, public research organizations and universities to benefit of the reduction of value-based fees. However, concerns can be raised regarding these entities, especially universities, some of them having significant resources. Consequently, it is considered that all of these entities/organizations should not systematically benefit from the reduction of fees.
- Concerning this Alternative 2, the CNCPI wishes to draw the Preparatory committee's attention to the fact that Article 36(3) UPCA not only

encompasses SME, micro-entities, non-profit organization, universities, public research organizations but also natural persons. The reason why natural persons are not mentioned in Alternative 2 does not appear clearly to the CNCPI.

- The CNCPI also fears that this Alternative 2 may benefit to “Patent Trolls”. Two provisions may be further considered to avoid this:
 - It could be requested to the party requesting the reduction of fees, to evidence that an exploitation is conducted in the field of the patent, subject of the dispute; and/or
 - It could be considered that the reduction of fees be not mandatory and subjected to the appreciation of the Judge Rapporteur, a request of this reduction of fees being granted when the requesting party is the defendant.

C. Table of fees

The fixed fees for low-value cases appear to be high, while the value-based fees for high-value cases appear relatively low.

The CNCPI is of the opinion that the high-value cases could reasonably be expected to bear a greater burden which could allow to lower the fixed fees.

D. Scale of ceilings for recoverable costs Art 69 and Rule 152(2)

Ceilings are positively welcome because they give predictability and levels of these ceilings seem appropriate.

But guidelines will be fundamental in order to guide the judges in the calculation of recoverable costs.
