Case C-531/20

Request for a preliminary ruling

Date lodged:

19 October 2020

Referring court:

Bundesgerichtshof (Germany)

Date of the decision to refer:

24 September 2020

Defendant and appellant:

NovaText GmbH

Applicant and respondent:

Ruprecht-Karls-Universität Heidelberg

BUNDESGERICHTSHOF (FEDERAL COURT OF JUSTICE)

ORDER

[…]

of

24 September 2020

on the appeal on a point of law by

NovaText GmbH, […]

Defendant and appellant,

[…]

v

Ruprecht-Karls-Universität Heidelberg, […]

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Applicant and respondent,

[…] **[Or. 2]**

On 24 September 2020, the First Civil Chamber of the Federal Court of Justice […]

made the following order:

I. The proceedings are stayed.

II. The following question is referred to the Court of Justice of the European Union on the interpretation of Article 3(1) and Article 14 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45):

Are Article 3(1) and Article 14 of Directive 2004/48/EC to be interpreted as precluding national legislation imposing an obligation on the unsuccessful party to reimburse the costs incurred by the successful party for assistance by a patent lawyer in proceedings brought under trade mark law, whether or not the patent lawyer's assistance was necessary for the purpose of appropriate legal action? **[Or. 3]**

Grounds:

1 I. The applicant applied for a cease and desist order against the defendant on the grounds of infringement of its European trade marks and lodged subsequent claims under trade mark law. The dispute was resolved by written settlement in accordance with Paragraph 278(6) of the Zivilprozessordnung (Code of Civil Procedure; 'the ZPO'). By order of 23 May 2017, the Landgericht (Regional Court) ordered the defendant to pay the costs of the dispute and set the value of the dispute at EUR 50 000. The defendant was unsuccessful in its appeal against that order.

2 The applicant's attorney of record noted in the application that a patent lawyer had provided assistance. He gave his professional assurance in the taxation of costs proceedings that the patent lawyer had in fact assisted with the case; that all pleadings settled with the court had been agreed with the patent lawyer; and that the patent lawyer had likewise assisted with the settlement negotiations, even though all the telephone calls had taken place between the parties' attorneys of record.

3 By order of 8 December 2017, the Regional Court taxed the costs to be reimbursed to the applicant at the sum of EUR 10 528.95 plus interest from 28 September 2017 at five percentage points above the base rate. At the same time, it upheld the applicant's request that the court recognise as reimbursable the costs charged by the patent lawyer in the amount of EUR 4 867.70 for the legal

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action at first instance […] and of EUR 325.46 for assistance in the appeal proceedings against the order as to costs […]. **[Or. 4]**

4 The defendant failed in its immediate appeal against the costs taxed for the patent lawyer.

5 By the appeal which the appeal court granted the defendant leave to bring, the defendant is pursuing its action to have the contested order as to costs annulled inasmuch as it orders it to pay the costs of the patent lawyer.

6 II. The appeal court held that the costs claimed for the patent lawyer are to be reimbursed by the defendant in accordance with Paragraph 140(3) of the old version of the Markengesetz (Law on Trade Marks; 'the MarkenG'); that the dispute is a trade mark dispute within the meaning of that provision; that, according to Paragraph 140(3) of the old version of the MarkenG (and thus in this case also), there is no need to verify if the assistance provided by the patent lawyer was necessary for the purpose of appropriate legal action or whether the patent lawyer 'added value' to the lawyer instructed by the applicant; that, in the light of Article 3(1) and Article 14 of Directive 2004/48/EC on the enforcement of intellectual property rights, an interpretation of Paragraph 140(3) of the old version of the MarkenG in a manner consistent with the directive with a view to verifying whether the involvement of the patent lawyer was necessary is out of the question, as Paragraph 140(3) of the old version of the MarkenG is consistent with those provisions of the directive and any such interpretation would clearly be inconsistent with the objective of the legislature; that Paragraph 140(3) of the old version of the MarkenG does not infringe the general principle of equality enacted in Article 3(1) of the Grundgesetz (Basic Law; 'the GG') either, as there is sufficient objective reason for the unequal treatment between reimbursement of the costs of a patent lawyer in a trade mark dispute and general reimbursement of the costs in civil proceedings, which only covers the costs necessary for the legal action, as the legislature has made an exception for the costs of assistance by patent lawyers in trade mark disputes due to their specialist knowledge. **[Or. 5]**

7 III. The success of the appeal depends on the interpretation of Article 3(1) and Article 14 of Directive 2004/48/EC. For that reason, prior to a decision on the appeal, the proceedings are to be stayed and a preliminary ruling is to be obtained from the Court of Justice of the European Union pursuant to Article 267(1)(b) and Article 267(3) TFEU.

8 1. Paragraph 140(3) of the old version of the MarkenG, the wording of which was adopted verbatim in Paragraph 140(4) of the MarkenG with effect from 14 January 2019, states with regard to costs arising from assistance provided by a patent lawyer in a trade mark dispute that fees pursuant to Paragraph 13 of the Rechtsanwaltsvergütungsgesetz (Law on the Remuneration of Lawyers) and the necessary disbursements of the patent lawyer shall be reimbursed. According to Paragraph 125e(5) of the MarkenG, that provision is applicable to proceedings

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before EU trade mark courts. The costs of a patent lawyer are to be taxed in cost taxation proceedings in accordance with Paragraph 104 of the ZPO […].

9 2. The appeal court held, in accordance with Paragraph 140(3) of the old version of the MarkenG and in keeping with the settled case-law of the Federal Court of Justice and the prevailing opinion among commentators, that the costs of the patent lawyer are reimbursable.

10 Accordingly, the costs arising from assistance provided by a patent lawyer in a trade mark dispute are reimbursable under Paragraph 140(3) of the old version of the MarkenG, whether or not the patent lawyer's assistance was necessary for the purpose of appropriate legal action or defence within the meaning of the first sentence of Paragraph 91(1) of the ZPO. Whether or not the patent lawyer 'added value' to the attorney of record is also immaterial **[Or. 6]** […].

11 By contrast, the Federal Court of Justice has ruled that the application *mutatis mutandis* of Paragraph 140(3) of the old version of the MarkenG to out-of-court legal action, in particular the assistance of a patent lawyer in a warning given under trade mark law, is out of the question and that the costs of the patent lawyer's assistance are therefore reimbursable only if that assistance was necessary […].

12 3. However, serious doubt has since arisen from the point of view of EU law as to whether Paragraph 140(3) of the old version of the MarkenG is consistent with the EU legislation enacted in Article 3(1) and Article 14 of Directive 2004/48/EC.

13 a) Article 3(1) of Directive 2004/48/EC requires Member States to provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by that directive. Those measures, procedures and remedies must be fair and equitable and must not be unnecessarily complicated or costly, or **[Or. 7]** entail unreasonable time limits or unwarranted delays. Article 14 of Directive 2004/48/EC requires Member States to ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party are, as a general rule, borne by the unsuccessful party, unless equity does not allow this. Recital 17 of Directive 2004/48/EC states that the measures, procedures and remedies provided for in that directive should be determined in each case in such a manner as to take due account of the specific characteristics of that case, including the specific features of each intellectual property right and, where appropriate, the intentional or unintentional character of the infringement.

14 b) The Court of Justice of the European Union has ruled that Article 14 of Directive 2004/48/EC must be interpreted as not precluding national legislation which provides that the unsuccessful party is to be ordered to pay the legal costs incurred by the successful party, offers the courts responsible for making that order the possibility of taking into account features specific to the case before it,

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and provides for a flat-rate scheme for the reimbursement of costs for the assistance of a lawyer, subject to the condition that those rates ensure that the costs to be borne by the unsuccessful party are reasonable, which it is for the referring court to determine. The Court has further found that Article 14 of Directive 2004/48/EC precludes national legislation providing for flat-rates which, owing to the maximum amounts that they contain being too low, do not ensure, at the very least, that a significant and appropriate part of the reasonable costs incurred by the successful party are borne by the unsuccessful party (judgment of 28 July 2016, *United Video Properties*, C-57/15, […] paragraph 32). **[Or. 8]**

15 The Court has further found that Article 14 of Directive 2004/48/EC is to be interpreted as precluding national rules providing that reimbursement of the costs of a technical adviser are provided for only in the event of fault on the part of the unsuccessful party, given that those costs are directly and closely linked to a judicial action seeking to have such an intellectual property right upheld ([…] *United Video Properties*, C-57/15, […] paragraph 40). Thus, the Court is of the opinion that there is no such close direct link in the case of the costs of research and identification incurred in the context of actions covering, inter alia, a general observation of the market, carried out by a technical adviser, and the detection by the latter of possible infringements of intellectual property law, attributable to unknown infringers at that stage. However, to the extent that the services, regardless of their nature, of a technical adviser are essential in order for a legal action to be usefully brought seeking, in a specific case, to have such a right upheld, the costs linked to the assistance of that adviser fall within 'other expenses' that must, pursuant to Article 14 of Directive 2004/48/EC, be borne by the unsuccessful party ([…] *United Video Properties*, C-57/15, […] paragraph 39).

16 c) In those circumstances, it would appear doubtful whether, in providing for reimbursement of the costs of a patent lawyer without the need to verify the necessity of involving a patent lawyer, Paragraph 140(4) of the MarkenG (Paragraph 140(3) of the old version of the MarkenG) is consistent with Article 3(1) and Article 14 of Directive 2004/48/EC.

17 aa) Doubts from the point of view of EU law exist, first, because reimbursement of the costs of the services of a patent lawyer whose involvement was not necessary for the purpose of appropriate legal action might be unnecessarily costly and hence inconsistent with Article 3(1) of Directive 2004/48/EC ([…] **[Or. 9]** […]). That might apply, for example, in a case in which the services provided by the patent lawyer, such as a trade mark search, could have been equally well provided by the lawyer already instructed, if that lawyer specialises in industrial property rights. In that case, the Federal Court of Justice has ruled that pretrial costs not covered by Paragraph 140(3) of the MarkenG for the assistance of a patent lawyer are not reimbursable, as they were not necessary for the purpose of appropriate legal action […].

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18 Even bearing in mind that Directive 2004/48/EC is intended to provide a high level of protection for intellectual property in the internal market, hence why the procedures and remedies provided for therein must be dissuasive (see recital 10 and Article 3(2) of the Directive), it would appear to be justified to exclude the reimbursement of excessive costs due to unusually high fees agreed between the successful party and its lawyer or due to the provision, by the lawyer, of services that are not considered necessary in order to ensure the enforcement of the intellectual property rights concerned (see […] *United Video Properties*, C-57/15, […] paragraph 25).

19 aa) Further doubts as to consistency with EU law exist, because reimbursement of the costs of the services of a patent lawyer whose involvement was not necessary for the purpose of appropriate legal action cannot be proportionate within the meaning of Article 14 of Directive 2004/48/EC. Reimbursement of such costs might also be lacking the close direct link to a judicial action seeking to have a trade mark right upheld […], as required by Article 14 of Directive 2004/48/EC. **[Or. 10]**

20 There is also doubt as to consistency with EU law in that Article 14 of Directive 2004/48/EC requires the court responsible for making the order as to costs to take due account of the specific characteristics of the case when determining the measures, procedures and remedies set out in the Directive (see […] *United Video Properties*, C-57/15, […] paragraph 23). Reimbursement of the patent lawyer's costs without regard to whether the involvement of the patent lawyer was necessary for the purpose of appropriate legal action does not take adequate account of the specific characteristics of each case.

[…]

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