

Mr Paul van Beukering
Chairman of the
Preparatory Committee of the Unified Patent Court

via Email: eileen.tottle@ipo.gov.uk

Prof. Dr Michael Loschelder

Konrad-Adenauer-Ufer 11
RheinAtrium
50668 Köln

Telefon (0221) 650 65-151
Telefax (0221) 650 65-205
E-Mail office@grur.de

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Public Consultation on the Rules on Court fees and recoverable costs

Dear Mr van Beukering,

The German Association for the Protection of Intellectual Property ("Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht e.V.", in the following "GRUR") is a scientific non-profit association. Its statutory purpose is the academic advancement and development of industrial property, copyright and competition law at the German, European and international level. For fulfilling these tasks, GRUR provides assistance to the legislative bodies and to authorities competent for issues of intellectual property law, organises conferences, workshops and further education courses, provides financial aid to selected university chairs and research projects and also publishes four leading German professional IP law journals (GRUR, GRUR International, GRUR-RR and GRUR-Prax.) With over 5,400 members coming from 52 countries, GRUR offers an umbrella for a wide range of IP professionals: lawyers, patent attorneys, judges, academics, representatives of the specific public authorities and of the international organisations as well as enterprises dealing with issues of intellectual property.

GRUR welcomes the opportunity to contribute to the [Public Consultation on the Rules on Court fees and recoverable costs](#). GRUR supports the proposed fee structure in principle and considers the combination of fixed fees and value-based fees appropriate. In the following we will address the specific points raised in the consultation document.

1. A - Rule 370 – Alternative 1

GRUR supports Alternative 1 as this is a clear incentive for parties to settle at an early stage of proceedings. The percentages of reimbursement proposed in Rule 370(6)(b) and (c) do seem attractive and should encourage parties to consider and pursue alternatives to having the case decided by the court.

2. A - Rule 370 – Alternative 2

GRUR does not support proposed Alternative 2.

First, the court fees as such should be set at a level allowing fair access to justice for SMEs without additional reductions. GRUR considers the proposed level of court fees to be reasonable and within reach for SMEs. The proposed fee limit for a counterclaim for revocation is particularly helpful for SMEs raising an invalidity defence against a valuable patent of a large entity claimant.

Second, the cost risk from the recoverable fees for representation can be much higher than that from court fees. This would not be addressed by Alternative 2.

Third, Rule 370(7) of Alternative 1 should provide adequate protection in case that the amount of court fees threatens economic existence of an SME.

Fourth, the definition of an SME contains uncertainties which may fuel disputes about whether or not a particular party qualifies as SME. This may add another layer of complexity (and cost) to the proceedings.

3. B – Table of Fees

GRUR supports the proposed fee structure and fee level. GRUR further supports to cap the determination of the value of an action below/above €30 million as suggested. One concern is that there is a steep increase of the value-based fee when exceeding the €30 million cap which does not seem to be justified.

4. C – Scale of Ceilings for Recoverable Costs

GRUR supports the principle that there should be ceilings on recoverable costs somewhat proportionate to the value of action.

However, GRUR considers the proposed ceilings for high value cases to be unreasonably high to an extent that they may threaten the economic existence of parties having a size well beyond SME level, in particular when taking into account the fact that the ceilings are per party and therefore may multiply in a litigation involving several parties which is not unusual in a patent litigation.

First, GRUR questions the rationale of having a different cap for the value of action (€50 million) for determining the ceiling for recoverable costs than the cap for determining court fees. We propose to use identical caps and consider €30 million to be an appropriate cap for the value of action for both court fees and recoverable costs.

Second, the increase in the ceiling for recoverable costs from low to high values of action seems to be unreasonably high. While the high value action typically requires more work and consequently involves higher costs of representation there is currently a factor of 60 between the lowest and highest ceiling which GRUR does not consider appropriate. Setting a maximum ceiling for recoverable costs in the range of €1 million for high-value actions might be more appropriate.

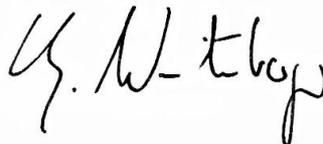
Third, GRUR considers that multi-party litigation should be clearly addressed. The current proposal considers each party to be a completely independent entity in terms of calculation of recoverable costs. In many cases, multiple parties pursue a common interest and often are represented by the same representative. In such cases it does not seem to be appropriate to simply multiply the ceilings for recoverable costs by the number of parties. E.g. in case of a common representative one could consider adding a reasonable percentage to the ceiling for representation of a single party.

We would be happy to discuss any aspect of this submission with the Preparatory Committee as it continues its work.

Yours sincerely,



Prof. Dr Michael Loschelder
Secretary General



Dr Gert Würtenberger
President