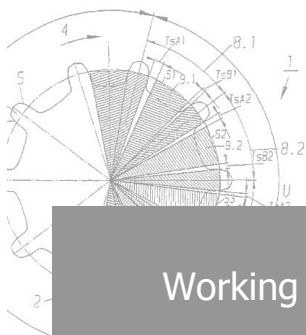




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IP Protection for
Next Season's Growth



Working Group "Cost of Procedure"

DR. EUGEN POPP LL.M.

Amsterdam, April 11, 2016

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AGENDA

- **I. Court Fees and Fees for Representation- Underlying Rationale**
- **II. EPLIT's initiative-Position Paper**
- **III. Fees Overview**
 - 2.1 Court Fees
 - 2.2 Recoverable Fees for Representation
 - Attorneys' Fees
 - Expenses for Experts
 - Translation Costs
 - Travel Expenses
 - Disbursements (copies, postage, mystery shopping, etc.)
- **IV. Value of Action**
 - UPC Guideline
- **V. Comparison UPC vs. Member States**



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I. Court Fees and Fees for Representation- Underlying Rationale

▪ Art. 36 (1) UPCA

The **budget** of the Court shall be financed by the Court's **own financial revenues**,...and shall be **balanced**.

▪ Art. 36 (2) UPCA

The Court's own revenues shall comprise **court fees**.

▪ Art. 36 (3) UPCA

The court fees shall consist of a **fixed fee**, combined with a **value-based fee** above a pre-defined ceiling, considering

- a **right balance between the principle of fair access to justice, in particular for SMEs,**

natural persons, non-profit organisations etc., and

- an **adequate contribution of the parties for the costs incurred by the Court.**

Fee system shall be straightforward and predictable for the users.



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I. Court Fees and Fees for Representation- Underlying Rationale

▪ Art. 70 UPCA

The parties shall pay court fees in advance, acc. to the estimation of the value of dispute each presented by the Applicant, e.g. Claimant, otherwise excluded from participation , e.g. when filing a counterclaim for revocation.

▪ Rule 370 RoP-Fee Structure

- **Fixed Fee** for a list of proceedings, including main proceedings (infringement, counterclaim for infringement, declaration of non-infringement, LoR, damage, appeal, etc.), for the latter in case that the value of action falls **below a threshold of**

EUR 500.000- FEE TABLE 1

- Value-based Fee

For actions with a value of action **beyond EUR 500.000**, in addition to the fixed fee a value based fee has to be paid- **FEE TABLE 2**

▪ Revocation Actions / Counterclaim for Revocation

- Revocation Action: Fixed Fee of EUR 20.000

- Counterclaim for Revocation: Value-based, but EUR 20.000 **cap**



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II. Court Fees and Fees for Representation- EPLIT's initiative

- The Working Group „**Cost of Procedure**“ prepared a position paper with rather detailed comments on the first proposal for proper „Rules on Court fees and recoverable costs for representation“, which is available on EPLIT's homepage
- <http://www.eplit.eu/files/downloads/EPLIT%20position%20public%20consultation%20UPC%20Court%20Fees.pdf>



The position of the European Patent Litigators Association (EPLIT)

in response to

the consultation document
by the

Preparatory Committee for the Unified Patent Court
on the

Rules on Court fees and recoverable costs

31 July 2015

The consultation paper lacks however basic information about the background and hypothesis supporting the proposals, in particular in terms of expected number of cases brought before the UPC, expected breakdown in terms of types of actions, expected distribution of Parties by "size" (respective involvement of small and large entities into the procedures), and the expected revenues for the Court.



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II. Court Fees and Fees for Representation- EPLIT's initiative

The only estimation in this regard has been made on experience in Germany:

It is assumed that about 25 % of action will fall below a value of action threshold of EUR 500.000

It is assumed that about 90 % of all actions will have a value of up to EUR 4.000.000

Consequence: Most of the cases will have a value of action between EUR 500.000 and EUR 4.000.000

and said estimation has been appreciated in the Final Proposal for the Court Fees and the Recoverable Costs.



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II. Court Fees and Fees for Representation- EPLIT's initiative

C) SUMMARY OF EPLIT OPINIONS AS TO THE OVERALL BALANCE OF LEVELS FOR THE FEES

Taking into account the various parameters of the current proposal for the draft *Rules on Court fees and recoverable costs*, EPLIT has ended up with three main *pieces of opinion as follows*:

Opinion 1 : while the current levels proposed for the Court fees appear acceptable in general, some of the main Court fees seem not suitable enough for SMEs (including micro-entities)

-> Such insufficient taking into account of SMEs needs and expectations expose the UPC to a bad reputation, and to corresponding losses of revenues in the mid-term.

Opinion 2 : the current levels of some of the main Court fees do not offer sufficient discouraging signals against patent trolls, and other unfairly litigating Parties

Opinion 3 : certain levels of fees seem on the other hand to be too low in view of the corresponding economic advantages for some of the Parties involved, especially for cases with high litigation values

Final Proposal:

Compared to the first proposal lower Court Fees for a value of action of between EUR 500.000 and EUR 3.000.000, and higher Court Fees for a value of action of more than EUR 4.000.000 (**as proposed by EPLIT**), as well as a much lower cap for the refund of the representatives' costs for a value of action up to EUR 1.000.000.

Small enterprises and micro-entities are entitled to pay only 60 % of the regular fees if the criteria as defined in Title I of Annex of the Recommendation of the EU-Commission No. 2003/361 of May 6, 2003 are fulfilled (**This definition was proposed by EPLIT**).



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III. Fees-Overview

- **2.1.Court Fees**
- **2.1 (a)** Acc. to the **Final Document „Rules on Court fees and recoverable costs“** as issued by the Preparatory Committee (PreCom) on 25 th Feb. 2016 the **Fixed Fees** up to and including a value of action of EUR 500.000 are to be as follows-**FEE TABLE 1**:

I. Fixed fees (Court of First Instance)

| Procedures/actions | Fixed fee |
|--|-----------|
| Infringement action [R. 15] | 11.000 € |
| Counterclaim for infringement [R. 53] | 11.000 € |
| Action for declaration of non-infringement [R. 68] | 11.000 € |
| Action for compensation for license of right [R. 80.3] | 11.000 € |
| Application to determine damages [R. 132] | 3.000 € |



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III. Fees-Overview

- Further Fixed Fees (of relevance) :

III. Other procedures and actions (Court of First Instance)

| Procedures/actions | Fixed Fee |
|---|--|
| Revocation action [R. 47] | 20.000 € |
| Counterclaim for revocation [R. 26] | same fee as the infringement action subject to a fee limit of 20.000 € |
| Application for provisional measures [R. 206.5] | 11.000 € |

No „opt out“ and no „ opt in“ fee !



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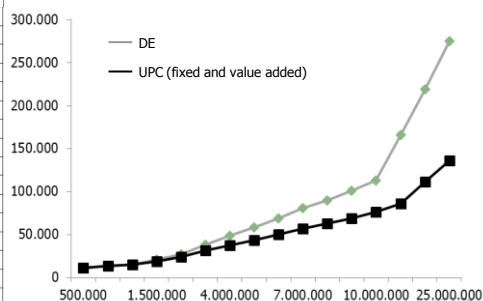
III: Fees-Overview

- 2.1 (b) Value-based Fees above the pre-defined ceiling of a value of action in the amount of EUR 500.000- **FEE TABLE 2 :**

II. Value-based fees (Court of First Instance and Court of Appeal)

| Value of action | additional value-based fee |
|----------------------------------|----------------------------|
| Up to and including 500.000 € | 0 € |
| Up to and including 750.000 € | 2.500 € |
| Up to and including 1.000.000 € | 4.000 € |
| Up to and including 1.500.000 € | 8.000 € |
| Up to and including 2.000.000 € | 13.000 € |
| Up to and including 3.000.000 € | 20.000 € |
| Up to and including 4.000.000 € | 26.000 € |
| Up to and including 5.000.000 € | 32.000 € |
| Up to and including 6.000.000 € | 39.000 € |
| Up to and including 7.000.000 € | 48.000 € |
| Up to and including 8.000.000 € | 52.000 € |
| Up to and including 9.000.000 € | 58.000 € |
| Up to and including 10.000.000 € | 65.000 € |
| Up to and including 15.000.000 € | 75.000 € |
| Up to and including 20.000.000 € | 100.000 € |
| Up to and including 25.000.000 € | 125.000 € |
| Up to and including 30.000.000 € | 150.000 € |
| Up to and including 50.000.000 € | 250.000 € |
| more than 50.000.000 € | 325.000 € |

UPC-Court Fees vis a vis Germany (DE)



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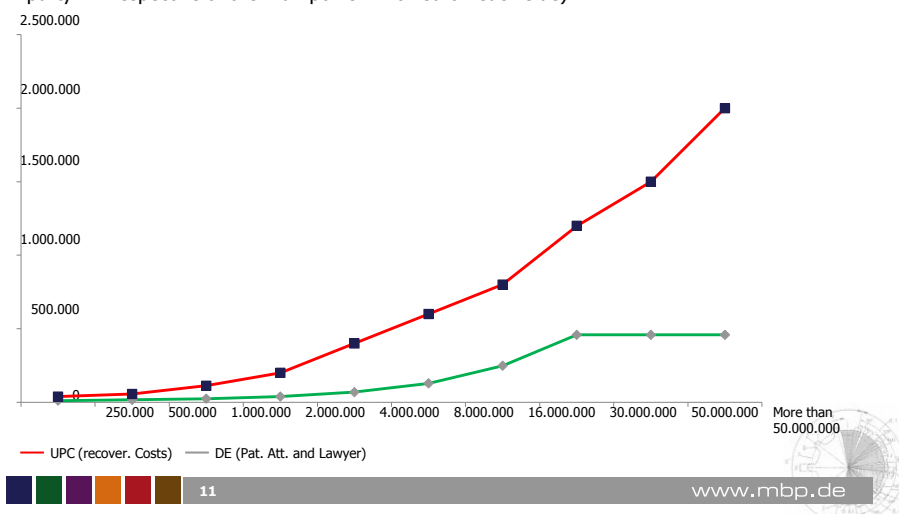
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III. Fees-Overview

2. Recoverable Fees (Ceiling for recoverable costs of representation per instance and party = irrespective of the man power involved on each side)



III. Fees-Overview

2.2 Recoverables Costs

In addition to the recoverable fees = Attorneys' fees

- **Rule 153 RoP:** Compensation for costs of Experts
- **Rule 154 RoP:** Compensation for costs of Witnesses
- **Rule 155 RoP:** Compensation for costs of interpreters and translators
- **Rule 151 (d) RoP:** Other expenses against written evidence (miscellaneous disbursements)

IV. Value of Action: UPC Guidelines for the Calculation (Draft)

I. Principles:

1. A valuation based on the Plaintiff's loss of profit, or the Defendant's profits gained by the alleged infringement in most cases too complex.

Therefore suggested: Valuation based on an appropriate licence fee.

2. The valuation should relate to the whole action and not to sub-actions or to different remedies claimed.
3. Where parties agree a valuation the Court should only interfere if manifestly implausible.



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IV. Value of Action: UPC Guidelines for the Calculation (Draft)

II. Suggested Approaches:

1. Infringement action and Declaration of non-infringement

The Defendant's turnover in the alleged infringing product up to expiry of the patent based upon known existing turnover, or if not known or existing, the market share the defendant may be assumed to take is to be used as basis

Royalty rate:

- existing royalty charged by the Plaintiff for the same invention, or
- generally accepted industry rate for the type of invention in question, or
- a royalty rate determined by the Court after hearing the parties.



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IV. Value of Action UPC Guidelines for the Calculation (Draft)

2. Counterclaim for revocation and revocation actions

A fixed fee of EURO 20.000 or the value of the infringement action calculated as above whichever is lower.

3. Provisional injunction (pursuant to Art.62 UPCA-Provisional Measures)

Rule 206.5 RoP provides only for a fixed fee in the amount of EURO 11.000.

Previously discussed: A value-based fee as a % of the fee for the main proceedings, e.g. 2/3 of the main proceedings fee.

Also only fixed fee for

| | |
|---|------------|
| - Application to preserve evidence | EURO 350 |
| - Application for an order for inspection | EURO 350 |
| - Application for an order to freeze assets | EURO 1.000 |
| - Filing a protective letter | EURO 200 |
| - Interlocutory appeals, etc. | EURO 3.000 |

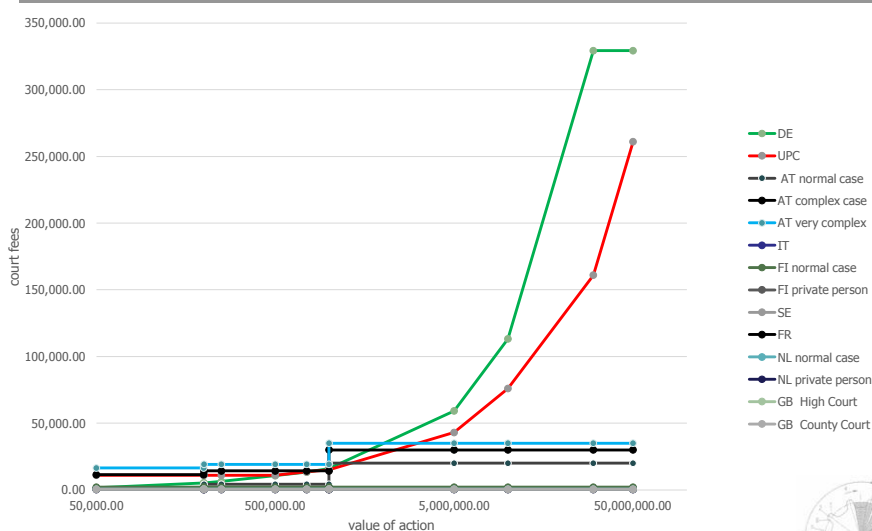


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V. Comparison Court Fees „UPC-Member States“



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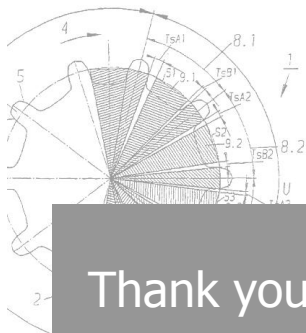




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Thank you for your Attention!



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