Reports of Cases

JUDGMENT OF THE COURT (Tenth Chamber)

28 April 2022*

(Reference for a preliminary ruling – Intellectual property rights – Directive 2004/48/EC – Article 3 – General obligation concerning the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights – Article 14 – Concept of 'reasonable and proportionate legal costs' – Consultation of a patent lawyer – Absence of opportunity for the national court to assess the reasonableness and proportionality of the costs to be borne by the unsuccessful party)

In Case C-531/20,

REQUEST for a preliminary ruling under Article 267 TFEU from the Bundesgerichtshof (Federal Court of Justice, Germany), made by decision of 24 September 2020, received at the Court on 19 October 2020, in the proceedings

NovaText GmbH

v

Ruprecht-Karls-Universität Heidelberg,

THE COURT (Tenth Chamber),

composed of I. Jarukaitis, President of the Chamber, M. Ilešič (Rapporteur) and D. Gratsias, Judges,

Advocate General: M. Campos Sánchez-Bordona,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

– NovaText GmbH, by V. Feurstein, Rechtsanwalt,

– the European Commission, by G. Braun and S.L. Kalėda, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 11 November 2021,

* Language of the case: German.

gives the following

Judgment

1 This request for a preliminary ruling concerns 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, and corrigendum OJ 2004 L 195, p. 16).

2 The request has been made in the context of proceedings between NovaText GmbH and Ruprecht-Karls-Universität Heidelberg ('the University of Heidelberg') concerning the taxation of costs stemming from the joint participation of a lawyer and an expert qualified as a 'patent lawyer' (*Patentanwalt*) in judicial proceedings concerning the infringement of EU trade marks owned by that university.

Legal context

European Union law

3 Recitals 10 and 17 of Directive 2004/48 state:

'(10) The objective of this Directive is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market.

…

(17) The measures, procedures and remedies provided for in this 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.'

4 Under Article 1 of that directive, entitled 'Subject matter':

'This Directive concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. For the purposes of this Directive, the term "intellectual property rights" includes industrial property rights.'

5 Article 2 of that directive, entitled 'Scope', provides, in paragraph 1 thereof:

'Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.'

6 Chapter II of that directive comprises Articles 3 to 15 thereof, relating to the measures, procedures and remedies governed by Directive 2004/48.

7 Article 3 of Directive 2004/48, entitled 'General obligation', provides:

'1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays.

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.'

8 Under Article 14 of that directive, entitled 'Legal costs':

'Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.'

German law

9 Paragraph 140 of the Gesetz über den Schutz von Marken und sonstigen Kennzeichen – Markengesetz (Law on the protection of trade marks and other distinctive signs), of 25 October 1994 (BGB1. 1994 I, p. 3082), in the version applicable to the proceedings at issue ('the MarkenG'), entitled 'Actions in relation to signs', provides in subparagraph 3 thereof:

'The fees referred to in Paragraph 13 of the [Rechtsanwaltsvergütungsgesetz (Law on the remuneration of lawyers), of 5 May 2004 (BGB1. 2004 I, p. 718)], are recoverable among the costs incurred through the involvement of a patent lawyer in an action in relation to signs as well as the necessary disbursements incurred by that patent lawyer.'

10 Under Paragraph 125e(5) of the MarkenG, Paragraph 140(3) of the MarkenG applies *mutatis mutandis* to proceedings before a competent EU trade mark court.

The dispute in the main proceedings and the question referred for a preliminary ruling

11 The University of Heidelberg brought an action for a cease-and-desist order against NovaText on the grounds of infringement of its EU trade marks and lodged subsequent claims under trade mark law. The proceedings concluded when the parties reached a judicial settlement. By order of 23 May 2017, the Landgericht Mannheim (Regional Court, Mannheim, Germany), as an EU trade mark court of first instance, ordered NovaText to pay the costs and set the value of the dispute at EUR 50 000. The action brought by that company was dismissed.

12 In the application, the University of Heidelberg's lawyer referred to the assistance of a patent lawyer and, during the taxation of costs proceedings, gave an assurance that the patent lawyer had in fact assisted with the proceedings. He stated that each procedural document had been agreed with that patent lawyer and, in that way, the latter had also assisted with the settlement negotiations, even though the telephone conversations were held only between the parties' lawyers.

13 By order of 8 December 2017, the Landgericht Mannheim (Regional Court, Mannheim) fixed the amount of costs to be reimbursed to the University of Heidelberg at EUR 10 528.95, including EUR 4 867.70 in respect of patent lawyer costs for the action at first instance and EUR 325.46 for that patent lawyer's assistance in the action.

14 The Oberlandesgericht Karlsruhe (Higher Regional Court, Karlsruhe, Germany), to which NovaText appealed against that order, dismissed Novatext's appeal. That court held that the dispute before it in relation to trade marks and distinctive signs within the meaning of Paragraph 140(3) of the MarkenG was such that, unlike the ordinary system for recovering costs in civil litigation, it was unnecessary to consider whether the involvement of the patent lawyer was 'necessary for the purpose of obtaining the legal remedy sought', or whether that involvement amounted to 'added value' in relation to the service provided by the lawyer instructed by the University of Heidelberg. According to that court, the wording of that provision of national law had to be regarded as consistent with Directive 2004/48 and that an interpretation of that provision to the effect that it would be necessary to examine whether recourse to the patent lawyer was necessary would clearly run counter to the objective of the national legislature, which would preclude the possibility of interpreting Paragraph 140(3) of the MarkenG in conformity with EU law.

15 By its appeal before the referring court, the Bundesgerichtshof (Federal Court of Justice, Germany), NovaText seeks the annulment of the order for taxation of costs in so far as it ordered NovaText to pay the patent lawyer's costs.

16 The referring court points out that the outcome of the appeal depends, in essence, on the interpretation of Article 3(1) and Article 14 of Directive 2004/48. It states in that regard that, in finding that the costs of the patent lawyer are recoverable under Paragraph 140(3) of the MarkenG, the Oberlandesgericht Karlsruhe (Higher Regional Court, Karlsruhe) followed the settled case-law of the Bundesgerichtshof (Federal Court of Justice) and the prevailing national legal literature.

17 That being so, having regard to the judgment of 28 July 2016, *United Video Properties* (C-57/15, EU:C:2016:611), the referring court expresses doubt as to the consistency of Paragraph 140(3) of the MarkenG with Article 3(1) and Article 14 of Directive 2004/48. It submits, first, that the automatic reimbursement of costs of a patent lawyer whose involvement in the matter was, on the facts, not 'necessary for the purpose of obtaining the legal remedy sought' might prove to be unnecessarily costly, in particular, in the scenario where the task carried out by that patent lawyer could have been performed in the same way by the specialised intellectual property lawyer already appointed by the party concerned. In that regard, the referring court states that, as regards the out-of-court legal action, and in particular the assistance of the patent lawyer for the cease-and-desist warning issued under trade mark law, that court has already held that the application by analogy of Paragraph 140(3) of the MarkenG was not possible and that, consequently, the costs relating to the assistance of that patent lawyer are recoverable only if his or her assistance was necessary.

18 Next, in view of the fact that, as is apparent from recital 10, Directive 2004/48 is intended to ensure a high level of protection of intellectual property in the internal market and that, under Article 3(2) of that directive, the procedures and remedies provided for must be dissuasive, it appears justified to exclude from reimbursement excessive costs on account of 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 to ensure the enforcement of the intellectual property rights concerned.

19 Finally, reimbursement of the costs relating to the involvement of the patent lawyer whose assistance was not 'necessary for the purpose of obtaining the legal remedy sought' could not be proportionate, within the meaning of Article 14 of Directive 2004/48, since the reimbursement of those costs did not take adequate account of the specific characteristics of the particular case.

20 In those circumstances, the Bundesgerichtshof (Federal Court of Justice) decided to stay the proceedings and to refer the following question to the Court of Justice for a preliminary ruling:

'Are Article 3(1) and Article 14 of Directive [2004/48] 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?'

Consideration of the question referred

21 As a preliminary point, it should be noted that, in the procedure laid down by Article 267 TFEU providing for cooperation between national courts and the Court of Justice, it is for the latter to provide the national court with an answer which will be of use to it and enable it to determine the case before it. To that end, the Court may have to reformulate the questions referred to it. The Court has a duty to interpret all provisions of EU law which national courts require in order to decide on the actions pending before them, even if those provisions are not expressly indicated in the questions referred to the Court by those courts (judgment of 17 June 2021, *M.I.C.M.*, C-597/19, EU:C:2021:492, paragraph 38 and the case-law cited).

22 To that end, the Court can extract from all the information provided by the national court, in particular from the grounds of the order for reference, the points of EU law which require interpretation in view of the subject matter of the dispute in the main proceedings (judgment of 17 June 2021, *M.I.C.M.*, C-597/19, EU:C:2021:492, paragraph 39 and the case-law cited).

23 In the first place, in its question, in addition to Article 14 of Directive 2004/48, the referring court refers to Article 3(1) of that directive. It should be noted that, as regards the general obligation imposed on Member States by Article 3 as regards the criteria to be fulfilled by the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights, paragraph 2 of that article also contains elements relevant to the analysis of the question referred. As is moreover apparent from paragraph 18 of the present judgment, the referring court also refers to it.

24 In that regard, first, in accordance with Article 3(1) of Directive 2004/48, those measures, procedures and remedies must, inter alia, be fair and equitable and must not be unnecessarily costly. Second, under paragraph 2 of that article, those measures, procedures and remedies must be effective, proportionate and dissuasive and be applied in such a manner as to provide for safeguards against their abuse.

25 In the second place, as regards the question whether the costs incurred by the successful party to which the referring court refers are 'necessary for the purpose of obtaining the legal remedy sought', it must be stated that Article 14 of Directive 2004/48 does not contain any such criterion. Under Article 14, the legal costs and other recoverable costs must be 'reasonable and proportionate'.

26 Since the terms 'reasonable and proportionate legal costs' in that provision make no express reference to the law of the Member States for the purpose of determining their meaning and scope, they must normally be given an autonomous and uniform interpretation throughout the European Union, irrespective of their treatment in the Member States, having regard to their wording, their context and the objectives pursued by the rules of which they form part (see, by analogy, judgment of 30 November 2021, *LR Ģenerālprokuratūra*, C-3/20, EU:C:2021:969, paragraph 79 and the case-law cited).

27 In the third place, as is apparent from the order for reference, the Oberlandesgericht Karlsruhe (Higher Regional Court, Karlsruhe) held that there was no need, in the present case, to interpret Paragraph 140(3) of the MarkenG as meaning that it is for the national court to examine whether recourse to a patent lawyer is necessary, in particular in so far as such an interpretation of that provision of national law would clearly run counter to the national legislature's objective.

28 That being so, the fact of making the present request for a preliminary ruling, like the referring court's silence in that regard, may be understood as meaning that the possible incompatibility of the provision of national law concerned, in particular in the light of the criteria flowing from Article 14 of Directive 2004/48, as recalled in paragraphs 25 and 26 of the present judgment, may be apparent not from the wording of that provision itself, but from the interpretation commonly given to it in the national legal order.

29 In the fourth and last place, as the Advocate General observed essentially in point 27 of his Opinion, the referring court's uncertainties do not concern as such the classification of the costs incurred as a result of the assistance provided by the patent lawyer but rather the fact that those costs are unconditionally and automatically borne by the unsuccessful party to the proceedings. That automaticity means that they are not subject to judicial review concerning their reasonableness and proportionality.

30 In the light of those considerations, it is necessary to reformulate the question referred to the effect that, by that question, the referring court asks, in essence, whether Articles 3 and 14 of Directive 2004/48 must be interpreted as precluding national legislation or an interpretation thereof which does not allow the court before which a procedure falling within that directive has been brought to take due account, in each case brought before it, of the specific characteristics of that case for the purpose of assessing whether the legal costs incurred by the successful party are reasonable and proportionate.

31 As stated in recital 10, the objective of Directive 2004/48 is to approximate the legislative systems of the Member States as regards the means of enforcing intellectual property rights so as to ensure a high, equivalent and homogeneous level of protection in the internal market.

32 For that purpose, in accordance with Article 1 thereof, Directive 2004/48 concerns all the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. Article 2(1) of that directive states that those measures, procedures and remedies apply to any infringement of those rights as provided for by EU law and/or the national law of the Member State concerned.

33 Further, the provisions of Directive 2004/48 are not intended to govern all aspects of intellectual property rights, but only those aspects inherent, first, in the enforcement of those rights and, secondly, in infringement of them, by requiring that there must be effective legal remedies designed to prevent, terminate or rectify any infringement of an existing intellectual property right (judgment of 16 July 2015, *Diageo Brands*, C-681/13, EU:C:2015:471, paragraph 73 and the case-law cited).

34 However, when adopting that directive, the EU legislature chose to provide for minimum harmonisation concerning the enforcement of intellectual property rights in general (judgment of 9 July 2020, *Constantin Film Verleih*, C-264/19, EU:C:2020:542, paragraph 36 and the case-law cited).

35 The rules relating to court costs, set out in Article 14 of Directive 2004/48, form part of the rules relating to the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights, provided for in Chapter II of that directive.

36 In particular, first, Article 14 of Directive 2004/48 lays down the principle that reasonable and proportionate legal costs and other expenses incurred by the successful party are, as a general rule, to be borne by the unsuccessful party.

37 Accordingly, that provision aims to strengthen the level of protection of intellectual property, by avoiding the situation in which an injured party is deterred from bringing legal proceedings in order to protect their rights (judgment of 16 July 2015, *Diageo Brands*, C-681/13, EU:C:2015:471, paragraph 77 and the case-law cited).

38 That is indeed consistent both with the general objective of Directive 2004/48, which aims to approximate the legislative systems of the Member States in order to ensure a high, equivalent and homogeneous level of intellectual property protection, which is the specific aim of that provision, which attempts to prevent the injured party from being deterred from bringing legal proceedings in order to protect their intellectual property rights. In accordance with those objectives, the author of the infringement of the intellectual property rights must generally bear all the financial consequences of his or her conduct (judgment of 18 October 2011, *Realchemie Nederland*, C-406/09, EU:C:2011:668, paragraph 49).

39 Second, under Article 14 of Directive 2004/48, the rule on the allocation of costs which it lays down does not apply if equity prevents the imposition on the unsuccessful party of the reimbursement of the costs incurred by the successful party, even if they are reasonable and proportionate.

40 First of all, concerning the concept of 'legal costs' to be reimbursed by the unsuccessful party in Article 14 of Directive 2004/48, the Court has already held that that concept includes, amongst others, the lawyer's fees, that directive containing no element allowing the conclusion to be reached that those fees, which constitute generally a substantial part of the costs incurred in the

context of proceedings aimed at ensuring the enforcement of an intellectual property right, are excluded from the scope of that article (judgment of 28 July 2016, *United Video Properties*, C-57/15, EU:C:2016:611, paragraph 22).

41 Nor does anything in Directive 2004/48 preclude the costs of a representative, such as a patent lawyer, to whom a rightholder has had recourse to individually or jointly with a lawyer, from being regarded, in principle, as being capable of falling within the concept of 'legal costs', in so far as those costs arise immediately and directly from the legal action itself, as noted, in essence, by the Advocate General in point 26 of his Opinion.

42 Such an origin may be accepted for the costs of a patent adviser authorised under national law to appear in court for the holders of intellectual property rights in proceedings before the competent courts, referred to in Directive 2004/48, relating, inter alia, to the establishment, by such an adviser, of pleadings or the appearance of that adviser at the hearings held, where appropriate, in those proceedings. Nor can it be ruled out that such an origin may also be accepted for the costs associated with the assistance of such an adviser in the steps seeking an amicable settlement, in particular, in a dispute which is already pending before a court.

43 It is true that the Court has also held, in paragraphs 39 and 40 of the judgment of 28 July 2016, *United Video Properties* (C-57/15, EU:C:2016:611), in essence, that, in so far as the services of a technical adviser are directly and closely linked to a judicial action seeking to have such an intellectual property right upheld, the costs linked to the assistance of that adviser fall within 'other expenses' within the meaning of Article 14 of Directive 2004/48.

44 However, that classification forms part of the specific factual context of the case which gave rise to that judgment, in which it was not easy to determine whether the dispute in the main proceedings concerned 'research and identification costs', often incurred prior to a legal action and thus not necessarily falling within the scope of Article 14 of that directive, but rather within the scope of Article 13 thereof, relating to compensation for damage suffered by the rightholder, or to services essential in order to be able effectively to bring a legal action.

45 Next, first, Article 14 of Directive 2004/48 requires Member States to ensure the reimbursement only of 'reasonable' legal costs. That requirement, which applies both to 'legal costs' and 'other expenses', within the meaning of that provision, reflects the general obligation provided for in Article 3(1) of Directive 2004/48, according to which the Member States must ensure, inter alia, that the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by that directive are not unnecessarily costly (see, to that effect, judgment of 28 July 2016, *United Video Properties*, C-57/15, EU:C:2016:611, paragraph 24).

46 Accordingly, the Court held to be unreasonable 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, to that effect, judgment of 28 July 2016, *United Video Properties*, C-57/15, EU:C:2016:611, paragraph 25).

47 Secondly, Article 14 of Directive 2004/48 provides that the legal costs and other expenses to be borne by the unsuccessful party must be 'proportionate'.

48 In that regard, the Court held that the question as to whether those costs are proportionate cannot be assessed independently of the costs that the successful party actually incurred in respect of the assistance of a lawyer, provided they are 'reasonable' within the meaning of paragraph 45 of the present judgment. Although the requirement of proportionality does not imply that the unsuccessful party must necessarily reimburse the entirety of the costs incurred by the other party, it does however mean that the successful party should have the right to reimbursement of, at the very least, a significant and appropriate part of the reasonable costs actually incurred by that party (see, to that effect, judgment of 28 July 2016, *United Video Properties*, C-57/15, EU:C:2016:611, paragraph 29).

49 Finally, in accordance with Article 14 of Directive 2004/48, read in the light of recital 17 thereof, the court having jurisdiction must be able to review in every case the reasonableness and proportionality of the legal costs incurred by the successful party in respect of the assistance of a representative, such as a patent lawyer, and beyond those cases where such a review is required, pursuant to Article 14 of that directive, on equitable grounds.

50 It is true that the Court held that national legislation providing for flat rates is, in principle, consistent with Article 14 of Directive 2004/48. However, the Court stated that even in such a case, those rates should ensure that the costs which, under that national legislation, may be imposed on the unsuccessful party are reasonable and that the maximum amounts that may be claimed under those costs are not too low either in relation to the rates normally charged by a lawyer in the field of intellectual property (see, to that effect, judgment of 28 July 2016, *United Video Properties*, C-57/15, EU:C:2016:611, paragraphs 25, 26, 30 and 32).

51 Accordingly, it cannot be inferred from that case-law that, in the exercise of that discretion, the Member States may go so far as to subtract a category of court costs or other expenses from any judicial review of their reasonableness and proportionality.

52 In the light of the foregoing, first, as the Advocate General observed in point 39 of his Opinion, the automatic application of a national provision such as that at issue in the main proceedings may, in certain cases, result in a breach of the general obligation laid down in Article 3(1) of Directive 2004/48, under which, in particular, the procedures put in place by the Member States must not be unnecessarily costly.

53 Secondly, such an application of a provision of that kind is likely to deter a holder of presumed rights from bringing legal proceedings seeking to ensure that their rights are respected by fear of having to bear, if unsuccessful, relatively high legal costs, contrary to the objective of Directive 2004/48, which is to ensure, in particular, a high level of protection of intellectual property in the internal market.

54 Thirdly, as the Advocate General also observed, in essence, in point 49 of his Opinion, the unconditional and automatic inclusion of costs by means of a declaration on honour by a representative of a party to the legal action, without those costs being open to assessment by the national court as to their reasonableness and proportionality in relation to the dispute in question, could open the way for misuse of such a provision in breach of the general obligation provided for in Article 3(2) of Directive 2004/48.

55 In the light of all the foregoing considerations, the answer to the question referred is that Articles 3 and 14 of Directive 2004/48 must be interpreted as precluding national legislation or an interpretation thereof which does not allow the court before which an action is brought under

that directive to take due account, in each case brought before it, of its specific characteristics for the purposes of assessing whether the legal costs incurred by the successful party are reasonable and proportionate.

Costs

56 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Tenth Chamber) hereby rules:

Articles 3 and 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 must be interpreted as precluding national legislation or an interpretation thereof which does not allow the court before which an action is brought under that directive to take due account, in each case brought before it, of its specific characteristics for the purposes of assessing whether the legal costs incurred by the successful party are reasonable and proportionate.

[Signatures]