

INTERNATIONAL PANEL

Cost Comparisons: France

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Should one recognize the possible rights of a patent owner by the payment of royalties, or should one, by entering into competition with the patentee, accept the risks of a possible infringement action. This is a dilemma that is familiar to all of the participants at this conference.

In reaching the decision, there are a number of elements to be considered. Certain of these elements do not differ in any substantial manner from one country to another. In particular, the various financial terms or economic elements of the license, although they might vary from country to country as a function of the market conditions, are negotiated in approximately the same manner whether one is in Germany, the United States, Great Britain, Japan, or France.

On the other hand, the threats that a potential infringer faces, and the court procedures in infringement actions, certainly differ in these various countries. It appears, therefore, important at the time of taking the crucial decision between payment to, or open combat with, the patentee, to appreciate fully the risks involved and it is this aspect of the question that will be treated here, in two sections: 1) the conduct of an infringement action in France, and 2) the sanctions for infringement in France.

Infringement Seizure

The patentee has, in France, a special procedure, called the infringement seizure, that permits a bailiff and the patentee's patent attorney to obtain proof or evidence of the existence of infringement, wherever the infringement is taking place, for example, at an exposition, or even in the very premises of the infringer. In order to validate the seizure, the patentee must bring the case to court within 15 days from the date at which the seizure was completed.

Preliminary Injunction

Preliminary injunctions in patent infringement actions are never granted.

Time for Obtaining a Judgment

A final judgment that will force the cessation of the infringing activity can rarely be expected in less than three and a half years from the date of filing the action. This delay is not due to the complexity of the trial procedure. It is due to the overloading of the dockets of the courts that are competent to hear cases of patent infringement.

These courts are the various civil courts of general

jurisdiction, including the Paris District Court and the Paris Court of Appeals, listed in the Decree of December 5, 1968.

Costs

We are considering here only the fees of the patent attorney, the trial attorney or barrister, and if there is one, the cost of an expert study. We are not considering the sanctions discussed in the following chapter. In France, the professions of the barrister and the patent attorney are separated and an infringement trial requires the close cooperation of both of these two specialists.

In France, there are also special procedural attorneys who simply follow the various administrative aspects of the trial procedures.

The average costs that a defendant might face in an infringement would probably be between \$10,000 and \$20,000 per instance, depending on the complexity of the case. The cost is thus obviously not a critical factor in France.

SANCTIONS FOR INFRINGEMENT

Since the coming into force of the law of July 13, 1978, infringement is no longer a penal offense. The sanctions are now exclusively civil in nature.

The sanctions are directed, on the one hand, to the future, and, on the other, to the reparation of the past damage suffered by the patentee. They also include, in general, publication of the judgment.

Injunctions Against Further Infringement

The primary relief granted by a court consists of issuing an injunction against further infringements. Two further measures of relief can complete the injunction:

Confiscation—Upon the request of the patentee, and to the extent that it appears necessary to ensure the injunction will be respected, the court can order the confiscation, to the benefit of the patentee, of the objects that are infringing that are the property of the infringer at the date of the entry into vigor of the injunction, and, in some cases, the apparatus or the means that are specifically adapted for carrying out the infringement. For example, the court might order the confiscation of the molds utilized for the manufacture of the infringing object.

It is to be noted that if the court orders confiscation, the court will take into account the value of the objects confiscated in calculating the damages to be awarded to the patentee.

Injunction—To discourage the infringer from con-

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tinuing the infringement, the court generally sets a relatively high fine for violation of the injunction. This is not to be confused with damages. In order to obtain the monies for violation of injunction, the patentee must bring a special action before the court that issued the injunction.

Compensation for Damages

The principle for calculating damages is the following: the victim of the infringement has the right to compensation for the totality of the damages suffered, neither more nor less. This simple rule is not, however, always easy to apply and, in some cases, might render infringement attractive.

The infringer must, of course, compensate the damage suffered. Also, damages suffered by a licensee must be compensated, but only to the extent that the licenses were properly recorded, and the licensees intervened in the action.

The statute of limitations for acts of infringement is three years; the patentee can collect damages for the period extending to three years prior to the date of filing of the action and, subsequent to this date, up until the decision of the District Court or, if there is one, the decision of the Court of Appeals.

In general, the court will designate an expert who will evaluate the damages and, in order not to delay the payment of these damages, the courts generally order a provisional execution of the judgment in regard to the expert evaluation, even if the district court judgment is appealed.

The calculation of damages presents a certain number of problems:

—Damages will depend upon whether the patentee exploits, or does not exploit, its invention (to be noted,

in this regard, an important recent decision *Finike-Marposs/EAM*).

—The problem of the “total commercial entity.”

—The market position of the patentee.

—The existence or nonexistence of substitute products.

—Should the net profit or the gross profit of the patentee be used in the calculation of the prejudice.

—Taking into consideration the annoyance to the patentee caused by the infringement.

—Reevaluation of the amount of damages up to the date at which they are paid.

—The costs and expenses in regard to the legal fees of patent attorneys and barristers (Article 700 of the Code of Civil Procedure).

Publication

In general, the court will order the publication of the judgment, at the cost of the adjudged infringer.

The risks that a potential infringer takes in France are therefore substantial—in regard to damages that must be paid to the patentee and to licensees, as well in regard to the sanction of ceasing manufacture, and, in certain cases, in regard to the confiscation of the objects and of apparatus used for manufacture.

These risks are increased by the fact of the continued existence of “old law” patents in regard to which no inventive activity is required, and also, because of the relatively low level of inventive activity that is required by the courts in regard to the more recent patents.

However, an important factor might limit, to a certain degree, the effectiveness of patents and their dissuasive effect. This factor is the duration of the procedures, particularly when the products concerned are susceptible to become obsolete rapidly.