Reports of Cases

OPINION OF ADVOCATE GENERAL
CAMPOS SÁNCHEZ-BORDONA
delivered on 11 November 2021 [1]

Case C-559/20

Koch Media GmbH
v
FU

(Request for a preliminary ruling from the Landgericht Saarbrücken (Regional Court, Saarbrücken, Germany))

(Reference for a preliminary ruling – Intellectual property – Directive 2004/48/EC – Article 14 – Legal costs and other expenses – Lawyers' fees for sending an extrajudicial warning notice – Provision imposing a limit on recoverable fees where the infringement is committed by a natural person outside his or her trade or profession – Value in the particular circumstances of the case concerned not fair – Article 13 – Damages – Not permissible)

1. A company established in Germany, which holds intellectual property rights over a computer game, instructed a lawyer to send an extrajudicial warning notice calling on a person who had breached those rights to desist from that conduct, which that person did.

2. German law provides that, in principle, an infringer must pay the lawyers' fees incurred in connection with the provision of assistance to protect a holder of intellectual property rights. However, under German law, the amount of those fees may be limited if the unlawful conduct was carried out by a natural person outside his or her trade or profession.

3. In the case now before the Court, that person submits that the fees claimed from him (EUR 984.60) are excessive and objects to payment of them. His objection has resulted in proceedings in which the referring court essentially asks:

– Whether the expenses corresponding to lawyers' fees in connection with an extrajudicial warning notice fall within the scope of Directive 2004/48/EC. [2]

– If the answer is in the affirmative, whether those fees may be covered by Article 14 ('legal costs' or 'other expenses') or Article 13 ('damages') of Directive 2004/48.

– Whether the national provision which places a ceiling on fees, unless non-application of that ceiling is justified on grounds of fairness, is compatible with Directive 2004/48 and with

[1] Original language: Spanish.

[2] Directive 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).

Directives 2001/29/EC[3] and 2009/24/EC,[4] and what factors are liable to influence the determination of the amount of those fees.

I. Legal framework

A. European Union law

1. Directive 2004/48

4. Article 1 ('Subject matter') states:

'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 ('Scope') reads:

'1. 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. Article 3 ('General obligation') is worded as follows:

'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.'

7. Under Article 13 ('Damages'):

'1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

[3] Directive of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10).

[4] Directive of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (OJ 2009 L 111, p. 16).

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;

or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.'

8. Article 14 ('Legal costs') provides:

'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.'

2. Directive 2001/29

9. In accordance with Article 8 ('Sanctions and remedies'):

'1. Member States shall provide appropriate sanctions and remedies in respect of infringements of the rights and obligations set out in this Directive and shall take all the measures necessary to ensure that those sanctions and remedies are applied. The sanctions thus provided for shall be effective, proportionate and dissuasive.

2. Each Member State shall take the measures necessary to ensure that rightholders whose interests are affected by an infringing activity carried out on its territory can bring an action for damages and/or apply for an injunction and, where appropriate, for the seizure of infringing material as well as of devices, products or components referred to in Article 6(2).

3. Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.'

3. Directive 2009/24

10. Article 7 ('Special measures of protection') provides:

'1. Without prejudice to the provisions of Articles 4, 5 and 6, Member States shall provide, in accordance with their national legislation, appropriate remedies against a person committing any of the following acts:

(a) any act of putting into circulation a copy of a computer program knowing, or having reason to believe, that it is an infringing copy;

(b) the possession, for commercial purposes, of a copy of a computer program knowing, or having reason to believe, that it is an infringing copy;

(c) any act of putting into circulation, or the possession for commercial purposes of, any means the sole intended purpose of which is to facilitate the unauthorised removal or circumvention of any technical device which may have been applied to protect a computer program.

2. Any infringing copy of a computer program shall be liable to seizure in accordance with the legislation of the Member State concerned.

3. Member States may provide for the seizure of any means referred to in point (c) of paragraph 1.'

B. German law. Gesetz über Urheberrecht und verwandte Schutzrechte – Urheberrechtsgesetz [5]

11. Paragraph 97 provides that anyone who infringes intellectual property rights or another right protected by the UrhG may be given formal notice by the injured party to cease such infringement.

12. The version of Paragraph 97a applicable to the main proceedings provides:

'1. Before instituting legal proceedings, the injured party shall [6] send the infringer a warning notice calling on him or her to cease the conduct concerned and affording him or her the opportunity to settle the dispute by giving an undertaking to refrain from engaging in that conduct, in addition to an appropriate contractual penalty.

2. The warning notice shall, in a clear and intelligible manner:

(1) state the injured party's name or company name if it is a representative rather than the injured party who sends the warning notice;

(2) provide an exact description of the infringement of the right;

[5] Law on copyright and related rights of 9 September 1965 (BGBl. 1965 I, p. 1273; 'the UrhG').

[6] See, in that connection, point 56 of this Opinion.

(3) present a detailed calculation of the claims for payment depending on whether the claim is for damages or for the reimbursement of expenses; and

(4) in the event that an undertaking to refrain from certain conduct is required, state the extent to which the proposed undertaking applies beyond the infringement to which the warning notice refers.

A warning notice which does not comply with the first sentence shall be ineffective.

3. Provided that the warning notice is justified and complies with subparagraph 2, first sentence, points 1 to 4, reimbursement of necessary expenses may be sought. As regards the use of a lawyer's services, the reimbursement of necessary expenses shall be limited, in respect of legal fees, to an amount corresponding to a value in dispute of EUR 1 000 for an action seeking a prohibitory and cease-and-desist injunction, where the person served with the warning notice:

(1) is a natural person who does not use works or other subject matter protected under this Law for his or her commercial or self-employed activity, and

(2) is not already obliged to cease certain conduct as a result of a contractual right of the person who sends the warning notice or as a result of a final judgment or an interlocutory order.

The value indicated in the second sentence shall also apply if a right to prohibition and a right to order cease and desist are invoked concurrently. The second sentence shall not apply if that value is not fair in the specific circumstances of the case.'

II. Facts and questions referred for a preliminary ruling

13. Koch Media GmbH, an undertaking which distributes computer games on a commercial basis, is the holder, on German territory, of the exclusive related rights for making the professionally developed computer game 'This War of Mine' available to the public. [7]

14. FU is a natural person who, on at least 13 occasions between 26 and 28 November 2014, while not pursuing any trade or professional interest, publicly offered the game to others, via his internet connection, for download on a file-sharing platform, in breach of Koch Media's rights.

15. In order to assert its rights, Koch Media instructed a law firm which sent a warning notice to FU on its behalf, asking FU for an undertaking that he would cease to make the game available to the public and that he would pay damages.

16. The warning notice produced the desired effect: the infringer complied with the request and no subsequent court action was necessary.

17. As a result of instructing the law firm, Koch Media incurred expenses of EUR 984.60 which it claimed from the infringer. That sum was reached by applying a percentage to a value in dispute estimated at EUR 20 000. [8]

[7] It is common ground between the parties that the game contains subject matter that is protectable by means of intellectual property rights. The referring court states that computer games like that distributed in this case are protected under German copyright law and therefore enjoy protection under Directive 2004/48, pursuant to Article 2 thereof.

[8] Disbursements of EUR 20 had to be added to the resulting amount (EUR 964.60).

18. FU disagreed with the amount of fees claimed from him and legal proceedings concerning that amount were commenced.

19. At first instance, by judgment of 12 March 2019, the Amtsgericht Saarbrücken (Local Court, Saarbrücken, Germany) ordered the infringer to pay EUR 124 and dismissed the action brought by Koch Media as to the remainder. [9] That court based its judgment on Paragraph 97a(3) of the UrhG.

20. Koch Media appealed to the Landgericht Saarbrücken (Regional Court, Saarbrücken, Germany), seeking a declaration that it was entitled to recover the expenses associated with receiving assistance from a lawyer in full.

21. The appeal court, after setting out its interpretation of national law, [10] questions whether the relevant directives in this area permit a limitation on the fees which may be recovered from an infringer where the latter is a natural person who is not pursuing a trade or profession.

22. In its view, in the judgment in *United Video Properties*, [11] the Court held that, in certain circumstances, a provision intended to exclude the reimbursement of excessive expenses may be justified. However, the outcome of this case requires a determination of whether the principles set out in that judgment are applicable where a claim is brought against a natural person who is not acting in a commercial or professional capacity.

23. The appeal court considers that the fourth sentence of Paragraph 97a(3) of the UrhG has reversed the terms of the exception in Article 14 of Directive 2004/48: if the party against whom the claim is asserted is a natural person, full reimbursement of the expenses is possible in Germany on grounds of fairness only.

24. That court also states that, in Germany, the courts disagree over whether it is possible to interpret the exception in the fourth sentence of Paragraph 97a(3) of the UrhG in a manner consistent with Directive 2004/48.

25. Against that background, the Landgericht Saarbrücken (Regional Court, Saarbrücken) has referred the following questions to the Court of Justice for a preliminary ruling:

‘(1) (a) Is Article 14 of Directive [2004/48] to be interpreted as meaning that the provision covers necessary lawyers’ fees as “legal costs” or as “other expenses” incurred by a holder of intellectual property rights within the meaning of Article 2 of [Directive 2004/48] by virtue of the fact that he [or she] asserts, out of court, a right to apply for a prohibitory injunction against an infringer of those rights by way of a warning notice?

(b) In the event that [Question (1)(a)] is answered in the negative: Is Article 13 of [Directive 2004/48] to be interpreted as meaning that the provision covers the lawyers’ fees referred to in [Question (1)(a)] in the form of damages?

(2) (a) Is EU law, particularly with regard to

– Articles 3, 13 and 14 of [Directive 2004/48],

[9] The amount of EUR 124 was reached by applying a percentage to the amount allocated to the case of EUR 1 000, plus disbursements (EUR 20).

[10] See point 29 et seq. of this Opinion.

[11] Judgment of 28 July 2016 (C-57/15, EU:C:2016:611; ‘judgment in *United Video Properties*’).

– Article 8 of Directive [2001/29], and

– Article 7 of Directive [2009/24]

to be interpreted as meaning that a holder of intellectual property rights within the meaning of Article 2 of [Directive 2004/48] is in principle entitled to reimbursement of the full amount of the lawyers' fees referred to in [Question (1)(a)], or at least a reasonable and substantial proportion of those fees, even if

– the alleged infringement has been committed by a natural person outside his [or her] trade or profession, and

– a national provision provides, for such a case, that such lawyers' fees are generally recoverable only after the value in dispute has been reduced?

(b) In the event that Question [(2)(a)] is answered in the affirmative: Is the EU law referred to in Question [(2)(a)] to be interpreted as meaning that an exception to the principle referred to [therein], according to which the rightholder must be reimbursed the full amount of the lawyers' fees referred to in [Question (1)(a)], or at least a reasonable and substantial proportion of those fees, taking account of other factors (such as, for instance, how current the work is, the period of publication and the infringement by a natural person outside the interests of his [or her] trade or profession), is to be considered even if the infringement of intellectual property rights within the meaning of Article 2 of [Directive 2004/48] consists in file sharing, that is to say making a work available to the public by offering it for free download to all users on a freely accessible exchange platform that has no digital rights management?'

III. Procedure before the Court

26. The request for a preliminary ruling was received at the Court Registry on 26 October 2020.

27. Written observations were lodged by Koch Media, the German Government and the European Commission.

28. It was not considered necessary to hold a hearing.

IV. Assessment

A. Clarification on the applicable national law, according to the order for reference

29. The referring court interprets the relevant domestic provisions and describes the national practice in the terms transcribed below. In principle, the Court is bound by that description because the task of defining the scope of national law falls to the national court.

30. Pursuant to Paragraph 97a, in conjunction with Paragraph 97(1), of the UrhG, an injured holder of intellectual property rights is entitled to order the infringer to cease the infringing conduct and pay damages.

31. Generally, the rightholder, using the services of a lawyer, asserts, first, his or her right to require cessation of the infringing conduct. The lawyer issues a warning notice in accordance with Paragraph 97a(1) of the UrhG, the purpose of which is to have the infringer issue a 'cessation with penalty clause' statement.

32. The issue of such a statement eliminates the risk of the conduct being repeated and satisfies the right to order cease and desist. It is then no longer necessary or possible to assert that right before the courts. In that sense, the warning notice serves to avoid court proceedings.

33. In accordance with Paragraph 97a(3) of the UrhG, in the event of copyright infringement, the infringer is, in principle, to reimburse 'necessary expenses' incurred by the rightholder.

34. In order to determine the rules governing 'necessary expenses' of the extrajudicial warning notice which may be classified as lawyers' fees, reference must be made to the Gesetz über die Vergütung der Rechtsanwältinnen und Rechtsanwälte (Rechtsanwaltsvergütungsgesetz). [12]

35. Pursuant to the RVG:

– Lawyers' fees are recovered in accordance with the scale of fees laid down in that law. Courts usually rule that fees that are higher than those defined in the RVG are not recoverable.

– The fees that a lawyer may claim from his or her client depend on the value in dispute. The higher the value in dispute, the higher the fees.

36. According to the Bundesgerichtshof (Federal Court of Justice, Germany), the value in dispute in respect of a right to order cease and desist exercised by the holder of rights relating to films, music or DVDs will be at least EUR 10 000.

37. However, the second sentence of Paragraph 97a(3) of the UrhG limits the value in dispute, to which a percentage is applied, to EUR 1 000 if the person to whom the warning notice is addressed: (i) is a natural person who does not use the protected work or subject matter for his or her commercial or self-employed activity, and (ii) is not already obliged to cease and desist on the basis of a contractual right of the person who issued the warning notice, a final judicial decision or an interlocutory order.

38. The limitation on the value in dispute applies to the relationship between the rightholder and the infringer but not to that between the rightholder and the rightholder's lawyer. The lawyer charges the rightholder on the basis of the *actual* value in dispute (that is, without any limitation on the amount), which can lead to considerable differences. [13]

39. However, the fourth sentence of Paragraph 97a(3) of the UrhG contains an exception allowing the limitation to be exceeded in individual cases if a value in dispute of EUR 1 000 would be 'not fair' under the circumstances.

[12] Law on the remuneration of lawyers; 'the RVG'.

[13] Thus, for example, in a case in which the value is set at EUR 10 000, a rightholder will have to pay lawyers' fees of EUR 745 but will recover only EUR 124 from the infringer.

B. The first question

40. The referring court seeks to ascertain whether lawyers' fees incurred by a holder of intellectual property rights, which are payable in respect of an extrajudicial warning notice sent to an infringer requiring him or her to put an end to the infringement of those rights, fall within the scope of Directive 2004/48 (specifically, Article 14 thereof or, in the alternative, Article 13 thereof).

41. An out-of-court dispute settlement procedure may be compatible with the subject matter of Directive 2004/48, in so far as it is another of 'the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights.' [14]

42. The Court held in its judgment in *M.I.C.M.* that 'seeking an amicable solution is often a prerequisite for bringing an action for damages in the strict sense.' [15]

43. In that judgment, the Court pointed out that Directive 2004/48 applies to a separate procedure, conducted under Article 8(1) of that directive, relating to 'a request for information … made … during a pre-litigation stage'. [16]

44. It follows that, in relation to the protection of intellectual property rights, Directive 2004/48 constitutes, in principle, the legal framework of reference for procedures seeking – through judicial and extrajudicial channels alike – not only to identify the infringer but also to have the infringer's conduct brought to an end.

45. Having set down that proposition, the referring court asks whether the lawyers' fees incurred in relation to the cease-and-desist notice come under: (a) legal costs or other expenses, as referred to in Article 14 of Directive 2004/48; or (b), in the alternative, damages, as referred to in Article 13 of that directive.

46. As I stated in the Opinion in *United Video Properties*, 'from the point of view of its scheme, … Directive [2004/48] includes "damages" and "legal costs" in the same section (Section 6). Even though recital 26 of the Directive, which concerns compensation for the prejudice suffered, does not refer to legal costs, it could be argued that the inclusion of the latter in the same section allows them to be categorised as another element for which the Directive provides with a view to ensuring that holders of intellectual property rights are indemnified.' [17]

47. The victim of an infringement of intellectual property rights may take a number of different steps to enforce those rights prior to court proceedings, without the cost of *each and every one* of those steps having to be included under the expenses of the proceedings for the purpose of Directive 2004/48.

48. In order to determine whether an out-of-court procedure for the enforcement of an intellectual property right falls within the scope of Directive 2004/48, regard must be had to its particular features; next, it is necessary to define the concepts of legal expenses and damages because, owing to their closeness, there is a risk of confusion.

[14] Article 1 of Directive 2004/48.

[15] Judgment of 17 June 2021 (C-597/19, EU:C:2021:492, paragraph 80).

[16] Ibid., paragraphs 82 and 84. In that case, 'an applicant request[ed] [from] an Internet service provider … the information enabling its customers to be identified with a view, specifically, to being able usefully to bring legal proceedings against the alleged infringers.' Since that request was made – and the separate procedure resulting from it was brought – before the competent judicial authorities, the analogy with extrajudicial warning notices cannot simply be applied to its full extent.

[17] C-57/15, EU:C:2016:201, point 58.

49. The classification of the expenses incurred in connection with an extrajudicial warning notice as one of the components of damages for the purpose of Article 13 of the directive could narrow the scope of Article 14.

50. Conversely, 'a wide interpretation of Article 14 of Directive 2004/48, to the effect that the latter provides that the unsuccessful party must bear, as a general rule, the "other expenses" incurred by the successful party, without going into any detail about those costs, risks conferring excessive scope on that article and thus depriving Article 13 of its practical effect.' [18]

51. The search for a balance led the Court 'to interpret that concept narrowly and to take the view that only those costs that are directly and closely related to the judicial proceedings concerned fall under "other expenses", within the meaning of Article 14.' [19]

52. In the same vein, as regards 'out-of-court expenses, related inter alia to the time spent by the victim of the infringement in enforcing his rights', the Court has held that these may be covered by Article 14 of Directive 2004/48 in so far as 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 his rights' (see judgment of 16 July 2015, *Diageo Brands*, C-681/13, EU:C:2015:471, paragraph 77). [20]

53. An extrajudicial warning notice ordering the cessation of infringing conduct goes further than other possible pre-trial procedures, which are intended to enable the victim to define the limits and the extent of an infringement and to identify the person responsible for committing it. [21]

54. If such a warning notice were provided for in national law as the *usual* (albeit not strictly mandatory) route for obtaining the cessation of an infringement, and if it were habitually used in practice for that purpose, it could be categorised as an immediate and direct prelude to proceedings. Where a mechanism of that kind becomes de facto unavoidable in national legal life, it should be recognised as having a dimension that is 'closely connected' to the legal proceedings which it seeks to avoid.

55. That is especially the case where it is national law itself, rather than national practice, which requires the *compulsory* use of that mechanism prior to the commencement of court proceedings.

[18] Judgment in *United Video Properties*, paragraph 36.

[19] Ibid., paragraph 36 *in fine*.

[20] Judgment of 9 June 2016, *Hansson* (C-481/14, EU:C:2016:419, paragraph 62). According to point 3 of the operative part of the judgment, it is permissible under Article 94(2) of Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights (OJ 1994 L 227, p. 1) for out-of-court expenses incurred in connection with the main action not to be taken into consideration. However, 'a condition for not taking those expenses into account is that the amount of the legal costs that are likely to be awarded to the victim of the infringement is not such, in view of the sums he has incurred in respect of out-of-court expenses and their utility in the main action for damages, as to deter him from bringing legal proceedings in order to enforce his rights'.

[21] Procedures of that kind are the subject of recital 26 of Directive 2004/48, which refers to the aim of 'allow[ing] for compensation based on an objective criterion while taking account of the expenses incurred by the rightholder, such as the costs of identification and research'.

56. Subject to the referring court's interpretation of national law, Paragraph 97a(1) of the UrhG is open to two interpretations as regards the nature of the warning notice: (a) it is a compulsory requirement if the injured party intends to bring a legal action;[22] or (b) it is merely advisory or admonitory, but not compulsory, before an action is brought.[23]

57. The order for reference appears implicitly to opt for the second interpretation. However, the fact of the matter is that both interpretations lead to the same outcome:

– If the prior warning notice ordering cessation of the infringement were an essential condition under German procedural law for the admissibility of a legal action having the same subject matter, the connection between the judicial proceedings and the extrajudicial proceedings could not be any clearer.

– That connection would also exist (but would not be as obvious) if the extrajudicial warning notice – in line with the wording of the UrhG – were the approach suggested or recommended by national law, prior to court proceedings, in terms which make it de facto almost unavoidable.[24]

58. On that basis, it can be concluded that, for the purposes of Article 14 of Directive 2004/48:

– Expenses incurred in connection with the extrajudicial warning notice ordering cessation of the infringement are directly and closely connected to the subsequent legal proceedings, even if, owing to the success of the former, the latter are not actually instituted.

– The infringer, as the 'unsuccessful' party (because he or she has agreed to comply with the order to cease the infringing conduct), must bear any expenses incurred by the rightholder (the successful party), unless equity does not allow this.

– The obligation to bear the other party's expenses is imposed on the infringer because, 'the author of the infringement of the intellectual property rights must generally bear all the financial consequences of his conduct.'[25]

59. The expenses incurred in connection with a warning notice – which, I repeat, are borne by the infringer – may include, in principle, the fees of the lawyer who assisted with that notice, even if national law does not prescribe that a warning notice prior to legal proceedings must be drafted by a lawyer. I shall refer to this point when dealing with the second question referred for a preliminary ruling.

[22] 'Before instituting legal proceedings, the injured party *shall* send the infringer a warning notice calling on him or her to cease the conduct concerned'.

[23] 'Before instituting legal proceedings, the injured party *should* send the infringer a warning notice calling on him or her to cease the conduct concerned'.

[24] That connection is strengthened by an argument to which the parties have referred in their observations: in addition to having the aim of avoiding court proceedings, the warning notice is useful for preventing a potential order as to costs against the rightholder if he or she seeks redress in the courts directly. They submit that, under German law, if the injured party were simply to opt to bring an action in the courts, he or she would run the risk of foreseeable acquiescence on the part of the infringer which could result in the rightholder (and victim of the infringement) having to pay not only his or her own legal costs and expenses but also those of the infringer. In those circumstances, the injured party might be 'deterred from bringing legal proceedings in order to assert his or her rights'.

[25] Judgment of 18 October 2011, *Realchemie Nederland* (C-406/09, EU:C:2011:668, paragraph 49).

60. In summary, I see no reason why the expenses – including lawyers' fees – associated with an extrajudicial warning notice ordering that an infringer desist from his or her conduct should not come within the scope of Article 14 of Directive 2004/48, owing to the connection between the notice and the possible and immediate legal proceedings (which would also be aimed at the cessation of an infringement that has been identified and can be attributed to a specific person).

C. The second question

61. The second question referred for a preliminary ruling raises two issues which may be dealt with together.

62. The referring court asks whether a holder of intellectual property rights 'is in principle entitled to reimbursement of the full amount of the lawyers' fees … or at least a reasonable and substantial proportion of those fees', where:

– the infringer is a natural person acting outside his or her trade or profession; and

– national law provides that, in such a case, lawyers' fees are generally recoverable only after the value in dispute has been reduced.

63. The national court requests, for that purpose, an interpretation of EU law, 'particularly with regard to Articles 3, 13 and 14 of [Directive 2004/48], Article 8 of Directive [2001/29], and Article 7 of Directive [2009/24] …'.

64. It is true that the articles referred to in Directive 2001/29 and Directive 2009/24 provide for measures in connection with the protection of the holder of an intellectual property right that is the subject of infringing conduct.

65. However, the generic nature of the wording of those articles, compared with Article 14 of Directive 2004/48, which specifically governs legal costs and other expenses in relation to proceedings of that kind, makes it advisable to focus attention on the latter and to disregard the rest.

66. As I stated in the Opinion (also delivered today) in *Nova Text*,[26] Article 14 of Directive 2004/48 is not unconditional, since, in addition to being a 'general rule', it requires Member States to ensure the reimbursement only of legal costs that are reasonable[27] and proportionate.[28]

67. Paragraph 97a(3) of the UrhG does not hesitate to categorise as a 'necessary expense'[29] that incurred in respect of the services of a lawyer instructed to deal with a warning notice (provided, naturally, that that warning notice is justified). The referring court also appears to consider that such a cost is necessary in the dispute before it.

[26] Point 34 of the Opinion in *Nova Text* (C-531/20, EU:C:2021:917).

[27] Judgment in *United Video Properties*, paragraph 24: '… Article 14 of Directive 2004/48 requires Member States to ensure the reimbursement only of "reasonable" legal costs. Furthermore, Article 3(1) of that directive provides, inter alia, that the procedures laid down by the Member States must not be unnecessarily costly.'

[28] Ibid., paragraph 29: 'Article 14 of Directive 2004/48 provides that the legal costs to be supported by the unsuccessful party must be "proportionate". The question of 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 …'.

[29] In relation to the necessity of expenses, I refer to my Opinion in *Nova Text* (C-531/20, EU:C:2021:917).

68. However, that provision of the UrhG limits, 'as regards the use of a lawyer's services, the reimbursement of *necessary expenses*' to legal fees derived from taking the value in dispute to be EUR 1 000 in respect of each action seeking a prohibitory or cease-and-desist injunction brought against a private individual acting in that capacity (that is, not acting in the course of a trade or profession).

69. The situation created is similar to that in the *United Video Properties* case. Whereas, in that case, the Belgian legislation established a ceiling for expenses associated with the assistance of a lawyer, here a similar outcome is reached via another route: the value in dispute is set at EUR 1 000 where the infringer of the intellectual property right is an individual.

70. In that case, I argued that Article 14 of Directive 2004/48 lays down a principle which is open to exceptions, 'by reference to criteria of reasonableness and proportionality which afford the Member States a broad legislative discretion. The national legislature may, in my opinion, determine for itself, taking account of the legal culture and situation regarding legal representation in Belgium, among other factors, the ceiling above which the lawyers' fees recoverable from the unsuccessful party cease to be reasonable.' [30]

71. In the judgment in *United Video Properties*, the Court held that a maximum rate scheme for setting the amount of lawyers' fees recoverable from the unsuccessful party is not, in principle, incompatible with Directive 2004/48, but it qualified that finding by stating that:

– The requirement of reasonableness 'cannot justify, for the purposes of the implementation of Article 14 of Directive 2004/48 in a Member State, legislation imposing a flat-rate *significantly below* the average rate actually charged for the services of a lawyer in that Member State.' [31]

– Legislation that lays down such a limit 'must ensure, on the one hand, that that limit reflects the reality of the rates charged for the services of a lawyer in the field of intellectual property, and, on the other, [from the perspective of proportionality] that, at the very least, *a significant and appropriate part of the reasonable costs* actually incurred by the successful party are borne by the unsuccessful party.' [32]

72. The answer to the first part of the second question referred for a preliminary ruling can be drawn from those legal grounds: the injured party is, in principle, entitled to recover all, or at least a significant portion, of the expenses associated with the assistance of a lawyer in connection with a warning notice ordering the cessation of an infringement, if that assistance is considered to be necessary and the amount sought is reasonable and proportionate (assessments which must be carried out by the referring court).

73. That answer is not called into question by the fact that the infringer of intellectual property rights is a natural person acting outside his or her trade or profession. To my mind, that circumstance is irrelevant from the perspective of Article 14 of Directive 2004/48, which concerns the protection of the injured party's rights, the commercial exploitation of which is also diminished in such cases.

[30] Opinion in *United Video Properties* (C-57/15, EU:C:2016:201, point 76).

[31] Judgment in *United Video Properties*, paragraph 26. Emphasis added.

[32] Ibid., paragraph 30. Emphasis added.

74. The victim of an infringement of intellectual property rights may suffer the resulting harm both where the infringement is committed by a natural person outside his or her trade or profession and where it is committed by such a person in the course of his or her trade or profession.

75. The extent of that harm may vary depending on the circumstances (it is logical to assume that in the latter situation, the harm will be greater), but it is the damages referred to in Article 13 of Directive 2004/48, not the 'legal costs' referred to in Article 14 of the directive, which are intended to compensate for that harm in its entirety. [33]

76. If the rule that applies, pursuant to Paragraph 97a(3) of the UrhG, to natural persons who commit infringements outside their trade or profession were not open to exceptions, it would be incompatible with Article 14 of Directive 2004/48, as interpreted above. That would frequently lead to the reimbursement of amounts 'significantly below' the fees normally charged and would therefore not satisfy the criteria set out in the judgment in *United Video Properties*. [34]

77. That rule is not inflexible and it is open to the German courts to disapply it by setting a higher amount as the reference value (to which the relevant percentage will be applied) if that is justified on grounds of fairness in the light of 'the specific circumstances of the case'.

78. It could be argued that the national provision still does not comply with Article 14 of Directive 2004/48: in accordance with that provision, reasonable legal expenses must be reimbursed to the successful party 'unless equity does not allow this', whereas, as the referring court notes, what Paragraph 97a(3) of the UrhG actually does is reverse the rule.

79. I do not believe that that argument is sufficient to displace the application of the national provision if it is possible to interpret that provision in a manner consistent with EU law, with the result that, ultimately, its outcome is the same as that required by EU law.

80. The reference to equity in both provisions (Paragraph 97a(3) of the UrhG and Article 14 of Directive 2004/48) allows the national court to adjust upwards the recoverable fees if the strict application of the national rule would lead to the reimbursement of those fees only in an amount much lower than that which is reasonable and proportionate.

81. Therefore, I agree with the Commission's view that '… Paragraph 97a of the UrhG allows the national court sufficient latitude to assess in each case whether the facts of the dispute make application of the ceiling unfair'. [35]

82. Accordingly, the national court must carry out a twofold assessment, an assessment which the Court may not conduct in its stead:

– First, it must examine whether the limit on the value of the proceedings in those circumstances means that the lawyers' fees which can be recovered from the infringer are significantly lower than the usual rate (or the average rate) for warning notices.

[33] See, again, the judgment of 18 October 2011, *Realchemie Nederland* (C-406/09, EU:C:2011:668, paragraph 49), transcribed in point 58.

[34] In this case, Koch Media asserts that it had to pay its lawyers the rate strictly calculated on the basis of the actual value of the dispute (EUR 20 000), whereas it will recover only the portion corresponding to the amount of EUR 1 000.

[35] Paragraph 33 of its written observations.

– Second, if that is the case, the national court may, on grounds of fairness, increase the amount of those fees to a reasonable and proportionate level.

83. When carrying out those assessments, there is nothing to preclude the referring court from considering the effect, inter alia, of the factors which it sets out in the second part of the second question referred for a preliminary ruling: 'how current the work is, the period of publication' and the fact that the infringement consisted of making a protected work available to the public 'for free download to all users on a freely accessible exchange platform that has no digital rights management'.

V. Conclusion

84. In the light of the foregoing considerations, I propose that the Court of Justice reply to the Landgericht Saarbrücken (Regional Court, Saarbrücken, Germany) as follows:

(1) 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 must be interpreted as covering the expenses (fees) associated with the assistance of a lawyer incurred by a holder of intellectual property rights in connection with an extrajudicial warning notice sent to an infringer ordering that he or she put an end to the infringement of those rights, as a prior step before bringing a court action having the same subject matter.

(2) Article 14 of Directive 2004/48 must be interpreted as not precluding a national provision which, for the purpose of calculating the fees recoverable from an infringer associated with the assistance of a lawyer in connection with an extrajudicial warning notice ordering cessation of the infringement, limits the value of the dispute to EUR 1 000 where the infringement of rights was committed by a natural person acting outside his or her trade or profession, provided that the national provision allows the court to disregard that limit on grounds of fairness in a particular case.

(3) In order to determine whether the fees associated with the assistance of a lawyer which may be recovered from the infringer are reasonable and proportionate, the court must examine all the relevant factors. These include how current the protected work is, the period of publication, and the fact that the infringement consisted of making that protected work available to the public for free download to all users on a freely accessible exchange platform that has no digital rights management.