

September 19 2022

Liability of patent agent due to insufficient advice on risks associated with costs of proceedings

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In November 2021, the Court of Appeal 's-Hertogenbosch ruled on the liability of a patent agent in relation to the question of whether they had sufficiently informed their client on the risks associated with invoking patent rights.⁽¹⁾

Facts

The issue specifically related to the question of whether the patent agent had sufficiently informed the client on the aspects on the possible costs of proceedings. The client lost the patent case and was ordered to pay its counterparty's costs of proceedings, amounting to roughly €35,000. The client held the patent agent liable, claiming that he had not been informed of the risk and possible costs of proceedings if he were to lose the case and, had he known, he would not have initiated the court case.

Decision

As to the assessment of civil liability, the standard that applies is that a contractor must perform their activities with the care that may be expected from a reasonably competent and reasonably acting contractor in similar circumstances.

The Court stipulated that, in IP cases, the deviating rules for the costs of proceedings under the Dutch Code of Civil Procedure play a prominent role. Moreover, patent cases (at the time when the patent agent advised its client) were not subject to indicative rates, unlike other IP cases. At the time the patent attorney advised the client about the strategy that could be followed, the risk of a high and not in advance determinable order to pay the costs of the proceedings in case of loss of the case was definitely present. According to the Court, it was part of the task of the patent agent to inform the client about this from the start of the discussions in a way that was clear to him and to enable the client to sufficiently take this risk into account when deciding on further steps.

It was clear that the patent agent did not inform the client about the aforementioned risk. However, the actual case involving the enforcement of the patent was done by another party (a patent lawyer). The patent agent claimed that in a meeting together with the patent lawyer, the client had been warned about the risks associated with the costs of the proceedings, but nothing had been recorded in writing. According to the Court, the fact that the lawyer handling the case could also be expected to bring this risk to the attention of client did not in itself detract from the duty of care of the patent agent as the party that, from the very beginning, supervised the entire procedure and strongly influenced the further decision-making process by estimating the chances of success.

The patent agent was invited to provide evidence of the warning by the lawyer handling the case. The Court eventually examined witness statements and concluded that it was likely that the client had been informed orally on the risks associated with costs of the proceedings. As such, the client may have had the opportunity to make an informed choice (on whether to start the patent case). However, the patent agent failed to prove that this was certain. The Court deemed that the patent agent had a duty of care and should have pointed out unambiguously and in writing the risk of a high order on the costs of proceedings. The patent lawyer handling the case did state that he had also sent a letter pointing out the risks, but the Court was uncertain whether the client had received the letter. The Court found that the patent agent had deprived the client of a certain chance to make a well-considered decision – the Court estimated that this chance, and therefore the patent agent's liability, was 50%.

Comment

The costs of proceedings that are to be borne by the losing party can be high, particularly in patent cases. Perhaps the patent agent assumed that the lawyer, who at a later stage was involved in the actual litigation, would point the client to such risks. However, this backfires when it is difficult to prove whether the client was sufficiently warned by the patent lawyer.

As to the aspect of liability, all relevant aspects play a role. In this regard, it was also deemed to be of importance that the client was a layman in the field of patent law and procedural law and that he had no relevant experience in those fields.

In any case, patent agents and lawyers are advised to inform their clients in writing of the risks associated with the costs of proceedings in cases concerning intellectual property.

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Endnotes

(1) Court of Appeal 's-Hertogenbosch, 9 November 2021 ECLI:NL:GHSHE:2021:3347.