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APPLICATION OF PACTE LAW PROVISIONS ON THE STATUTE OF LIMITATIONS FOR INFRINGEMENT ACTIONS: A WELCOMED CLARIFICATION

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An order from Paris Judicial Court dated May 6, 2021[1] has clarified how to compute the statute of limitations for infringement actions further to the PACTE Law's entry into force.

The PACTE Law introduces two changes to the statute of limitations for infringement actions:

- the starting point of the limitation period becomes subjective, since it is necessary to consider the moment when the plaintiff in the action "knew or should have known" the offending fact, in accordance with the general regime of article 2224 of the Civil Code ;*
- but the statute further specifies that it is "the last fact" upon which the action is based which must be considered.*

These changes became effective on May 24, 2019.

The order of May 6, 2021 recalls the jurisprudence of the Court of Cassation according to which the new law cannot have the effect of modifying the starting point of the limitation period which began to run under the old law.

Thus, acts of infringement that occurred before May 24, 2019 remain subject to a five-year statute of limitations that runs from the time the act was committed.

In other words, the PACTE law will not have any practical effect before May 24, 2024. It is only from this date that the court will be able to fully apply the provisions relating to the starting point of the limitation period set out in article L.615-8 of the French Intellectual Property Code as amended by PACTE Law.

The case involves the American company Assia Inc. against Orange and Alcatel-Lucent International. Assia claims that a software solution for DSL network management, which Alcatel provided to Orange in May 2010 and which Orange has since been using on its lines and networks, would implement the broadband optimization technology covered by two of its patents.

In its writ of summons dated August 6, 2020, Assia dates the alleged infringement to May 2010. In the context of a business secret incident brought by Assia to have the seals made during the infringement seizure lifted, Orange and Alcatel raised a dismissal plea based on the statute of limitations of Assia's claims relating to acts prior to August 6, 2015.

The judge granted Orange's and Alcatel's requests, recalling that between May 2010 and the summons, three versions of article L615-8 of the CPI[2], governing the statute of limitations for patent infringement actions, followed one another:

- the one resulting from No 92597 law, in force from July 3, 1992 to March 13, 2014, provided for a limitation period of **3 years as from the facts of** infringement which are at stakes;*
- the one resulting from No 2014315 law, in force from March 13, 2014 to May 24, 2019, increased this period to **5 years, always starting from the facts of** counterfeiting at stakes;*
- the one resulting from the PACTE law[3], in force since May 24, 2019, modifies the starting point of the **5 year** period, by making it run "**from the day when the holder of a right knew or should have known the last fact allowing him to exercise it**". The judge notes that this modification of the starting point has unquestionably had the effect of lengthening the duration of the limitation period, as had moreover been clearly specified by the parliamentary work.*

Since none of these laws provides for transitional provisions concerning the articles relating to limitation, they are subject to the principle of article 2 of the Civil Code, according to which the law has no retroactive effect, and to the principle of article 2222 of the Civil Code, according to which "*A law which extends the duration of a limitation (...) has no effect on a limitation (...) that has already expired. It applies where the period of limitation (...) had not expired on the date of its entry into force. In such a case, account shall be taken of the period that has already elapsed.*"

In application of these provisions, the judge distinguishes in this case:



- Claims based on acts committed between May 2010 and March 12, 2011, i.e., 3 years before the entry into force of Law no. 2014-315: for these acts, the statute of limitations had already expired when Law no. 2014-315 entered into force pursuant to previous Law n°92-597;

- Claims based on acts committed between March 13, 2011 and May 23, 2014, i.e. 5 years before the PACTE Law came into force: for these acts, the statute of limitations had already expired when the PACTE Law came into force. This statute of limitations was acquired pursuant to Law no. 2014-315, which was immediately applicable not only to claims based on facts that occurred after its entry into force but also to claims based on facts for which the 3-year period of the previous law had not expired on the day of its entry into force ;

- Claims based on facts committed between May 24, 2014 and August 5, 2015, i.e., 5 years before the summons: for these facts, the statute of limitations had already expired at the time the summons was issued. For this last series of facts, the judge transposed the constant jurisprudence of the Court of Cassation dealing with application time of June 17, 2008 law reforming the statute of limitations in civil matters, according to which the 2008 law did not have the effect of modifying the starting point of the limitation period that had begun to run prior to its entry into force[4]. In the same way, the judge noted in this case that the PACTE law, although immediately applicable, could not have had the effect of modifying the starting point of the limitation period that had begun to run prior to its entry into force (in the sense of a lengthening).

It should be noted that claims based on events occurring on or after August 6, 2015 are not barred by the statute of limitations for the following reasons:

- Those based on acts committed between August 6, 2015 and May 23, 2019 are not timebarred because the statute of limitations, as of the commission of the act (pursuant to prior law), had not expired on the day of the summons ;

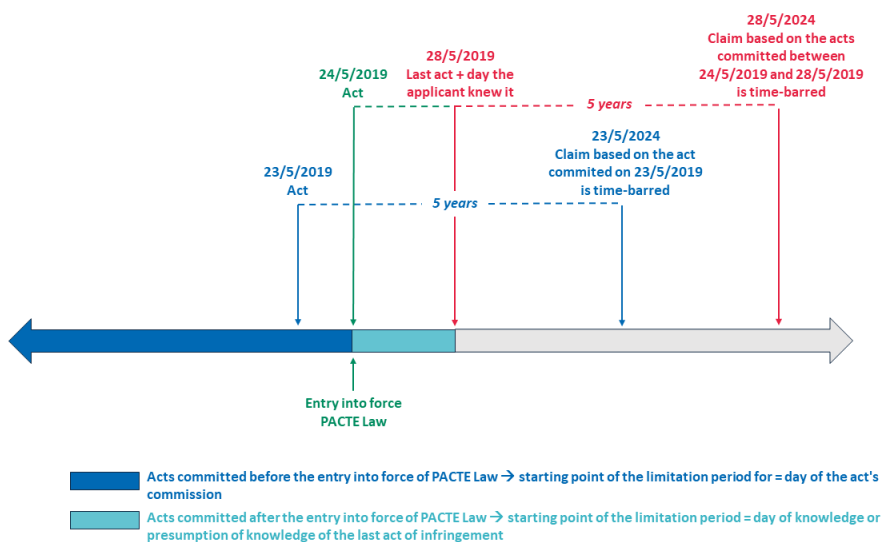
- Those based on facts committed as of May 24, 2019 are not timebarred because the statute of limitations, which is calculated this time pursuant to the PACTE Law, has not expired either.

Ultimately, as illustrated by the example shown in the diagram below, this order tells us that:

- infringement acts that occurred before May 24, 2019 remain subject to a five-year (or triennial if the 1992 law applies) statute of limitations that runs from the time the act was committed;

- only the acts of infringement that occurred after May 24, 2019 are subject to a five-year statute of limitations that runs from the day the plaintiff knew or should have known the last fact that allowed him to bring the infringement action;

- before May 24, 2024, the new statute of limitations provided for by the PACTE Law will not have any real effect, since no infringement action can practically be timebarred on this basis.



[1] The decision in french is available here. Grégoire Desrousseaux, author of this article, represented one of the defendants in this case.

[2] https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000038613109/



[3] Law No. 2019-486 of May 22, 2019 on the growth and transformation of businesses, known as the "PACTE Law": <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038496102/>

[4] Cass. Civ. 1st, January 10, 2018, pourvoi n°17-10.560; Cass. Civ. 1st, May 13, 2014, pourvoi n°13-13.406, Bull. 2014, I, n°83; Cass. civ. 3rd, January 24, 2019, pourvoi n° 17-25.793, P+B
