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Legal framework

A number of statutory instruments provide for anti-counterfeiting measures in Austria. Some of these are based on EU legislation, while others have been harmonized with EU law.

The EU Customs Regulation (1383/2003) and the corresponding implementation regulation (1891/2004) standardize border seizure proceedings within the European Union and are thus applicable in Austria. In addition, the Product Piracy Act contains provisions governing border seizure.

The various IP rights that entitle rights holders to border seizure and other anti-counterfeiting measures are laid down in several national codes which provide for proper protection of intellectual and industrial property. Further, several EU regulations in this field apply directly. The main substantive IP laws in Austria are as follows:

- the Trademark Protection Act;
- the EU Trademark Regulation (207/2009);
- the Design Protection Act;
- the EU Design Regulation (6/2002);
- the Patent Code;
- the Utility Model Act; and
- the Copyright Act.

The Unfair Competition Act is also relevant with regard to internet service providers' liability, as is the E-commerce Act. The Rules of Jurisdiction and the Code of Civil Procedure govern proceedings in civil matters.

Moreover, the abovementioned Austrian IP laws contain criminal law provisions with regard to the protection of intellectual property. In addition, certain provisions of the Criminal Code, in particular the Code of Criminal Procedure, apply where wilful infringement has taken place.

Border measures

As stated above, the EU Customs Regulation, its implementing regulation and the

Product Piracy Act govern border seizures in Austria. The core elements of these proceedings are:

- a motion for official action to be filed with the customs authorities;
- seizure of counterfeit goods; and
- opposition proceeding.

Generally, IP rights holders must file a motion with Customs in order for the latter to intervene. The motion requests Customs to inspect suspect goods to determine whether they are counterfeit and then to seize them if they are. Thus, providing Customs with additional information on identifying features and distribution channels will help it to identify counterfeits. A border seizure order is valid for one year and can be repeatedly renewed for the same term. Customs will also act on the basis of an EU border seizure order.

Once goods have been identified as counterfeits traded on a commercial scale or at least are suspected as such, Customs may seize them and temporarily suspend their release. Seizure may also be ordered by the

tax authorities if the import of counterfeits amounts to a tax fraud.

In the event of a customs seizure, the rights holder and the consignee or declarant of the shipment will be notified. The rights holder may request the names and addresses of the consignor and consignee, as well as data regarding the origin and provenance of the goods. Further, the rights holder is entitled to:

- inspect the seized goods;
- take photographs; and
- receive samples.

Within 10 working days of notification (which can be extended for an additional 10 working days), the rights holder must initiate a legal action – either civil or criminal – to prevent the detained goods from being released. For perishable goods, any action must be filed within three working days.

The consignee or declarant of the shipment may object to the seizure within 10 working days of notification. Otherwise, or in the event that the consignee or declarant consents, the goods will be destroyed by, or under the supervision of, the customs authorities – provided also that the rights holder:

- confirms that the seized goods are counterfeit; and
- consents to their destruction.

The costs of destruction are borne by the rights holder, though it may later seek to recover such costs from the counterfeiter. In certain circumstances, the goods can also be made available to charitable institutions.

If an objection has been raised and court proceedings are not timely initiated, Customs must lift the seizure and release the goods. Otherwise, the seizure will be maintained until a final court decision has been rendered.

Finally, importing or exporting counterfeits may constitute a tax offence, with a penalty of up to €4,000 (€15,000 in the event of wilful commission), as well as forfeiture of the counterfeits.

Criminal prosecution

The substantive IP laws, rather than the General Criminal Code, provide that wilful IP infringement is a criminal offence. In the past, criminal proceedings were the best way to combat counterfeiting; this was particularly the case if there was insufficient evidence to file a civil lawsuit, as the civil procedure rules did not provide means for obtaining evidence while the criminal procedural rules did. The Criminal Code sets

out the procedural rules for pursuing counterfeiting by means of criminal prosecution. These were significantly amended, with effect from January 1 2008.

A general advantage of criminal proceedings is the right to a search warrant, which may yield further evidence or even reveal a larger scale of counterfeiting activities. If other counterfeit goods are found during the search, they may be seized immediately. However, criminal proceedings do not provide for (preliminary) injunctive relief – only for punishment of the counterfeiter along with forfeiture and destruction of the counterfeits. In certain circumstances, publication of the verdict may also be obtained. In straightforward cases, the judge can award damages for the injury suffered by the rights holder.

Unlike in many other jurisdictions, in Austria the criminal offence of wilful infringement is viewed as a private prosecution; therefore, the rights holder itself is responsible for filing and pursuing criminal charges. The public prosecutor cannot pursue the case. Since January 1 2008 the previous short statute of limitations for instigating criminal proceedings on a private prosecution basis no longer exists; however, the general time limit for criminal charges – one year or five years in the case of recurring offences – still applies. The penalty prescribed by most statutory IP laws for wilful infringement ranges from a fine of up to 360 times the infringer's average daily income to up to two years' imprisonment in the case of recurring infringement.

Since January 1 2008, pre-trial investigation proceedings are no longer available to private prosecutors. This means that the rights holder must review the case and evaluate the available evidence carefully before initiating criminal proceedings; it can no longer file motions for preliminary measures against the suspect to obtain further evidence without having the suspect officially charged with a misdemeanour or a crime. Thus, the private criminal action must correspond to the requirements of the charge.

Further, the private prosecutor must explain why it is entitled to bring charges. The private prosecutor may also apply for a search and seizure warrant and other appropriate measures. Moreover, if the suspect cannot be convicted, the rights holder may seek independent criminal forfeiture and destruction of the counterfeits.

The criminal charges for IP rights infringement must be brought before the court in the place where the offence has

been committed. However, the Vienna Criminal Court has exclusive jurisdiction in cases of wilful infringement of patents, utility models, designs, Community trademarks or Community designs. Private prosecutions in matters relating to IP rights infringements are heard by a single judge.

The outcome of the case will determine the issue of legal costs. If the prosecuted party is convicted, it must also reimburse the private prosecutor's legal costs. If the criminal charges against the suspect are dismissed or the criminal proceedings do not result in a conviction, the party that brought the private prosecution will be ordered to pay the legal costs.

As regards legal remedies, both the defendant and the plaintiff may appeal the verdict before the regional court of appeals.

Civil enforcement

An aggrieved rights holder can also choose from an array of claims to bring in a civil court. These include:

- injunctive relief;
- removal of the infringing goods and the tools necessary for their production;
- adequate compensation, irrespective of negligence; and
- publication of the injunction element of the judgment.

Further, in cases of negligence, the rights holder can claim either damages (including lost profits) or delivery up of the assets realized by means of the infringement instead of adequate compensation. In the event of wilful infringement or gross negligence, the rights holder may claim double remuneration (ie, twice the sum of adequate compensation), irrespective of proof of the damage suffered. In certain circumstances, the rights holder may also claim compensation for any immaterial damage inflicted.

In addition, the rights holder is entitled:

- to a rendering of accounts so as to be able to quantify the damage claimed; and
- to receive detailed information on the origin, size or volume, prices and distribution channels of the counterfeit goods, including the personal data of anyone who possessed or traded the counterfeits on a commercial scale.

Payment claims such as claims for compensation are subject to a limitation period of three years upon giving notice of the infringement. The same applies for injunction claims. For certain criminal misdemeanours, such as acts of wilful

infringement, a longer limitation period of 30 years may apply.

Civil lawsuits for IP rights infringements are brought in the commercial courts or commercial divisions of the regional courts which have jurisdiction over IP rights infringement cases. Disputes involving patents, utility models, designs, Community trademarks or Community designs are heard exclusively by the Vienna Commercial Court.

In addition to claims laid down in the respective substantive IP laws, the Unfair Competition Act provides for similar claims against engaging in unfair, aggressive or misleading commercial conduct or practices, such as misrepresentation of ownership of IP rights or slavish imitation of products. The commercial courts or commercial divisions of the regional courts also have jurisdiction over these disputes. However, in contrast to trademark claims, the statute of limitations with respect to injunction claims in unfair competition cases lapses after only six months.

The court's judgment is subject to appeal to the respective court of appeals; there is a restricted right of second appeal to the Supreme Court, for which prior leave must be granted by an appeal court or the Supreme Court.

Most substantive IP laws provide for preliminary measures and so does the Enforcement Act. Since the implementation of the EU IP Rights Enforcement Directive (2004/48/EC) in 2006, rights holders can benefit from preliminary measures for other claims (eg. removal, adequate remuneration, damages and delivery up of the assets), in addition to preliminary injunctive relief. The preliminary measures are designed to secure both the claim and evidence until a final decision is handed down in full-scale proceedings. Such preliminary orders are subject to appeal and the additional remedy of an objection if the defendant was denied the chance to comment on the motion. Usually, the legal remedies in preliminary proceedings do not suspend the enforcement of the preliminary injunction, but exceptions may be granted upon a separate motion.

Anti-counterfeiting online

The E-commerce Act provides for 'freedom of access', meaning that no additional authorization is required for a supplier to offer products online. In other words, the supplier need only observe the same requirements as when products are offered offline. However, the supplier's website must contain detailed information about its

name, address and email, as well as the prices of its products and shipment costs.

As a matter of statutory law, Austrian IP laws stipulate that an offer of counterfeit goods (including bids via electronic media) constitutes an act of infringement. Moreover, the Unfair Competition Act categorizes the online advertisement of pirated goods as an unfair trade practice in terms of an IP rights infringement.

In terms of case law, the Supreme Court has deemed that the launch of a website advertising and offering for sale counterfeits infringes IP rights. This view applies even if the domain name is registered abroad, because a link with Austria is evident from the fact that the site can be accessed via the Internet in Austria. However, the court also ruled that appropriate disclaimers on a website may exclude the possibility of bringing an action before the Austrian courts.

The relevant host provider may be made liable for IP rights infringement unless:

- it was unaware of the content and the infringing conduct on the website; or
- it blocked the website immediately after being notified that the goods on offer were counterfeit.

Pursuant to the E-commerce Act, there is no general obligation for providers to monitor the content they provide. For cease and desist claims, it is a prerequisite that the provider was made aware of the infringement by the third party. This is generally not the case, according to Supreme Court case law, unless the provider has been notified by the rights holder (eg. through a warning or cease and desist letter). After having received such notification, the provider will be basically liable for the infringement, provided that it is obvious to a layperson. However, the provider may avoid liability if it blocks immediately access to the infringing content after receiving the notification or warning letter. Further, according to recent case law, the provider is not obliged to disclose information about the holder of a dynamic internet protocol address, as such data cannot be legally retained until the EU Data Retention Directive is implemented in Austria (which is expected to take place in 2010).

Preventive measures/strategies

The most widely used preventive measure in Austria is the border seizure order. Precise, up-to-date information regarding the originals, detailed identification features and information on distribution channels enable Customs to identify counterfeits and facilitate seizures.

It is important to work closely with public authorities. Public agencies such as Customs can act not only in border seizure scenarios, but also in interstate commerce, in particular when tipped off about a consignment of counterfeits being shipped through Austria. Close cooperation with the police can also facilitate seizures based on official search warrants. Membership of, or cooperation with, national or international anti-counterfeiting agencies helps to further the exchange of valuable information and assist in the fight against internationally organized gangs of counterfeiters.

Further preventive measures lie with the respective rights holder and often depend on the availability of sufficient funds. In particular, IP rights holders often fund market studies and activities to enhance brand awareness. Large companies are increasingly choosing to monitor their supply chains, controlling their relationships with contractors and reshaping contracts and licence agreements accordingly. The use of electronic devices is also being considered by numerous businesses, but many do not pursue this course of action due to budgetary constraints. However, technology is increasingly being used, particularly by larger organizations, to authenticate goods and monitor procedures.

Private investigators may also be considered and often prove useful in locating known but evasive counterfeiters, or in discovering and recording counterfeiting or infringing conduct. Test purchases and copies of website print-outs may also be arranged by private investigators or a local attorney. The services of local legal counsel with special expertise in anti-counterfeiting should be retained, at least from the point at which the rights holder obtains (sufficient) proof of counterfeiting activity in Austria. [WTR](#)

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Alexander Cizek studied law in Vienna and the United States, and was admitted to the New York Bar in 1996 and to the Austrian Bar in 2000. A partner with DLA Piper Weiss-Tessbach Rechtsanwälte GmbH since 2001, he is a member of the firm's IP and technology practice group and heads the IP team in the Vienna office. Mr Cizek specializes in all aspects of IP law, including trademarks, brand protection, anti-counterfeiting and trademark enforcement, as well as patent, design, copyright and unfair competition law. He provides legal advice to both national and international clients on IP and related issues, and has represented clients in licensing and know-how transfer negotiations. He also has substantial litigation experience both in court and before the Patent and Trademark Office.

Mr Cizek has been distinguished by the *Chambers & Partners* and *Legal 500* guides for his brand protection and anti-counterfeiting work. He also teaches IP law at the University of Vienna.