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Legal framework

Germany is a signatory to all relevant international IP protection agreements, including the Paris Convention for the Protection of Industrial Property, the Agreement on Trade-Related Aspects of Intellectual Property Rights, the Madrid Agreement and Protocol and the Hague Agreement.

As an EU member state, Germany is also part of the Community trademark (CTM) and Community design (CD) system, and applies harmonized domestic trademark and design law as well as the partially harmonized law on unfair competition and copyright law. However, since the protection of non-registered trademark rights is not harmonized in the European Union, rights holders may assert trademark rights acquired through use in Germany provided that the use is such as to establish the mark in the minds of the relevant public.

An important step in harmonizing and intensifying the fight against counterfeiting in Europe was the adoption of the EU IP Rights Enforcement Directive (2004/48/EC). The directive harmonizes, among other things, the available measures, procedures and remedies in Europe. Nonetheless, certain discrepancies within the IP regimes of individual member states prevail, in particular concerning the extent to which enforcement orders are granted and executed by the relevant authorities.

The act implementing the directive into German law – which was already substantially in compliance with the directive – entered into force on September 1 2008. Among the changes introduced by this new law are:

- claims for preservation of evidence, recall and definitive removal of infringing products;
- claims for the submission of bank, financial or commercial documents in certain circumstances;
- claims for the publication of judicial decisions;
- inspection rights; and

- the widening of existing rights to claim destruction of seized counterfeit goods and rendering of information.

It is now possible to request the recall of products that are being labelled or created illegally, as well as their removal from the market. Moreover, the rights holder may apply for the destruction not only of the counterfeit goods, but also of materials and apparatus that have been used in the counterfeiting operation, or for the delivery of the infringing items to the rights owner.

In Spring 2008 the European Commission, strongly supported by Germany, began negotiations for a new Anti-counterfeiting Trade Agreement after being mandated by the EU member states and other countries, including Australia, Canada, Japan, Morocco, Mexico, New Zealand, Singapore, South Korea, Switzerland and the United States. The negotiations are still ongoing. Negotiations were originally anticipated to conclude by the end of 2008; however, in November 2008 the European Commission stated that

negotiations are likely to continue in 2009. The efforts to reach such an agreement – which is intended in particular to contribute to international cooperation, as well as the harmonization of enforcement standards and practices – underline the urgent need for enhanced anti-counterfeiting approaches for the whole EU market.

Border measures

Globalization and developments in trade (and, most importantly, the rise of the Internet) have made counterfeiting more prevalent. Against this backdrop, the value of counterfeited products seized by German Customs in 2007 amounted to €426 million – but this figure is only the tip of the iceberg. As long as the number of counterfeit products seized at the external EU borders still amounts to nearly 100 million (in 2007 a total of 79 million fake goods were seized), the issue remains pressing and requires a global solution.

In light of this, it is good news for rights holders that, within the framework of the implementation of the IP Rights Enforcement Directive, a simplified procedure is now available for the destruction of counterfeit goods seized by Customs. This will allow destruction without legal action and without the infringer's approval where the infringer fails to object within a certain timeframe.

According to the Dusseldorf Appeal Court, mere knowledge of an IP infringement (eg, a confiscation by Customs) constitutes an obligation on the part of the forwarding agent to check the legitimacy of the goods. The method for achieving this verification has to be decided by the forwarding agent, but after being notified of an infringement, the forwarding agent will be responsible for the infringement, irrespective of any (differing) instructions from its client.

Criminal prosecution

The infringing use of a trademark or design in the course of trade, including the infringing use of a CTM or CD, constitutes a criminal offence. The offender can be sentenced to a fine or imprisonment for up to three years. Offenders operating on a commercial scale (ie, making a living from dealing in counterfeits) can be sentenced to up to five years' imprisonment.

Trademark and design infringements are prosecuted by the public prosecution authority upon request by the trademark or design owner. However, the authority can also start criminal proceedings if it considers an *ex officio* intervention to be

imperative because of particular public interest in the prosecution of the criminal offence. In practice, however, trademark and design infringements are usually prosecuted only if the infringer acts on a commercial basis, which means that trademark or design infringement constitutes the essential aspect of the defendant's business, such as in cases of organized piracy and counterfeiting.

Civil enforcement

Domestic legislation and the court system provide rights holders with a number of effective, prompt and cost-saving measures for the enforcement of IP rights. In practice, remedies in cases of IP rights infringement or unfair competition are primarily civil (eg, cease and desist orders and damages), although penal remedies also exist, as do administrative remedies such as border seizure.

The courts that hear IP infringement cases are spread among the 16 federal states. The degree of specialization may differ between courts. Pursuant to the *forum delicti commissi* principle (the law of the place where the act was committed), in many infringement cases the claimant may choose where to bring proceedings. In general, infringement cases are heard at first instance by the district courts, at second instance by the courts of appeal and at third instance by the Federal Supreme Court. In most states one or two courts have jurisdiction for anti-counterfeiting cases. Rights holders often opt for courts that regularly handle a high volume of IP cases, such as the district courts of Cologne, Dusseldorf, Frankfurt, Hamburg, Mannheim and Munich. These courts (with the exception of Cologne) are also designated as CTM and CD courts.

The length of anti-counterfeiting proceedings may also differ between courts. Main proceedings (including claims for information and damages and destruction) are likely to take between six and nine months before a district court, from filing of the complaint to judgment. Depending on court practice, there may be one or two hearings in a typical case. Where a court orders an evidence hearing there may be a further session for hearing witnesses or experts; in such cases proceedings will typically take another three months. In general, appeal proceedings take an average of between nine and 12 months, usually with only one court hearing. If evidence is taken at the appeal stage, an additional three months should be accounted for. If admitted, a further appeal to the Supreme Court will take one-and-a-half to two years.

Proceedings start with the claimant filing a comprehensive complaint, stating all relevant facts of the case. The defendant must respond within six to eight weeks. An oral hearing is held within a further one or two months. Typically, the decision is rendered about one month after the oral hearing. If an appeal is lodged, there is no automatic enforcement of the decision. However, a special order may authorize preliminary enforcement.

The aforementioned proceedings notwithstanding, the enforcement of IP rights by way of preliminary anti-counterfeiting proceedings is a fast and cost-effective option. The interim enforcement of both registered and unregistered rights is popular among rights holders; German courts are prepared to grant preliminary injunctions *ex parte* within one or two days in cases where the claimant shows evidence of:

- the ownership and validity of IP rights;
- a sufficient likelihood of infringement; and
- the urgency of the matter (the claimant may file affidavits as evidence in the specific procedure).

In particular, the courts tend to grant preliminary injunctions on the basis of unregistered rights if specific requirements are fulfilled (eg, in cases involving trademarks that are protected (but unregistered) through the use of a sign in the course of business, where the sign has acquired a secondary meaning as a trademark among the public, as well as unregistered CDs). An interlocutory injunction may be granted on the basis of copyright infringement and the supplementary protection against misappropriation under domestic unfair competition law (known as 'passing off'). This remedy has been welcomed by rights holders as it gives them the opportunity to stop immediately the imitation of product designs, packaging and slogans.

In preliminary proceedings the claimant may assert claims for a cease-and-desist order, as well as for the disclosure of information about the infringing act and a preliminary seizure order. Furthermore, in the event of an adequate likelihood of infringement, a court may request that:

- the suspected offender submit any relevant documentation; and
- relevant goods be inspected

Where an IP right has been infringed in commercial circumstances, the courts may order that bank documents, accounts and sales figures be submitted.

Such measures amount to an effective legal tool for obtaining information and evidence regarding an infringer's activities. Given that the German courts may order such a submission in relation to interim proceedings on application of the rights holder without having heard the suspected offender, the opportunities for rights holders to avail of enhanced enforcement measures are set to increase.

Consequently (and as a potential downside), a preliminary enforcement action renders claimants potentially liable for any damage suffered by the defendant as a result thereof if a court later finds against the claimant. For this reason, claimants are sometimes ordered to provide a bond (in the form of cash or a bank guarantee) to cover this risk before the preliminary enforcement can take place. The court determines the amount of the bond, taking into account the value in litigation and potential damages as a result of preliminary enforcement.

The fundamental difference between preliminary and main proceedings is that the latter provide for a conclusive and final resolution of the matter, whereas a preliminary injunction focuses on a preliminary and selected result, with the consequence that infringements are stopped immediately. In broad terms, a preliminary injunction requires no extensive evidence (eg, hearing of witnesses), while complex cases should be brought to court by way of a main action.

As a fundamental prerequisite, a request for a preliminary injunction requires that the matter be considered urgent. Therefore, the claimant must request preliminary relief shortly after becoming aware of the allegedly infringing acts (ie, within a maximum of one or two months of first obtaining knowledge of all relevant circumstances).

Ex parte injunctions are common and a hearing will be called primarily only when the court considers that elements may need to be discussed prior to issuing the preliminary order. The claimant must serve the injunction within one month of the order being issued. Furthermore, as the preliminary injunction is temporary, the claimant must file an application for a main action if the defendant does not accept the interim injunction as final.

The potential defendant, which may be aware of an impending request for preliminary relief (eg, after having been served a warning letter), may consider filing a protective brief with the courts. This may – and often will – cause the court to refuse to issue an injunction *ex parte*. Once a preliminary injunction has been issued, the

alleged infringer must comply with it, although it has the opportunity to file an opposition with the court that issued it in order to achieve a review and possibly a revocation of the preliminary injunction. The decision taken on review, as well as any preliminary judgment issued after an oral hearing, may be appealed to the appellate courts. There can be no further appeal to the Supreme Court.

Anti-counterfeiting online

The Internet is widely considered to be a home for counterfeiters – but it is also a home for anti-counterfeiting activities and strategies. The German customs authorities offer a wide range of information online in both German and English as to how to meet EU and national standards for an effective customs action.

Preventive measures/strategies

Trade shows

International trade shows are also considered to be a playground for counterfeiters. Accordingly, well-known fairs such as those in Frankfurt, Munich or Dusseldorf offer online advice and guidance for both attendees and rights holders to assist them in the fight against counterfeiting. Where counterfeit goods are exhibited at trade fairs (as they often are by foreign exhibitors with no permanent residence or establishment in the European Union), an application for injunctive relief by way of an interim injunction can be made.

Domestic legislation and the courts provide a wide range of effective measures and opportunities to strengthen the rights holder's position. First, the mere exhibition of counterfeit products at a trade show in Germany and corresponding online activities can lead to a cease-and-desist claim, regardless of whether the infringing goods were designed for the German market. Thus, a Chinese manufacturer offering counterfeit products at a German trade show may be stopped from doing so, even if the products are designed solely for the US market.

Second, once applied for, an interim injunction is rendered quickly – within days, if not hours, and in the vast majority of cases without hearing the respondent for a statement – provided that the request is sufficiently substantiated by evidence, including screenshots from the infringer's or the fair's webpage. Hence, the infringer will have no opportunity to prevent the injunction from being enforced by removing the counterfeit products from its trade booth.

Third, as trade shows regularly take place at weekends, some specialized IP infringement courts now offer an on-call weekend service (eg, the Frankfurt District Court, which is competent for the Frankfurt Fair; the Braunschweig District Court, competent for the Hannover Fair; and the Nuremberg District Court, competent for the Nuremberg Fair). Courts are also prepared to receive a request for an interim injunction via email in order to accelerate matters.

Once rendered, the injunction should be served as soon as possible by the bailiff to the counterfeiter's booth. This way, complications involving the counterfeiter's country of residence are bypassed. Since the alleged infringer must comply with the injunction from the minute it has been served, the counterfeit goods must be removed from the booth immediately. It is possible to instruct the bailiff to seize the counterfeit goods on the spot.

Other strategies

Successful anti-counterfeiting simply involves being one step ahead of the counterfeiter. The rights holder must control not only the route of its own original product – from inception to consumer – but also the route of potential counterfeit goods – from the source of origin to arrival at, for example, the port in Hamburg or the Munich Fair. Introduction of and monitoring by local counsel, investigators and manufacturers, as well as the prompt adjustment of preventive and repressive measures in the event that new evidence becomes available, are indispensable if the fight against counterfeiting is not to be lost before it has even begun. [WTR](#)



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Henning Hartwig's practice centres on the prosecution and litigation of IP rights in the fields of trademark, design, copyright and unfair competition law, with an emphasis on Community and German design law, in particular multinational design infringement proceedings and invalidity proceedings before the Office for Harmonization in the Internal Market. His clients include manufacturers of portable multifunctional communications devices, sports cars and shoes. He also deals with issues arising from the recodified Unfair Competition Law, in particular disputes regarding commercial advertising.

Dr Hartwig represents a global player in the cosmetics industry, an important international client in the consumer healthcare sector and a well-known Swiss food company in relation to its trademarks. Dr Hartwig has also represented a leading European furniture manufacturer in order to protect its copyright. He is a member of the MARQUES and UNION design teams, and frequently speaks and writes on key IP issues, particularly within the framework of the International Trademark Association, the Licensing Executives Society and the International Association for the Protection of Intellectual Property (AIPPI).