Anti-counterfeiting 2013

Spain
Contributing firm Bardehle Pagenberg
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Legal framework
Spain is a signatory to all relevant international IP agreements, including:
• the Berne Convention for the Protection of Literary and Artistic Works;
• the Paris Convention for the Protection of Industrial Property;
• the Agreement on Trade-Related Aspects of IP Rights;
• the Madrid Agreement Concerning the International Registration of Marks and the Madrid Protocol;
• the Hague Agreement Concerning the International Registration of Industrial Designs;
• the Trademark Law Treaty; and
• the Singapore Treaty on the Law of Trademarks.

As an EU member state, Spain is part of the Community trademark and Community design systems, which are governed by the EU Community Trademark Regulation (207/2009) and the EU Community Design Regulation (6/2002), respectively.

Furthermore, Spain has implemented all relevant EU directives regarding IP protection, in particular:
• the EU Trademarks Directive (2008/95/EC);
• the EU Designs Directive (98/71/EC); and

The main national laws governing IP protection in Spain are:
• the Trademarks Law (17/2001);
• the Industrial Designs Law (20/2003);
• the Patents Law (11/1986);
• the Criminal Code Law (10/1995), as amended by Law 5/2010;
• the Unfair Competition and Publicity Law (29/2009); and
• Royal Legislative Decree 1/1996 approving the revised text of the IP Law (which governs copyright).

The IP Rights Enforcement Directive was implemented by Law 19/2006, which
broadened the scope of protection of IP rights. Under this law, a rights holder may now request the seizure or destruction of material and equipment used to design or manufacture infringing goods, and may claim ownership of the infringing goods and the seized materials and equipment. Moreover, the rights holder may bring a civil action not only against the infringer, but also against any intermediaries, and claim compensation for the expenses incurred in obtaining evidence of the infringement.

It is also possible for rights holders to obtain details of the origin and distribution channels of the infringing goods (eg, the names and addresses of the producers, manufacturers, wholesalers and retailers, or the number of units produced, manufactured or delivered), and to request the offender to disclose its financial or commercial documents.

**Border measures**

Border measures are governed by the EU Customs Regulation (1383/2003) and its implementing regulation (EU Regulation 1891/2004).

The rights holder must lodge an application for customs action with the Sub-directorate General of Customs Management of the Customs and Special Taxes Department. The application must contain all information needed to enable the infringing goods to be easily recognised by Customs, including:

- an accurate and detailed technical description of the goods;
- any specific information that the rights holder may have concerning the type or pattern of fraud; and
- the name and address of the contact person appointed by the rights holder.

The rights holder must also submit proof of its right and a declaration:

- accepting liability towards the persons involved in the import of the allegedly counterfeit goods; and
- agreeing to bear all costs incurred in keeping the seized goods under customs control.

There is no fee for filing the application for customs action. Customs must process the application and notify the applicant of its decision in writing within 30 working days. If the application for customs action is granted, the period during which Customs is to take action shall be set at one year, which may be extended on an annual basis.

After being informed that Customs has suspended the release of goods suspected of being counterfeit, the rights holder may bring a legal action against the importer or the owner of the goods within 10 working days. Otherwise, Customs must release the goods.

Order 2343/2006 of the Ministry of Economy, implementing the Customs Regulation, established a simplified procedure which enables Customs to destroy counterfeit goods without the need to determine whether an IP right has been infringed. Such destruction shall be carried out at the expense of the rights holder. In order for the special procedure to apply, the rights holder must apply for the simplified procedure and confirm that the seized goods are counterfeit. Moreover, the rights holder must provide Customs with the written agreement of the importer or owner of the goods to the abandonment of the goods for destruction. This agreement shall be presumed to be given when the rights holder can prove that a written proposal for the destruction of

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the goods has been notified to the owner of the goods, and that such proposal was not opposed within 10 working days.

**Criminal prosecution**

Under the Criminal Code, the use, reproduction, imitation, modification, import or distribution of a sign that is identical or similar to a registered trademark for identical or similar goods or services, or of a product protected by a design, constitutes a criminal offence. For an IP infringement to constitute a criminal offence, the Criminal Code requires that the infringing use be made without the consent of the rights holder, for industrial or commercial purposes and with knowledge of the registered rights. If these conditions are met, the offender faces a fine and imprisonment of between six months and two years.

In cases of the sale of counterfeit goods by retail establishments, and in view of the offender’s circumstances and the low profit obtained, the court may impose a lower fine or a term of community service on the offender. If the profit is lower than €400, the infringement merely constitutes a misdemeanour.

Furthermore, the infringer shall be sentenced to a fine and imprisonment of one to four years, in addition to suspension from exercising the profession related to the infringement for between six months and two years.

Criminal offences against IP rights may be prosecuted *ex officio* following a police statement establishing the alleged infringement. However, in most cases prosecution begins after the filing of a criminal complaint by the rights holder, whose intervention ensures that the case is properly prosecuted. The court may order the police to search the offender’s premises and to seize the infringing goods and equipment used to manufacture them. If the court finds that infringement exists, it can order destruction of the seized goods and publication of the judgment.

A summary prosecution and trial are available in cases of infringers caught ‘red-handed’. This possibility applies to cases where the offender has been arrested by the police while offering infringing goods to the public, and where the circumstances of the case determine that the investigation of the facts will be short and straightforward.

Before 2010, the statute of limitations for criminal offences against IP rights was three years under normal circumstances and up to five years in cases involving aggravating circumstances. Law 5/2010, amending the Criminal Code, raised the statute of limitations in IP infringements to five years in all cases.

**Civil enforcement**

As of September 1 2004, civil infringement cases are heard by commercial courts, which specialise mainly in commercial law and IP matters. Moreover, as of January 1 2012, Barcelona Commercial Courts 2 and 8 have exclusive jurisdiction (in the province of Barcelona) to hear matters concerning trademarks, designs and copyright. In addition, some sections of the main courts of appeal have a high degree of specialisation in IP matters (eg, Section 28 of the Madrid Court of Appeal and Section 15 of the Barcelona Court of Appeal). This specialisation is improving the predictability and quality of judgments rendered in IP matters.

The Alicante commercial courts and the Alicante Court of Appeal have been designated as Community trademark and design courts of first and second instance, respectively, and their jurisdiction extends to the whole Spanish territory. Moreover, the Alicante Community trademark and design courts have exclusive jurisdiction to hear infringement actions where neither the defendant nor the plaintiff is domiciled or has an establishment within the European Union. The judges in charge of these courts maintain close contact with the Office for Harmonisation in the Internal Market and their decisions are highly reliable and consistent.

Rights holders may claim the following remedies in a civil action:
Spain

- the cessation of acts infringing their rights;
- compensation for the damages suffered;
- the adoption of measures necessary to avoid continuin of the infringement, in particular the withdrawal from economic circulation of the goods, packaging, wrappers, advertising materials, labels or other documents;
- the destruction or transfer for humanitarian purposes of the infringing goods;
- the transfer of ownership of the infringing goods, materials and equipment; and
- the publication of the judgment declaring the infringement.

The first and third remedies may also be claimed against any intermediaries involved in the infringement.

Compensation for damages may be claimed, in all circumstances against parties which affixed the infringing sign onto the goods, including presentation, packaging, wrappers or labels, and against parties which put the infringing goods on sale for the first time. In order to claim compensation for damages against parties which carried out any other infringing acts (eg, offering, storing, importing or exporting the goods, or using the infringing sign in advertisements or as a domain name), the rights holder must previously have sent the offending party a cease-and-desist letter.

Compensation for damages comprises not only the loss suffered, but also the profits that the rights holder failed to obtain as a result of the infringement. The rights holder may use one of two sets of criteria to calculate compensation for damages:

- the negative economic consequences of the infringement, including:
  - the profits that the owner would have obtained if the infringement had not taken place; and
  - the profits obtained by the infringer as a consequence of the infringement; or
- the sum that the infringer should have paid to the rights holder in order to use the right lawfully under a licence agreement.

There is also the possibility to claim compensation for moral (non-pecuniary) damage, even where no economic damage has been proved.

When fixing the amount of compensation, the courts should take into account, among other things, the reputation, well-known character and prestige of the infringed trademark, as well as the number and type of licences granted by the trademark owner.

Furthermore, the rights holder will, in all cases and without need for any proof, be entitled to 1% of the infringer’s turnover stemming from the infringing goods. Higher compensation may be requested if greater damage is proved.

Compensation for damages may also include the investigation costs incurred by the claimant in order to obtain reasonable proof of the infringement. Moreover, where an infringement is found and the infringer does not stop the infringement immediately, the court must fix a penalty to be paid by the infringer, with a minimum amount of €600 per day until the infringement ceases.

A rights holder may apply for provisional and preliminary measures either before filing the main action or alongside it. If it applies before the main action, that main action must be brought within 20 working days of grant of the provisional or preliminary measures.

In order to obtain the requested provisional or preliminary measures, the rights holder must submit sufficient prima facie evidence of the infringement and prove that if the injunction were not granted, the decision issued by the court would be ineffective. Moreover, the rights holder must post a security bond to respond to any damages that the injunction may cause to the offender.

Provisional or preliminary relief is usually granted after hearing the defendant. Nevertheless, if the rights holder can justify the urgency of the case, such measures may be granted ex parte.

Anti-counterfeiting online

According to the Trademark Law, a trademark owner may prohibit use of the registered trademark on communication networks and as a domain name. If a third party registers a Spanish domain name (‘.es’) that is identical or confusingly similar to a registered trademark, the rights holder may recover such domain
name through an extrajudicial conflict resolution system, which is very similar to the Uniform Domain Name Dispute Resolution Process. In particular, the rights holder must prove that:
- it owns a registered trademark;
- the defendant has no rights to or no legitimate interests in the domain name; and
- the domain name has been registered or is being used in bad faith.

The complaint may be filed with the World Intellectual Property Organisation Arbitration and Mediation Centre, or with certain Spanish entities acting as extrajudicial conflict resolution providers.

In its complaint, the trademark owner may request only either transfer of the domain name in its favour or cancellation of the domain name. It is also possible to bring a civil action to request the transfer or cancellation of a domain name.

Any offer of counterfeit goods on the Internet constitutes infringement; where such offer is addressed to the Spanish market or the infringer is located in Spain, the acts amount to an infringement of Spanish IP rights and may be prosecuted before the Spanish courts.

The unauthorised use of IP rights on the Internet may also be prosecuted under the Unfair Competition Act.

Preventive measures/strategies
In order to prevent counterfeiting, the adequate protection of IP rights in Spain and the filing (and timely renewal) of applications for customs actions are essential. In order to enable the prompt recognition of counterfeit goods by Customs, it is vital to provide it with all available information on the original goods and counterfeit goods, as well as their distribution channels.

Furthermore, an effective fight against counterfeiting requires the assistance of reliable local counsel, who can ensure close cooperation with the police and Customs. In this respect, the timeframe to inspect the seized goods and to bring a legal action against the importer is very short and requires a prompt reaction from rights holders and their counsel. Moreover, local investigators can help to locate counterfeiters and obtain evidence of infringement.

It is also advisable to monitor internet search engines (eg. Google) and online auction sites (eg. eBay) on an ongoing basis in order to prevent online counterfeiting and unauthorised use of IP rights.
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