



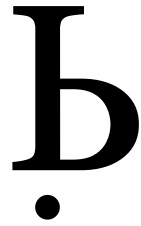
Germany

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Anti-counterfeiting 2015 A Global Guide

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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 Berne Convention for the Protection of Literary and Artistic Works;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights;
- the Madrid Agreement Concerning the International Registration of Marks and the Protocol to the Madrid Agreement; and
- the Hague Agreement Concerning the International Registration of Industrial Designs.

As an EU member state, Germany is also part of the Community trademark and Community design system and has implemented EU directives regarding trademark and design law, as well as all directives in the area of copyright and neighbouring rights, and in the field of unfair competition and consumer

protection. Since the protection of non-registered trademark rights as well as other trade designations (trade names, business designations, titles of works) is not harmonised within the European Union, rights holders may assert such rights in Germany when the respective requirements of protection are met. As regards unregistered trademarks, their protection requires that use have established the mark in the minds of the relevant public.

An important step towards harmonising and intensifying the fight against counterfeiting in Europe was the adoption of the EU IP Rights Enforcement Directive (2004/48/EC). The directive harmonises, among other things, the available measures, procedures and remedies in Europe. As a result, all member states must provide for relief in accordance with the standards of the directive. However, as the directive is a minimum directive, entitling member states to adopt broader protection for right holders, and as civil procedure rules are not harmonised, the



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

enforcement of IP rights in the European Union is still far from uniform. Cross-border relief is available in accordance with the jurisdictional rules of EU Regulation 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

Since implementation of the IP Rights Enforcement Directive, German law – which already substantially complied with the directive – provides, among other things, for the following remedies in each of the laws governing the various IP rights:

- claims for the 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
- extension of existing rights to claim destruction of seized counterfeit goods and rendering of information.

It is now possible to request the recall of products labelled or created illegally, as well as their removal from the market. Moreover, rights holders may apply for the destruction not only of counterfeit goods, but also of materials and apparatus used in counterfeiting operations. Alternatively, rights holders may apply for the delivery up of infringing items.

Measures under criminal law are not harmonised in the European Union and are thus subject to German domestic law.

Border measures

Globalisation and developments in trade (and, most importantly, the rise of the Internet) have made counterfeiting more prevalent. In Germany, more than 3.9 million counterfeit products were detained in 2013. Compared to 2012, the number of detained counterfeit products increased 18% in 2013. According to the EC Reports on Annual Counterfeit Customs Enforcement, the number of detained counterfeit products decreased by 10% in the European Union in 2013 compared to the previous year (35.9 million products, compared to 39.9 million products). The retail value of the products also decreased by 14% in 2013 compared to 2012 (€768 million compared to €896 million).

The EU border seizure regime has been recast. The new EU Customs Regulation 608/2013 entered into force on January 1 2014. The new regulation has clarified some issues and in particular has introduced a simplified procedure for the seizure and destruction of infringing goods when the importer does not specifically object. In addition to the importer, forwarders and shippers may be held responsible. According to the Dusseldorf Appeal Court, mere knowledge of an IP infringement (eg, 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 must be decided by the forwarding agent. However, 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 Community trademark or design, 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. Penalties for trademark infringement have been increased through a new law which entered into force in October 2013.

Trademark and design infringements are prosecuted by the public prosecution authority on request by the trademark or design owner. However, the authority may also initiate criminal proceedings if it considers an *ex officio* intervention to be imperative due to particular public interest in the prosecution of the criminal offence. In practice, trademark and design infringements are usually prosecuted only if the infringer acts on a commercial basis (ie, the infringement is an essential aspect of its business, as is the case in organised piracy and counterfeiting).

Civil enforcement

Domestic legislation and the court system provide rights holders with a number of effective, prompt and cost-effective measures for enforcing 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 seizures.

The courts that hear IP infringement cases are located in each of the 16 federal states. The degree of specialisation may differ between courts. Pursuant to the principle of *forum delicti commissi* (ie, 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, limited to questions of law, 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 Community trademark and design courts.

The duration 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 an additional three months. In general, appeal proceedings take 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 added. If admitted, a further appeal to the Supreme Court will take from 18 months 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 approximately one month after the oral hearing. If an appeal is lodged, there is no automatic enforcement of the decision. However, a special order may authorise preliminary enforcement.

In addition – and often as the preferred alternative – IP rights infringements may be pursued by requesting preliminary relief from the court, notably a preliminary injunction. A general requirement for such relief is the urgency of the matter, which requires the action to be brought

promptly after learning of the infringement (generally within a maximum of four weeks). In preliminary proceedings, evidence is provided in writing, on the basis of sworn affidavits. 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:

- its ownership and the validity of the IP rights;
- sufficient likelihood of infringement; and
- the matter's urgency.

In particular, the courts tend to grant preliminary injunctions not only on the basis of registered rights, but also on the basis of unregistered rights if specific requirements are fulfilled (eg, in cases involving unregistered trademarks that are protected 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 Community designs). 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. Further, 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, Germany provides for efficient means for right holders to enforce their rights and prosecute infringements.

Claimants must be aware that a



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Henning Hartwig prosecutes and litigates IP rights in the fields of trademark, design, copyright and unfair competition law. His focus is on industrial design law, in particular multinational design infringement proceedings, as well as invalidity proceedings before the Office for Harmonisation in the Internal Market and the European courts. As editor of the four-volume casebook *Design Protection in Europe*, He has unique access to unpublished decisions on Community and national design law. Further professional activities cover the fight against counterfeiting and trademark matters – including, very recently, successfully defending a global chocolate company against asserted claims due to alleged 3D trademark infringement. He has published more than 90 articles on a broad range of IP topics and is a frequent speaker at international conferences.



Well-known trade fairs, such as those in Frankfurt, Munich and Dusseldorf, offer online advice and guidance for both attendees and rights holders to assist them in the fight against counterfeiting

preliminary enforcement action renders them 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 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.

Ex parte injunctions are common and, in general, a hearing will be called only when the court considers that elements may need to be discussed before issuing the preliminary order. The claimant must serve the injunction within one month of the order being issued.

Further, 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 in order to obtain a review and possible 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 effective customs action. Further, in May 2009 a centralised database system for the protection of IP rights, ZGR-Online, was introduced. This new system allows rights holders to submit their applications online, which are then notified to the different customs offices.

Preventive measures/strategies Trade shows

International trade shows are also considered to be a playground for counterfeiters. Accordingly, well-known

trade fairs, such as those in Frankfurt, Munich and 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 requiring a statement from the respondent – provided that the request is sufficiently substantiated by evidence, including screenshots from the infringer's or the fair's webpage. Hence, the infringer has 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 specialised IP infringement courts now offer an on-call weekend service (eg, the Frankfurt District Court, 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 requests for interim injunctions via email in order to accelerate matters.

Once rendered, the injunction should be served as soon as possible by the bailiff at 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 is 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 staying 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 their source of origin to arrival at, for example, the port in Hamburg or the Munich fair. Monitoring by local counsel, investigators and manufacturers, and 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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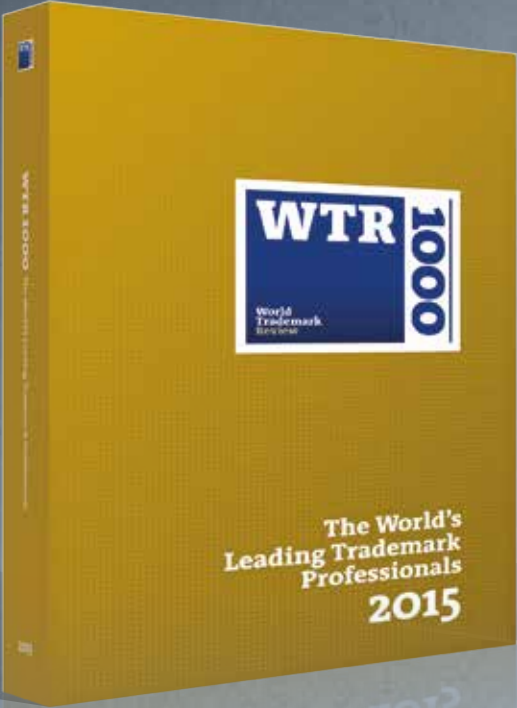
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