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Jonas Rechtsanwalts-gesellschaft mbH

# Anti-counterfeiting law and practice in Germany

A comprehensive legal framework and efficient enforcement by the courts mean that protection against counterfeiting is very effective in Germany. However, the onus is on brand owners to protect their rights

Counterfeiting is an international problem – and therefore also an issue in Germany, Europe’s largest national market.

Thanks to strict laws and well-established court practice, there are no public markets in Germany selling counterfeit goods; such goods are sold mainly on the Internet. To improve the situation further, however, it is essential that rights holders actively protect and defend their IP rights, whether registered or non-registered. Border measure proceedings, preliminary and/or main court proceedings and criminal prosecution constitute strong anti-counterfeiting weapons. It is up to the rights holders to use these weapons effectively.

## Overview

Generally speaking, the German legal system requires that the brand owner or injured party (eg, licensee or distributor) take the initiative against counterfeiters. There is no counterfeiting watchdog: the criminal authorities will initiate prosecution only in cases of clear, intensive infringement that affect the public’s interest.

Whether rights holders find out about or even just suspect counterfeiting of their trademarks, they can use a wide range of legal means. Customs applications under the EU Customs Regulation (1383/2003) and German IP laws can be used to find and seize counterfeit goods. Unlike in some other European countries, German Customs are very active and effective. In 2006 they detained goods worth close to €1.2 billion.

Preliminary injunction proceedings are also extremely effective, enabling rights holders to enjoin infringers from any further distribution of the counterfeit goods. Rights holders may also be entitled to confiscate the counterfeit goods as a preliminary measure.

## Anti-counterfeiting and unfair competition law

The German legislation enables rights holders to make the following claims:

- enjoinder of further production and distribution of counterfeit goods;
- compensation for damages;
- information about the chain of distribution and extent of infringement;
- seizure and destruction of infringing goods and materials; and
- reimbursement of minimum legal costs.

The claims may be directed against the producer, receiver or distributor of the counterfeit goods; even online auction hosts such as eBay can be liable for third parties’ offers of infringing products.

The claims outlined above are, on the whole, based on harmonized EU law and are therefore theoretically available in all EU member states. However, Germany also offers protection against counterfeiting under its Unfair Competition Act. The idea and necessity of preventing unfair conduct in trade, in addition to the protection of defined IP rights, is an important part of German law and anti-counterfeiting practice (the first Unfair Competition Act was implemented in Germany in 1909). The Unfair Competition Act provides claims for forbearance, compensation, information and reimbursement of costs against an imitation of the overall appearance, get-up, slogan or other mostly visible features of a product.

To make a claim against counterfeiters under the Unfair Competition Act, rights holders must show that the counterfeit goods:

- are offered in Germany; and
- either create avoidable confusion in consumers’ minds as to the product’s origin, or exploit or damage the reputation of rights holders or of their genuine products.

## Preliminary injunction proceedings

Preliminary court enforcement is outstanding in terms of cost, efficiency and speed. Preliminary proceedings provide for the enjoinder of infringers of IP rights or rights under the Unfair Competition Act from further distributing counterfeit goods within days – sometimes within hours. To obtain such an injunction, rights holders must prove that there is a probability that infringement has occurred. Additionally, especially in the case of trademark and copyright infringement, the court may grant claims to seizure and information.

Preliminary injunction proceedings require that such enforcement is urgent. Urgency is usually deemed to exist when a rights holder applies for an injunction within a month of gaining knowledge of the infringement.

In the event that the infringer fails to submit to the cease and desist request by the specified deadline, the rights holder files an application for an injunction. As stated above, the injunction is usually released within a very short period of time, without an oral hearing or even informing the infringer. If the court holds that the requirements for a preliminary injunction have not been met or will not be met without an oral hearing, it will usually inform the applicant of this fact before rejecting the application. The rights holder can then decide:

- to withdraw its application;
- to provide further information; or
- to enter into an oral hearing.

The infringer will be informed of the proceeding only if the rights holder chooses an oral hearing. As courts are not legally obliged to provide such advanced information to the applicant and may also reject the application or summon an oral hearing, it is

important to know which courts tend to cooperate with applicants as described above.

In the event that the court grants the application for a preliminary injunction, the parties often come mutually to acknowledge the result of the preliminary injunction as a final binding arrangement. However, if such a settlement is not reached or does not include further claims for compensation and information, it may be necessary to initiate more expensive and time-consuming main proceedings (usually lasting about six months).

The low cost of preliminary injunction proceedings is a key element. In case of success, the applicant's costs will be reimbursed by the respondent in accordance with the statutory minimum fees for lawyers and the statutory court fees. The calculation of costs depends on the underlying value in dispute. With a value in dispute of €100,000, first instance court fees amount to €860 and reimbursable lawyer fees are €1,800, should no oral hearing be necessary.

#### Liability of online auction houses

Online auction houses such as eBay are seen as leaving the door open to counterfeits because of their worldwide availability and the anonymity of sellers. The German Federal Supreme Court recently established the liability of such hosts.

In *Internet Auction I* (I ZR 304/01, March 11 2004) and *Internet Auction II* (I ZR 35/04, April 19 2007), the court held that online auction houses may be responsible for infringements by third parties when they knew about the infringing offers or did not provide sufficient means to prevent further similar infringing offers. In the second case, eBay denied liability in such matters as it cannot be expected to check over 90,000 new offers each day. However, the court pointed out that upon receiving sufficient reliable information from the rights holder with regard to a detected infringement, eBay has the obligation:

- to block any related offer immediately; and
- to prevent further similar infringements as far as it is technically possible and economically sensible.

As the court did not consider the information received by eBay sufficiently relevant in the cases at hand, it could not yet clarify the technical options available to online auction houses to carry out their take-down duties. However, the decisions indicate that the German courts support rights holders and are not afraid of tackling internet issues.



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#### Border actions

Rights holders should file applications for border measure proceedings under the EU Customs Regulation (1383/03) or initiate proceedings under German laws for border control. Neither type of proceeding incurs an official fee.

This enables customs authorities and rights holders to inspect and – where the goods are not genuine or authorized – seize or destroy the goods, and take further legal steps against the infringer. The Customs Regulation covers goods that bear unauthorized designations which are identical to or largely indistinguishable from registered trademarks or designations. This also applies to packaging, labels and brochures, among other signs. 'Pirated goods' are defined as goods infringing:

- copyrights or related rights;
- registered designs or patents;
- registered designations of origin;
- geographical indications; or
- certain other registered rights.

An applicant for customs proceedings must:

- describe the infringed right; and
- establish its right to use the right by providing, for instance, a trademark registration certificate, a licence or power of attorney; and
- agree to bear all costs (eg, storage costs and cost of destruction of the infringing products).

Depending on the territorial scope of the right upon which the action is based, an application under the Customs Regulation can be extended to other EU member states via the customs authorities to which the original request was submitted. Customs procedures are very effective in Germany, thanks to the diligent and cooperative work of Customs, and the easy availability and cost effectiveness of court proceedings.

#### Summary

This overview highlights the high standards and long tradition of IP protection in Germany. In addition to protection of classic IP rights, the Unfair Competition Act provides further effective weapons against counterfeiters and pirates – as long as the rights holder itself takes action.

Preliminary injunction proceedings combined with border measure proceedings are the most effective and guarantee rights owners a wide protection at relatively low cost. [WTR](#)