



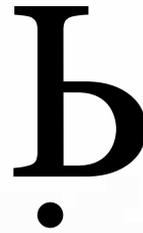
France

BARDEHLE PAGENBERG Société d'exercice libéral
par actions simplifiée Avocats au barreau de Paris
Julien Fréneaux and Viviane Azard

Anti-counterfeiting 2015 A Global Guide

**World
Trademark
Review**™

... IP only.



Legal Services

Patent | Trademark | Design | Copyright
Litigation | Prosecution | Advice
Searches | Valuations | Portfolio Management
License Agreements | Unfair Competition Law

Technical Areas

Electronics | Mechanics | Automotive | Energy
Information Technology | Software | Computer Technology
Chemistry | Life Sciences | Pharma | Medical Devices

**BARDEHLE
PAGENBERG**

BARDEHLE PAGENBERG
Société en participation
d'avocats au barreau de Paris
10 Boulevard Haussmann
75009 Paris
France
T +33.1.53 05 15 00
F +33.1.53 05 15 05
info@bardehle.fr
www.bardehle.com

Munich | Dusseldorf | Paris | Barcelona | Milan

France

BARDEHLE PAGENBERG



Authors

Julien Fréneaux and Viviane Azard

Legal framework

As France is an EU member state, Community trademarks and designs, which are valid in the European Union as a whole, are also valid in France. France also belongs to all major international agreements in the IP field, such as the Paris Convention, the Berne Convention and the Agreement on Trade-Related Aspects of IP Rights, and all substantive and procedural agreements dealing with patent, trademark and copyright law. France is a member of the Madrid Agreement and the Protocol to the Madrid Agreement.

The French IP Code brings together the main French statutes relating to IP matters. One of the last major amendments to the code was passed on October 29 2007, when Parliament transposed into French law the EU IP Rights Enforcement Directive (2004/48/EC). Additional provisions concerning certain criminal aspects of IP rights enforcement are included in the Customs Code.

The most recent reform was Law 2014-

315, which entered into force on March 13 2014 and strengthened the fight against counterfeiting. The new law, which amended the IP Code and the Customs Code, improves the compensation of rights holders for infringement and strengthens the right of information as well as infringement seizure procedures. It also brings the IP Code and the Customs Code into line with the new EU Customs Regulation (608/2013).

Border measures

French Customs plays an efficient role in protecting the French market from counterfeit goods. Its power is not limited to interventions at the borders; rather, it can intervene anywhere in the French territory.

Customs can detain goods that are suspected of infringing IP rights for up to 10 working days. Within this time, the rights holder must notify Customs that legal proceedings against the infringer have been initiated; otherwise, the goods will



In case of extreme urgency, the plaintiff may initiate urgency proceedings called ‘*référé d’heure à heure*’ and obtain a preliminary injunction in a few days

be released. The detention period may be extended for 10 additional working days if the detention is based on the new EU Customs Regulation and, under Law 2014-315, if the detention is based on domestic proceedings as well. Law 2014-315 also extends customs detention measures in domestic proceedings to IP rights for which they did not previously exist (ie, patents, copyright, plant variety rights and geographical indications) in order to harmonise French national rules with those laid down by the new customs regulation.

The so-called ‘simplified procedure’, which was optional under the previous EU Customs Regulation (1383/2003), has been made mandatory by the new EU regulation and by Law 2014-315. Under the simplified procedure, Customs can hold that the holder or declarant of the suspected goods has agreed to the destruction of the goods if it does not oppose the proposed destruction within 10 working days of notification of the suspension of the release or detention of the goods.

Law 2014-315 also extends Customs’ competencies relating to infiltration and *coups d’achat* (purchases of infringing goods with the authorisation and under the control of the public prosecutor), which were previously limited to trademarks and design infringement cases, to cover all other infringement cases (patents, copyright, plant variety rights and geographical indications).

In order to benefit from customs actions, rights holders can file a formal application for free customs surveillance.

The filing is valid for one year and can be renewed. Customs also has the power to detain *ex officio* goods that are suspected of infringing IP rights for up to three working days. Within the same period, the rights holder may also file an application for customs surveillance as mentioned above.

Rights holders are concerned by the fact that, since the European Court of Justice (ECJ) decisions in *Nokia* and *Philips* (December 1 2011), they cannot prevent the transit of counterfeit goods through the EU territory. As a result of the decisions, French Customs reduced their control of goods in transit in the European Union, since goods cannot be regarded as infringing IP rights until the intention to put them on the market has been proven. Since then, the number of goods seized by Customs has substantially decreased. However, the modification introduced by Article 6 of Law 2014-315, which adds transshipment (ie, the direct or indirect transfer of goods from one means of transport to another) to the list of acts infringing copyright, designs, patents, plant variety rights and geographical indications, is unlikely to change this situation immediately. Indeed, even though the transshipment of goods has been considered to be an act of infringement of trademark rights since 2004 (Article L 716-9 of the IP Code), this provision is not applied by the French courts as it contravenes EU law. However, Law 2014-315 is in line with the text adopted on February 25 2014 by the European Parliament under the

revised Community trademarks legislation. Therefore, Law 2014-315 may foreshadow the new EU right, even if, at this stage, the outcome of the EU negotiations remains uncertain.

Criminal prosecution

The infringement of IP rights may constitute a criminal offence under French law if there is criminal intent.

Public prosecutors may initiate criminal proceedings against infringers, including emergency (accelerated) proceedings. However, this is unusual as they more often act at the request of Customs or the rights holder. Criminal proceedings can also be initiated by rights holders directly.

In principle, criminal intent must be proven by material evidence. However, it can also be presumed from the circumstances of the infringement. In some cases, criminal courts may even find that criminal intent results from mere negligence on the part of the infringer.

The infringer may be sentenced to imprisonment for up to five years and to a fine of up to €500,000. Moreover, criminal courts may order the total or partial, permanent or temporary closure (for up to five years) of the establishment that was used to commit the offence. In case of a second offence, or if the infringer is or has been bound by contract to the rights holder, the penalties may be doubled. Criminal courts can also order destruction of the infringing goods, as well as publication of the judgment as a supplementary measure.

Customs penalties may also be added to

the criminal sentence. Under the Customs Code, the penalties can be increased to up to 10 years of imprisonment and a fine of up to five times the value of the products when the offence was committed by an organised criminal group.

More than 600 IP rights infringements were punished by the French criminal courts during 2011, including 148 with actual or suspended prison sentences.

If the rights holder is a party to the criminal proceedings, the criminal courts may grant damages, but the amount is usually limited compared to civil proceedings. Combined with the fact that criminal courts are not specialised in the IP field, this explains why criminal proceedings remain relatively uncommon in IP-related matters and why they are mostly initiated by Customs; rights holders themselves more often choosing civil enforcement.

Civil enforcement

The Paris court is the only court with jurisdiction over infringement and invalidation proceedings relating to patents (both national patents and European patents valid in France), employee inventions, supplementary protection certificates, Community trademarks and Community designs. For all other IP-related matters, only 10 courts, including the Paris court, have jurisdiction.

Further, Law 2014-315 makes the statute of limitations for all IP rights infringement claims five years, which is the same as the civil law statute of limitations.



Securing evidence of the infringement and of its negative economic consequences at an early stage often provides the rights holder with a decisive advantage in subsequent court proceeding

Saisie-contrefaçon

In most IP lawsuits, proceedings on the merits are preceded by a *saisie-contrefaçon* – a pre-trial procedure allowing the plaintiff to obtain *ex parte* a court order authorising a bailiff, along with a police officer, to collect and preserve evidence of the infringement wherever such evidence may be, including in the premises of the alleged infringer or in exhibition halls or trade fairs. Law 2014-315 brought the seizure regime in copyright matters into line with the seizure regime for other IP matters – notably, seizures by police commissioners without a court order have disappeared.

The bailiff enforcing the court order

is authorised to collect samples of the infringing goods, related brochures and catalogues, as well as copies of invoices from suppliers and invoices to customers. Law 2014-315 also strengthened the effectiveness of the *saisie-contrefaçon* by allowing the bailiff to seize documents at the place of the seizure even if the allegedly infringing products are missing. The *saisie-contrefaçon* must be followed by an action on the merits within 20 working days or 31 calendar days of the seizure (even in copyright matters); otherwise, it may be annulled. More than 650 *saisies-contrefaçon* are authorised each year by the Paris court (all IP matters included).



Julien Fréneauux
Partner
freneauux@bardehle.fr

Julien Fréneauux represents and litigates before the French courts in all IP matters, including patents, trademarks, designs, copyright and unfair competition. He is also active in licensing, technology transfer agreements and IP-related contracts. The cases that Mr Fréneauux handles regularly involve coordination with teams of lawyers from other jurisdictions, as well as parallel litigation proceedings in different countries in a complex international litigation framework. Mr Fréneauux has managed many multinational patent conflicts concerning technologies such as medical devices, sports equipment and mechanical engineering. He also handles a number of fashion design infringement cases.



Viviane Azard
Associate
azard@bardehle.fr

Viviane Azard specialises in enforcement, validity and infringement litigation related to IP rights, in the fields of patents, designs, trademarks, copyright and unfair competition. Her activity focuses on the luxury, fashion, jewellery and sports equipment sectors. A further focus of Ms Azard is customs procedures.

However, Law 2014-315 enables rights holders to obtain all investigative measures even if a *saisie-contrefaçon* has not been previously ordered.

Preliminary injunctions

Preliminary injunction proceedings are available under French law in all IP-related matters in order to prevent or forbid the continuation of acts of alleged infringement. A preliminary injunction may be granted if the presiding judge of the court finds that the alleged infringement is plausible. The presiding judge will take into account both the *prima facie* validity of the IP right in question and the *prima facie* veracity of the infringement. Urgency is not required.

Preliminary injunctions are granted within four to eight weeks of filing the complaint. In case of extreme urgency, the plaintiff may initiate urgency proceedings called '*référé d'heure à heure*' and obtain a preliminary injunction in a few days. Furthermore, in exceptional cases (eg, if there is a risk of irreparable harm to the plaintiff's rights), the injunction may be granted *ex parte*.

Preliminary injunction orders include the provisional prohibition of the alleged acts of infringement or the provisional seizure of infringing goods. When the defendant cannot seriously contest the harm suffered by the rights holder, the presiding judge may also order the defendant to pay provisional damages. Under Law 2014-315 the disclosure of documents or information held by the

defendant or by third parties may also be ordered at this stage. The freezing of the defendant's bank account(s) and other assets may additionally be ordered in order to secure funds in view of future payment of any damages ordered by the court in proceedings on the merits.

Preliminary injunction proceedings can be initiated at any time – before or after the filing of a lawsuit on the merits. However, if a preliminary injunction is granted before the filing of proceedings on the merits, the plaintiff must then initiate proceedings on the merits within 20 working days (or 31 calendar days if longer) of the preliminary injunction order. Otherwise, the preliminary injunction may be revoked at the defendant's request.

Proceedings on the merits

Proceedings on the merits follow a schedule by the reporting judge at the beginning of the proceedings. The time schedule includes intermediate case management hearings before the reporting judge, at which each party shall file its written pleadings and exhibits, including evidence. The closure of the proceedings (ie, the end of the period during which the parties can file their briefs and exhibits) is usually ordered about 12 to 18 months after the proceedings begin. A final hearing for oral pleadings is held within a further two to four weeks of closing. The decision is then issued within four to six weeks of the final hearing. The court's decision is usually enforceable immediately, notwithstanding any appeal. If an appeal is lodged,



Another anticipatory strategy consists of preparing ready-to-file applications for *saisie-contrefaçon*. This way, a court order authorising a seizure may be obtained *ex parte* within hours

the whole case is heard *de novo*. New arguments and evidence are admissible in appeal. However, no new claims are admissible. Appeal proceedings are similar to first-instance proceedings and take about the same length of time.

The French courts can order the defendant or a third party to disclose information relating to the infringement. The reporting judge may also so order in the course of proceedings on the merits. By removing the provisions of the IP Code which listed the communicable information to the rights holder (relating to the distribution networks and the price and quantities of infringing goods), Law 2014-315 extended the scope of information and documents which may be disclosed.

In proceedings on the merits, the courts can grant permanent injunctions aimed at prohibiting the continuation of infringement, subject to penalties in case of breach. At the request of the plaintiff, the courts may also order the recall and destruction of infringing goods.

To assess damages, under Law 2014-315 the court must consider:

- the negative economic consequences of the infringement, including lost profits;
- the moral harm of the rights holder; and
- the profits made by the infringer, including intellectual investment savings and promotional materials.

The calculation of lost profits suffered by the rights holder is based on the quantity of infringing goods sold by the infringer and comprises the profits that the rights holder would have made if it had sold an equivalent quantity of genuine goods. Alternatively, if the plaintiff so chooses, the court may award a lump-sum amount. Under Law 2014-315, this amount must be higher than the amount of royalties that would have been due in case of authorised use.

Finally, the court may order publication of the decision in newspapers and on the infringer's website.

Anti-counterfeiting online

Online infringement of IP rights in France is subject to the same legal proceedings

as other kinds of infringement, with some adaptation due to the Internet's specific character. For instance, use of a trademarked word as an AdWord is not sufficient in itself to justify trademark infringement. In line with ECJ case law, the courts have found that advertisers which purchase and use AdWords incorporating third parties' trademarks may be liable for infringement if it is unclear from the sponsored link and corresponding website that the offered goods and services do not come from the trademark owner.

The role played by an internet service provider (ISP) is the key element to determine whether it is liable for IP rights infringement. If an ISP is a host playing a passive role (ie, the mere storage of information), it is entitled to treatment under the Act on Confidence in the Digital Economy (June 21 2004), according to which a host can be held liable only if, having been notified of unlawful content, it fails to remove it promptly or to make access to such content impossible. On the contrary, if an ISP plays an active role, it may be held liable for having contributed to infringement. The rules conform to the EU E-commerce Directive.

In March 2009 a dedicated Cybercustoms Operations Unit was set up by French Customs, tasked with fighting the online sale of counterfeit goods. To this end, it can seek information directly from ISPs and banks. The unit can also purchase counterfeit products on the approval of the public prosecutor in order to track relevant payment and shipment.

Preventive measures/strategies

One of the most effective preventive measures for rights holders in France is the filing of an application for customs surveillance with Customs (see above). Personal meetings with customs officers are always possible and often welcome.

Another anticipatory strategy consists of preparing ready-to-file applications for *saisie-contrefaçon*. This way, a court order authorising a seizure may be obtained *ex parte* within hours, and the seizure of infringing goods may

be performed on the same day as they are detected on the market. Even if the *saisie-contrefaçon* is in principle only a procedural tool for collecting evidence with a view to future proceedings (preliminary injunction proceedings and/or proceedings on the merits), securing evidence of the infringement and of its negative economic consequences at an early stage often provides the rights holder with a decisive advantage in subsequent court proceedings, thus improving their efficiency. **WTR**



BARDEHLE
PAGENBERG

**BARDEHLE PAGENBERG Société d'exercice
libéral par actions simplifiée Avocats au
barreau de Paris**

10, boulevard Haussmann
75009 Paris
France

Tel +33 1 53 05 15 00

Fax +33 1 53 05 15 05

Web www.bardehle.com