

# Practical application of EU and UK Enforcement Options

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## Scenario 1 (Germany)



## Plaintiff

- is based in the USA
- owns a EUTM for BLOOM which was registered on 1 January 2000 for Class 25
- uses its EUTM for clothing (Class 25) only in Germany

## Defendant

- is based in Switzerland
- filed a German trademark application for BLOOM for *headgear, clothing and footwear* in Class 25 as well as *bags* in Class 18
- sells BLOOM branded clothing and bags through various department stores in Germany
- Registered the domain [www.bloom.de](http://www.bloom.de) where he runs a BLOOM webstore for its products

## Remedy sought

- cease of the sale of BLOOM branded products (Classes 18 and 25) in Germany and future infringement
- cancellation of German trademark BLOOM
- deletion of the domain [www.bloom.de](http://www.bloom.de)
- stop of the import of BLOOM branded products into Germany
- damages



## Options

- sending a cease and desist letter to the Defendant and/or the distributors
- requesting a preliminary injunction before the competent Court against the Defendant and/or the distributors
- filing a Court action seeking injunctive relief and damages
- filing opposition against the registration of the German trademark
- filing a dispute before DENIC in order to prevent the Defendant of transferring its domain to a third party and seek injunctive relief against the use of the domain before the competent court.
- filling a customs seizure application in order to prevent the import of infringing merchandise



## Cease & desist letter

- is a **requirement** for a subsequent preliminary injunction before court (case law of the German Federal Constitutional Court - principle of a fair hearing)
- is **recommendable** for preparing a Court action in order to prevent that the defendant acknowledges the claims with the consequence of the plaintiff bearing the procedural costs.
- has to include all **necessary information** in order to allow the Defendant verifying the claims made and an **appropriate deadline** to respond depending the circumstances of the case.
- includes a draft undertaking with a **penalty clause** to cease current and future infringement to prevent **risk of repetition** and undertaking to bear the **attorney fees** associated with preparing and sending the cease & letter.

## Preliminary injunction

- requires “**urgency**” and can only be requested within a **time frame** of 4-8 weeks (depending on the practice of the competent court) starting from the date of knowledge of the infringing act.
- in trademark matters can only be requested before the **Regional Courts** where the (1) the Defendant is **domiciled** (in our example: Switzerland) or (2) where the **infringement took place**, see Art. 7(2) **Brussel 1a Regulation** (in our example Germany and any Regional Court of choice).
- has to **mirror** the claims put forward in the cease & desist letter and refer to a specific infringing act. Infringing act can also be the simple filing of a **German TM**.
- can be obtained **without an oral hearing**, thus in absence of the Defendant.

## Court action

- does not require any urgency but should be filed timely in order to prevent **limitation** (usually three years).
- does not require previous sending of a cease & desist letter (but its recommendable).
- has to be filed before the competent Regional Court (for claims based on EUTMs there are **specialized EU Courts** in Germany)
- applies **German law** unless a EUTM is involved (in which case the **EUTMR** prevails) or foreign law (e.g. because there was an agreement between the parties, see **Rome I Regulation** and **Rome II Regulation** for non-contractual obligations).
- in TM matters involves costs of EUR 5,000 - 10,000 depending on the “**value of the case**”



## Opposition in Germany

- is directed against the **registration** of a trademark (not application).
- can be launched within a deadline of **three months** starting from the publication of the registration before the German PTO.
- can, in particular, be based on **three grounds**: double identity, risk of confusion and reputation (in our example: “di” for Class 25 but “roc” for Class 18).
- allows the TM applicant to raise a **plea of non-use** if the earlier TM is subject to use requirement (in our example it would therefore be important to check whether proof of use could be provided).
- takes about **1-2 years** and can heavily be **delayed** as extensions of time can be easily obtained and furthermore can be **appealed** up to the Federal Patent Court.
- involves **official fees** of only EUR 250 and EUR 50 per additional earlier TM.

## .de-domains

- The German legislature has **not established** an arbitral dispute resolution procedure regarding .de-domains. Further, under German law it is **not possible** to claim transfer of the internet domain.
- Therefore, action against .de-domains need to be taken before the competent German courts by **seeking injunctive relief** against the use of the .de-domain (usually based on prior trademark rights).
- Under certain and limited circumstances it is also possible to request the **deletion of the domain** (based on older name rights, including company names but not trademark rights).
- It is recommendable filing a so called **dispute** before DENIC to prevent the domain owner of transferring its domain to a third party. Furthermore, the dispute ensures that - in case of the domain in question being deleted - the domain will be automatically be transferred to the applicant.

## Custom seizure

- **No official fees** involved
- Requires **information** regarding features of counterfeits and distribution channels
- **Valid** for one year – renewable



## Damages

- **Three ways** to calculate damages:
  - actual damage suffered, including lost profit
  - recovery of the infringer's profit
  - fictitious license fee



## Scenario 2 (Spain)



## Plaintiff

- is based in the USA
- owns an EUTM Registration for XIAL which was registered on 1 January 2010 for speakers in Class 9 – (Case n<sup>o</sup>1)
- Owns an Spanish trade mark Registration for XIAL which was registered on January 2005 for speakers in Class 9 – (Case n<sup>o</sup> 2)

## Defendant

- is based in the United Kingdom
- Owns an Spanish trade mark Registration XIAL (device) which was registered in 13 May 2018 and filed an Spanish trade mark Application XIAL for speakers in Class 9
- sells XIAL (device) and XIAL branded speakers in Spain

## Case n° 1

### Which court is competent to decide the dispute?

Jurisdiction: Spain (Art. 125 (5) EUTMR) (Art. 125 (3) EUTMR) because domiciled outside of the EU

EUTM Courts based in Alicante

### Which laws does the court apply?

Applicable law: EUTMR (see Art. 129 EUTMR as *lex specialis*)

## Case n° 2

### Which court is competent to decide the dispute?

The jurisdiction to deal with civil proceedings on trade marks lies only in the Commercial Courts which have specialisation in IP matters.

### Which laws does the court apply?

Spanish Trade Mark Law 17/2001



## Action before Spanish Courts

An owner whose right to a trademark is infringed may in a civil action claim:

- a) The cessation of the acts infringing his right;
- b) Compensation for the damage suffered;
- c) The adoption of the measures necessary to avoid the continuation of an infringement and, in particular, the withdrawal from economic circulation of the goods, packaging, wrappers, advertising material, labels or other documents in which the infringement of a trademark has been manifested;
- d) The destruction or transfer for humanitarian purposes, where possible
- e) The publication of a decision at the expense of the guilty party by means of announcements and notifications to the parties concerned

## Action before Spanish Courts

- The measures referred to point a) and c) of the above slide may also be sought, where appropriate, against **intermediaries** whose services are used by a third party to infringe trade mark rights, even if the acts of such intermediaries do not in themselves constitute an infringement.
- In infringement actions, the owner of an earlier trade mark may not prohibit the use of a later registered trade mark if this cannot be declared invalidated.
- Where the owner of a trade mark is not entitled to prohibit the use of a later registered trade mark under the owner of the later trade mark may not prohibit the use of the earlier trade mark in an infringement action, even if the right of that earlier trade mark can no longer be invoked against the later trade mark.

## Action before Spanish Courts

- Key pre-trial procedure: Cease and desist letters (optional) – Trade Mark infringement Action - two months period defendant to defence or to file a counterclaim.
- Preliminary injunctions and final injunctions – Both are available in Spain.
- The time taken depends on the workload of the courts, however proceedings in first instance will typically take around 12 to 15 months.



## Action before Spanish Courts

- Damages - Compensation includes:

Losses (for example, expenses incurred)  
Lost profits.  
Loss of reputation of the trade mark.  
Investigation expenses.

The claimant is entitled to obtain, without having to show any evidence, damages of 1% of the turnover made by the infringer with the infringing products or services.



## Invalidity Action in Spain

- A trade mark can only be invalidated by the Spanish Courts through an invalidity action or a counterclaim in response to a trade mark infringement claim.
- From 14 January 2023, the Civil Courts will retain jurisdiction only regarding invalidity counterclaims, as independent invalidity claims will have to be filed with the SPTO.



## Opposition in Spain

- is directed against the **Application** of a trademark (not registration).
- can be launched within a deadline of **two months** starting from the publication in the TM Spanish Bulletin.
- can, in particular, be based on **absolute grounds and relative grounds**
- allows the TM applicant to raise a **plea of non-use** if the earlier TM is subject to use requirement (in our example it would therefore be important to check whether proof of use could be provided) from **1 May 2019**
- involves **official fees** of only EUR 37.15

## UK: differences in procedure



## UK: pre-action protocol

Consequences of not complying:

- Proceedings may be stayed while steps are taken to comply
- When cost order is made at conclusion, court will take into account effects of non-compliance – including paying other side's costs on an indemnity basis





## UK: pre-action protocol

Objectives of pre-action conduct and protocols are that before commencing court action, parties will have exchanged enough information to:

- (a) understand each other's position;
- (b) make decisions about how to proceed;
- (c) try to settle the issues without proceedings;
- (d) consider a form of Alternative Dispute Resolution (ADR) to assist with settlement;
- (e) support the efficient management of those proceedings; and
- (f) reduce the costs of resolving the dispute.

## Letter before action

- UK term for “cease and desist”
- Claimant should set out concise details of the claim, including:
  - the basis on which the claim is made (i.e. details of relevant earlier rights, including passing off rights),
  - a summary of the facts
  - what the claimant wants from the defendant, and if money, how the amount is calculated
- As set out in the general Practice Direction on pre-action conduct – specific IP one drafted but never finalised

## Letter before action

- Defendant must respond within a reasonable time - 14 days in a straight forward case and no more than 3 months in a very complex one.
- Reply should include
  - confirmation as to whether the claim is accepted
  - if it is not accepted, the reasons why, together with an explanation as to which facts and parts of the claim are disputed
  - Whether the defendant is making a counterclaim as well as providing details of any counterclaim; and

## Letter before action

- Parties should disclose key documents relevant to the issues in dispute



## Unjustified threats

- In the context of registered trade marks, a “threat” means an indication– explicit or even very vaguely implied – that infringement action may be brought
- Doesn’t apply to passing off threats (if the letter contains only such threats)
- For registered trade marks, Section 21 Trade Marks Act 1994 (as amended) applies and “any person aggrieved” may bring proceedings seeking:
  - a declaration that the threat is unjustified;
  - an injunction against the continuance of the threat;
  - damages in respect of any loss sustained by the aggrieved person by reason of the threat (NB in particular threats to retailers of infringing products)

## Unjustified threats

- If the acts complained of infringe, then that is a defence to an unjustified threats action (but NB the right-owner is the defendant in the case)



## Unjustified threats

- If you threaten proceedings for doing certain things, those are not actionable threats:
  - Applying “sign” to goods/packaging
  - Importing goods where “sign” is applied to goods/packaging
  - Supplying services under the sign
- There are also “permitted communications” which aren’t actionable threats but they are narrow, intended for communications with secondary infringers:
  - Notice that a registered TM exists
  - Finding out whether, or by whom, a registered TM has been infringed
  - Giving notice where another person’s awareness is relevant

## Unjustified threats

- Communications are only permitted if:
  - a) there is no express threat;
  - (b) the communication is made for a permitted purpose;
  - (c) the information regarding the threat is necessary for the permitted purpose;
  - (d) the IP owner reasonably believes such information to be true.





## Unjustified threats

- But these aren't permitted communications:
  - requesting a person to cease using, in the course of trade, a sign in relation to goods or services
  - requesting a person to deliver up or destroy goods, or
  - requesting a person to give an undertaking relating to the use of a sign in relation to goods or services



## Choice of court

- Patents Court (not for TMs or designs) - larger, more complex claims whose value exceeds £500,000, and appeals, are heard by the Patents Court
- Larger, more complex claims (TMs and other IP rights) whose value exceeds £500,000, and appeals, are heard in the Chancery Division of the High Court
- Smaller, simpler claims whose value does not exceed £500,000 for any IP right can be heard by the Intellectual Property Enterprise Court (IPEC):
  - different procedures and costs rules designed to provide access to justice for individuals and small- and medium-sized enterprises.
  - Claims re: non-patent IP rights with value below £10,000 can be heard by the IPEC Small Claims track.

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## Choice of court

- IPEC:
  - Costs recovery capped at £50k – more certainty on legal spend
  - But damages recovery also capped - £500K
- High Court:
  - Not usually a cap on costs – up to 100% recovery if successful, but up to 100% of other side's costs if unsuccessful
  - No cap on damages
- Other factors:
  - IPEC has more restrictive case management procedures, and tighter controls on evidence – trials rarely last more than two days
  - Proceedings can be transferred between the two courts if a party requests, and if guidance is met

## Choice of court

Guidance gives factors to decide whether case should be transferred from one court to another:

- Whether one party can only afford IPEC
- Whether IPEC is best placed to decide:
  - the value of the claim (including the value of an injunction);
  - the complexity of the issues (cross-examination of witnesses is strictly controlled at IPEC; if many witnesses are required, High Court may be more suitable)
  - the estimated length of the trial



# Thank you

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