

## Client Information May 2008

### **Improved Possibilities of Enforcing Intellectual Property Rights - Putting an End to Brazen Product Pirates?**

Assuming a product or method you have developed is copied by a competitor, leading you to suspect that he also infringes your patent directed to the product or method. But, you have no definite proof since you cannot look into the infringer's facilities. In the previous legal situation you had to take a decision as to whether you should take a risk and file an infringement action in spite of a lack of evidence, or whether you should choose rather not to stop the infringer. This unsatisfactory situation is about to change.

On 1 September 2008, the law on improved enforcement under civil law of intellectual property rights and the respective amendments to the law will come into force.

We wish to outline the practical effects below:

#### **1. Preservation of Evidence**

One important change relates to the preservation of evidence. It is intended to be made easier for the owner of a property right to prove that a property rights infringement is actually involved. The amendments to the law provide, among other items, that the holder of the right can demand from the alleged infringer the production of documents or the inspection of objects if the infringement of the right is sufficiently likely. This claim can then be asserted at very short notice and even prior to filing an action (by way of an interim injunction). While this way to proceed basically existed before, it was rarely taken advantage of due to some legal uncertainties. A change for the better is in sight now. Accordingly, if in future an owner of an intellectual property right wishes to determine if a product of a competitor exhibits a particular feature, he can force the manufacturer of that product to allow him or at least a court expert access to the required information, a precondition being that the owner of the property right has already taken all steps in his power to provide proof of the infringement, which will make the infringement sufficiently likely. Our European neighbours in England and France have long known similar options, referred to as "Disclosure" and "Saisie Contrefaçon", respectively.

## **2. Information from Third Parties**

The position of a holder of a right is strengthened still further. For example, if information from third parties (so-called traffic data) is required, the infringed party may file a request in court in order to obtain such data. The realization behind this is that Internet providers or forwarding companies, for example, which do not themselves infringe the right, often possess information that is required for a successful prosecution. If the right is infringed on a commercial scale, it is even possible to claim the production of banking, financial or commercial documents from the infringer. This also makes it easier in future to obtain information about the extent of the infringement.

## **3. Border Seizure**

The border seizure procedure by customs authorities will also be adjusted in favour of the holder of the right. Upon entry into force of the amended law, the so-called simplified procedure will be made possible in Germany, in which the consent to the destruction of seized goods is implied unless the infringer reports to the authorities within a relatively short term of a few days. Up to now, an explicit written consent on the part of the infringer had to be on hand before the goods could be destroyed. Since it was rarely possible to procure such consent, if only because of the short terms involved in the procedure, in particular with Asian product pirates, the holders of the rights were sometimes forced not to prosecute the matter further in order to avoid incurring further costs.

## **4. Damages**

Once judgment has been delivered against the infringer, the holder of the right may prohibit the infringing acts for the future. Furthermore, in accordance with previous case law, he is to be able to choose how the amount of damages is to be determined. In addition to the compensation for the damage specifically incurred by the holder of the right or a payment of compensation for damage in the amount of a usual fictitious license fee, reimbursement of the profit made by the infringer is now also legally fixed as a method of calculation. This may result in distinctly higher compensation for damage than when applying the two first-mentioned methods of calculation, especially since the courts most recently have heavily restricted an infringer's possibilities to underevaluate the profit made with the infringement by including overhead costs into the calculation of the profit.

## **5. Summary**

The amendments to the law strengthens the position of the holders of intellectual property rights in Germany, particularly by improving the possibilities of obtaining proof of an infringement. The amendments to the law also relate to numerous further aspects; we are at your disposal for any further questions you may have.

Our “client information” newsletter appears in no particular order and deals with issues that may be of interest to our clients. It is intended for general information and does not contain any legal advice or technical information. We do, therefore, not assume any liability for the consequences of any actions taken on the basis of items of general information given here.

Should you consider it appropriate to take action based on our information, we recommend that you contact us for a detailed consultation in which all aspects of a particular case can be taken into account.

Any questions you may have in connection with the topic of this newsletter will be gladly answered by Dr. Bernhard Fuchs ([B.Fuchs@prinz.eu](mailto:B.Fuchs@prinz.eu)).

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