



A PAN-EUROPEAN NETWORK OF SPECIALIST LAW FIRMS

# IT & IP Litigation in Europe: A Legal Guide for Foreign Lawyers



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## THE PURPOSE OF THIS GUIDE

The purpose of this Guide is to provide valuable information and tips to foreign practitioners when their clients face a legal issue in the European Union in relation with intellectual property, information technology and, in general, innovation.

Whether the client is currently engaged in litigation or is contemplating this option, this Guide will help foreign practitioners to understand better how such litigation will take place.

Also, the Guide is of valuable help in order to assess the chances of success by understanding better the material rules of law at stake, whether as a plaintiff or a defendant.

As far as possible, the authors have tried to make it comprehensible for any foreign lawyer, regardless his or her country of origin. The reader will hopefully obtain useful insights on the basics and some more detailed analysis of the subjects addressed.

As far as possible, we have included the case law from the European Court of Justice.

As a guide, it obviously cannot deal in great depth with all subjects, nor can it cover every area encompassed by this broad field.

It is written primarily for lawyers but it is also aimed at business owners and directors.

This Guide is a result of 20+ years spent by the Group helping clients and foreign practitioners dealing with IT & IP litigation in Europe.

Should you need more information in a concrete case, feel free to call the relevant contact/author or send an email. We can probably help you too.

**Caveat:** *The contents of this Guide are not intended as a substitute for the advice of competent legal or other advisors in connection with any particular matter or issue, and should not be used as such. While the writers have made efforts to be accurate neither the writers nor their law firms or anyone connected with them make any representation or warranty in this regard. Opinions, interpretations and predictions expressed herein are the writer's own.*



# 1. JUDICIAL AND POLITICAL BODIES OF THE EUROPEAN UNION

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## EU POLITICAL AUTHORITIES

The EU is really something unique. Half-way between a federation (such as Switzerland), a union (like the USA) or a federal country (Germany for example), it looks like nothing else. One can see this as a weakness or just as a sign showing that is quite new and constantly transforming itself.

The head of the EU from a political point of view is the European Council. It sets the EU's overall political direction – but has no powers to pass laws. Led by its President and comprising national heads of state or government and the President of the Commission, it meets for a few days at a time at least every 6 months.

The law making process is shared between 3 main institutions:

- The European Parliament, which represents the EU's citizens and is directly elected by them;

The Council of the European Union, which represents the governments of the individual member countries. The Presidency of the Council is shared by the member states on a rotating basis.

- The European Commission, which represents the interests of the Union as a whole.

Two other institutions play vital roles:

- The Court of Justice of the EU upholds the rule of European law;
- The Court of Auditors checks the financing of the EU's activities.

## LAW MAKING PROCESS

There is often some tension between the European Council and the Council (see above) on the one side, and the EU Parliament and the Commission on the other side. The two first are seen as states-centric bodies whose purpose is mainly to make sure that national interests of each member states are preserved, while the two last are EU-centric and promote common interest.

As a result, the EU's standard decision-making procedure is known as "codecision". This means that the directly elected European Parliament has to approve EU legislation together with the Council (the governments of the 28 EU countries).

Please see the chapter on "EU and national norms" for more details on the law making process.

## JUDICIAL SYSTEM

Both the EU and each member state have their own judicial system.

However, there is a link between the two since national courts may enforce a national law only if it is compliant with the EU regulation. In case of doubt, there is a system permitting a national judge to suspend a trial and ask the EU Court of Justice whether the national law is indeed compliant (see "important milestones of a trial" for details).

## THE COURT OF JUSTICE OF THE EUROPEAN UNION

The Court of Justice interprets EU law to make sure it is applied in the same way in all EU countries. It also settles legal disputes between EU governments and EU institutions. Individuals, companies or

organizations can also bring cases before the Court if they feel their rights have been infringed by an EU institution.

The Court of Justice has one judge per EU country.

The Court is helped by nine 'advocates-general' whose job is to present opinions on the cases brought before the Court. They must do so publicly and impartially.

**a) *Requests for a preliminary ruling***

Such request happens when national courts ask the Court of Justice to interpret a point of EU law.

The national courts in each EU country are responsible for ensuring that EU law is properly applied in that country. But there is a risk that courts in different countries might interpret EU law in different ways.

To prevent this happening, there is a 'preliminary ruling procedure'. If a national court is in doubt about the interpretation or validity of an EU law, it may – and sometimes must – ask the Court of Justice for advice. This advice is called a 'preliminary ruling'. It is by far the most common type of procedure in relation to the business sector (along with direct actions).

**b) *Actions for failure to fulfil an obligation***

Such action is brought against EU governments for not applying EU law. The Commission can start these proceedings if it believes that a member country is failing to fulfil its obligations under EU law. These proceedings may also be started by another EU country.

In either case, the Court investigates the allegations and gives its judgment. If the country is found to be at fault, it must put things right at once. If the Court finds that the country has not followed its ruling, it can issue a fine.

### **c) *Actions for annulment***

Such action is started against EU laws thought to violate the EU treaties or fundamental rights.

If any EU country, the Council, the Commission or (under certain conditions) Parliament believes that a particular EU law is illegal, it may ask the Court to annul it. Actions for annulment can also be used by private individuals who want the Court to cancel a particular law because it directly and adversely affects them as individuals.

If the Court finds the law in question was not correctly adopted or is not correctly based on the Treaties, it may declare the law null and void.

### **d) *Actions for failure to act***

Such action is brought against EU institutions for failing to make decisions required of them.

The Treaty requires Parliament, the Council and the Commission to make certain decisions under certain circumstances. If they fail to do so, member countries, other Community institutions and (under certain conditions) individuals or companies can lodge a complaint with the Court so as to have this failure to act officially recorded.

### **e) *Direct actions***

Direct actions are brought by individuals, companies or organisations against EU decisions or actions. Any person or company who has suffered damage as a result of the action or inaction of the Community or its staff can bring an action seeking compensation before the General Court.

This is very common when a fine is applied against one or many companies in relation with competition law.

**f) *How cases are heard***

A judge and advocate general are assigned to each case. Cases are processed through two stages:

- **Written stage.** First, all the parties involved hand in a written statement to the judge responsible for the case. The judge then writes a summary of these statements and the case's legal background.
- **Oral stage.** This is the second stage and can take place in front of a panel of 3, 5 or 13 judges or before the whole court depending in the complexity of the case. The advocate general gives his or her opinion. The opinion of the advocate general is not binding for the Court (however, it is followed in most cases).

The Court judgments are majority decisions and are read out at public hearings. Hearings are frequently televised.

## 2. INTERACTION BETWEEN EU AND NATIONAL NORMS

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### EU LAW-MAKING PROCESS

Before the Commission proposes new initiatives, it assesses the potential economic, social and environmental consequences that they may have. It does this by preparing 'Impact assessments' which set out the advantages and disadvantages of possible policy options.

The Commission also consults interested parties such as non-governmental organisations, local authorities and representatives of industry and civil society. Groups of experts give advice on technical issues. In this way, the Commission ensures that legislative proposals correspond to the needs of those most concerned and avoids unnecessary red tape. Citizens, businesses and organisations can participate in the consultation procedure via the website Public consultations.

National parliaments can formally express their reservations if they feel that it would be better to deal with an issue at national rather than EU level.

The European Parliament and the Council review proposals by the Commission and propose amendments. If the Council and the Parliament cannot agree upon amendments, a second reading takes place. In the second reading, the Parliament and Council can again

propose amendments. Parliament has the power to block the proposed legislation if it cannot agree with the Council.

If the two institutions agree on amendments, the proposed legislation can be adopted. If they cannot agree, a conciliation committee tries to find a solution. Both the Council and the Parliament can block the legislative proposal at this final reading.

## NATIONAL LAW-MAKING PROCESS

The national law making process is largely a ‘national thing’ with very little harmonization. However, respect for democracy is part of the EU legacy and all States usually share common practice, involving a Government and a Parliament, with an independent judicial system.

Most – if not all – EU countries have a Constitution (or a fundamental law, or any other similar name), and each and every law must be compliant with the Constitution.

Another basic principle is the supremacy of EU law (see here after). In case of conflict between a EU regulation and a national one, the EU norm shall prevail.

## EU NORMS

### a) *Treaties*

The European Union is based on the rule of law. This means that every action taken by the EU is founded on treaties that have been approved voluntarily and democratically by all EU member countries. For example, if a policy area is not cited in a treaty, the Commission cannot propose a law in that area.

A treaty is a binding agreement between EU member countries. It sets out EU objectives, rules for EU institutions, how decisions are made and the relationship between the EU and its member countries.

Treaties are amended to make the EU more efficient and transparent, to prepare for new member countries and to introduce new areas of cooperation – such as the single currency.

The main treaties are:

a) Founding Treaties (25 March 1957)

They are often called “Treaties of Rome”. The purpose was to set up the European Economic Community (EEC) and the European Atomic Energy Community (Euratom).

b) Treaty on European Union (7 February 1992)

Called the Maastricht Treaty, its purpose was to prepare for European Monetary Union and introduce elements of a political union (citizenship, foreign and internal affairs policy). It develops new forms of cooperation between the EU governments.

c) Treaty of Nice (26 February 2001) and of Amsterdam (2 October 1997)

Their purpose was to reform the institutions so that the EU could function efficiently with new member countries. It also made the decision-making progress more transparent.

d) Treaty of Lisbon (13 December 2007)

It clarifies which powers belong to the EU, to the member states and which are shared.

In 2004, the Treaty establishing a constitution for Europe, with aims similar to the Lisbon Treaty, was signed but never ratified.

**b) *Regulations***

A regulation is a binding legislative act that must be applied in its entirety across the EU.



It is very efficient since it does not need any national implementation. The Regulation is indeed directly applicable in all States. In other words, the EU regulation is like a national law.

### c) *Directives*

A directive is a legislative act that sets out a goal that all EU countries must achieve. However, it is up to the individual countries to decide how.

The directive is an act addressed to Member States and must be transposed by them into their national laws. Contrary to a “regulation”, a directive needs a national implementation process.

If a State fails to implement a directive (or if does so too late or badly), it will be sued by the EC Commission before the EU Court of Justice.

Unfortunately, this is far from being unusual: some member states are known for being very bad in relation with the implementation process. The Court of Justice may impose penalties on Member States.

In addition, the direct effect theory is often of great use when a member has failed in its obligation to implement a directive (see below).

### d) *Decisions*

A decision is binding on those to whom it is addressed (e.g. an EU country or an individual company) and is directly applicable. For example, when the Commission issued a decision fining software giant Microsoft for abusing its dominant market position, the decision applied to Microsoft only.

### e) *Recommendations*

A recommendation is not binding. When the Commission issued a recommendation for structures for financial-sector employees to not encourage excessive risk taking, this did not have any legal consequences. A recommendation allows the institutions to make their

views known and to suggest a line of action without imposing any legal obligation on those to whom it is addressed.

f) *Opinions*

An opinion is an instrument that allows the institutions to make a statement in a non-binding fashion, in other words without imposing any legal obligation on those to whom it is addressed. An opinion is not binding. It can be issued by the main EU institutions (Commission, Council, Parliament), the Committee of the Regions and the European Economic and Social Committee. While laws are being made, the committees give opinions from their specific regional or economic and social viewpoint.

## DIRECT EFFECT

The direct effect of European law is, along with the principle of precedence, a fundamental principle of European law. It was enshrined

by the Court of Justice in the judgment of Van Genden Loos of 5 February 1963. In this judgment, the Court states that European law not only engenders obligations for Member States, but also rights for individuals. Individuals may therefore take advantage of these rights and directly invoke European acts before national and European courts. However, it is not necessary for the Member State to adopt the European act concerned into its internal legal system.

There are two aspects to direct effect: a vertical aspect and a horizontal aspect.

- g) Vertical direct effect is of consequence in relations between individuals and the State. This means that individuals can invoke a European provision in relation to the State.
- h) Horizontal direct effect is relevant in relations between individuals. This means that an individual can invoke a European provision in relation to another person, ie an individual or a legal entity such as a company.

According to the type of act concerned, the Court of Justice has accepted either a full direct effect (i.e. a horizontal direct effect and a vertical direct effect) or a partial direct effect (confined to the vertical direct effect).

As far as primary legislation is concerned (Treaties to make a long story short) the Court of Justice established the principle of the direct effect in the Van Gend & Loos judgment, but the obligations at stake must be precise, clear and unconditional and that they do not call for additional measures, either national or European. (see also the Becker case, 19 January 1982, and the Kaefer case, 12 December 1990).

The principle of direct effect also relates to acts from secondary legislation. However, the application of direct effect depends on the type of act:

- the regulation: regulations always have direct effect (see the Politi case, 14 December 1971);
- the directive: the directive is an act addressed to Member

States and must be transposed by them into their national laws. However, in certain cases the Court of Justice recognises the direct effect of directives in order to protect the rights of individuals. Therefore, the Court laid down in its case-law that a directive has direct effect when its provisions are unconditional and sufficiently clear and precise (Judgment of 4 December 1974, Van Duyn). However, it can only have direct vertical effect and it is only valid if the Member States have not transposed the directive by the deadline (Judgment of 5 April 1979, Ratti);

## **PRECEDENCE OF EUROPEAN LAW**

According to the precedence principle, European law is superior to the national laws of Member States. The precedence principle applies to all European acts with a binding force. Therefore, Member States may not apply a national rule which contradicts to European law.

The precedence principle guarantees the superiority of European law over national laws. It is a fundamental principle of European law.

As with the direct effect principle, it is not inscribed in the Treaties, but has been enshrined by the Court of Justice of the European Union in the *Costa versus Enel* case of 15 July 1964. The Court later clarified that the precedence of European law is to be applied to all national acts, whether they were adopted before or after the European act in question.

The precedence of European law over national laws is absolute. Therefore, it applies to all European acts with a binding force, whether emanating from primary or secondary legislation.

In addition, all national acts are subject to this principle, irrespective of their nature: acts, regulations, decisions, ordinances, circulars, etc), irrespective of whether they are issued by the executive or legislative powers of a Member State. The judiciary is also subject to the precedence principle. Member State case-law should also respect EU case-law.

The Court of Justice has ruled that national constitutions should also be subject to the precedence principle. It is therefore a matter for national judges not to apply the provisions of a constitution which contradict European law.

In its judgment of 19 June 1990 (*Factortame*), the Court of Justice indicated that national courts, as part of a preliminary ruling on the validity of a national law, must immediately suspend the application of this law until such time as the Court of Justice gives its recommended solution and the national court gives its ruling on the substance of the issue.

### 3. IN WHICH COUNTRY SHOULD YOU SUE / BE SUED?

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#### LEGAL FRAMEWORK

Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matter.

The regulation lays down rules governing the jurisdiction of courts and the recognition and enforcement of judgments in civil and commercial matters in European Union (EU) countries.

The regulation supersedes the Brussels Convention of 1968, which was applicable between the EU countries before the regulation entered into force. The regulation also lists a number of other conventions, treaties and agreements between EU countries that it supersedes.

On 21 April 2009, the Commission adopted a report on the application of this Regulation. The report concluded that, in general, the operation

of that Regulation is satisfactory, but that it is desirable to improve the application of certain of its provisions, to further facilitate the free circulation of judgments and to further enhance access to justice.

Previous text has thus been recast by Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

The transition between the two texts is something quite complex but, as a summary, one should keep in mind that:

- The new Regulation shall apply only to legal proceedings instituted, to authentic instruments formally drawn up or registered and to court settlements approved or concluded on or after 10 January 2015;
- Previous Regulation shall continue to apply to judgments given in legal proceedings instituted, to authentic instruments
- formally drawn up or registered and to court settlements approved or concluded before 10 January 2015 which fall within the scope of that Regulation.

Please note that some specific rules apply for UK, Ireland and Denmark.

## **BASIC PRINCIPLE**

The basic principle is that jurisdiction is to be exercised by the EU country in which the defendant is domiciled, regardless of his/her nationality. Domicile is determined in accordance with the domestic law of the EU country where the matter is brought before a court.

If a party is not domiciled in the EU country of the court considering the matter, the court is to apply the law of another EU country to determine whether the party is domiciled in said state.

In the case of legal persons such as companies or firms, domicile is determined by the country where they have their statutory seat, central administration or principal place of business. In the case of

trusts, domicile is defined by the court that is considering the case by applying its own rules of private international law.

## SPECIAL JURISDICTIONS

Apart from the basic principle on jurisdiction, in certain circumstances a defendant may be sued in the courts of another EU country. The regulation lists areas of jurisdiction where this is so: special or exclusive jurisdiction, as well as jurisdiction on matters relating to insurance, consumer contracts and individual contracts of employment. The reason for these exceptions is that: “in addition to the defendant's domicile, there should be alternative grounds of jurisdiction based on a close link between the court and the action or in order to facilitate the sound administration of justice”.

In real life, special jurisdiction has been interpreted so widely by national Courts and by the European Court of Justice that it is as important as the basic principle (and maybe more important, especially for matters related to intellectual property and online businesses).

## SPECIAL JURISDICTION IN MATTERS RELATING TO A CONTRACT

Pursuant to article 5, a person domiciled in a Member State may, in another Member State, be sued in matters relating to a contract, in the courts for the place of performance of the obligation in question.

For the purpose of this provision and unless otherwise agreed, the place of performance of the obligation in question shall be:

- in the case of the sale of goods, the place in a Member State where, under the contract, the goods were delivered or should have been delivered<sup>12</sup>,

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<sup>1</sup> What happens when more than one good are to be delivered in more than one place? In such a case, the court having jurisdiction to hear all the claims based on the contract for the sale of goods is that for the principal place of delivery, which must be determined on the basis of economic criteria. In the absence of determining factors for establishing the principal place of delivery, the plaintiff may sue the defendant in the court for the place of delivery of its choice (Color Drack case).

- in the case of the provision of services, the place in a Member State where, under the contract, the services were provided or should have been provided<sup>3</sup>.

In the Falco case the Court has ruled that a contract under which the owner of an intellectual property right grants its contractual partner the right to use that right in return for remuneration is not a contract for the provision of services within the meaning of that provision.

In the Wood Floor case, it has ruled that where services are provided in several Member States, the court which has jurisdiction to hear and determine all the claims arising from the contract is the court in whose jurisdiction the place of the main provision of services is situated. For a commercial agency contract, that place is the place of the main provision of services by the agent, as it appears from the provisions of the contract or, in the absence of such provisions, the actual performance of that contract or, where it cannot be established on that basis, the place where the agent is domiciled.

A person domiciled in a Member State may also be sued on a counter-claim arising from the same contract or facts on which the original claim was based, in the court in which the original claim is pending.

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<sup>2</sup> In the Electrosteel Europe case, the Court has ruled that in the case of distance selling, the place where the goods were or should have been delivered pursuant to the contract must be determined on the basis of the provisions of that contract. In order to verify whether the place of delivery is determined 'under the contract', the national court seized must take account of all the relevant terms and clauses of that contract which are capable of clearly identifying that place, including terms and clauses which are generally recognized and applied through the usages of international trade or commerce, such as the Incoterms drawn up by the International Chamber of Commerce in the version published in 2000. If it is impossible to determine the place of delivery on that basis, without referring to the substantive law applicable to the contract, the place of delivery is the place where the physical transfer of the goods took place, as a result of which the purchaser obtained, or should have obtained, actual power of disposal over those goods at the final destination of the sales transaction.

<sup>3</sup> A contract relating to the storage of goods, such as that at issue in the main proceedings, constitutes a contract for the 'provision of services' within the meaning of that provision (Krejci Lager case).



## SPECIAL JURISDICTION IN MATTERS RELATING TO LIABILITY FOR WRONGFUL ACTS

Pursuant to article 5, a person domiciled in a Member State may, in another Member State, be sued in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur.

An action for a negative declaration seeking to establish the absence of liability in tort, delict, or quasi-delict falls within the scope of that provision (Folien Fischer case).

In the Zuid-Chemie case, the Court has ruled that the words "place where the harmful event occurred" designate the place where the initial damage occurred as a result of the normal use of the product for the purpose for which it was intended. It has ruled in addition, in the Andreas Kainz case, that in the case where a manufacturer faces a claim of liability for a defective product, the place of the event giving rise to the damage is the place where the product in question was manufactured.

In the Wintersteiger case, it has ruled that an action relating to infringement of a trade mark registered in a Member State because of the use, by an advertiser, of a keyword identical to that trade mark on a search engine website operating under a country-specific top-level domain of another Member State may be brought before either the courts of the Member State in which the trade mark is registered or the courts of the Member State of the place of establishment of the advertiser.

It has also ruled that in the event of alleged infringement of copyrights protected by the Member State of the court seized, the latter has jurisdiction to hear an action to establish liability brought by the author of a work against a company established in another Member State and which has, in the latter State, reproduced that work on a material support which is subsequently sold by companies established in a third Member State through an internet site also accessible with the jurisdiction of the court seized. That court has jurisdiction only to determine the damage caused in the Member State within which it is situated (Peter Pinckney case).

The Court has decided, in the Melzer case, that it does not allow the courts of the place where a harmful event occurred which is imputed to one of the presumed perpetrators of damage, who is not a party to the dispute, to take jurisdiction over another presumed perpetrator of that damage who has not acted within the jurisdiction of the court seized.

In the landmark eDate case (also called Martinez case), the Court has ruled that, in the event of an alleged infringement of personality rights by means of content placed online on an internet website, the person who considers that his rights have been infringed has the option of bringing an action for liability, in respect of all the damage caused, either before the courts of the Member State in which the publisher of that content is established or before the courts of the Member State in which the centre of his interests is based. That person may also, instead of an action for liability in respect of all the damage caused, bring his action before the courts of each Member State in the territory

of which content placed online is or has been accessible. Those courts have jurisdiction only in respect of the damage caused in the territory of the Member State of the court seized.

In the Football Dataco (Premier League) case, the Court has ruled that the sending by one person, by means of a web server located in Member State A, of data previously uploaded by that person from a database protected by the *sui generis* right under that directive to the computer of another person located in Member State B, at that person's request, for the purpose of storage in that computer's memory and display on its screen, constitutes an act of 're-utilization' of the data by the person sending it (see the chapter on databases). The Court has underlined that that act takes place, at least, in Member State B, where there is evidence from which it may be concluded that the act discloses an intention on the part of the person performing the act to target members of the public in Member State B, which is for the national court to assess.

Eventually, the Court does not preclude the application of Article 5(3) of the regulation to an action for liability arising from the operation of an Internet site against a defendant who is probably a European Union citizen but whose whereabouts are unknown if the court seized of the case does not hold firm evidence to support the conclusion that the

defendant is in fact domiciled outside the European Union (G case, C-292/10).

### **SPECIAL JURISDICTION AS PER CONSUMERS**

A consumer may bring proceedings against the other party to a contract<sup>4</sup> either in the courts of the Member State in which that party is domiciled or in the courts for the place where the consumer is domiciled.

Proceedings may be brought against a consumer by the other party to the contract *only* in the courts of the Member State in which the consumer is domiciled.

These provisions shall not affect the right to bring a counter-claim in the court in which the original claim is pending.

The provisions above may be departed from only by an agreement:

- which is entered into after the dispute has arisen; or
- which allows the consumer to bring proceedings in courts other than those normally competent ; or
- which is entered into by the consumer and the other party to the contract, both of whom are at the time of conclusion of the contract domiciled or habitually resident in the same Member State, and which confers jurisdiction on the courts of that Member State, provided that such an agreement is not contrary to the law of that Member State.

### **PROROGATION OF JURISDICTION**

If the parties, one or more of whom is domiciled in a Member State, have agreed that a court or the courts of a Member State are to have

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<sup>4</sup> The concept of 'other party to the contract' must be interpreted as meaning, in circumstances such as those at issue in the main proceedings, that it also covers the contracting partner of the operator with which the consumer concluded that contract and which has its registered office in the Member State in which the consumer is domiciled (TUI and lastminute case, C-478/12).

jurisdiction to settle any disputes which have arisen or which may arise in connection with a particular legal relationship, that court or those courts shall have jurisdiction. Such jurisdiction shall be exclusive unless the parties have agreed otherwise. Such an agreement conferring jurisdiction shall be either:

- a) in writing or evidenced in writing; or
- b) in a form which accords with practices which the parties have established between themselves; or
- c) in international trade or commerce, in a form which accords with a usage of which the parties are or ought to have been aware and which in such trade or commerce is widely known to, and regularly observed by, parties to contracts of the type involved in the particular trade or commerce concerned.

Any communication by electronic means which provides a durable record of the agreement shall be equivalent to "writing". The provisions above may not be used to deprive a consumer from the protection he benefits from.

## **LIS PENDENS - RELATED ACTIONS**

Where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seized shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seized is established.

Where the jurisdiction of the court first seized is established, any court other than the court first seized shall decline jurisdiction in favor of that court.

It must be underlined that this is solely applicable for proceedings involving (i) the same cause of action and (ii) between the same parties.

In addition and as a general rule, where related actions are pending in the courts of different Member States, any court other than the court first seized may stay its proceedings.

It is the judge to assess whether pending actions are 'related' but actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.

Where actions come within the exclusive jurisdiction of several courts, any court other than the court first seized shall decline jurisdiction in favour of that court.

### **PROVISIONAL (INCLUDING PROTECTIVE) MEASURES**

Application may be made to the courts of a Member State for such provisional, including protective, measures as may be available under the law of that State, even if, under this Regulation, the courts of another Member State have jurisdiction as to the substance of the matter. This is an important issue in matters related to intellectual property where the law provides for some specific provisional measures (see the chapter on IP enforcement).

### **RECOGNITION AND ENFORCEMENT**

A judgment given in an EU country is to be recognized in the other EU countries without any special procedure being required.

Judgment means any judgment given by a court or tribunal of an EU country, whatever the judgment may be called, including a decree, order, decision or writ of execution. Under no circumstances may a foreign judgment be reviewed as to its substance.

A judgment will not be recognized if:

- such recognition is manifestly contrary to public policy in the EU country in which recognition is sought;
- the defendant was not served with the document that instituted the proceedings in sufficient time and in such a way as to enable the defendant to arrange for his/her defense;

- it is irreconcilable with a judgment given in a dispute between the same parties in the EU country in which recognition is sought;
- it is irreconcilable with an earlier judgment given in another EU or non-EU country involving the same cause of action and the same parties.

A court in which recognition is sought of a judgment given in another EU country may stay the proceedings, if an ordinary appeal against the judgment has been lodged.

A judgment is to be enforced in another EU country when, on the application of any interested party, it has been declared enforceable there. The parties may appeal against a decision on an application for a declaration of enforceability.

## 4. LEGAL PROTECTION OF AUTHOR RIGHT (COPYRIGHT)

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### LEGAL FRAMEWORK

#### a) *Directives*

Copyright is still mainly regulated by national laws. To this day, there is no global harmonization on the European level but a large number of specific texts, mainly<sup>5</sup>:

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<sup>5</sup> One should also have a look to the chapters related to computer programs, and databases.

- Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property.
- Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, aiming at facilitating the cross border transmission of audiovisual programs such as, particularly broadcasting via satellite and retransmission by cable.
- Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights.
- Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society, which is set to adapt legislation on copyright and related rights to reflect technological developments.
- Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art, creating a standard level of protection within the single market.
- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.
- Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property. It also provides for a harmonization of certain neighboring rights including the right of fixation, reproduction, broadcasting and communication to the public and distribution.



- Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights, which sets the term of protection for performers and sound recordings to 70 years in the EU.

#### b) *EU Court of justice*

In intellectual property more than anywhere else, the EU Court of justice has worked tremendously to harmonize the way the notions are interpreted and applied throughout the EU. Despite the lack of a global harmonization, many core-principles are therefore largely shared throughout Europe (see here after for landmark cases).

### **COPYRIGHT VS. AUTHOR RIGHT**

The lack of harmonization is partly caused by the coexistence of two different models within the European union:

- The copyright model. Mainly used in the common law EU-members (UK, Ireland, etc...), it provides a protection which is set to ensure a financial reward to creators and enable them to remunerate the effort they put in their creative activities. This model is based on “skill and labor” and less on originality and moral rights of the authors over their creations.
- The author’s right model (continental Europe). It places the author at the centre of the protection system by granting him moral rights (paternity, integrity,...) over his work in addition to the traditional exclusive rights covering all commercial uses of the work. This model is based on a core-notion: originality.

Thanks to international texts, such as the Berne convention, these models are converging, but there remain strong differences (not to speak about the cultural inheritance).

## WHICH WORKS ARE PROTECTED UNDER AUTHOR RIGHT?

There is no general list of works/objects protected by author right.

However, specific elements are explicitly protected by author right, notably:

- a) Computer programs. According to article 1 of the applicable Directive, “(...) Member States shall protect computer programs, by copyright, as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works. (...)”;
- b) Database. According to article 3 of the applicable Directive : “Databases which, by reason of the selection or arrangement of their contents, constitute the author's own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection”.

Beside those examples, the meaning of literary and artistic works is unclear (as it is in the international conventions and treaties).

It typically refers to all artworks: photographs, written compositions, statues, architectural plans, models, paintings, but also movies, video games, etc.

As an example, in the Painer case, the Court of Justice of the European Union has ruled that a portrait photograph can be protected by copyright if, which it is for the national court to determine in each case, such photograph is an intellectual creation of the author reflecting his personality and expressing his free and creative choices in the production of that photograph. Since it has been determined that the portrait photograph in question is a work, its protection is not inferior to that enjoyed by any other work, including other photographic works.

Besides artistic works, the concept of literary and artistic works is nearly borderless (as shown by the two examples here above where database and computer program are protected as literary and artistic works).

After a decade of cases brought before the Court of Justice, one may reasonably assume that any work/object can potentially be protected by author right if, and only if, it is considered as an original creation<sup>6</sup>.

The definition of literary and artistic works is not detachable from the criteria of originality : any work is eligible as a 'protected work' if it is an intellectual creation of the author (i.e. it reflects his personality and expresses his free and creative choices).

## ORIGINALITY

Originality is the core-notion of author right : the work must exhibit creativity and originality, reflecting the author's imprint.

The idea expressed in the work does not need to be original. But the manner in which the idea is expressed must be original.

Let's take an example:

- Generally speaking, taking a picture of the sky is far from being original. The idea of such photograph is not original and if I take my autofocus camera and push on the appropriate button, it shall be difficult to pretend it is original;
- However, *a* picture of the sky, taken in *a* specific circumstance, by *a* specific person, who made *a* specific work, may be protected if it is original. This is exactly what the Court said in the Painer case (see here above).

Until recently, originality was largely a national issue, but the Court of Justice of the EU has worked tremendously in several decisions, in order to affirm that :

- originality should be applied similarly to all types of works protected by copyright (computer programs, literary and artistic work, books, etc.) ; and

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<sup>6</sup> See notably : Infopaq vs. Danske DagbladesForening (2009) ; Softwarova vs. Svaz (2010) ; Premier League (2011) ; Painer vs. Standard, Axel Springer, Spiegel a.o. (2011) ; Football Dataco (2012) ; SAS Institute (2012) ; Usedsoft v. Oracle (2012); Flos vs. Semeraro (2011).

- it has a pan-European meaning (it must be an intellectual creation of the author reflecting his personality and expressing his free and creative choices).

As an example, it has ruled in the Dataco case that a ‘database’ is protected by the copyright laid down by the applicable directive provided that the selection or arrangement of the data which it contains amounts to an original expression of the creative freedom of its author, which is a matter for the national court to determine.

In the landmark 2009 Infopaq case, the Court has confirmed that works such as computer programs, databases or photographs are protected by copyright only if they are original in the sense that they are their author’s own intellectual creation.

## FORMALITIES

Unlike industrial property right – such as patent or trademark – the protection under author right is automatically granted by the mere creation of the original work. Once it is created and fixed (as long as it is not fixed, it remains an idea), it is protected.

## WHO IS THE AUTHOR?

As a general rule, the copyright owner is the creator of the initial work.

Since author right is based on originality, the copyright owner is normally an individual. (Please note that taking into consideration the development of artificial intelligence, there is a growing debate on the necessity to change this traditional way of thinking.)

Exceptions to this principle exist and may vary from one country to another as it is not harmonized at the EU legislative level:

- If the work was created by an employee of a company during working hours, the company could be the owner of the copyright;
- If the work is created by more than one person, all creators could be considered as co-authors, unless otherwise agreed;

- Where students have assigned copyright in their research or exercise works to a university or educational body, the copyright could then reside with this body.

Please pay attention to the fact that due to the lack of harmonization, the ownership must be verified by a local lawyer before any action. Notably, the important question of works created by employees may considerably vary depending the country considered.

## SCOPE OF PROTECTION

The author has both moral and economic rights on his work. The common law countries do not completely recognize moral rights, at least not as part of copyright protection.

The economic rights can be sold, inherited or assigned. It can also be divided, so that the rights holder can assign it for a particular application or medium. Moral rights are, as a rule, not transferable nor assignable (however with exceptions depending the country).

## ECONOMIC RIGHTS

Economic rights allow the owners of the rights to get income from its exploitation. They own the exclusive right to authorize it, under different forms, and to set the size of the royalties – however respecting competition law rules as they are the owner of a monopoly.

The copyright's economic rights are embedded in the Directive 2001/29 which holds a list of the prerogatives:

- A right of reproduction, which includes the right to authorize or prohibit digital reproductions and temporary copying<sup>7</sup>;
- A right of communication to the public, which provides that the protected work may be accessed by the public<sup>8</sup>;

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<sup>7</sup> Important caselaw of the Court of Justice of the EU includes : SAS Institute (2012) ; ACI Adam (2014).

<sup>8</sup> Important caselaw of the Court of Justice of the EU includes : Svensson vs. Retriever (2014) ; TVCatchup (2013).

- A rental and lending right, which provides for exclusive rights to authorize or prohibit the rental and lending of the protected work,
- A right of distribution, which includes the right to authorize or prohibit the first sale or transfer of ownership in the EU territory<sup>9</sup>.

## MORAL RIGHTS

Moral rights typically include:

- A right to paternity, which ensures that a work cannot be falsely attributed, but also allows the author to publish anonymously or under a pseudonym ;
- A right to integrity, which guarantees the integrity of a work in such a way that the work cannot be modified or distorted without the author's permission;
- A right of controlling publication, to which the author is entitled to freely decide whether his work shall be released to the public or not, and when.

Moral rights cannot normally (there are some specificities ...) be transferred, as they are personal rights of the author.

## EXCEPTIONS

### a) *In general*

Exceptions to author's right is not an easy issue, for the directive does not totally harmonize the situation within the EU: some exceptions are compulsory and shall apply throughout Europe; others are optional and may vary from one State to another.

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<sup>9</sup> Important caselaw of the Court of Justice of the EU includes : UsedSoft vs Oracle (2012) ; Donner (2012).

The Court of Justice has underlined on several occasions the importance of the three-step-test when there is no specific exception to the right of the author or when the scope of such exception is unclear<sup>10</sup>.

This test was first established in relation to the exclusive right of reproduction under Article 9 (2) of the Berne Convention for the Protection of Literary and Artistic Works in 1967 (Article 9 : (...)) "It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author"). Since then, the test has been included in Article 13 of TRIPs ("Members shall confine limitations and exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rights holder.")

#### **b) *Temporary technical reproduction***

This exception is compulsory: temporary acts of reproduction, which are transient or incidental and an integral and essential part of a technological process and whose sole purpose is to enable:

(a) a transmission in a network between third parties by an intermediary, or

(b) a lawful use

of a work or other subject-matter to be made, and which have no independent economic significance, shall be exempted from the reproduction right.

#### **c) *Private copy***

The private copy exception is optional, although largely used by member states: Member States may provide for exceptions or limitations to the reproduction right in respect of reproductions on any

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<sup>10</sup> Important caselaw of the Court of Justice of the EU includes : Amazon Austro-Mechana (2013) ; Infopaq (16 July 2009).

medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial, on condition that the rightholders receive fair compensation which takes account of the application or non-application of technological measures referred to in Article 6 to the work or subject-matter concerned.

In the Copydan case, the Court of Justice has ruled that this exception does not preclude national legislation which provides that fair compensation is to be paid, in respect of *multifunctional media* such as mobile telephone memory cards, irrespective of whether the main function of such media is to make such copies, provided that one of the functions of the media, be it merely an ancillary function, enables the operator to use them for that purpose. However, the question whether the function is a main or an ancillary one and the relative importance of the medium's capacity to make copies are liable to affect the amount of fair compensation payable (see here after). In so far as the prejudice to the rightholder may be regarded as minimal, the making available of such a function need not give rise to an obligation to pay fair compensation<sup>11</sup>.

The Court has ruled in addition that the Directive does not preclude national legislation which requires payment of the levy intended to finance fair compensation by producers and importers who sell mobile telephone memory cards to business customers and are aware that those cards will be sold on by those customers but do not know whether the final purchasers of the cards will be individuals or business customers, on condition that:

- the introduction of such a system is justified by practical difficulties;
- the persons responsible for payment are exempt from the levy if they can establish that they have supplied the mobile telephone memory cards to persons other than natural persons for purposes clearly unrelated to copying for private use, it being understood that the exemption cannot be restricted to the supply of business customers registered with the organisation responsible for administering the levy;

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<sup>11</sup> CJUE, C-463/12 (2015).



- the system provides for a right to reimbursement of that levy which is effective and does not make it excessively difficult to repay the levy and only the final purchaser of such a memory card may obtain reimbursement by submitting an appropriate application to that organisation.

d) *Fair compensation*

The “fair compensation” is widely used in the Directive: many exceptions are acceptable only if the rightholder receives fair compensation.

According to one of its recital, “When determining the form, detailed arrangements and possible level of such fair compensation, account should be taken of the particular circumstances of each case. When evaluating these circumstances, a valuable criterion would be the possible harm to the rightholders resulting from the act in question. In cases where rightholders have already received payment in some other form, for instance as part of a licence fee, no specific or separate payment may be due. The level of fair compensation should take full account of the degree of use of technological protection measures referred to in this Directive. In certain situations where the prejudice to the rightholder would be minimal, no obligation for payment may arise”.

According to the Copydan case, Directive 2001/29 precludes national legislation which provides for fair compensation, in accordance with the exception to the reproduction right, in respect of reproductions made using unlawful sources, namely from protected works which are made available to the public without the rightholder’s consent.

## WHAT ARE “RELATED RIGHTS”?

Related rights are similar to author right, but they do not protect the *author*.

It protects those people who are involved in the performance of the work or in its communication to the public. When a famous music artist sings a text/music written by someone else, he is protected by related

rights but not author rights (for he is not the author of the work – music and text –protected).

In the EU, the related rights are largely treated the same way as author rights. Holders of related rights in the EU enjoy the same economic rights granted to authors.

### **DURATION OF PROTECTION**

Copyright has a strict duration which in most cases follows the Berne Convention. As a general rule, copyright applies for the lifetime of the creator, plus 50 years. However, in the EU, copyright applies for 70 years after the author's death date.

### **COMPUTER AND DATABASE**

Please read the specific chapter on computer and database.

## 5. LEGAL PROTECTION OF TRADEMARKS

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### LEGAL FRAMEWORK

- Regulation 207/2009 of the European Council of 26 February 2009 on the Community trade mark ;
- Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trademarks;
- National laws of transposition.

### WHAT IS A TRADE MARK?

A trademark is a sign used in trade to identify products or services as to indicate its origin from a specific business.

The trademark right is an exclusive right enabling the proprietor to prohibit the use of identical or similar signs of other person or entities, if they do not have prior rights.

## REQUIREMENTS FOR TRADEMARK PROTECTION

The requirements for trademark protection are the same in all Member States and in the Community trademark system. The trade mark is composed by a sign, normally graphically represented, being distinctive and not illegal or contrary to public policy.

### a) *A sign, represented graphically*

The basic function of a trademark is to indicate to the public from which company a good or service comes from (origin).

This sign must be represented graphically. The reason of that condition is really practical: trademarks must be registered and the register can be consulted. In consequence, the trademark Offices can only accept « visually » reproducible signs.

It is thus possible to register:

- A word mark: letters, numbers,...
- A figurative mark: pictures, graphics, logo,...
- A combined mark: with both words and pictures
- A 3D mark: representation of a three-dimensional shape, such as the actual product or its packaging.
- A colour mark: with its specific coordinates in the colour space
- A sound mark: represented graphically (musical notation,...)

### b) *Distinctive*

Given the indication function of a trademark, the sign must be distinctive. This distinctiveness is assessed on a case by case basis.

Descriptive slogans or names, or a sign that can be used to describe one characteristic of the product/service won't be, in principle, distinctive enough.

### c) *Lawfulness*

Certain forms of signs are prohibited. A few examples :

- if contrary to law and order, or to the morals;
- flags and other State (or international) emblems;
- signs misleading the public, for instance on the nature, the quality or the geographical origin of the goods/services.

The different trademark registries are usually accessible on the internet, which allows the applicants to check the availability beforehand.

## REFUSAL OF PROTECTION

A trademark is excluded from protection for absolute grounds if it is:

- Descriptive, that is to say that the brand itself describes the nature, destination or origin of the goods and services.
- Misleading, that is to say, in view of the trademark, the consumer expects that the products have quality, provenance or special features, but in reality they cannot exist for the product.
- Banal or without an distinctivness, that is to say that the trademark does not have any distinctive feature.
- Illegal, this means that the sign is contrary to public order, morality and is banned from use.

During the application process, the Office will examine these requirements.

## OPPOSITION

A sign can also be excluded from protection for relative grounds if it is similar or identical to a mark previously registered for similar or

identical goods or services. In the Community trademark system and in most (not all) other trademark systems, relative grounds must be claimed by the proprietors of prior rights by means of an opposition. Such opposition can be filed within three months (in many countries) after a trade mark has been published.

The Office will decide on the opposition after both parties, the applicant and the opponent, have submitted evidence and arguments.

Currently, one in five applications are opposed by the owners of trademarks that are already on the market. The applicant can minimize the risk of opposition by searching for potential conflicts before they apply.

## SCOPE OF PROTECTION

### a) *Rights of the owner*

The owner of a registered trade mark is in most countries able to prevent 3 types of infringements, occurring in the course of trade

- The use of an identical sign for identical goods/services;
- The use of an identical or similar sign for identical or similar goods/services if there is a likelihood of confusion for the consumer;
- The use of an identical or similar sign for not similar goods/services when the trademark is well-known on the given territory, if unjustified profit is taken from the trademark or its reputation;

To obtain a sanction for such behavior and protect the brand in its distinctive feature, the trademark holder can file an action for infringement which, according to the country will be a judicial or administrative action.

Claims of national unfair competition law often go hand in hand with trademark infringements.

## **b) *Territoriality and specialty***

Two main principles have to be considered about trademark protection:

- The principle of territoriality. Trademark protection may only be enforced in the territory for which the registration was obtained. A Spanish registration does not allow an infringement action in China or the United States.
- The principle of specialty. The registration of the trademark does, in the absence of prior rights, confer a monopoly in respect of the products or services listed in the registration towards identical or similar products provided that a likelihood of confusion is given.

## **c) *Extended protection for well-known trademarks***

There is an exception of these two basic principles: the well-known or marks having a high reputation.

Article 6bis of the Convention of Paris (1967) provides that “in determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including in the Member concerned which has been obtained as a result of the promotion of the trademark.”

This enhanced protection is primarily intended to prevent companies from taking unfair advantages of the reputation of a famous mark or harm its reputation or image.

## **d) *Use requirement***

After a 5 years grace period, in which in many countries the trademark must not be used, the trademarks must be used for the registered goods or services to avoid being challenged by third parties and to enforce the rights based on the registration. Accordingly, after this grace period, the trademark owner can only successfully enforce his

trademark if it is in use. If it is then not in use, any other party can also file a cancellation action for non-use.

## **DURATION**

The duration of trademark protection varies from country to country, but in most of them, it lasts 10 years. This protection, however, can be renewed indefinitely upon payment of a renewal fee.

## **REGISTERING A TRADEMARK IN THE EU**

Trademark law in Europe comprises both European Union (EU) legislation as well as the national laws of the 28 Member States of the Union on the protection of marks (or, for Belgium, the Netherlands and Luxemburg, the Benelux Convention).

The Regulation 207/2009 allows for registration of Community trademarks offering Community-wide protection. The trademarks are administered by the Office for Harmonization in the Internal Market (OHIM), in Alicante, Spain.

The community trademark covers the 28 EU members. This trade mark takes effect in the entire territory of the European Union.

### **a) *Registration application to OHIM***

A trademark can be registered for a person or a legal entity.

You can file directly with OHIM or via a national office that will communicate the application to OHIM. The application must include:

- Identification of the applicant
- Sign to be applied
- Payment
- The list of products or services for which the mark is registered



- The list of classes for the products or services.

**b) *Examination of the application for registration***

The Office will examine the admissibility of the application and its formal regularity. It will further examine whether the mark is distinctive, not misleading and licit. However, there are no searches for prior rights.

Then the Office will publish the application for registration to allow third parties to intervene in the proceedings. Third parties may render observations concerning the conditions of validity and file an opposition within 3 months.

Only after conclusion of the opposition proceedings the trademark will be registered and with this become effective.

**c) *Advantages and disadvantages***

The major advantage of the community trademark is that one registration process results in trademark protection in 28 countries.

Another advantage is that it is not necessary to prove use of the trademark in each of the countries of the European Union. Indeed, the use in a significant part of the European Union can be regarded as sufficient (details are under discussion).

Its main drawback is that one prior right in any of the 28 member states is sufficient for its holder to object to the registration of the mark.

That is why many applicants perform a search for prior rights in the member states of the EU before applying for a community trademark.

## **IMPORTANT CHANGES IN THE (VERY NEAR) FUTURE**

In 2016, European Union trademark reform legislative package will enter into effect. Important changes include:

- The Community Trademark (CTM) is renamed into European Union Trademark (EUTM);
- The Office for Harmonization in the Internal Market (OHIM) is renamed into European Union Intellectual Property Office (EUIPO);
- All EUTMs will be considered to cover only the “literal meaning” of the goods and services listed in their identifications. This important change includes a transitory regime: a proprietor of a EUTM with an identification covering a class heading and an application date earlier than June 22, 2012, will have until September 23, 2016 to file a declaration clarifying which goods and services are covered within the respective class. If no declaration is made, the literal meaning rule shall apply.
- Designations of Origin and Geographical Indicators will be barred from trademark registration.
- The requirement that trademarks must be “graphically represented” will be abolished. In other words, it will be possible to register scent, sound, taste, color, etc. as a trademark.
- Owners of EUTMs will have the ability to obtain the seizure of counterfeit goods being transported through Europe, even if the final destination is outside European Union.

## 6. LEGAL PROTECTION OF COMPUTER PROGRAMS

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### LEGAL FRAMEWORK

- Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (this directive repeals Directive 91/250/EEC on the same subject);
- National laws of transposition.

### PROTECTION VIA COPYRIGHT

Prior to the directive, the legal protection of computer programs varied greatly throughout the member states in both the terms and condition of it.

It has therefore been decided that the Community's legal framework on the protection of computer programs can in the first instance be limited to establishing that Member States should accord protection to computer programs under copyright law as literary works and, further, to establishing who and what should be protected, the exclusive rights on which protected persons should be able to rely in order to authorize or prohibit certain acts and for how long the protection should apply.

Article 1 of the directive provides accordingly that “Member States shall protect computer programs, by copyright, as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works”.

### **WHICH ELEMENTS ARE PROTECTED?**

Protection shall apply to the expression in any form of a computer program.

The term "computer program" includes programs in any form, including those which are incorporated into hardware. This term also includes preparatory design work leading to the development of a computer program provided that the nature of the preparatory work is such that a computer program can result from it at a later stage.

For the avoidance of doubt, it has to be made clear that only the expression of a computer program is protected and that ideas and principles which underlie any element of a program, including those which underlie its interfaces, are not protected by copyright under this Directive. In accordance with this principle of copyright, to the extent that logic, algorithms and programming languages comprise ideas and principles, those ideas and principles are not protected under this Directive. In accordance with the legislation and case-law of the Member States and the international copyright conventions, the expression of those ideas and principles is to be protected by copyright.

In the SAS case, the Court of Justice of the European Union has ruled that neither the functionality of a computer program nor the programming language and the format of data files used in a computer program in order to exploit certain of its functions constitute a form of

expression of that program and, as such, are not protected by copyright in computer programs for the purposes of that directive.

## **THE TERMS OF PROTECTION**

When it is decided that the work should be considered as a literary or artistic piece, therefore protected under the Berne Convention, the question of originality will arise. A computer program shall be protected if it is original in the sense that it is the author's own intellectual creation. No other criteria shall be applied to determine its eligibility for protection.

In respect of the criteria to be applied in determining whether or not a computer program is an original work, no tests as to the qualitative or aesthetic merits of the program should be applied.

## **WHO IS THE AUTHOR?**

The author of a computer program shall be the natural person or group of natural persons who has created the program or, where the legislation of the Member State permits, the legal person designated as the rightholder by that legislation.

It is perfectly possible to find different situations, according to the member states concerned. Certain states will limit authorship to individuals considering that they can only demonstrate originality, where others will prove more flexible in relation to positions of legal persons.

Depending on national legislation, it will therefore organise by contract the transfer of rights to the corporation. This is a typical pattern, especially when a company uses independent programmers. Care should be taken to include in all contracts with suppliers, an assignment clause in favour of the client company. In this case, although not author, the company would be rightholder.

## **EMPLOYEES**

Where a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the

employer exclusively shall be entitled to exercise all economic rights in the program so created, unless otherwise provided by contract.

It constitutes an important innovation putting an end to the confusion between member states, in order to guarantee to software companies that the persons they employ will not be able to prevent the exploitation of the software.

However, the definition of an 'employee' may vary between Member States; for example: is a physical person developing software under a sole-proprietary company he created for tax purposes, still an employee ? The answer may have very important implications, in a case bankruptcy for example.

As a example, the Belgium Supreme court has ruled on June, 3<sup>rd</sup>, 2010 that the transfer of economic rights to the employer in relation to the computer program developed by its employees, is an exception to the normal regime and should therefore be interpreted restrictively.

## **RIGHTS AS A RIGHTHOLDER**

The exclusive rights of the rightholder shall include the right to do or to authorise:

- a) the permanent or temporary reproduction of a computer program by any means and in any form, in part or in whole; in so far as loading, displaying, running, transmission or storage of the computer program necessitate such reproduction, such acts shall be subject to authorisation by the rightholder;
- b) the translation, adaptation, arrangement and any other alteration of a computer program and the reproduction of the results thereof, without prejudice to the rights of the person who alters the program;
- c) any form of distribution to the public, including the rental, of the original computer program or of copies thereof.

## EXCEPTIONS RELATING TO THE USE OF SOFTWARE

In the absence of specific contractual provisions, the acts referred to in points (a) and (b) here above shall not require authorisation by the rightholder where they are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction.

Also, the making of a back-up copy by a person having a right to use the computer program may not be prevented by contract in so far as it is necessary for that use. Eventually, the person having a right to use a copy of a computer program shall be entitled, without the

authorisation of the rightholder, to observe, study or test the functioning of the program in order to determine the ideas and principles which underlie any element of the program if he does so while performing any of the acts of loading, displaying, running, transmitting or storing the program which he is entitled to do. In the SAS case, this has been interpreted as meaning that a person who has obtained a copy of a computer program under a licence is entitled, without the authorisation of the owner of the copyright, to observe, study or test the functioning of that program so as to determine the ideas and principles which underlie any element of the program, in the case where that person carries out acts covered by that licence and acts of loading and running necessary for the use of the computer program, and on condition that that person does not infringe the exclusive rights of the owner of the copyright in that program.

It has to be underlined that such exception is limited to the “lawful acquirer”. This means that the acts of loading and running necessary for the use of a copy of a program which has been lawfully acquired, and the act of correction of its errors, may not be prohibited by contract. In the absence of specific contractual provisions, including when a copy of the program has been sold, any other act necessary for the use of the copy of a program may be performed in accordance with its intended purpose by a lawful acquirer of that copy.

## EXCEPTIONS RELATING TO INTEROPERABILITY

The authorisation of the rightholder shall not be required where reproduction of the code and translation of its form within the meaning

of points (a) and (b) of Article 4(1) are indispensable to obtain the information necessary to achieve the interoperability of an independently created computer program with other programs, provided that the following conditions are met:

- (a) those acts are performed by the licensee or by another person having a right to use a copy of a program, or on their behalf by a person authorised to do so;
- (b) the information necessary to achieve interoperability has not previously been readily available to the persons referred to in point (a); and
- (c) those acts are confined to the parts of the original program which are necessary in order to achieve interoperability.

Recital 10 of the Directive provides more details on the definition of interoperability. It says that the function of a computer program is to communicate and work together with other components of a computer system and with users and, for this purpose, a logical and, where appropriate, physical interconnection and interaction is required to permit all elements of software and hardware to work with other software and hardware and with users in all the ways in which they are intended to function. The parts of the program which provide for such interconnection and interaction between elements of software and hardware are generally known as "interfaces". This functional interconnection and interaction is generally known as "interoperability"; such interoperability can be defined as the ability to exchange information and mutually to use the information which has been exchanged.

The exception related to interoperability should however be interpreted restrictively.

This is supported notably by a Recital of the Directive providing that "circumstances may exist when such a reproduction of the code and translation of its form are indispensable to obtain the necessary information to achieve the interoperability of an independently created program with other programs. It has therefore to be considered that, in these limited circumstances only, performance of the acts of reproduction and translation by or on behalf of a person having a right



to use a copy of the program is legitimate and compatible with fair practice and must therefore be deemed not to require the authorisation of the rightholder.

An objective of this exception is to make it possible to connect all components of a computer system, including those of different manufacturers, so that they can work together. Such an exception to the author's exclusive rights may not be used in a way which prejudices the legitimate interests of the rightholder or which conflicts with a normal exploitation of the program.”

In accordance with this Recital, the Directive provides that in accordance with the provisions of the Berne Convention for the protection of Literary and Artistic Works, the provisions related to interoperability may not be interpreted in such a way as to allow its application to be used in a manner which unreasonably prejudices the rightholder's legitimate interests or conflicts with a normal exploitation of the computer program.

## **TECHNICAL MEASURES OF PROTECTION**

Software is regularly protected against illegal use by technical measures of protection, built into the software itself or in a separate device. It became necessary to give specific legal status to these measures, but without going so far as to question the exceptions granted to the legitimate user.

That is why the directive states that, while ensuring a correct balance between the rights of the rightholder and those of the user, Member States shall however provide, in accordance with their national legislation, appropriate remedies against a person committing any of the following acts:

- (a) any act of putting into circulation a copy of a computer program knowing, or having reason to believe, that it is an infringing copy;
- (b) the possession, for commercial purposes, of a copy of a computer program knowing, or having reason to believe, that it is an infringing copy;

- (c) any act of putting into circulation, or the possession for commercial purposes of, any means the sole intended purpose of which is to facilitate the unauthorised removal or circumvention of any technical device which may have been applied to protect a computer program.

More information on this subject is to be found in the Nintendo case. Although this case relied on the Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, a video game is to a large extent a type of computer program (as underlined by the advocate general). In that case, the Court of Justice of the European Union has ruled the concept of an 'effective technological measure', for the purposes of the 2001/29 directive, is capable of covering technological measures comprising, principally, equipping not only the housing system containing the protected work, such as the videogame, with a recognition device in order to protect it against acts not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use.

## COMPETITION LAW

The provisions of this Directive are without prejudice to the application of the competition rules under Articles 81 and 82 of the Treaty if a dominant supplier refuses to make information available which is necessary for interoperability as defined in this Directive.

## USED SOFTWARE

According to the Directive, the first sale in the Community of a copy of a program by the rightholder or with his consent shall exhaust the distribution right within the Community of that copy, with the exception of the right to control further rental of the program or a copy thereof. The objective of the principle of the exhaustion of the right of distribution of works protected by copyright is, in order to avoid partitioning of markets, to limit restrictions of the distribution of those works to what is necessary to safeguard the specific subject-matter of the intellectual property concerned (see, to that effect, Case C-200/96

*Metronome Musik* [1998] ECR I-1953, paragraph 14; Case C-61/97 *FDV* [1998] ECR I-5171, paragraph 13; and *Football Association Premier League and Others*, paragraph 106).

In a landmark case, the Court of Justice of the European Union has ruled that this must be interpreted as meaning that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.

In other words, the exhaustion of the distribution right concerns both tangible and intangible copies of a computer program, and hence also copies of programs which, on the occasion of their first sale, have been downloaded from the internet onto the first acquirer's computer.

Moreover, the Court has ruled that in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that licence having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right, and hence be regarded as lawful acquirers of a copy of a computer program and benefit from the right of reproduction provided for in that provision.

## 7. LEGAL PROTECTION OF DATABASES

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### LEGAL FRAMEWORK

- Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases;
- National laws transposing the directive.

### DOUBLE PROTECTION

Before the directive, national disparities were numerous. At most, one could see a general trend, under the influence of the case-law, to apply copyright to some elements of databases. This approach has been confirmed in the directive : “copyright remains an appropriate form of exclusive right for authors who have created databases”.

Nevertheless, in the absence of a harmonized system of unfair-competition legislation or of case-law, it has been decided that other

measures are required in addition to prevent the unauthorized extraction and/or re-utilization of the contents of a database.

However, the situation of the producer remains without effective solution. The making of databases requires the investment of considerable human, technical and financial resources while such databases can be copied or accessed at a fraction of the cost needed to design them independently. Such unauthorized extraction and/or re-utilization of the contents of a database constitute acts which can have serious economic and technical consequences.

### WHAT IS A DATABASE?

For the purpose of the directive, 'database' shall mean a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means.

Collections, sometimes called 'compilations', of works, data or other materials which are arranged, stored and accessed by means which include electronic, electromagnetic or electro-optical processes or analogous processes, are included in this definition.

Protection is extended to cover non-electronic databases.

However, the protection shall not apply to computer programs used in the making or operation of databases accessible by electronic means. Computer programs are indeed protected by a separate specific legal framework.

In the *Fixtures Marketing* case (C-444/02), the Court of Justice of the European Union has ruled that The term 'database' refers to any collection of works, data or other materials, separable from one another without the value of their contents being affected, including a method or system of some sort for the retrieval of each of its constituent materials.

## PROTECTION VIA COPYRIGHT

Databases which, by reason of the selection or arrangement of their contents, constitute the author's own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection.

The copyright protection of databases shall not extend to their contents and shall be without prejudice to any rights subsisting in those contents themselves. En ce qui concerne le contenu, c'est essentiellement le droit sui generis qui s'applique (voir ci-dessous).

The author of a database shall be the natural person or group of natural persons who created the base or, where the legislation of the Member States so permits, the legal person designated as the rightholder by that legislation. In terms of ownership there is an important similarity with the legal regime applicable to computer programs; this is not surprising since both have the same legal basis: copyright. The structure is similar but not identical. Notably, there is nothing in the database directive concerning the situation of employees. The general scheme which will apply, hence the importance of drawing up contracts.

In respect of the expression of the database which is protectable by copyright, the author of a database shall have the exclusive right to carry out or to authorize:

- a) temporary or permanent reproduction by any means and in any form, in whole or in part;
- b) translation, adaptation, arrangement and any other alteration;
- c) any form of distribution to the public of the database or of copies thereof. The first sale in the Community of a copy of the database by the rightholder or with his consent shall exhaust the right to control resale of that copy within the Community;
- d) any communication, display or performance to the public;
- e) any reproduction, distribution, communication, display or performance to the public of the results of the acts referred to in (b).

In the Football Dataco case, the Court has ruled that a database is protected by the copyright provided that the selection or arrangement of the data which it contains amounts to an original expression of the creative freedom of its author, which is a matter for the national court to determine.

As a consequence:

- the intellectual effort and skill of creating that data are not relevant in order to assess the eligibility of that database for protection by that right;
- it is irrelevant, for that purpose, whether or not the selection or arrangement of that data includes the addition of important significance to that data, and
- the significant labour and skill required for setting up that database cannot as such justify such a protection if they do not express any originality in the selection or arrangement of the data which that database contains.

## PROTECTION VIA THE SUI GENERIS RIGHT

### a) *Main principle*

The sui generis right is the complement set by the Directive to protect the producer of the database. Copyright is indeed not always efficient: how could protection be sought via copyright in a situation in which a database containing data that are not protected by copyright (a telephone directory for example), is copied?

Under the sui generis right, the directive provides that “Member States shall provide for a right for the maker of a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents to prevent extraction and/or re-utilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database”.

## b) *The substantial investment*

The sui generis right is only assigned if the producer can prove a substantial investment. This requirement gave rise to several decisions from the Court of Justice of the European Union:

- In the Fixtore Marketing cases (C-46/02; C-338/02), the Court has ruled that the expression 'investment in ... the obtaining ... of the contents' of a database must be understood to refer to the resources used to seek out existing independent materials and collect them in the database. It does not cover the resources used for the creation of materials which make up the contents of a database. The court has repeated the same sentence in the British Horseracing Board case.
- In the British Horseracing Board case, the Court has ruled that the expression 'investment in ... the ... verification ... of the contents' of a database must be understood to refer to the resources used, with a view to ensuring the reliability of the information contained in that database, to monitor the accuracy of the materials collected when the database was created and during its operation. The resources used for verification during the stage of creation of materials which are subsequently collected in a database do not fall within that definition.
- As regards the public sector, the Court has ruled in the Compass-Datenbank case that the activity of a public authority consisting in the storing, in a database, of data which undertakings are obliged to report on the basis of statutory obligations, in permitting interested persons to search for that data and/or in providing them with print-outs thereof does not constitute an economic activity, and that public authority is not, therefore, to be regarded, in the course of that activity, as an undertaking, within the meaning of Article 102 TFEU. The fact that those searches and/or that provision of print-outs are carried out in consideration for remuneration provided for by law and not determined, directly or indirectly, by the entity concerned, is not such as to alter the legal classification of that activity.



c) *The rights of the producer*

Once the substantial investment condition is met, the producer has the right to oppose to the extraction and the re-utilization of the content of the database:

- a) 'extraction` mean the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form<sup>12</sup>;
- b) 're-utilization` mean any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission. The first sale of a copy of a database within the Community by the rightholder or with his consent shall

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<sup>12</sup> Please note that in the Direct Marketing case, the Court has ruled that the transfer of material from a protected database to another database following an on-screen consultation of the first database and an individual assessment of the material contained in that first database is capable of constituting an 'extraction', to the extent that – which it is for the referring court to ascertain – that operation amounts to the transfer of a substantial part, evaluated qualitatively or quantitatively, of the contents of the protected database, or to transfers of insubstantial parts which, by their repeated or systematic nature, would have resulted in the reconstruction of a substantial part of those contents.

In addition, in the Apis case, the Court has ruled that the delimitation of the concepts of "permanent transfer" and "temporary transfer" is based on the criterion of the length of time during which materials extracted from a protected database are stored in a medium other than that database. The time at which there is an extraction, from a protected database, accessible electronically, is when the materials which are the subject of the act of transfer are stored in a medium other than that database. The concept of extraction is independent of the objective pursued by the perpetrator of the act at issue, of any modifications he may make to the contents of the materials thus transferred, and of any differences in the structural organisation of the databases concerned. The fact that the physical and technical characteristics present in the contents of a protected database made by a particular person also appear in the contents of a database made by another person may be interpreted as evidence of extraction, unless that coincidence can be explained by factors other than a transfer between the two databases concerned. The fact that materials obtained by the maker of a database from sources not accessible to the public also appear in a database made by another person is not sufficient, in itself, to prove the existence of such extraction but can constitute circumstantial evidence thereof.

exhaust the right to control resale of that copy within the Community.

In the British Horseracing Board case, the Court has ruled that the terms 'extraction' and 're-utilisation' must be interpreted as referring to any unauthorised act of appropriation and distribution to the public of the whole or a part of the contents of a database. Those terms do not imply direct access to the database concerned. The fact that the contents of a database were made accessible to the public by its maker or with his consent does not affect the right of the maker to prevent acts of extraction and/or re-utilisation of the whole or a substantial part of the contents of a database.

In addition the Court has ruled that:

- The expression 'substantial part, evaluated ... quantitatively, of the contents of [a] database' refers to the volume of data extracted from the database and/or re-utilised and must be assessed in relation to the total volume of the contents of the database.
- The expression 'substantial part, evaluated qualitatively ... of the contents of [a] database' refers to the scale of the investment in the obtaining, verification or presentation of the contents of the subject of the act of extraction and/or re-utilisation, regardless of whether that subject represents a quantitatively substantial part of the general contents of the protected database.

As regards to search engines and more specifically to meta search engines, the Court has ruled in the Innoveb case that an operator who makes available on the Internet a dedicated meta search engine re-utilises the whole or a substantial part of the contents of a database, where that dedicated meta engine:

- provides the end user with a search form which essentially offers the same range of functionality as the search form on the database site;

- ‘translates’ queries from end users into the search engine for the database site ‘in real time’, so that all the information on that database is searched through; and
- presents the results to the end user using the format of its website, grouping duplications together into a single block item but in an order that reflects criteria comparable to those used by the search engine of the database site concerned for presenting results.

The sui generis right shall run from the date of completion of the making of the database. It shall expire fifteen years from the first of January of the year following the date of completion. Any substantial change, evaluated qualitatively or quantitatively, to the contents of a database, including any substantial change resulting from the accumulation of successive additions, deletions or alterations, which would result in the database being considered to be a substantial new investment, evaluated qualitatively or quantitatively, shall qualify the database resulting from that investment for its own term of protection.

It should be stressed that the sui generis right apply to database whose makers or rightholders are nationals of a Member State or who have their habitual residence in the territory of the Community. It also apply to companies and firms formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business within the Community; however, where such a company or firm has only its registered office in the territory of the Community, its operations must be genuinely linked on an ongoing basis with the economy of a Member State.

## **GENERAL EXCEPTIONS TO THE RIGHT OF THE AUTHOR**

The performance by the lawful user of a database or of a copy thereof of any of the acts listed here above which is necessary for the purposes of access to the contents of the databases and normal use of the contents by the lawful user shall not require the authorization of the author of the database. Where the lawful user is authorized to use only part of the database, this provision shall apply only to that part. Any contractual provision to the contrary is null and void.

## GENERAL EXCEPTIONS TO THE SUI GENERIS RIGHT

The maker of a database which is made available to the public in whatever manner may not prevent a lawful user of the database from extracting and/or re-utilizing insubstantial parts of its contents, evaluated qualitatively and/or quantitatively, for any purposes whatsoever. Where the lawful user is authorized to extract and/or re-utilize only part of the database, this paragraph shall apply only to that part. Any contractual provision to the contrary is null and void.

However, the repeated and systematic extraction and/or re-utilization of insubstantial parts of the contents of the database implying acts which conflict with a normal exploitation of that database or which unreasonably prejudice the legitimate interests of the maker of the database are not permitted. In the British Horseracing Board case, the Court has ruled that this refers to unauthorised acts of extraction or re-utilisation the cumulative effect of which is to reconstitute and/or make available to the public, without the authorisation of the maker of the database, the whole or a substantial part of the contents of that database and thereby seriously prejudice the investment by the maker.

In addition, the lawful user of a database which is made available to the public in whatever manner :

- may not perform acts which conflict with normal exploitation of the database or unreasonably prejudice the legitimate interests of the maker of the database.
- may not cause prejudice to the holder of a copyright or related right in respect of the works or subject matter contained in the database.

## NATIONAL EXCEPTIONS TO THE RIGHTS OF THE AUTHOR

As already mentioned, before harmonization, national practices were extremely varied. As a result, the directive is a compromise allowing states, under some conditions, to keep special schemes whose importance is explained by national considerations. This is why the directive allows member states to limit the prerogatives of the author in the following situations:

- a) in the case of reproduction for private purposes of a non-electronic database;
- b) where there is use for the sole purpose of illustration for teaching or scientific research, as long as the source is indicated and to the extent justified by the non-commercial purpose to be achieved;
- c) where there is use for the purposes of public security or for the purposes of an administrative or judicial procedure;
- d) where other exceptions to copyright which are traditionally authorized under national law are involved, without prejudice to points (a), (b) and (c).

In relation to these four exceptions, it is therefore necessary to refer to national law, to see if an exception was actually introduced and if so under which terms and conditions it was introduced.

## **NATIONAL EXCEPTIONS TO THE SUI GENERIS RIGHT**

As with copyright, the compromise allows states some flexibility. Member States may stipulate that lawful users of a database which is made available to the public in whatever manner may, without the authorization of its maker, extract or re-utilize a substantial part of its contents:

- a) in the case of extraction for private purposes of the contents of a non-electronic database;
- b) in the case of extraction for the purposes of illustration for teaching or scientific research, as long as the source is indicated and to the extent justified by the non-commercial purpose to be achieved;
- c) in the case of extraction and/or re-utilization for the purposes of public security or an administrative or judicial procedure.

## 8. LEGAL PROTECTION OF PATENTS

### LEGAL FRAMEWORK

#### a) *International Law*

Paris Convention for the Protection of Industrial Property.

World Intellectual Property Organization (WIPO).

Patent Cooperation Treaty (PCT).

Patent Law Treaty (PLT).

The IPC.

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)-Agreement.

#### b) *European Law*

European Patent Convention (EPC):

- a) Implementing Regulations to the Convention on the Grant of European Patents.
- b) Protocol on Jurisdiction and the Recognition of Decisions in respect of the Right to the Grant of a European Patent (Protocol on Recognition).
- c) Protocol on Privileges and Immunities of the European Patent Organization (Protocol on Privileges and Immunities).

- d) Protocol on the Centralization of the European Patent System and on its Introduction (Protocol on Centralization).

Regulation (EU) n° 1257/2012 of the European Parliament and of the Council, of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection

## **WHAT IS A PATENT?**

A patent is a right granted by the authorities in exchange for the disclosure of a new and inventive technology to the public.

Patents generally are granted for inventions in all technical fields provided that they are new, not obvious from the state of the art to a person skilled in the art and are susceptible of industrial application.

## **NATIONAL PATENTS, EUROPEAN PATENTS AND EUROPEAN PATENTS WITH UNITARY EFFECT**

Patents are generally granted nationally, and, accordingly, are subject to the legal regulations of the respective country. The European patent has its own procedural rules for the granting of a patent, but, in turn, leads to national patent rights.

There is no difference between a European patent valid in a country and a national patent after the examination. In case of a national patent application the examination will be performed by the national patent office, in case of a European patent application the examination will be performed by the EPO.

The European Patent with unitary effect will be a European patent granted by the EPO under the provisions of the European Patent Convention to which unitary effect for the territory of the 26 participating states (all member states of the European Union except Spain) is given after grant, at the patentee's request.

## **EXCEPTIONS FROM PATENTABILITY**

The following subject matters as such usually are not regarded as inventions:

- Discoveries as well as scientific theories and mathematical methods;
- The human body at the various stages of its formation and development;
- The mere discovery of one element of the human body, including the sequence or partial sequence of a gene;
- Aesthetic creations;
- Plans, rules and methods for mental acts, for games or for business activities as well as programs for computers;
- The presentation of information.

Patents shall not be granted on methods for cloning human beings; methods for modifying the germ line genetic identity of human beings; the use of human embryos; production and exploitation of hybrid species evolving from germ cells, totipotent cells or cell nuclei of human beings and animals; methods for modifying the genetic identity of animals which are used to cause these animals suffering without any substantial medical benefit to Man or animal, and also animals produced by such methods.

Methods intended for the surgical or therapeutical treatment of the human or animal body and diagnostic methods carried out at the human or animal body shall also be unpatentable, except for products, in particular, substances or compositions, to be applied in any of these methods which can be subject of patent protection. Patents further shall not be granted for plant varieties or animal races as well as for substantially biological methods for breeding plants or animals.

The concept of plant variety is defined by Article 5 of Regulation (EC) No 2100/94 on Community plant variety rights, Official Journal No. L 227 of 1 September 1994 p. 1, in the version of Regulation (EC) No 2506/95, Official Journal No. L 258 of 28 October 1995 p. 3. A method for breeding plants or animals is essentially biological if it consists entirely of natural phenomena such as crossing or selection. Inventions which concern plants or animals shall be patentable if the technical feasibility of the invention is technically not limited to a particular plant



or animal variety. The exclusion of patentability of substantially biological methods for breeding plants or animals, shall not affect the patentability of inventions the subject matter of which is a microbiological or other technical method or a product obtained by means of such a method, wherein a microbiological method means any method using microbiological material, or performed upon or resulting in microbiological material.

## **THE TERMS OF PROTECTION**

In Europe, patents are granted for a maximum period of 20 years from the filing date of the patent application.

For pharmaceuticals or pesticides, the term of protection can be extended by a Supplementary Protection Certificate. The background of this is that pharmaceuticals and pesticides must go through a long state marketing authorization procedure before they can be marketed, and only then can be placed on the market. Thus the term of the patent already begins before the rights holder can bring his invention on the market. In order to compensate for this, the Supplementary Protection Certificate gives the possibility to gain back up to five years of the lost time of the protection period through a supplementary property right: this gives the simultaneous holder of a patent and a Supplementary Protection Certificate the possibility of a protection period of maximum 15 years from the initial approval (in the EU). For pharmaceuticals for children there is additionally the possibility of a paediatric extension of 6 months.

## **RIGHTS GRANTED BY A PATENT**

The patent grants an exclusion right to the patent holder; thus it allows him to prohibit other persons from using the invention. The patent holder can inter alia prohibit others from manufacturing the object of invention industrially, putting it into circulation, supplying, using or introducing or possessing for these purposes.

If the patent has been granted for a process, its effect shall also cover any products directly produced by this process.

European patent law also confers the patent owner the right to prevent all third parties from supplying or offering to supply a person other than a party entitled to exploit the patented invention, with means, relating to an essential element of that invention, for putting it into effect therein, when the third party knows, or it has been obvious in the circumstances, that these means are suitable and intended for putting that invention into effect. This prohibition of indirect patent infringement shall not apply when the means are staple commercial products, except when the third parties induces the person supplied to commit prohibited acts.

## **CLAIMS IN CASE OF INFRINGEMENT**

In case of breach, the holder of rights may demand, in particular, the cessation of the infringing use, the removal of infringing goods or tools, reasonable compensation or in the case of negligence, damages, each including financial statements, publication of the judgment and information about the origin and distribution channel.

The cessation, but also the preserving of evidence (“house search under civil law”) or the ability to pay (“freezing of assets”) can be enforced through a preliminary injunction. An intentional patent infringement may also be a criminal offence and punishable by imprisonment.

## **EMPLOYEES INVENTIONS**

Employees also may be entitled to the grant of a patent for any inventions made by them during their employment.

Depending on the national legislation, it may be necessary to conclude a contract for transfer of rights to the corporation.

Care should be taken to include in all contracts with suppliers, an assignment clause in favour of the client company. In this case, although not inventor, the company would – in the limits provided by European cartel law be rightholder.

## SCOPE OF THE PATENT

Patents have to be interpreted under consideration of the protocol for the interpretation of Article 69 EPC considering not only the patent claims and the wording but also their sense, the description and the drawings of the patent.

According to court practice, not only the literal infringement falls under the scope of a patent but also the equivalent use of a patented invention. Different rules on equivalent infringement have established across Europe. In Germany and Austria for example, equivalent use occurs if a person skilled in the art, at the priority date, equipped with general technical knowledge and, considering the state of the art, takes the exchanged features without inventive effort as a method of functioning the same way as the claimed patent.

The UK instead asks the three so called Catnic questions: a variant does not infringe a claim unless :

- a) it would have no material effect on the way the invention works.
- b) the lack of material effect would have been obvious to one skilled in the art at the date of publication, and
- c) it would be apparent to the skilled reader that the patentee could not have intended the particular claim language to exclude such a known, minor variant having no material effect.

No surprise that the European case law is not perfectly homogeneous especially when it comes to equivalent infringement.

## EXCEPTION OF PRIOR USE

Depending on the respective national legislation, a patent eventually does not enter into effect against any person who, already at the time of filing of the application, used the invention or took measures necessary for such use in good faith (prior user). The right of prior use is not yet perfectly harmonized in Europe.

## WHAT IS THE DIFFERENCE BETWEEN A PATENT AND A UTILITY MODEL?

Some countries do not only grant patents but also utility models. Like patents, utility models are means to protect inventions. The requirements for utility models are similar to those for patents:

- novelty (for which, however, in case of utility models the inventor or his legal successor may enjoy a period of grace);
- inventive step and moreover, of course;
- industrial applicability is required in both cases.

One major difference between patents and utility models is the form of the granting procedure. While the process of obtaining a patent will often involve extended examination before the patent is, with respect to utility models, only a formal examination of conformity with the law is carried out.

The term of a utility model is shorter than the term of a patent.

## THE UNITARY PATENT AND THE UNIFIED PATENT COURT

The Unitary Patent (UP), will permit, with a single application to obtain a uniform patent protection valid in the 26 European Contracting Member States, which are part of this system as of this day. In short it will work the same way than a European trademark which permits to obtain by a single application a trademark which is valid in 26 European countries. After the Unitary Patent is granted, there will be no need to validate it in each country, as it is the case with the classical European Patent. In addition, it will be possible to validate the same patent in the ten Contracting States of the European Patent Organisation that are not EU Member States.

According to the EC Commission , “the Unitary Patent will make the existing European system simpler and less expensive for inventors. It will end complex validation requirements and drastically limit expensive translation requirements in participating countries. Consequently, it is expected to stimulate research, development and investment in innovation, helping to boost growth in the EU”. An

agreement on 24 June 2015 has set a renewal fee level equal to the sum of national renewal fees in four countries (Germany, France, the United Kingdom and the Netherlands). Thus inventors protecting their innovations with the Unitary Patent will pay less than 5000€ in renewal fees, over 10 years for a territory that covers 26 EU countries, instead of the current level of around 30000€, which has discouraged many companies from patenting in Europe.

The Unitary Patent is part of the so-called 'patent package', a legislative initiative consisting of two regulations and an international agreement that lay the ground for the creation of unitary patent protection in the EU. The package consists of:

- a Regulation creating a European patent with unitary effect ('unitary patent')
- a Regulation establishing a language regime applicable to the unitary patent
- an Agreement between EU countries to set up a single and specialized patent jurisdiction (the 'Unified Patent Court')

The Unitary Patent will only enter into force, once the Agreement on a Unified Patent Court, signed on 19 February 2013, will enter into force, which is as soon as 13 states, including France, Germany and the United Kingdom, have ratified it. France and the United-Kingdom have already ratified, Germany is expected to ratify in 2017.

All litigations related to the Unitary Patent will be of the sole and exclusive competence of a Unified Patent Court (UPC), which comprises a Court of First Instance, a Court of Appeal and a Registry.

The Court of First Instance will have a central division as well as local and regional divisions. The central division will have its seat in Paris, with sections in London and Munich. A local division can be set up in a Contracting Member State upon its request, in accordance with the Statute of the Court.

The cases before the central division shall be distributed according to specific patent classifications (London: Human necessities, chemistry and metallurgy, Paris : Industrial techniques, transportations, textiles,

paper, physics and electricity, Munich: Mechanical engineering, lighting, heating, weapons and blasting).

The Court of Appeal, located in Luxembourg, will have a multinational composition of five judges, comprising three legally qualified judges who are nationals of different Contracting Member States and two technically qualified judges, with qualifications and experience in the field of technology concerned.

The Unitary Patent Court should lead to a unified caselaw resulting in:

- increased predictability and the avoidance of parallel litigation,
- judgements (injunctions, damages) with effect in 26 Member States of the EU, and,
- speedier procedures than in many of the individual Member States.

The language of proceedings will be the official language or one of the official languages of the Contracting Member State hosting the local division or the official language(s) designated by the Contracting Member States sharing a regional division. The language of proceedings in the central division will be the language in which the patent was granted (language of the patent). However there are exceptions.

Lawyers authorised to practice before a court of a Contracting Member State and European Patent Attorney qualified to practice before the European Patent Office who have appropriate qualifications such as a European Patent Litigation Certificate will be authorized to litigate before the UPC.

Regarding classical European Patents which have not lapsed when the Agreement on a Unified Patent Court will enter into force, or whose application is still pending at this date, they may, upon certain conditions, benefit from the Unitary Patent system. A transitional period, of seven years which may be prolonged up to a further seven years, will be applicable to these European patents. During the transitional period, actions for infringement or for revocation concerning classical European patents issued for a product protected

by such a patent may still be brought before national courts unless an action has already been brought before the UPC.

## 9. IP ENFORCEMENT

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### LEGAL FRAMEWORK

- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights;
- National laws of transposition.
- At international level, all Member States, as well as the Community itself as regards matters within its competence, are bound by the Agreement on trade-related aspects of intellectual property (the TRIPS Agreement), approved, as part of the multilateral negotiations of the Uruguay Round, by



Council Decision 94/800/EC(3) and concluded in the framework of the World Trade Organization<sup>13</sup>.

- There are also international conventions to which all Member States are parties and which also contain provisions on the means of enforcing intellectual property rights. These include, in particular, the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, and the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations.

The EC Commission has started a public consultation process and it is probable that a new Directive will be adopted in a near future.

## **PURPOSE OF THE DIRECTIVE**

The Directive requires all Member States to apply effective, dissuasive and proportionate remedies and penalties against those engaged in counterfeiting and piracy and so create a level playing field for rightholders in the EU. It means that all Member States will have a similar set of measures, procedures and remedies available for rightholders to defend their intellectual property rights (be they copyright or related rights, trademarks, patents, designs, etc) if they are infringed.

## **SCOPE**

The Directive concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights (it includes industrial property rights).

In April 2005, the EC Commission published a statement saying that at least the following intellectual property rights are covered by the scope of the Directive: copyright, rights related to copyright, sui generis right

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<sup>13</sup> The TRIPS Agreement contains, in particular, provisions on the means of enforcing intellectual property rights, which are common standards applicable at international level and implemented in all Member States.

of a database maker, rights of the creator of the topographies of a semiconductor product, trademark rights, design rights, patent rights, including rights derived from supplementary protection certificates, geographical indications, utility model rights, plant variety rights, trade names, in so far as these are protected as exclusive property rights in the national law concerned.

## **MAIN PRINCIPLES**

Pursuant to the directive, Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

The directive establishes an objective to be attained by the States, without laying down the measures and exact procedures. There is a concern in so far as the practice could vary greatly from one state to the other even if a form of convergence is observed in practice. This means that it is of the utmost importance to have recourse to a lawyer of the state concerned by the procedure.

## **WHO MAY REQUEST A MEASURE?**

At least the following persons are entitled to seek application of the measures, procedures and remedies referred to in the directive:

- a) the holders of intellectual property rights, in accordance with the provisions of the applicable law;
- b) all other persons authorized to use those rights, in particular licensees, in so far as permitted by and in accordance with the provisions of the applicable law;

- c) intellectual property collective rights-management bodies which are regularly recognized as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law;
- d) professional defence bodies which are regularly recognized as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law.

For the purposes of applying the measures, the author of a literary or artistic work, in the absence of proof to the contrary, to be regarded as such, and consequently to be entitled to institute infringement proceedings, it shall be sufficient for his/her name to appear on the work in the usual manner.

## EVIDENCE

Pursuant to the directive, on application by a party which has presented reasonably available evidence sufficient to support its claims, and has, in substantiating those claims, specified evidence which lies in the control of the opposing party, the competent judicial authorities may order that such evidence be presented by the opposing party, subject to the protection of confidential information.

Under the same conditions, in the case of an infringement committed on a commercial scale, it is possible to request documents such as the communication of banking, financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.

The above applies when there is a dispute between parties. It only solves part of the issue since a complainant is often reluctant to take legal action because he is suspicious of a third party, but does not have relevant evidence. Without evidence, it is indeed impossible to take judicial action.

Most important is the element of surprise. If the opposing side becomes aware of the forthcoming introduction of legal proceedings

they will take every measure to ensure that all traces of evidence are eradicated.

It is for this reason that the directive requires member states to provide right holders with the possibility of collecting evidence before the introduction of legal action: “Even before the commencement of proceedings on the merits of the case, the competent judicial authorities may, on application by a party who has presented reasonably available evidence to support his/her claims that his/her intellectual property right has been infringed or is about to be infringed, order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement, subject to the protection of confidential information. Such measures may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods and the documents relating thereto”.

Those measures shall be taken, if necessary without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the rightholder or where there is a demonstrable risk of evidence being destroyed. However, in such case, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the parties affected with a view to deciding, within a reasonable period after the notification of the measures, whether the measures shall be modified, revoked or confirmed.

One of the major concerns of the authorities in creating the possibility of preliminary unilateral actions, was the fear of seeing a party divert this proceeding from its purpose in order to spy on or put pressure on a competitor. It is for this reason that it demands that the person who has obtained a preliminary unilateral measure should make a final decision within an allotted timescale: either s/he presents a judicial action on the merits, or s/he loses forever the right of using the information s/he has gathered thanks to the unilateral measure.

## RIGHT OF INFORMATION

In addition, on request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who:

- a) was found in possession of the infringing goods on a commercial scale;
- b) was found to be using the infringing services on a commercial scale;
- c) was found to be providing on a commercial scale services used in infringing activities; or
- d) was indicated by the person referred to in point (a), (b) or (c) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

This action is really effective since it provides specific information, notably: the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers.

## PROVISIONAL AND PRECAUTIONARY MEASURES

Under certain condition, it is possible for a rightholder to request against the alleged infringer an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right, or to forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment where provided for by national law, the continuation of the alleged infringements of that right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the rightholder.

In the case of an infringement committed on a commercial scale, it is sometime possible to order the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of his/her bank accounts and other assets. To that end, the competent

authorities may order the communication of bank, financial or commercial documents, or appropriate access to the relevant information<sup>14</sup>.

## INTERNET INTERMEDIARIES

An interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right. This is of the utmost importance on the Internet<sup>15</sup>.

In the *Bonnier* case, the Court of justice of the European union has ruled that the EU applicable legislation must be interpreted as not precluding the application of national legislation which, in order to identify an internet subscriber or user, permits an internet service provider in civil proceedings to be ordered to give a copyright holder or its representative information on the subscriber to whom the internet service provider provided an IP address which was allegedly used in an infringement<sup>16</sup>.

In 2009 already, the Court ruled in the *LSG and Tele2* case, that nothing preclude Member States from imposing an obligation to disclose to private third parties personal data relating to Internet traffic in order to enable them to bring civil proceedings for copyright infringements. Community law nevertheless requires Member States to ensure that they rely on an interpretation of those directives which allows a fair balance to be struck between the various fundamental rights involved.

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<sup>14</sup> The injured party must notably demonstrates circumstances likely to endanger the recovery of damages.

<sup>15</sup> Note : injunctions against intermediaries whose services are used by a third party to infringe a copyright or a related right are covered by Directive 2001/29/EC.

<sup>16</sup> The Court declares, in addition, that Directives 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications) and 2004/48, must be interpreted as not precluding national legislation such as that at issue in the main proceedings insofar as that legislation enables the national court seized of an application for an order for disclosure of personal data, made by a person who is entitled to act, to weigh the conflicting interests involved, on the basis of the facts of each case and taking due account of the requirements of the principle of proportionality.

This is congruent with the *Promusicae* case where the Court has ruled that Member States are not required to lay down an obligation to communicate personal data in order to ensure effective protection of copyright in the context of civil proceedings (they may, but that don't have to). However, if they do so, Member States must allow this fair balance. Further, when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of Community law, such as the principle of proportionality.

The Court has added, in the *L'Oréal* case, that the Directive must be interpreted as requiring the Member States to ensure that the national courts are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind. Those injunctions must be effective, proportionate and must not create barriers to legitimate trade.

However, the Court set clear limits in the *Sabam* and *Scarlet* case, ruling that applicable Directives read together and construed in the light of the requirements stemming from the protection of the applicable fundamental rights, must be interpreted as precluding a national court from issuing an injunction against a hosting service provider which requires it to install a system for filtering:

- information which is stored on its servers by its service users;
- which applies indiscriminately to all of those users;
- as a preventative measure;
- exclusively at its expense; and
- for an unlimited period,

which is capable of identifying electronic files containing musical, cinematographic or audio-visual work in respect of which the applicant for the injunction claims to hold intellectual property rights, with a view to preventing those works from being made available to the public in breach of copyright.

## CORRECTIVE MEASURES

As regards goods that have been found to be infringing an intellectual property right the rightholder may notably request following measures:

- a) recall from the channels of commerce;
- b) permanent removal from the channels of commerce; or
- c) destruction.

As a general rule, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement and, where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance.

In some States, the law provides that the judge may order pecuniary compensation to be paid to the injured party instead of applying the measures provided for here above if that person acted unintentionally and without negligence, if execution of the measures in question would cause him/her disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory.

Needless to say, the injured party may claim damages.

When the judicial authorities set the damages:

- a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement; or



- b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question.

However, punitive damages are unknown in most European countries. Damages must be appropriate in order to cover the actual prejudice suffered by the injured party as a result of the infringement (the whole prejudice, but nothing more than the actual prejudice).

### **BALANCE WITH OTHER RIGHTS**

In the *Coty Germany* case, the Court of Justice was asked whether this Directive must be interpreted as precluding a provision which, in a situation such as that at issue in the main proceedings, allows a banking institution to invoke banking secrecy in order to refuse to provide information concerning the name and address of an account holder.

The Court has underlined the importance of the balance to be made: article 8(1)(c) of Directive 2004/48 and article 8(3)(e) thereof, read together, require that various rights be complied with. First, the right to information and, second, the right to protection of personal data must be complied with. In that regard, it must be borne in mind, in the first place, that, according to the case-law of the Court, EU law requires that, when transposing directives, the Member States take care to rely on an interpretation of them which allows a fair balance to be struck between the various fundamental rights protected by the EU legal order. Subsequently, when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of EU law.

As a result, the Court held that Directive 2004/48/EC must be interpreted as precluding a national provision, such as that at issue in the main proceedings, which allows, in an unlimited and unconditional

manner, a banking institution to invoke banking secrecy in order to refuse to provide, pursuant to Article 8(1)(c) of that directive, information concerning the name and address of an account holder. Article 8(3)(e) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as precluding a national provision, such as that at issue in the main proceedings, which allows, in an unlimited and unconditional manner, a banking institution to invoke banking secrecy in order to refuse to provide, pursuant to Article 8(1)(c) of that directive, information concerning the name and address of an account holder<sup>17</sup>.

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<sup>17</sup> Coty Germany, C-580/13 (2015).

## 10. LEGAL PROTECTION OF PERSONAL DATA (ACTUAL SITUATION)

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### LEGAL FRAMEWORK

On the 25<sup>th</sup> of October 1995, the Directive 95/46/EC was adopted to harmonize the rules of data protection throughout the territory of the European Union. It describes the general system of protection of personal data and is the main European standard for the protection of personal data.

Two other main Directives regulate data protection in the EU:

- Directive 2002/58/EC, amended by the Directive 2009/136/EC concerning the processing of personal data and protection of privacy in the electronic communications sector.
- Directive 2006/24/EC on the retention of data generated of processed in connection with the provision of publicly available electronic communications services or of public communications networks.

In the Lindqvist case, the Court has ruled that the objective of the Directive is to maintain a balance between freedom of movement of personal data and the protection of private life.

## SUPERVISORY AUTHORITIES

Each Member State must provide that an independent administration monitors the application of the provisions of the Directive on its territory (art. 28 of the Directive 95/46). Those authorities must be independent as underlined by the Court in the C-614/10 case : “by failing to take all of the measures necessary to ensure that the legislation in force in Austria meets the requirement of independence with regard to the Datenschutzkommission (Data Protection Commission), (...) the Republic of Austria has failed to fulfil its obligations (...)”. In the C-518/07 case, the court has ruled that, by making the authorities responsible for monitoring the processing of personal data by non-public bodies and undertakings governed by public law which compete on the market (öffentlich-rechtliche Wettbewerbsunternehmen) in the different Länder subject to State scrutiny, and by thus incorrectly transposing the requirement that those authorities perform their functions "with complete independence", the Federal Republic of Germany failed to fulfil its obligations.

The European Data Protection Supervisor (EDPS) is an independent supervisory authority charged with supervising the EU institutions on the application of data protection rules. It only has an advisory role on EU policies and legislation that affect privacy.

The Directive 95/46 provides at his article 29 that a Working party, the so-called “Article 29 Working Party” (or “29WP”) should be in charge of the protection of individuals with regard to the processing of personal data. It is an EU-wide advisory body that is composed of a representative of each member state, the EDPS and the European Commission. His main tasks are the followings:

- Examining the national applications of legislation pursuant to EU data protection regulation;

- Issuing opinions and recommendations on the interpretation of core notions in data protection regulation and;
- Enhancing cooperation between national data protection authorities in the interest of joint procedures and enforcement actions.

The importance of the documents published by 29WP should not be underestimated. On the one hand, the fact that 29WP is interested in a subject means that there is a consensus among the authorities to consider this issue as an important one. On the other hand, since each national authority is a member of this group, one can assess that the interpretation of the group will be reflected in national jurisprudence.

## DEFINITIONS

Article 2 of the Directive 95/46 gives some key definitions about the main terms used to regulate the personal data legal framework.

- Personal data : “mean any information relating to an identified or identifiable natural person (“data object”); an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity.”
- Processing of personal data : “mean any operation or set of operations which is performed upon personal data, whether or not by automatic means.”
- Controller : “mean the natural or legal person, public authority, agency or any other body which alone or jointly with others determines the purposes and means of the processing of personal data.”

In the Lindqvist case, the Court has ruled that the act of referring, on an internet page, to various persons and identifying them by name or by other means, for instance by giving their telephone number or information regarding their working conditions and hobbies,

constitutes "the processing of personal data wholly or partly by automatic means".

In the *Tietosuojavaltuutettu* case, it has ruled that an activity in which data on the earned and unearned income and the assets of natural persons are: (a) collected from documents in the public domain held by the tax authorities and processed for publication, (b) published alphabetically in printed form by income bracket and municipality in the form of comprehensive lists, (c) transferred onward on CD-ROM to be used for commercial purposes, and (d) processed for the purposes of a text-messaging service whereby mobile telephone users can, by sending a text message containing details of an individual's name and municipality of residence to a given number, receive in reply information concerning the earned and unearned income and assets of that person, must be considered as the "processing of personal data".

In the *Worten* case, it has ruled that a record of working time, such as that at issue in the main proceedings, which indicates, in relation to each worker, the times when working hours begin and end, as well as the corresponding breaks and intervals, is included within the concept of 'personal data'.

## I AM NOT A EUROPEAN COMPANY

As a non-European business with headquarters in the US and a mere commercial office somewhere in Europe, should I take care of this Directive?

The answer is very often positive, and even more after the *Costeja* case. The Court of Justice has ruled that article 4(1)(a) of Directive 95/46 is to be interpreted as meaning that processing of personal data is carried out in the context of the activities of an establishment of the controller on the territory of a Member State, within the meaning of that provision, when the operator of a search engine sets up in a Member State a branch or subsidiary which is intended to promote and sell advertising space offered by that engine and which orientates its activity towards the inhabitants of that Member State<sup>18</sup>.

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<sup>18</sup> *Google Spain vs. Costeja*, C-131/12 (2014).

Another question recently raised is related to businesses with more than one office in the EU.

In the *Weltimmo* case, the Court has ruled in 2015 that the Directive must be interpreted as permitting the application of the law on the protection of personal data of a Member State other than the Member State in which the controller with respect to the processing of those data is registered, in so far as that controller exercises, through stable arrangements in the territory of that Member State, a real and effective activity — even a minimal one — in the context of which that processing is carried out.

In order to ascertain, in circumstances such as those at issue in the main proceedings, whether that is the case, the referring court may, in particular, take account of the fact (i) that the activity of the controller in respect of that processing, in the context of which that processing takes place, consists of the running of property dealing websites concerning properties situated in the territory of that Member State and written in that Member State's language and that it is, as a consequence, mainly or entirely directed at that Member State, and (ii) that that controller has a representative in that Member State, who is responsible for recovering the debts resulting from that activity and for representing the controller in the administrative and judicial proceedings relating to the processing of the data concerned.

By contrast, the issue of the nationality of the persons concerned by such data processing is irrelevant.<sup>19</sup>

## MAIN PRINCIPLES

Data must be:

- a) processed fairly and lawfully;
- b) collected for specified, explicit and legitimate purposes and not further processed in a way incompatible with those purposes. Further processing of data for historical, statistical or

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<sup>19</sup> *Weltimmo*, C-230/14 (2015).

scientific purposes shall not be considered as incompatible provided that Member States provide appropriate safeguards;

- c) adequate, relevant and not excessive in relation to the purposes for which they are collected and/or further processed;
- d) accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that data which are inaccurate or incomplete, having regard to the purposes for which they were collected or for which they are further processed, are erased or rectified;
- e) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected or for which they are further processed. Member States shall lay down appropriate safeguards for personal data stored for longer periods for historical, statistical or scientific use.

In addition, there must be a good cause for processing the data. The accepted good causes (this is a closed list) are :

- a) the data subject has unambiguously given his consent; or
- b) processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract; or
- c) processing is necessary for compliance with a legal obligation to which the controller is subject; or
- d) processing is necessary in order to protect the vital interests of the data subject; or
- e) processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller or in a third party to whom the data are disclosed; or
- f) processing is necessary for the purposes of the legitimate interests pursued by the controller or by the third party or



parties to whom the data are disclosed, except where such interests are overridden by the interests for fundamental rights and freedoms of the data subject which require protection under Article 1 (1) of the Directive (said article refers to the fundamental rights and freedoms of natural persons, and in particular their right to privacy with respect to the processing of personal data).

In some situations, the list of good causes is restricted. This is notably the case for the processing of personal data, revealing; racial or ethnic origin, political opinions, religious or philosophical beliefs, trade-union membership, and the processing of data concerning health or sex life.

As regards f) here above, the court has ruled, in the ASNEF case, that it (i) has a direct effect<sup>20</sup> and (ii) it must be interpreted as precluding national rules which, in the absence of the data subject's consent, require not only that the fundamental rights and freedoms of the data subject be respected, but also that the data should appear in public sources, thereby excluding, in a categorical and generalised way, any processing of data not appearing in such sources.

Finally the process of personal data is given in principle (there are exceptions, from country to country) prior declaration to the national authority. It means at least two things :

- a mere declaration is not a permission and the authority will not grant any sort of permission (there are however exceptions in specific cases);
- It is a prior declaration, that is to say the process cannot take place before this formality has been satisfied.

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<sup>20</sup> It may be relied on by an individual before the national courts to oust the application of rules of national law which are contrary to those provisions (see the chapter on interaction between EU and national norms).

## RIGHTS OF THE DATA SUBJECT

### a) *Right to be informed*

The controller or his representative must provide a data subject from whom data relating to him are collected with at least the following information, except where he already has it:

- a) the identity of the controller and of his representative, if any;
- b) the purposes of the processing for which the data are intended;
- c) any further information such as:
  - the recipients or categories of recipients of the data,
  - whether replies to the questions are obligatory or voluntary, as well as the possible consequences of failure to reply,
  - the existence of the right of access to and the right to rectify the data concerning him,

In so far as such further information is necessary, having regard to the specific circumstances in which the data are collected, to guarantee fair processing in respect of the data subject.

The regime is different where the data have not been obtained from the data subject.

### b) *Right to access and modify the data*

Anyone may ask for any information regarding his personal data, “without constraint at reasonable intervals and without excessive delay or expense” (Art 12 of the Directive) from the controller, and has the right to modify or delete erroneous information “because of the incomplete or inaccurate nature of the date”.

Third parties must get a notification of any of the rectifications disclosed “unless this proves impossible or involves a disproportionate effort”.

In the C-486/12 case, the Court of Justice of the European Union has ruled that this must be interpreted as not precluding the levying of fees in respect of the communication of personal data by a public authority. In addition, the Court ruled that in order to ensure that fees levied when the right to access personal data is exercised are not excessive for the purposes of that provision; the level of those fees must not exceed the cost of communicating such data.

In the C553/07 case, the Court has ruled that the right to privacy with regard to the processing of personal data and on the free movement of such data, means that the data subject may be certain that his personal data are processed in a correct and lawful manner, that is to say, in particular, that the basic data regarding him are accurate and that they are disclosed to authorized recipients. In order to carry out the necessary checks, the data subject must have a right of access to the data relating to him which are being processed. The right of access to information on the recipients or categories of recipient of personal data and on the content of the data disclosed not only in respect of the present but also in respect of the past.

### c) *Right to object*

Anyone has the right to oppose, for legitimate reasons that his personal data being processed.

In addition, the data subject has the right to object, on request and free of charge, to the processing of personal data relating to him which the controller anticipates being processed for the purposes of direct marketing, or to be informed before personal data are disclosed for the first time to third parties or used on their behalf for the purposes of direct marketing, and to be expressly offered the right to object free of charge to such disclosures or uses.

#### d) *Right to be forgotten*

The Costeja case has been one the most noticeable order issued by the Court of Justice in 2014<sup>21</sup>.

The Court has ruled that article 12(b) and subparagraph (a) of the first paragraph of article 14 of Directive 95/46 are to be interpreted as meaning that, in order to comply with the rights laid down in those provisions and in so far as the conditions laid down by those provisions are in fact satisfied, the operator of a search engine is obliged to remove from the list of results displayed following a search made on the basis of a person's name links to web pages, published by third parties and containing information relating to that person, also in a case where that name or information is not erased beforehand or simultaneously from those web pages, and even, as the case may be, when its publication in itself on those pages is lawful. Security

The controller must implement appropriate technical and organizational measures to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing.

Having regard to the state of the art and the cost of their implementation, such measures shall ensure a level of security appropriate to the risks represented by the processing and the nature of the data to be protected.

Security is a main concern in the proposal for a new legal framework (see here above). The regime will probably be substantially modified in the future. It could include an obligation to notify the data subject in case of a security breach.

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<sup>21</sup> Google Spain vs. Costeja, C-131/12 (2014).

## EXCEPTIONS

There is a set of exceptions to some of the legal requirements, including when such a restriction constitutes a necessary measures to safeguard:

- a) national security;
- b) defence;
- c) public security;
- d) the prevention, investigation, detection and prosecution of criminal offences, or of breaches of ethics for regulated professions;
- e) an important economic or financial interest of a Member State or of the European Union, including monetary, budgetary and taxation matters;
- f) a monitoring, inspection or regulatory function connected, even occasionally, with the exercise of official authority in cases referred to in (c), (d) and (e);
- g) the protection of the data subject or of the rights and freedoms of others.

In the IPI case, the Court has ruled that Member States have no obligation, but have the option, to transpose into their national law one or more of the exceptions which it lays down to the obligation to inform data subjects of the processing of their personal data.

## JOURNALISTIC ACTIVITIES

The Directive creates large exemptions or derogations for the processing of personal data carried out solely for journalistic purposes or the purpose of artistic or literary expression only if they are necessary to reconcile the right to privacy with the rules governing freedom of expression.

In the Tietosuoja- ja valtuutettu case, the Court has ruled that activities involving the processing of personal data carried out "solely for

journalistic purposes", within the meaning of that provision, if the sole object of those activities is the disclosure to the public of information, opinions or ideas. Whether that is the case is a matter for the national court to determine.

### **TRANSFER OF DATA TO THIRD-COUNTRIES**

The transfer to a third country of personal data which are undergoing processing or are intended for processing after transfer may take place only if, without prejudice to compliance with the national provisions adopted pursuant to the other provisions of this Directive, the third country in question ensures an adequate level of protection.

In the Lindqvist case, the Court has ruled that there is no "transfer [of data] to a third country" within where an individual in a Member State loads personal data onto an internet page which is stored on an internet site on which the page can be consulted and which is hosted by a natural or legal person who is established in that State or in another Member State, thereby making those data accessible to anyone who connects to the internet, including people in a third country.

Please refer to the next chapter for more information.

## 11. CROSS-BORDER FLOWS OF PERSONAL DATA (ACTUAL SITUATION)

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### WHAT ARE PERSONAL DATA?

Article 2 of the Directive 95/46 gives some key definitions about the main terms used to regulate the personal data legal framework.

- Personal data : “means any information relating to an identified or identifiable natural person (“data object”); an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity.”
- Processing of personal data : “means any operation or set of operations which is performed upon personal data, whether or not by automatic means.”
- Controller : “means the natural or legal person, public authority, agency or any other body which alone or jointly with others determines the purposes and means of the processing of personal data.”

A person is identifiable as soon as he/she can be “identified, directly or indirectly, in particular by reference to an identification number or by one or more factors specific to his physical, physiological, mental, economic, cultural, or social identity”. Applying this criteria is far from easy; as an example, an IP address is considered by many courts (including the EU Court of justice and most Belgian case law) as a personal data, while other judges and legal systems are reluctant to go this way and try to infer from the facts of the case that in a given situation, it should not be protected as a personal data. In the Lindqvist case, the Court has ruled that the act of referring, on an internet page, to various persons and identifying them by name or by other means, for instance by giving their telephone number or information regarding their working conditions and hobbies, constitutes “the processing of personal data wholly or partly by automatic means”.

In the Tietosuojavaluutus case, it has ruled that an activity in which data on the earned and unearned income and the assets of natural persons are: (a) collected from documents in the public domain held by the tax authorities and processed for publication, (b) published alphabetically in printed form by income bracket and municipality in the form of comprehensive lists, (c) transferred onward on CD-ROM to be used for commercial purposes, and (d) processed for the purposes of a text-messaging service whereby mobile telephone users can, by sending a text message containing details of an individual's name and municipality of residence to a given number, receive in reply information concerning the earned and unearned income and assets of that person, must be considered as the “processing of personal data”.

In the Worten case, it has ruled that a record of working time, such as that at issue in the main proceedings, which indicates, in relation to each worker, the times when working hours begin and end, as well as the corresponding breaks and intervals, is included within the concept of ‘personal data’.

It refers to “*any information relating to an identified or identifiable natural person*” (the so-called data subject). It is important to underline that such definition makes no difference between the professional or private life: a list of employees in a company is considered as a personal data because it relates to identified or identifiable natural



persons. (Note: some EU countries – but not Belgium – have been one step further and do also protect *legal entities*).

## THE REASON FOR A SPECIFIC PROTECTION

The fear of European countries is that the data processor could circumvent the legal protection by, (i) either locating its activities outside the EU, or (ii) collecting data in the EU and sending it outside EU afterwards in order to process it in a more friendly location. The rules related to the applicable law are the answer to the first problem, while the protection of international data flow addresses the second issue.

The law provides that it applies in a situation where the controller is not established on the territory of the Community and, for purposes of processing personal data, makes use of equipment, automated or otherwise, situated on the territory of the said Member State, unless such equipment is used only for purposes of transit through the territory of the Community. In such circumstances, the controller must designate a representative established in the territory of that Member State, without prejudice to legal actions which could be initiated against the controller himself.

There is no detailed definition of the “*equipment*” that the data controller must “*use*” on the “*territory*” in order to fall within the scope of the national law. The most delicate question is related to the collection of data related to a European data subject, on a website operated by a US company. Because the “*collection*” of such data is a “*process*” (see here above), it could mean that the national law of the data subject applies.

The so-called Group 29 (a Working-Party of all national European privacy Commissioners) has provided for additional details and made clear that examples of such equipment are personal computers, terminals and servers. When such equipment is used (for anything else than for the transit of information through the territory of the Community), the national law of the country where such equipment is used, shall apply. The same can occur when such equipment is in fact the computer of the European customer. Indeed, although the equipment should be “*used by*” the controller, “*it is not necessary that*

*the controller exercise full control over [it]”; neither is it needed that the controller has the ownership of the equipment. The Working-Party took the view that the necessary degree of disposal is given if “the controller, (...) determines which data are collected, stored, transferred, altered etc., in which way and for which purpose”.*

The European directive also provides, in Recital 20, that *“the fact that the processing is carried out by a person established in a third country must not stand in the way of the protection of individuals provided for in this directive; whereas in these cases, the processing should be governed by the law of the Member State, in which the means used are located, and there should be guarantees to ensure that the rights and obligations provided for in this Directive are respected in practice”.* This is the corollary, which is necessary in order to reach the Directive’s broader objective, which is *“to ensure that individuals are not deprived of the protection to which they are entitled under this Directive”.* As a consequence, one should be cautious when collecting data through a website targeting European customers, using cookies, javascript, interactive banners, etc.

However the European Court of Justice has stated that *“there is no ‘transfer of personal data to a third country’ where an individual in a Member State loads personal data onto an internet page which is stored with his hosting provider which is established in that State or in another Member State, thereby making those data accessible to anyone who connects to the internet, including people in a third country”.* (Case C-101-01, BodilLindqvist, ECR, 2003-Page I-12971)

## **CROSS-BORDER FLOWS ARE FORBIDDEN**

It is important to understand that in the situation described in the previous paragraph, the consequence is the fact the data subject may claim the protection of its national law and may, in most cases, claim such protection before its national judge. The situation is different with cross-border flows where the purpose is not to apply national law, but to make sure that no data is transferred outside the EU relevant country, to a recipient located in a less protective country.

The legal regime in all EU countries is harmonized in such a way that *“the transfer to a third country of personal data which are undergoing*

*processing or are intended for processing after transfer may take place only if (...), the third country in question ensures an adequate level of protection".* (we underline) In other words, it is a “no, but” regime per default.

The Council and the European Parliament have given the Commission the power to determine, on the basis of Article 25(6) of Directive 95/46/EC whether a third country ensures an adequate level of protection by reason of its domestic law or of the international commitments it has entered into. As of 2015, the list is limited to Andorra, Argentina, Canada, Switzerland, Faeroe Islands, Guernsey, State of Israel, Isle of Man, Jersey, New Zealand, USA(Safe Harbor - see below), and Eastern Republic of Uruguay).

Beside this list, businesses have three options to waive the prohibition: they may (i) adopt the Safe Harbor Principles system (USA), (ii) sign *ad hoc* contracts with the recipient (model clauses), or (iii) enforce binding corporate rules at a global level (BCR).

First and third solutions ensure more freedom for the processor because the latter is deemed to comply with European standards as far as privacy is concerned and is, therefore, largely in the same situation as a European business, including for the reutilization of the data. On the contrary, the second solution is easy to put in place but the processor is bound by the contract and may not do anything else than what is provided in the contract.

(Note: The Safe Harbor Principles system is specific to American businesses, while second and third solutions are opened to any data controller located outside the EU).

## GENERAL EXCEPTIONS TO THE PROHIBITION

### a) *Ad hoc contract and model clauses*

The prohibition to transfer data outside the EU is waived if the sender and the recipient of the data sign an *ad hoc* contractual scheme ensuring that the fundamental principles arising from the European regulation are applied. Such principles include:

- Personal data should be collected only for specified, explicit and legitimate purposes;
- The persons concerned should be informed about such purposes and the identity of the data controller;
- Any person concerned should have a right of access to his/her data and the opportunity to change or delete data which is incorrect; and
- If something goes wrong, appropriate remedies must be available to put things right, including compensation or damages through the competent courts.

In order to facilitate the free circulation of data, the EU Commission has adopted pan-European standard model clauses. Companies may always rely on any different contract they'd draft themselves, provided that it is approved by the national privacy Commissioner of the country of the sender. But, if companies choose for the EU model clauses, all national Member States are under the obligation to recognize the standard contractual clauses as fulfilling the requirements laid down by the Data Protection Directive for the export of data to a third country, and consequently may not refuse the transfer. There are model clauses for a transfer from a controller to a controller, as well as for the transfer from a controller to a processor.

**b) *Binding corporate rules ("BCR")***

Binding Corporate Rules are internal rules (such as a Code of Conduct) adopted by multinational group of companies which define its global policy with regard to the international transfers of personal data within the same corporate group to entities located in countries which do not provide an adequate level of protection. It ensures that all transfers that are made within a group benefit from an adequate level of protection. This is an alternative to the company having to sign standard contractual clauses each time it needs to transfer data to a member of its group, and may be preferable where it becomes too burdensome to sign contractual clauses for each transfer made within a group. Once approved under the EU cooperation procedure, BCR provide a sufficient level of protection to companies to get

authorization of transfers by national data protection authorities. It should be noted that the BCR do not provide a basis for transfers made outside the group. BCR must contain in particular: privacy principles (transparency, data quality, security, etc.); tools of effectiveness (audit, training, complaint handling system, etc.); and an element proving that BCR are binding.

## **SPECIFIC EXCEPTION TO THE PROHIBITION (ONLY FOR THE US)**

### **a) *The Safe Harbour Principles***

In consultation with the European Commission, the American Department of Commerce elaborated the Safe Harbour Principles, intended to facilitate the transfer of personal data from the European Union to the United States. The protection is organized around seven pillars (the principles):

- a) Notice: Individuals must be informed that their data is being collected and about how it will be used.
- b) Choice: Individuals must have the ability to opt out of the collection and forward transfer of the data to third parties.
- c) Onward Transfer: Transfers of data to third parties may only occur to other organizations that follow adequate data protection principles.
- d) Security: Reasonable efforts must be made to prevent loss of collected information.
- e) Data Integrity: Data must be relevant and reliable for the purpose it was collected for.
- f) Access: Individuals must be able to access information held about them, and correct or delete it if it is inaccurate.
- g) Enforcement: There must be effective means of enforcing these rules.

The way those requirements are met is largely in the hand of each company. It usually requires some organizational changes, technical means such as segregation of the data, and *ad hoc* documentation for internal and external use. A company who wants to qualify under those principles should make a statement to the American Department of Commerce in order to agree with the Principles and publicly declare that it is prepared to respect all of them (meaning, among other things, that the American Federal Trade Commission may check whether or not said company is respecting these principles). Each company must re-certify every 12 months. This can be done by a self-assessment or by a third-party assessment. There are also specific requirements in order to ensure appropriate employee training and an effective dispute mechanism.

#### **b) *Invalidation of the Safe Harbour principles***

The Schrems case (also called Facebook case although Facebook was not in the trial) is the most noticeable decision of the Court of Justice issued in 2015.

Mr Schrems, an Austrian national residing in Austria, has been a user of the Facebook social network ('Facebook') since 2008. On 25 June 2013 Mr Schrems made a complaint to the Irish Commissioner by which he in essence asked the latter to exercise his statutory powers by prohibiting Facebook Ireland from transferring his personal data to the United States. He contended in his complaint that the law and practice in force in that country did not ensure adequate protection of the personal data held in its territory against the surveillance activities that were engaged in there by the public authorities. Mr Schrems referred in this regard to the revelations made by Edward Snowden concerning the activities of the United States intelligence services, in particular those of the National Security Agency ('the NSA').

The Commissioner considered that :

- There was no evidence that Mr Schrems' personal data had been accessed by the NSA.
- The allegations raised by Mr Schrems in his complaint could not be profitably put forward since any question of the

adequacy of data protection in the United States had to be determined in accordance with Decision 2000/520 and the Commission had found in that decision that the United States ensured an adequate level of protection.

Regarding the second argument raised by the Commissioner, the Court of Justice ruled that a Commission decision adopted pursuant to Article 25(6) of Directive 95/46, such as Decision 2000/520, cannot prevent persons whose personal data has been or could be transferred to a third country from lodging with the national supervisory authorities a claim concerning the protection of their rights and freedoms in regard to the processing of that data. A decision of that nature cannot eliminate or reduce the powers expressly accorded to the national supervisory authorities.

As a result, the existence of the Safe Harbor Principles “does not prevent a supervisory authority of a Member State, within the meaning of Article 28 of that directive, from examining the claim of a person concerning the protection of his rights and freedoms in regard to the processing of personal data relating to him which has been transferred from a Member State to that third country when that person contends that the law and practices in force in the third country do not ensure an adequate level of protection”.

Regarding the second argument, the Court has notably ruled that :

- Protection of the fundamental right to respect for private life at EU level requires derogations and limitations in relation to the protection of personal data to apply only in so far as is strictly necessary.
- Legislation is not limited to what is strictly necessary where it authorizes, on a generalized basis, storage of all the personal data of all the persons whose data has been transferred from the European Union to the United States without any differentiation, limitation or exception being made in the light of the objective pursued and without an objective criterion being laid down by which to determine the limits of the access of the public authorities to the data, and of its subsequent use, for purposes which are specific, strictly restricted and capable

of justifying the interference which both access to that data and its use entail.

- Likewise, legislation not providing for any possibility for an individual to pursue legal remedies in order to have access to personal data relating to him, or to obtain the rectification or erasure of such data, does not respect the essence of the fundamental right to effective judicial protection

Consequently, the Court has decided that the Commission decision supporting the safe harbour principles is invalid.<sup>22</sup>

### c) *The new EU-US privacy shield*

Since February, 2016, a new framework has been adopted in order to protect the fundamental rights of Europeans where their data is transferred to the United States and ensure legal certainty for businesses.

The political declaration states that “the EU-US Privacy Shield reflects the requirements set out by the European Court of Justice in its ruling on 6 October 2015, which declared the old Safe Harbour framework invalid. The new arrangement will provide stronger obligations on companies in the U.S. to protect the personal data of Europeans and stronger monitoring and enforcement by the U.S. Department of Commerce and Federal Trade Commission (FTC), including through increased cooperation with European Data Protection Authorities. The new arrangement includes commitments by the U.S. that possibilities under U.S. law for public authorities to access personal data transferred under the new arrangement will be subject to clear conditions, limitations and oversight, preventing generalised access. Europeans will have the possibility to raise any enquiry or complaint in this context with a dedicated new Ombudsperson”.

The same declaration underlines that the new arrangement will include the following elements:

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<sup>22</sup> Schrems, C-362/14 (2015).



- Strong obligations on companies handling Europeans' personal data and robust enforcement: U.S. companies wishing to import personal data from Europe will need to commit to robust obligations on how personal data is processed and individual rights are guaranteed. The Department of Commerce will monitor that companies publish their commitments, which makes them enforceable under U.S. law by the US. Federal Trade Commission. In addition, any company handling human resources data from Europe has to commit to comply with decisions by European DPAs.
- Clear safeguards and transparency obligations on U.S. government access: For the first time, the US has given the EU written assurances that the access of public authorities for law enforcement and national security will be subject to clear limitations, safeguards and oversight mechanisms. These exceptions must be used only to the extent necessary and proportionate. The U.S. has ruled out indiscriminate mass surveillance on the personal data transferred to the US under the new arrangement. To regularly monitor the functioning of the arrangement there will be an annual joint review, which will also include the issue of national security access. The European Commission and the U.S. Department of Commerce will conduct the review and invite national intelligence experts from the U.S. and European Data Protection Authorities to it.
- Effective protection of EU citizens' rights with several redress possibilities: Any citizen who considers that their data has been misused under the new arrangement will have several redress possibilities. Companies have deadlines to reply to complaints. European DPAs can refer complaints to the Department of Commerce and the Federal Trade Commission. In addition, Alternative Dispute resolution will be free of charge. For complaints on possible access by national intelligence authorities, a new Ombudsperson will be created.

The Article 29 Working Party (WP29) has determined that the following four guarantees should be respected when personal data is transferred outside the EU:

- Data processing should be based on clear, precise and accessible rules.
- Data collection should be proportionate.
- An independent oversight mechanism should be in place.
- Effective remedies should be available to data subjects.

The WP29 has stated that it will examine the Privacy Shield on the basis of these four guarantees.

Around Spring 2016 – during the Summer at the latest – the US government and the EU Commission will finalize the draft of the new legal framework. In the meantime, businesses should double-secure their transfers with one of the general exceptions (see here above).

### **LISTED AND/OR LARGE COMPANIES**

In practice, a large number of multinational and/or listed companies start by qualifying under the Safe Harbor Principles or the new EU-US privacy shield in order to secure exchanges between the EU and the USA. Later on, they deploy those Principles within the group to harmonize the protection of data regardless the country where they are processed/sent/received. At the end, they get approval of the global system under the BCR system. Despite the fact that the whole process can prove to be quite heavy, those companies usually find it satisfactory at the end, notably because it considerably facilitate compliance with other legal requirements, such as whistle blowing procedures, e-discoveries, SOX Act and other financial regulations for listed companies.

### **OTHER EXCEPTIONS**

Very exceptionally, the national data protection authority of the sender of the data in the EU, may authorize a transfer that would normally not be fully compliant; it will usually authorize it under other strict conditions and is usually reluctant to do so.

Also, the prohibition is waived in the following exceptional situations provided for in the European directive (please note it being exceptions, they should be interpreted restrictively and cannot constitute a normal framework for data transfers, especially when they are massive and repetitive):

- The data subject has unambiguously given his free and informed consent to the proposed transfer;
- The transfer is necessary for the performance of a contract between the data subject and the controller or the implementation of pre-contractual measures taken in response to the data subject's request;
- The transfer is necessary for the conclusion or performance of a contract concluded in the interest of the data subject between the controller and a third party;
- The transfer is necessary or legally required on important public interest grounds, or for the establishment, exercise or defense of legal claims;
- The transfer is necessary in order to protect the vital interests of the data subject;
- The transfer is made from a register which according to laws or regulations is intended to provide information to the public and which is open to consultation either by the public in general or by any person who can demonstrate legitimate interest, to the extent that the conditions laid down in law for consultation are fulfilled in the particular case.

## 12. LEGAL PROTECTION OF PERSONAL DATA (AS OF MAY, 25<sup>TH</sup>, 2018)

### GDPR

In January 2012, the Commission considered it was time to give the actual legal framework an update, and released a proposal of regulation which will replace the Directive 95/46.

The new regulation (called "GDPR" for General data protection regulation) will entry into force on May, 25<sup>th</sup>, 2018.

The IT IP LAW GROUP EUROPE has developed a unique tool.

On [www.gdpr-expert.com](http://www.gdpr-expert.com), for each provision of the GDPR, we'll show you :

- the corresponding provision in the (former) Directive;
- the corresponding provision in the country you have selected;
- an analysis of the "Existing position";
- an analysis of the "Future position";
- an analysis of "Potential issues".

Also, for each provision, you may display/hide :

- the first and second proposals of EU Regulation;
- the relevant recital(s).

## 13. IMPORTANT MILESTONES OF A TRIAL IN EU COUNTRIES

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### LEGAL FRAMEWORK

The judicial process is one of those matters which has been only harmonised a little within the European Union. Each country is relatively free to set the rules for procedures conducted before its national courts. However, states must act in accordance with the general principles, issuing, in particular, from the European Convention on Human Rights.

### MAIN PRINCIPLES

However, there are trends that can be observed:

1. In civil and commercial matters, each party must notify the other, in principle at the beginning of the proceedings, regarding the pieces of evidence on which the legal action is based. The risk of a last minute surprise or of a hidden item, discovered during the hearing, is relatively low.
2. Most proceedings require the preparation of a written position. Even when the law allows itself to be limited to oral considerations, it is recommended at most times to file, in addition, written evidence.
3. In most countries, judges do not like pieces of evidence written in a foreign language. If there are correspondence or contracts to be produced in court, they must be translated into the language of the proceedings. Otherwise, one risks seeing the

piece of evidence altogether excluded from the proceedings in court. On the other hand, most of the time, a simple translation is admitted (it is not necessary to use a sworn translator).

4. There is a significant difference between substantive proceedings and injunction proceedings. Substantive proceedings are basically intended to definitively decide the dispute (subject to a party making an appeal). In injunction proceedings, the judge does not decide the dispute but has the power, under certain conditions, to order a provisional situation. Injunction proceedings are increasingly common, especially in cases related to IP and innovation.
5. In some matters (often intellectual property), there may be special proceedings that seek to resolve the dispute definitively, but give rise to judgment as rapidly as injunction proceedings. This is one of the first things to check, because if this is the case, there is no time to lose!
6. The adversarial principle is the basic guideline; unilateral (or ex parte) measures are the exception. Unilateral measures are those taken at the request of a party, without the judge hearing the other party. They are generally reserved for cases in which the judge recognises that the element of surprise or urgency is necessary. Sometimes, it is extreme urgency that justifies the assumption but it is relatively rare (it must be demonstrated that the urgency is such that it is necessary to derogate from the fundamental principle of adversarial proceedings in court).
7. There is a very important dispute concerning the question of whether the judge is territorially competent. Indeed, the EU is a fairly small area with plenty of intra-Community trade, and it happens very often that a dispute involves several countries. This is even more true when the internet comes into play. The first thing to do is to identify the country in which the proceedings will be introduced (in defence, one will check also the means of challenging the jurisdiction of the court, if

necessary). The issue is regulated by European legislation, but that legislation is very complex.

8. Once a judgment is rendered in a civil or commercial matter, its execution within the European Union is greatly facilitated by the adoption of a number of texts that provide for virtually automatic recognition of decisions in the European Union.

## AUSTRIA

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### LEGAL FRAMEWORK

The quality and speed of justice provided by the Austrian courts – especially those competent for Intellectual Property (IP) – is very high indeed. Austria provides an excellent venue for IP litigation by providing fast, efficient and reliable courts with comparatively low litigation costs. Also it is not without good reason that Austrian courts are the ones referring – especially in relation to the size of Austria – the most IP-, Information Technology (IT)- and unfair competition matters to the ECJ for guidance.<sup>23</sup> Especially due to the fast proceedings on preliminary injunctions up to the Austrian Supreme Court, the Supreme Court has in many cases issued the first world wide decisions by a

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<sup>23</sup> A detailed report on the references for a preliminary ruling from Austrian courts between 2009 and 2012 can be found under [https://www.ris.bka.gv.at/Dokumente/Ebmi/ERL\\_07\\_000\\_20120109\\_001\\_15116E\\_U\\_1\\_EU\\_12/07\\_20120109\\_15116EU1EU12\\_01.pdf](https://www.ris.bka.gv.at/Dokumente/Ebmi/ERL_07_000_20120109_001_15116E_U_1_EU_12/07_20120109_15116EU1EU12_01.pdf) (German only).



supreme court related to “new” issues in the field of IP and IT, eg non-registered community designs,<sup>24</sup> domain names,<sup>25</sup> keyword advertising,<sup>26</sup> etc. So in general, Austrian courts perform well in handling IP (infringement) cases. This also applies with regard to the duration of proceedings: Interlocutory proceedings are carried out very quickly, usually within a few weeks and in exceptional cases within a few days. Proceedings on the merits will add one to two years in the 1st instance. It is worth mentioning that the average duration of civil proceedings before the Austrian Supreme Court in 2012 was only 98 days.<sup>27</sup>

Like in most European countries many areas of Austrian substantive and procedural law have been harmonized through various EC Directives, also or even especially in the field of IP and related matters. In general, the Austrian legislator is – especially in the field of IP-laws – implementing the EU law with high accuracy. In this context it is worth mentioning that the organization of the courts and most areas of civil procedure are still fully subject to national legislation – in Austria falling into the competence of the Federal State (*Bundesstaat*) and not into the competence of each State of the Federal State (*Bundesländer*).

## MAIN PRINCIPLES

First of all it is worth mentioning that the Austria procedural laws have tight rules relating to jurisdiction and therefore eg the issue of forum shopping does not pose major problems in Austria. Exclusive jurisdiction in IP (infringement) matters lies solely with the Commercial Court Vienna (*Handelsgericht Wien*) in 1<sup>st</sup> instance, in 2<sup>nd</sup> instance with the Higher Regional Court of Vienna (*Oberlandesgericht Wien*) and in 3<sup>rd</sup> and last instance with the Austrian Supreme Court (*Oberster Gerichtshof*). The conduct of criminal IP matters is under the exclusive jurisdiction of the Vienna Regional Court for Criminal Matters (*Landesgericht für Strafsachen Wien*) in 1<sup>st</sup> instance and then with the above courts in 2<sup>nd</sup> and 3<sup>rd</sup> instance. In IT matters no special

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<sup>24</sup> Austrian Supreme Court on 13.02.2007, 4Ob246/06i.

<sup>25</sup> Austrian Supreme Court on 24. 2. 1998, 4 Ob 36/98t.

<sup>26</sup> Austrian Supreme Court on 19.12.2005, 4 Ob 194/05s.

<sup>27</sup><http://www.AustrianSupremeCourt.gv.at/files/documents/taetigkeitsberichte/taetigkeitsbericht2012.pdf> (German only).

competence is stipulated by law, so generally the court of the defendant is competent.

The language in IP-proceedings is exclusively German.<sup>28</sup> Generally, all documents filed have to be in German or at least translated into the German language.<sup>29</sup> In case of parties, witnesses etc not being able to give their statements in German, the court generally makes use of certified translators. There is no choice of language.

According to the rules of the Austrian Civil Procedure Code ("*ZPO*"), which are applicable (also) in IP (infringement) proceedings before court, all parties have to be represented by an attorney at law authorised to practice in Austria. It is worth mentioning that Austrian attorneys at law can represent their clients all over Austria and also in all instances.

All IP rights in Austria grant exclusive rights. In the context of those exclusive rights in general the following claims are admissible:

- a) In case of an infringement irrespective of any fault civil claims regarding cease and desist (permanent injunction), removal (if not interfering with third party rights), publication of the judgment, appropriate compensation, rendering of accounts, receiving information on provenance/channel of distribution of the goods;
- b) In case of infringement with fault: damages and surrender of profits;
- c) Irrespective of default in case of an infringement temporary / preliminary injunctions – also in respect of threatened infringement of IP rights; it is worth mentioning that such injunctions may have the effect of a recall-order as the obliged party has to stop the infringement with immediate effect to the best of his / her possibilities, meaning the take products of the market that are infringing and are under (legal) control of the infringer;

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<sup>28</sup>Austrian Supreme Court on 22.2.2007, 3 Ob 253/06m.

<sup>29</sup>Austrian Supreme Court on 9.8.2006, 4 Ob 138/06g.

- d) Action for a declaration of non-infringement;
- e) Action for a declaration of invalidity of (registered) IP rights;
- f) In case of intentional IP right infringements the initiation of private criminal actions;
- g) Applications for customs action pursuant to the Austrian law on counterfeiting (border measures).

## IMPORTANT MILESTONES OF THE TRIAL

1. Although it is – except in copyright matters regarding intermediaries (eg Internet providers) – not mandatory under Austrian law, enforcement cases are commonly initiated by a letter before action requesting what is provided to the right holder by law.<sup>30</sup> Giving notice of the potential claim before the issuance of proceedings is recommended also with regard to the award of costs, especially if the defendant admits liability and does not dispute the claim (Sec 45 ZPO).

2. Civil (IP) proceedings in the merits are initiated by a brief of action lodged by the plaintiff. Such brief is served upon the defendant by the court per recommended mail, who – within a period of four weeks – is ordered to file a reply with the court.

Before, at the same time with or even after the action the plaintiff can also file for a preliminary / interlocutory injunction for cease and desist and also for seizure of the infringing goods and collecting of evidence (“civil house search”). The defendant has to disagree to such application for an injunction as otherwise the injunction is granted. Generally the courts grant to the defendant a time period of eight days to file a brief to disagree. Generally after hearing the parties the court issues a decision on the application for a preliminary / interlocutory injunction, generally within some weeks.

3. In the main proceeding an oral hearing is set by the judge if the defendant has filed a reply to the action in due time. Generally such

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<sup>30</sup> Unjustified warning letters may lead to (counter) actions based on the Austrian Unfair Competition Act and to cost reimbursement claims based on Austrian tort law.

hearing takes place after some weeks after the reply was filed. The first hearing is generally used to try to settle the matter. If this is not possible the judge can immediately start the taking of evidence but generally the judge sets a new date. The hearings are extended until the judge is of the opinion that all necessary evidence has been taken – then the proceeding is closed without further statements of the parties etc.

4. Generally judgments have to be issued within four weeks after the closure of the proceeding. However, in practice the time period is generally longer.

#### Calendar:

- Action (application for preliminary injunction) filed with the Commercial Court of Vienna by Claimant;
- Action (application) is served to the Defendant by the court;
- Defendant has to file reply within four weeks (has to disagree with the application of a preliminary injunction generally within eight days);
- Court sets a date for an oral hearing;
- Parties can file a “preparatory brief” until one week before the hearing;
- First hearing is generally used to try to settle the matter and to speak about the further “program” of the proceeding, meaning, if court experts are needed etc;
- Hearings take place until the judge is of the opinion that all necessary evidence has been taken;
- Judge closes the proceeding and can issue an oral decision (in practice very uncommon) or can declare that the judgment will be made in writing;
- Judgment has to be issued by the judge within four weeks; generally it takes longer.

## FIRST INSTANCE PROCEDURE

IP litigation in Austria is characterised by a centralised court which handles civil IP disputes (both interlocutory and main proceedings), namely the Commercial Court of Vienna (*Handelsgericht Wien*): Patent (infringement) matters are handled by a senate of three judges, one of them being a “technical lay judge”, namely a patent attorney. Generally all other IP matters are handled by a single judge. Criminal litigation is handled exclusively by the Vienna Regional Court for Criminal Matters (*Landesgericht für Strafsachen Wien*).

Civil (IP) proceedings are initiated by a brief of action lodged by the plaintiff. Such brief is served upon the defendant, who – within a period of four weeks – is ordered to file a reply with the court. If no reply is filed by the defendant the plaintiff can request a default judgment. If a reply is filed, the judge sets a date for a first hearing. The parties can file another brief until one week before this hearing; further briefs can only be filed if ordered or if accepted in advance by the court.

Pursuant to the Austrian Civil Procedural Act in the first hearing the judge shall discuss the possibility of a settlement. However, if the parties declare that a settlement is not possible the judge can

immediately take evidence by reviewing filed or presented documents, including private experts’ opinions, and other evidence, by interrogating the parties and the witnesses. It is worth mentioning that the Austrian procedural law does not provide for a formalistic cross-interrogation, but the parties respectively their attorneys at law have the right to ask questions, generally after the judge has asked his / her questions. If considered necessary by the judge, court experts can be appointed by the court.

In the main proceedings plaintiff is held to prove high probability (not just on a balance of probability basis) of the infringement. In other words: The court has to be convinced that with a “legal certainty” the infringement took place. Upon completion of the process of taking evidence the judge closes the proceedings and should render a judgment in writing within four weeks – in practice it takes longer.

## JUDGMENTS AND FURTHER APPEALS

Within four weeks after the judgment was served to the parties by the Commercial Court of Vienna, the decision can be appealed before the Higher Regional Court of Vienna (*Oberlandesgericht Wien*). The appeal postpones any effect of the judgment. The other party can file a reply to the appeal within four weeks after the service of the appeal by the court.

In preliminary proceedings the decision on the application of a preliminary injunction can be appealed before the Higher Regional Court of Vienna within two weeks. A granted preliminary injunction is generally not affected by such appeal. The other party can file a reply to the appeal within two weeks after the service of the appeal by the court.

Whereas the first instance considers both the facts and the law completely, the Higher Regional Court of Vienna, in general, only considers whether the first instance has evaluated the facts and the law correctly. Accordingly, new facts can generally not be submitted in the appeal proceeding.

The Higher Regional Court of Vienna always decides in a senate of three judges. In patent matter the senate includes a “technical lay judge”, namely a patent attorney.

## REVISION (SUPREME COURT)

Only if important questions of law are present can an appeal be filed against the decision of the Higher Regional Court of Vienna to the Austrian Supreme Court. In any case the appeal has to be filed within four weeks after the decision was served. Generally, the other party can file a reply to the appeal within four weeks after the service of the appeal by the court.

In preliminary proceedings the decision of the second instance can generally in all IP matters be appealed before the Austrian Supreme Court within two weeks after the decision was served. Generally, the other party can file a reply to the appeal within two weeks after the service of the appeal by the court.

The Austrian Supreme Court decides in senates. In patent matters the senate can decide to include a “technical lay judge”, namely a patent attorney.

In practice, only a small percentage of the cases reach the Austrian Supreme Court, but in IP matters the percentage seems to be much higher than in other fields of law.

## THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT OF JUSTICE

As mentioned above the Austrian judges are not at all hesitant to ask preliminary ruling questions to the European Court of Justice (ECJ). The highest instance is even obliged to ask the ECJ if questions of European law remain unclear. As long as the ECJ handles the matter the Austrian proceeding is stayed.

## COSTS AND FEES

Generally, infringement proceedings are expensive. This is in principle also true for Austria. Right holders typically must invest substantial sums to (i) detect an infringement and identify the infringer; (ii) gather evidence of infringement; (iii) secure seizure, storage and ultimately destruction of infringing goods and (iv) finally, litigate a civil infringement action. Although IP litigation in Austria leads to comparatively low litigation costs, the costs depend on various factors.

First of all, with respect to the legal costs under Austrian procedural law, a distinction must be made between (a) court fees (“*Gerichtsgebühren*”), (b) attorneys’ fees (“*Rechtsanwaltsgebühren*”) and (c) cash expenditure (“*Barauslagen*”) including costs for interpreters, the translation of documents, travel expenses for witnesses or experts’ costs.

The amounts required to pursue even the smallest infringers often run well over EUR 10,000. Recovery of costs is therefore a crucial point in the enforcement of IP rights for every right holder. At a rough estimate, 50 – 70 % of the actual legal costs expended by the right holder are typically recovered in successful Austrian civil IP cases. In simple cases it might even be possible to obtain 100% reimbursement of the legal

costs based on the “loser pays principle”, meaning that the losing party not only bears its own costs but is also obliged to reimburse all procedural costs incurred by its prevailing opponent. Infringement proceedings thus harbour considerable cost risks for the parties.

Lawyers' fees and fees of technical counsel (patent attorneys) are refundable (“loser pays principle”), if they accrued for appropriate legal measures, however, “only” according to the Code of Lawyer's Tariff: Depending on the agreement with the lawyer and on the complexity of the case, the actual lawyer's fees might therefore exceed the refundable costs pursuant to the Code of Lawyer's Tariff. The general freedom to agree on a certain fee arrangement is substantially restricted as *inter alia* conditional fees (*pacte de quota litis*) are prohibited under Austrian laws.

## PRELIMINARY INJUNCTION PROCEEDINGS

In all IP fields, one finds injunctive procedures, which permits, without the necessity of any urgency, to obtain within a few weeks cease and desist orders or orders for seizure. In Austria requests for preliminary injunctions in civil proceedings are often filed together with the full claim; however a separate filing is admissible, even after the full claim was filed.

It is worth mentioning that the “urgency issue in preliminary proceedings”, eg existing under German law, meaning that the application for a preliminary injunction has to be filed within the

shortest possible time after the right holder has become of the infringement, does not exist under Austrian laws. Under Austrian law, time limits are treated as a matter of substantive law and the fact that a claim has become time barred is not addressed by court on its own motion, but has to be brought forward by the defendant. The limitation period for IP infringements is generally three years, which begins to run on the day on which the right holder obtains positive knowledge of both the infringement and the infringing party.

In the majority of cases, the application for an injunction will be served on the defendant (Art. 6 ECHR), but the court may also grant *ex parte* injunctions if it can be established by the claimant that giving notice



may defeat the purpose of the application. The court will form its view about the likely outcome of the definitive proceeding on the question of infringement and render its decision accordingly within a few weeks on the basis of legal opinions filed by the parties.

Other than the main proceedings the preliminary proceedings is a “summary proceeding”, meaning that no full proof but merely *prima facie* evidence is needed. On the other hand this *prima facie* evidence has to be presented to the court in the given, short time frame. When applying for a preliminary injunction the validity of registered IP rights has to be evidenced. The validity of registered IP rights is a rebuttable presumption in preliminary proceedings and may be contested by the defendant. Such contest however has to be substantiated. It is then the rights owner’s obligation to furnish *prima facie* evidence regarding the validity of the IP right.

The court may tie the issuance of a preliminary injunction to the provision of security.

If the preliminary injunction is – at the end of the day – considered to have been issued without substance, the defendant has the right to request full compensation by the injunction-requesting party.

As preliminary and definitive injunctions are in Austrian practice the most common and therefore most important claims in IP matters it is worth briefly showing how such injunctions are enforced: A petition can be filed with the court of enforcement (*Exekutionsgericht*) in

respect of each act of non-compliance following the enforceability of the claim, ie in case of a preliminary injunction immediately after its service. The petition has to be served by the enforcing party to the obliged party. Based on the petition and the alleged infringement the court can impose a fine up to EUR 100,000. For each further act of non-compliance with an injunction a further petition can be filed and a new fine can be imposed. Although the petition must include a concrete and conclusive allegation of the act of non-compliance it is not required to file any evidence of the non-compliance. However, the obliged party may initiate a (separate) proceeding in which the enforcing party is obliged to evidence the infringement. Preliminary and definitive injunctions are not effective against third parties, esp. against suppliers

or customers of the infringing party, as those third parties have not been party of the proceedings. If those third parties can be sued by the IP right holder has to be evaluated based on the general requirements.

## CRIMINAL PROCEEDINGS

An intentional infringement of IP rights is a penal crime in Austria, that can be generally sanctioned with monetary fines and, for commercial crimes, can even lead up to imprisonment.

The conduct of criminal IP matters is under the exclusive jurisdiction of the Vienna Regional Court for Criminal Matters (*Landesgericht für Strafsachen Wien*) in 1<sup>st</sup> instance.

What makes criminal proceedings particularly attractive in Austria is the fact that the right holder, not the public prosecutor, can prosecute infringers himself. As the personal interest of the right holder in defending his rights outweighs the public interest in prosecuting counterfeiters, the legislator decided that only the right holder should have competence for filing an indictment. Even if this is an additional burden for right holders, it gives them much more control over the proceeding: They can decide whether to initiate proceedings, file applications (e.g. for house searches or destruction of counterfeit goods) or terminate the proceeding, which would not be the case in criminal proceedings initiated *ex-officio*.

## BELGIUM

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### LEGAL FRAMEWORK

The judicial process is one of those matters which has been only harmonised a little within the European Union. Each country is relatively free to set the rules for procedures conducted before its national courts. However, states must act in accordance with the general principles, issuing, in particular, from the European Convention on Human Rights.

### MAIN PRINCIPLES

#### a) *The introduction of the case*

Generally, the case will be introduced via a writ to which is attached a text in which the plaintiff presents their case file. This text, usually written by the plaintiff's lawyer must contain sufficient information to enable the defendant to understand why a lawsuit is being filed.

In France, it is common to attach the exhibits in the file directly to this document. In Belgium, the exhibits will be transmitted between lawyers, later on.

If the defendant is outside the EU, there are deadlines to allow them to take cognizance of the existence of a trial and organise themselves taking into account the distance. To counter this, it is not uncommon that the plaintiff attempts to obtain parallel emergency measures (see-above), which multiplies the number of simultaneously administered legal proceedings.

## **b) *Pleadings and pre-trial***

The purpose of the Pre-trial procedure is to allow the parties to draw up their pleadings. This is a text in which they each explain why they believe themselves to be justified. The findings conclude with a summary of what the party is asking the court to grant them.

In principle, it is the defendant who initially produces a submission. The applicant responds. The defendant may further respond, and so on. Respect for the rights of the defence means that the defendant has in principle the last word.

Whenever pleadings are exchanged, they must be accompanied by the exhibits (contracts, letters, documents, etc.) referred to therein, unless these exhibits have been previously submitted.

In France, the pre-trial procedure is frequently assigned to a judge who takes care of this matter only. This has the advantage of flexibility, because the deadlines can be changed as and when required by the investigation and, if a problem arises, the judge decides on it immediately. Once the case is ready, it is sent to a different judge who will decide the dispute.

In Belgium, the pre-trial is more automatic. Deadlines are set early in the process and it is extremely difficult to change them later. This has the advantage of predictability, but the rigidity of the system is sometimes excessive.

### c) *Public hearing*

Once the case is ready, the lawyers will be heard at the hearing. They propound their arguments orally. In civil and commercial matters, arguments rarely extend over several hearings. The purpose of the hearing(s) is to summarise the case and not to pass to full review as it would be done in an international arbitration or a criminal matter.

### d) *Judgment*

After the hearing, the lawyers will receive the judgment, often by post or electronic transmission. This may take a few days to weeks, depending on the number of cases to be treated, their complexity and the potential urgency.

## THE APPEAL

Most of the time, an appeal can be made.

The appeal is a new proceeding. The procedure follows the same principles as those outlined above. Despite rumours, it has never been demonstrated that having won or lost in the first proceedings has any impact on the chances of success at appeal.

## CASSATION (NATIONAL SUPREME COURT)

The appeal in cassation is relatively rare.

The Cassation court is not concerned with the facts and does not say who is right or wrong. It will only verify that the procedure has been followed, and that the judge has applied the law correctly. It is therefore not a matter of re-hearing the case, contrary to what occurs on appeal.

## THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT

In disputes involving technology, IP and/or innovation, the rules are very often derived from a European directive or regulation.

When a judge in a national court has doubts as to the exact scope of a European directive or regulation or questions the compatibility of national legislation with the European statute from which it is derived, the judge has opportunity to ask a question to the Court of Justice of the European Union.

There is only one Court of Justice for the whole of the European Union, located in the Grand Duchy of Luxembourg. It is the sole authority to interpret a directive or European regulation. In principle, all lawyers are admitted to plead before the CJEU; however, it is recommended to hire someone with some experience of this specific procedure.

In its considerations, the Court will not decide the dispute submitted to it. It will only inform the judge in the national court on the exact scope or meaning of the Directive or the European law in question, and tell the judge whether national law is compatible with the European statute.

It will then be for the judge in the national court which has asked the question to settle the dispute, in strict interpretation of what has been laid down by the European Court.

## LAWYERS' FEES

At the end of the proceedings, the judge has the opportunity of imposing all or part of the defence costs of the winning party on the unsuccessful party.

In France, the scope of the judge is relatively wide. Most of the time, the judge can take into account all the elements that are submitted to determine the amount that he/she considers appropriate. Of course, the fact that one of the parties is foreign can be taken into account because it creates an additional cost of defence, translation, etc.

In Belgium, the scope of the judge is limited. A base amount is provided for in law and the judge may only increase or decrease this to some extent to take into account the specificities of the case. The basic amount is determined according to what is at stake.

In both countries, it is rare that this system makes it possible to cover all lawyers' fees.

## CRIMINAL PROCEEDINGS

Criminal proceedings operate under different rules. Without going into the details of these specific proceedings, we can report the following main thrusts:

- In most cases, once a complaint is filed, the plaintiff loses control over it, so much so that it is often impossible to stop the complaint even if an agreement is reached with the other party (it is some sort of “fire and forget” missile).
- On the level of evidence, the complainant has not much to do. Once the criminal authorities are notified of a complaint, they will organise the investigation and take the necessary measures. This has a significant advantage in terms of costs. On the other hand, this shows once again the loss of control of the complainant in relation to their complaint.
- The investigation is conducted by authorities who are neutral in principle. They will instruct on uptake and completion. The prosecutor and the investigating judge do not judge, they investigate.
- Once the investigation is complete, they pass the case to another judge who will make a judgment after having heard the parties at a public hearing.
- The investigation is secret in principle. Depending on the circumstances, this secrecy may even be opposed by the parties that are involved. Whether you are suspect or complainant, it is often difficult to know in which direction the investigation is moving. Moreover, regular leaks in the press are to be deplored. In sensitive cases, this means that one must be always ready to respond in terms of communication.
- When a case involves both a criminal investigation and civil or commercial proceedings, it is the criminal investigation which

takes precedence. Civil or commercial proceedings will normally be suspended while the criminal investigation is ongoing.

As a result of the workload of the investigators and also the frequency of cases that involve several countries, it is not uncommon for criminal proceedings to last for several years.



## BOSNIA AND HERZEGOVINA

### LEGAL FRAMEWORK

Bosnia and Herzegovina is a complex country which consists of three political entities: Federation of Bosnia and Herzegovina, Republic of Srpska and Brcko District. As a consequence, civil procedure in Bosnia and Herzegovina is governed by the Law on Civil Procedure of the Federation of Bosnia and Herzegovina<sup>31</sup>, the Law on Civil Procedure of the Republic of Srpska<sup>32</sup>, and the Law on Civil Procedure of Brcko District<sup>33</sup>, whereas criminal procedure is governed by the Law on Criminal Procedure of Bosnia and Herzegovina<sup>34</sup>, the Law on Criminal Procedure of the Federation of Bosnia and Herzegovina<sup>35</sup>, the Law on Criminal Procedure of the Republic of Srpska<sup>36</sup> and the Law on Criminal Procedure of Brcko District<sup>37</sup>. The organization and competence of the courts are governed by the Laws on Civil Procedure, as well as the Laws on Criminal Procedure. Bosnia and Herzegovina is not yet a member of the European Union, and therefore, the EU laws and regulations are not applicable in this jurisdiction.

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<sup>31</sup> Official Gazette of the Federation of Bosnia and Herzegovina, Nos. 53/2003, 73/2005, 19/2006 and 98/2015.

<sup>32</sup> Official Gazette of the Republic of Srpska, Nos. 58/2003, 85/2003, 74/2005, 63/2007 and 105/2008.

<sup>33</sup> Official Gazette of Brcko District, Nos. 5/2000, 1/2001, 6/2002, 11/2005 and 20/2006.

<sup>34</sup> Official Gazette of Bosnia and Herzegovina, Nos. 3/03, 32/03, 36/03, 26/04, 63/04, 13/05, 48/05, 46/06, 76/06, 29/07, 32/07, 53/07, 76/07, 15/08, 58/08, 12/09, 16/09, 93/09 and 72/13.

<sup>35</sup> Official Gazette of the Federation of Bosnia and Herzegovina, Nos. 35/03, 37/03, 56/03, 78/04, 28/05, 55/06, 27/07, 53/07, 09/09, 12/10, 08/13 and 59/14.

<sup>36</sup> Official Gazette of the Republic of Srpska, No. 53/12.

<sup>37</sup> Official Gazette of Brcko District, Nos. 48/04, 6/05, 14/07, 19/07, 21/07, 2/08, 17/09, 9/13 and 27/14.

## MAIN PRINCIPLES

The main principles of civil procedure can be summarized as follows:

- a) Civil Law procedure is governed by the Law on Civil Procedure that differs for each entity. Likewise, each entity has its own system of courts. In the Federation of Bosnia and Herzegovina, IP related cases are handled in the first instance by the Municipal Courts and by the Cantonal Courts in the second instance. In the Republic of Srpska, IP related cases are handled in the first instance by the District Commercial Courts and by the Higher Commercial Courts in the second instance. In Brcko District, IP related cases are handled in the first instance by the Basic Court and by the Court of Appeal in the second instance. The Supreme Court of the Federation of Bosnia and Herzegovina handles extraordinary legal remedies against the decisions of all courts from its territorial jurisdictions, while the Supreme Court of the Republic of Srpska handles extraordinary legal remedies against the decisions of all courts from its own jurisdiction.
- b) Bosnian courts are not legally bound by previous judgments. Nevertheless, the Supreme Court and the second-instance courts publish their decisions to provide guidance for lower courts. These courts tend to harmonize the administration of justice within the Bosnian judiciary system, mainly by means of rendering uniformity of decisions. However, since the legal system is split between three entities, in practice, this is sometimes rather difficult to achieve.
- c) Sending a cease and desist letter (hereinafter: C&D Letter) is not an obligatory step before commencing a civil action, but it is certainly recommendable. Sending such a letter would show an effort of the right holder to open a dialogue and its dedication to resolve the dispute amicably. Moreover, it is not a rare situation (especially in IP infringement cases) that the adverse party is willing to comply with the demands from the C&D Letter in order to avoid expensive and time-consuming litigation which would likely lead to an unfavorable outcome.

- d) The official languages of the proceedings are Serbian, Bosnian and Croatian. In the event that a party does not speak any of the three official languages or where the documents and evidences are presented in languages different from the official languages, the assistance of the Court appointed translators is obligatory.

## IMPORTANT MILESTONES OF A TRIAL

### a) *First instance procedure and judgement*

The trial must be initiated before the competent courts of first instance. A case is initially introduced when the plaintiff submits the written complaint to the competent court. The parties may be represented pro se or by an Attorney at Law (there are also several additional exceptions related to representation that are not in the scope of this article).

As soon as the complaint is received, the Court will perform a formal examination of the same, in which the Court checks whether all obligatory requirements are fulfilled. If the complaint contains some formal deficiencies, the Court will allow correction thereof, within a certain deadline.

Thirty days upon receiving the complaint, the Court will deliver the same to the defendant for a response which the defendant must submit within 30 days.

Afterwards, the Court will schedule a preliminary hearing which is an obligatory step of the proceedings. At the preliminary hearing, both parties are invited to state all the necessary facts, to propose evidence and to state an opinion about the allegations of the adverse party. The law is rather strict about presenting evidence after the preliminary hearing is concluded, and late presentation of the same will be allowed only when exceptional reasons exist (e.g. the party was not aware of

the existence of evidence at the time the preliminary hearing was held). Upon the conclusion of the preliminary hearing, the Court will schedule the main hearing (i.e. trial).

The main hearing represents the main stage of the proceedings in which the merits of the dispute are discussed. Although intended to be held as one hearing, in practice it is commonly divided into several hearings. At the main hearing, all evidence accepted by the Court in the preliminary hearing will be presented. Additionally, the parties will present their arguments in order to enable the Court to make a conclusion as the basis for the decision.

Regarding the evidence, many various types are admissible (witness testimony, expert opinion etc.), but in most cases, the evidence is presented to the Court in the form of written documents. Unless the law provides otherwise, the burden of proof lies with the party which claims the existence of fact necessary for the establishing and/or enforcing of certain right.

When the Court considers that the legal matter has been thoroughly discussed and clarified, so that the decision can be rendered, it will close the main hearing. Upon the closure of the main hearing, the Court will render the judgement. Besides deciding on the merits of the case, the Court will also decide on the costs of the proceedings.

#### **b) *The Appeal***

First instance judgements can always be appealed by submitting the written appeal within 15 or 30 days (depending on the entity) following the date of delivery of the written judgment. As a general rule, new evidence and new facts may be presented only if the party submitting the appeal becomes aware of such facts or evidence after the conclusion of the main hearing in the first instance proceedings. The judgment may be appealed in respect of both procedural and substantive omissions in the first-instance proceedings.

### c) *Revision (Supreme Court)*

A request for revision can be filed with the Supreme Court within 15 or 30 days (depending on the entity) after the decision has been delivered to the party. The revision can be filed due to both procedural and substantive omissions in the proceedings. However, the list of particular omissions which might be a basis for revision is narrower than the reasons for appeal.

There are no specific rules for revision for IP related disputes, so the general principles apply.

In the revision proceedings, the party must be represented by an Attorney at Law, or if the party is a natural person who has passed the bar exam, he or she can represent himself or herself. An employee of a legal entity who has passed the bar exam can also represent that entity in revision proceedings.

### **PROCEDURAL COSTS**

The costs of the proceedings are, in principle, imposed on the losing party by the Court. However, the Court can waive all or part of the costs, if the party has no resources or its financial situation cannot endure such costs (upon the party's request). In situations where the party has partially succeeded in the proceedings, the Court will decide the percentage of the costs that each party will bear.

The official fees are determined in accordance with the Law on Court Fees (each political entity has its own Law). The fees in each particular case will depend on the value of the legal matter they are related to. Moreover, the costs differ for civil and criminal proceedings.

Attorneys' fees can vary depending on the complexity of the case, its length, the number of activities undertaken and other particulars of each case. It is therefore recommendable to consult with the attorney on all potential costs of the proceedings before initiating the same.

## PRELIMINARY INJUNCTION PROCEEDINGS

In cases of urgency, an interested party can seek a preliminary injunction (hereinafter: PI), in order to provide provisional, but immediate legal protection. The request can be submitted to the competent Court during the proceedings, but also before the proceedings are initiated - under the condition that the complaint will be filed within a certain deadline from the date on which the decision granting the PI was rendered.

In general, preliminary injunctions are governed by the Laws on Civil Procedure, but specific rules related to IP rights are promulgated by their individual, related laws (e.g. Law on Patents, Law on Trademarks, etc.). The content of the PI can vary according to the type of right at issue.

The specific character of each IP right notwithstanding, we can underline the following as the most common PI remedies in the Bosnian legal system: 1) seizure or removal from the market of the infringing products; 2) seizure of the means (equipment, tools) used in the creation of the infringing products; 3) prohibition of continuation of the infringing actions.

The party that seeks issuance of the PI bears the burden of proof that the infringement did occur, and it must justify the issuance of the same.

If an appeal is filed against the decision granting the PI, the same does not stay the enforcement of the PI.

In exceptional circumstances, the court will allow the issuance of an ex parte PI.

## CRIMINAL PROCEEDINGS

Bosnia and Herzegovina and each other political entity have their own Laws on Criminal Procedure. The common characteristics of these procedures are the following:

The general rules for the territorial and material competence of the courts is applicable for criminal proceedings. The competence of each particular court depends on the nature of the criminal act and prescribed penalty for the same.

Criminal proceedings commence with the investigation. The investigating authorities (i.e. police) conduct the investigation upon the order of the prosecutor and under his or her supervision. In most cases, the injured party has no control over the criminal proceedings, but there are certain mechanisms that enable a more active role in the case. The injured party cannot assume the prosecutor's place in any circumstance, but the prosecutor's decision to withdraw from the case can be appealed by the injured party.

If the evidence collected during the investigation confirms the guilt of the defendant beyond a reasonable doubt, the prosecutor files an indictment and represents the charge before the competent court.

The court may proceed only upon an indictment and is restricted by its contents: the court may only establish the criminal liability of the person against whom the accusatory instrument was filed, and may only consider acts contained in the instrument. For that reason, the prosecutor is entitled to amend the indictment and the legal qualification of the criminal charges throughout the proceedings.

## BULGARIA

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### LEGAL FRAMEWORK

The national IP legislation is generally harmonized and in conformity with the European law, reproducing a number of the requirements of the relevant EU directives and regulations, and is aligned with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

The basic legal acts in the IP field are:

- Copyright and Neighbouring Rights Acts from 1993
- Patents and Registration of Utility Models Act from 1993
- Marks and Geographical Indications Act from 1999
- Industrial Design Act from 1999
- Topology of Integrated Circuits Act from 1999
- Penal Code from 1968



However, the Bulgarian court system suffers from the lack of specialized IP courts and although the claims for establishment and cessation of an infringement of IP rights are considered in accordance with the procedure for summary proceedings, it would take some time until a right holder obtains an enforceable decision within proceedings on the merits.

## MAIN PRINCIPLES

Civil procedures are based on the following principles:

1. Civil proceedings are based on the Civil Procedure Code which regulates a three - instance court procedure.
2. Sofia City Court which has the statute of a district court is the first-instance court in civil cases related to infringement of IP rights in a panel of one judge, except for the disputes under the Copyright and Neighbouring Rights Act which are considered by all district courts in the country. The appellate courts (5 in total) only have second-instance competence over appeals against decisions and rulings of the district courts within its venue rendered in their capacity of first-instance courts. The appellate court sits in a panel of three judges, unless otherwise provided for by law. The third and final instance is the Supreme Court of Cassation (SCC). Very limited number of cases is admitted for cassation review. The seat of the SCC is in Sofia and has jurisdiction over the whole territory of the Republic of Bulgaria. The SCC sits in panels of three judges, unless otherwise provided for by law.
3. The language of the proceedings is Bulgarian. All evidence submitted has to be in Bulgarian or translated into Bulgarian by a certified translator.

In general, the following claims are admissible in the context of the exclusive IP rights:

- claim for finding of an infringement;
- claim for discontinuance of the infringement;
- claim for compensation of the damages;

- claim for seizure and destruction of goods subject to infringement, as well as of the tools used for commitment of the infringement;
- claim for delivery of the goods subject of the infringement;
- claim for payment of the expenses related to the storage and destruction of the goods, subject of the infringement;
- announcement of the court decision in two daily newspapers and via a TV channel with national coverage.

Invalidation of registered IP rights (trademarks, designs, patents, utility models, etc.) could be claimed within administrative proceedings, where the first instance should be the Bulgarian Patent Office. Its decision on the merits could be subject to court revision before the specialized administrative courts in Bulgaria: Sofia City Administrative Court as a second instance and the Supreme Administrative Court as a third and final instance.

Administrative proceedings for sanctioning of IP rights infringers are also in place. While copyright infringements are investigated and sanctioned by the Ministry of Culture, administrative infringements related to registered IP rights are in the competence of the Bulgarian Patent Office. In both proceedings the final act of the competent administrative authority is subject to two instance court appeal, where the competent courts are Sofia Regional Court and Sofia City Administrative Court.

Criminal proceedings are also available and the procedure is initiated by the public prosecutor office. The competent criminal courts are regional court, appellate court and the final instance – the SCC.

Enforcing IP rights at the border is an efficient way to quickly and effectively provide legal protection to the right-holder and the procedure in Bulgaria has been harmonized with the EU regulations in the field of customs enforcement of IP rights.

## IMPORTANT MILESTONES OF THE TRIAL

### a) *First instance procedure*

First-instance proceedings commence by bringing the claim before the court in writing. The claimant specifies all the facts and submits all the written evidence the claim is grounded on in the statement of claim. If the claim is admissible, the judge sends a copy of it and its attachments to the defendant with instructions of the opportunities and necessities to submit a reply to the claim as well as instructions on the mandatory contents of the reply and on the consequences if it is not submitted. The court schedules the hearing of the case with subpoenaing the parties wherein evidence is collected. The court can also make known to the parties its draft of the report on the case, as well as direct them to mediation or another procedure for amicable resolution of the dispute.

The task of the open court session (open hearings) is specified as collecting of the evidence in the case and conducting the oral pleadings of the parties. Usually in IP infringement procedures experts are appointed in order to support the court in replying to specific IP questions for which the court is not competent to respond during the proceedings. The oral pleadings start only if all the evidence sought by the parties and admitted by the court is collected and the trial has been concluded. The court announces its decision with the motives within a one-month term following the session in which the consideration of the case was terminated.

The claims for establishment and cessation of an infringement of IP rights are considered in accordance with the special procedure for summary proceedings. The preparation of the case is carried out in camera without subpoenaing the parties on the day of receipt of the defendant's reply or of the expiry of the term for submitting the said reply. The court schedules a hearing of the case for a date within three weeks and prepares a written report on the case. The cases considered according to summary procedure are heard in an open session with subpoenaing the parties. During the said session the court collects the

brought in and presented evidence and hears the oral pleadings. The court sets a day whereon it is to announce its decision and which shall be the day as from which the term for appeal of the decision shall begin to run. The court is obligated to announce its decision, together with the motives for it, within a two-week term following the session in which the consideration of the case was concluded.

#### **b) *Judgment and further Appeals***

When a judgment has been reached by the competent court, it could be appealed before the appellate court. The appeal is filed with the court that rendered the decision within fourteen days of the date of serving party with the decision. This term is preclusive. If the decision is not appealed within the said term, it takes effect. Grounds for an appeal can be found when, for example, a first-instance decision has been proclaimed invalid, wrongful due to procedural omissions, inadmissible, and, in the presence of evidence - of non-compliance with substantive law.

#### **c) *Revision (Supreme Court)***

The cassation appeal in Bulgarian procedure law is provided for as a regular, but not always possible due to the limit admissibility of third instance control. The decisions subject to cassation appeal to the SCC are the intermediate appellate decisions of the district and appellate courts. Cassation appeal must be filed in a 1-month term after delivery of the appealed decision to the party. Cassation appeal does not apply to any decisions on civil cases with an appealable interest not exceeding EUR 2,500 and commercial cases with an appealable interest not exceeding EUR 10,000. The intermediate appellate decisions are subject to cassation appeal provided the court has pronounced on a substantive law matter which: (1) has been determined in conflict with the practice of the SCC; (2) has been determined by the courts in a conflicting manner; (3) is relevant to the accurate application of the law, as well as to the progress of law. This outlines the grounds for admitting a cassation appeal and creates a filter which sets limits to the cassation appeal.

## THE PRELIMINARY RULING QUESTION BEFORE THE EU COURT OF JUSTICE

Every Bulgarian judge has the right to send a question to the Court of Justice of the European Union for a preliminary ruling. In order for a case to be admissible before the CJEU, the question arising from it must not have been decided already.

If the requested Bulgarian court does not act as a final instance, it is free to grant or reject the request for preliminary ruling, and its decision will not be subject to appeal. However, if it acts as a last instance, the court is obliged to exercise the reference for a preliminary ruling, unless the answer to the question derives clearly and unambiguously from a previous judgment of the CJEU or the significance and the meaning of the provision or the act are clear enough.

In general, Bulgarian courts are reluctant to ask preliminary ruling questions to the CJEU.

## COSTS AND FEES

Where civil proceedings are conducted, in general a state fee of 4 % of the value of the claim is due. In an IP litigation process, costs and fees may vary depending on the type of the proceeding, as well as depending on whether experts have been appointed to support the court in replying to specific IP questions. Administrative procedures related to registered IP rights require payment of state fees in the range EUR 150 - EUR 300. Administrative and criminal procedures related to IP infringements or offences do not require payment of a state fee.

The costs for an appeal procedure are lower than the ones which occur in the first-instance.

The fees and costs for the proceedings, as well as the attorney's remuneration (if there is such) are paid by the defendant in proportion to the upheld part of the claim. It is worth noting that where the amount paid by a party to the attorney exceeds the amount

corresponding to the actual legal and factual complexity of the case, the court might adjudicate a lower amount of costs upon the request of the opposing party, however, the latter cannot be lower than the minimum amount specified in the tariff to the Bar Act. The tariff to the Bar Act sets minimum amounts of the attorney fees in various court and administrative proceedings or legal consultancy work.

## PRELIMINARY INJUNCTION PROCEEDINGS

No such court order as the preliminary injunction exists under the Bulgarian legislation. However, the Bulgarian law provides for the so called 'provisional measures' which could be imposed by the civil court at the request of the person seeking civil protection against IP infringement. The following provisional measures are admissible:

- ban on any actions that allegedly constitute or shall constitute unauthorized use;
- seizure of the goods which allegedly infringe IP rights, as well as of any other evidence relevant to prove the infringement;
- taking out of use of the material intended to be used for IP infringement;
- sealing of the premises where allegedly the infringement is being committed or is going to be committed.

The prerequisites for imposing of one or more provisional measures without prior notice to the alleged infringer are statement that an IP infringement has been committed or is going to be committed or evidence is likely to be lost; and presenting written evidence which justify admissibility and equity of the claim. The provisional measures could be requested both before filing the claim on the merits and after initiation of court proceedings. If the request precedes filing of the claim and a provisional measure is enacted by the court, the person seeking protection against IP infringement should present evidence for filing the claim in up to one-month term after ruling of the court for enactment of the provisional measure (the court decides what should be the term for filing of the court claim). The enforcement of the

provisional measures if allowed by the court (except for the ban on unauthorized use) shall be conducted by a bailiff.

## CRIMINAL PROCEEDINGS

The wilful infringement of IP rights is considered a crime under the Bulgarian law and it could be sanctioned with monetary fines of up to EUR 25,000 and imprisonment of up to 8 years in exceptional cases.

Criminal proceedings operate under different rules than described above. The main procedure is regulated by the Criminal Procedure Code. Such procedures are typically initiated by the public prosecutor following further investigation by competent investigating authorities. Afterwards, the court may begin the prosecution against the defendant. The persons who suffered damages resulting from the crime are entitled to bring a civil claim for damages in criminal proceedings and become civil claimants. The criminal proceedings are preferred by right holders which do not have the resources to collect evidence of the IP infringement themselves and rely on the evidence collected by the public prosecution.

## DENMARK

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### LEGAL FRAMEWORK

The judicial process has only been harmonized a little within the European Union, and each country is therefore relatively free to set their own rules for procedures conducted before its national courts. However, every state must act in accordance with the general principles in the European Convention on Human Rights.

### MAIN PRINCIPLES

The Danish Courts consists of

- the Supreme Court
- two High Courts
- the Maritime and Commercial Court
- the Land Registration Court
- 24 district courts
- the courts of the Faroe Islands and Greenland



- the Appeals Permission Board
- the Special Court of Indictment and Revision
- the Judicial Appointments Council
- the Danish Court Administration.

Unlike many other European countries, Denmark does not have special administrative or constitutional courts. Instead, the normal courts have to review the legality of public decisions or questions concerning conflicts with the Constitutional Act of Denmark (in Danish: Grundloven).

Denmark has specific committees and boards handling complaints, for example are complaints regarding fixation of rent are handled by The Housing and Rent Assessment Committee. It is very normal that these committees and boards have judges from the above-mentioned courts as members.

In Denmark, the courts are independent from the executive and legislative authorities. Section 3, 61 and 63 of the Constitutional Act of Denmark form the legal basis and provides for the division of power between the executive, the judicial and the legislative systems.

The Danish civil process is based on the rules of the Danish Administration of Justice Act and is based on a principle of negotiation between the parties.

In regards to the principle of negotiation the Danish judges can, during their voting, only consider elements that have been presented to them, for example pleadings, evidence and oral statements. It is elementary that the judges only consider what the parties have presented, but in rare cases the judges can at their own initiative decide to do their own examination of the case (ex officio examination) but this is only performed when the judges are not sufficiently informed by the parties. It is therefore very important to present the judges with all information that is beneficial to the party.

The judge can only base his or her decision on the information provided, so if party (A) does not provide sufficient material or

materials at the other party's (B) request, it can cause procedural adverse effect towards party (A).

The Danish judges have free access to appraisal of evidence, and the Danish judges have a constitutional right that provides them a special protection against dismissal and transfer from their job. A Danish judge can only be removed from his job if action is filed against him and the Special Court of Appeals rules that he should be dismissed from his job. Otherwise the office of judge is irredeemable until the judge turns 70 years of age.

## MILESTONES OF A TRIAL PROCEDURE

### a) *Introduction of the case*

A case is initially introduced to the courts with the submission of a written writ of summons in which the plaintiff presents his case. The writ of summons, usually written by the plaintiff's lawyer, must contain sufficient information to enable the defendant to understand why a lawsuit is being filed. The requirements are outlined in section 351 of the Danish Administration of Justice Act and include, among others, a factual presentation of the case, the plaintiff's suggestion to the handling of the case as well as a clear description of the plaintiff's claims. In Denmark, it is common to attach only the exhibits, which are referred to in the writ of summons or following pleadings.

### b) *Pleadings and pre-trial*

After receiving the writ of summons, the court assesses if the writ of summons is submitted to the correct jurisdiction or otherwise the court will refer the case. If the writ of summons is submitted correctly, the court can decide that the defendant has to send a statement of defence within 14 days, but it is normal to extend the deadline.

When the court receives the statement of defence, the court can convene the parties to a pre-trial hearing, unless the court assesses that such a meeting is unnecessary. These meetings are normally handled over the phone. During this meeting, the parties can discuss

how they relate to the case, if an expert opinion is required, if there is any chance of a settlement as well as the time and date for the court hearing. The court can decide if there is any need for further pleadings (in Danish: replik and duplik) or meetings.

In Denmark, the deadlines are set early in the process and it can be difficult to change them later on unless the court is provided with a reasonable explanation. This has the advantage of predictability, but the rigidity of the system is sometimes excessive.

Whenever pleadings are exchanged, the exhibits referred to herein (contracts, letters, documents, etc.) must accompany the pleadings, unless these exhibits have been submitted earlier on.

Unless the parties are able to settle the case during the pre-trial process, the case will be handled by the court at the date suggested at the pre-trial hearing and agreed by the parties.

#### **c) *Public hearing***

It is a mandatory rule in Denmark that all processes in the court room is to be done oral, even though most proceedings require the preparation of written pleadings. Even when the law allows oral considerations, it is recommended to submit written evidence.

The proceedings are therefore oral and the courts are generally open for the public.

#### **d) *Judgment***

After the hearing, the lawyers will receive the court's judgment, often by post or electronic transmission. Normally it takes four weeks for the judgment to arrive.

#### **e) *Appeal***

Most of the time, an appeal can be made.

The appeal is a new proceeding where the purpose is to determine whether the previous judgment is correct or incorrect. Claims and allegations which have not been relied upon in the first instance can only be included if approved by the court following the opposing party's objection. The procedure follows the same principles as those outlined above.

### The High Courts

There are two high courts in Denmark – the High Court of Western Denmark and the High Court of Eastern Denmark. Appeals from a district court are referred to the high courts. Civil and criminal cases are tried by the district courts (first tier), but under certain conditions a civil case may be referred to a high court.

### The Supreme Court

The Supreme Court is the final court of appeal in Denmark and is situated in Copenhagen. The Supreme Court reviews judgments and orders from the High Court of Eastern Denmark, the High Court of Western Denmark and the Copenhagen Maritime and Commercial Court.

The Supreme Court reviews both civil and criminal cases and is the final court of appeal (third tier) in probate, bankruptcy, enforcement and land registration cases. In criminal cases, the Supreme Court does not review the question of guilt or innocence, as well as there are no lay judges on the Supreme Court panel. It is only in exceptional cases where a right of appeal (third tier) to the Supreme Court is permitted (see below).

## **THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT**

In disputes involving technology, IP and/or innovation, the rules are very often derived from a European directive or regulation.

From studying the Danish laws it can be observed that there are several Danish laws which implement EU law directives. A directive is often

implemented by adding new sections to an existent Danish law concerning the related legislative area.

## **LAWYERS' FEES**

All parties shall pay costs associated with any procedural steps the party has made or requested. However, it is common for the Court to impose the costs on the losing party.

In Denmark, it is possible to get a free trial process. The Appeals Permission Board determines when a party shall have free process. The conditions for free process are outlined in the Danish Administration of Justice Act.

## **CRIMINAL PROCEEDINGS**

Criminal proceedings operate under different rules that can be found in the Danish Administration of Justice Act, and some of the articles in the

Danish Copyright Act contain penal provisions for infringements.

Often the research and collecting of evidence is the most substantial part of the criminal proceedings, particular if the judges have their main focus on the expert appraisals.

## **JURISDICTION AND VENUE**

Normally the Maritime and Commercial Court have jurisdiction in cases concerning intellectual property. The second instance in cases beginning in the Maritime and Commercial Court is the Supreme Court. This is a modification to other civil cases, which begins in a district court and can be appealed to one of the High Courts.

Where the case concerns intellectual property or IT-rights, it is very common that the parties reach an agreement via arbitration. The primary benefit of arbitration is that the case can be solved quicker, in confidentiality and the involved parties avoid any attention that might have a negative effect on their business or brand.

It is normal to have a negotiated clause regarding mediation or dispute resolution in agreements between parties. The purpose of the clause is to find consensus without spending time and money.

## FRANCE

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The organization of the Courts, and the principles of civil procedure, are still fully subject to national legislation. France is a civil law country; as a result, evidence is largely based on documentation and not on witness testimonies.

### MAIN PRINCIPLES

All French laws are grouped into Codes : procedural rules are to be found in the Code of civil procedure; general principles of civil law are laid down in the Civil code while IP legislations are in the Code of intellectual property.

French attorneys can represent their clients in all French courts, except before the French Supreme Court (Cour de Cassation), to which only a handful of lawyers residing in Paris are admitted.

All attorneys are members of a regional Bar Association. When they defend a client before a court, which is outside of the scope of their Bar

Association, for instance if an attorney from Paris, member of the Bar of Paris, defends a client in Lyon or Lille, he must then use “a local correspondant”, member of these Bars, even though he will be going to Lyon and Lille to plead the case on behalf of his client.

## IMPORTANT MILESTONES

1. In IP cases, the plaintiff often requests through an ex-parte application the right to seize what he considers to be infringing products, often on the premises or in the warehouses of the defendant. Within one month following this seizure, the plaintiff must bring the matter before a court, otherwise the seizure will be considered as void and its effects will be cancelled.
2. Otherwise, all civil cases start by a claim delivered by the plaintiff to the defendant through a bailiff. A copy of this claim so delivered is then registered at the offices (greffe) of the Court which is competent to hear the case on the merits.
3. If the matter is within the competence of the District court, then the attorney of the defendant has 2 weeks to go on the court record on behalf of the defendant, and 2 more months when the defendant is not located in France.
4. The case is handled by a judge who “administers the case” (juge de la mise en Etat). He will ensure that both parties exchange the documents they refer to in their respective briefs (pleadings). The defendant has usually 2 months to respond to the claim, and the plaintiff will have also around 2 months to respond to the 1<sup>st</sup> brief of the defendant, who will then have 2 months to respond to this last brief. In most cases, separately from the initial claim the plaintiff produces another brief, where the defendant produces a total of 2 briefs. But for complex cases they can be authorized to produce as many briefs as necessary. Once the parties have exchanged all their arguments the case is transferred to a different judge for the public hearing and oral arguments (the trial).

The pleadings at trial are usually quite short (in average a maximum of 45 minutes for each parties). They take place after a short presentation of the case by one of the judges who hear the case. At the



District court of Paris the judgments are rendered in writing approximately 6 weeks after the pleading date.

### Summary of the usual timeline:

- (Seizure ? If so, a claim must be brought within 30 days);
- Claim delivered by the Plaintiff to the Defendant;
- Defendant must register his attorney (within 2 weeks or 2 months for a foreign defendant);
- A judge is appointed to administer the case : he verifies if the documents on which the claim is based have been given to the attorney of the defendant;
- The attorney of the defendant has approximately 2 months to produce a 1<sup>st</sup> brief in defence and in response to the initial claim;
- The attorney of the plaintiff has approximately 2 months to produce a 1<sup>st</sup> brief in response to the 1<sup>st</sup> reply (defence) of the defendant;
- The attorney of the defendant has approximately 2 months to produce a 2<sup>nd</sup> brief in defence and in response to the reply of the plaintiff;
- Once the parties have exchanged all their arguments the case is “closed” and a date for the trial is set;
- Trial;
- One or two months after the trial a judgment is rendered in writing.

### FIRST INSTANCE PROCEDURE

The District Court of Paris has been, for a few years, the sole and exclusive jurisdiction to hear patent cases, as well as cases involving Community Designs and Community Trademarks.

Regarding all other cases involving author's rights, French designs and French trademarks they are of the exclusive competence of 10 district courts (including Paris).

On contract matters, including controversies over licensing agreements raised between two companies, these remain under the jurisdiction of commercial courts.

In the district courts, all the judges are professional judges, who have studied law and who have also gone to a "judge school", whereas in the commercial courts the judges are elected businessmen, who may or not have a law degree.

All the IP/IT matters which are brought before the District Court of Paris, are handled by the 3<sup>rd</sup> Chamber, which comprises 4 sections. Each section comprises a presiding judge and two other magistrates, thus a total of 3 judges. These judges are not specialized in IP/IT, but they become specialists in this field by their daily practice in this 3<sup>rd</sup> Chamber, where they stay an average of 3 to 6 years.

Each section handles patent, trademark, design and copyright cases. None of the sections is more specialized in one of these fields than another. None of the judges have a technical training or degree, as is often the case in other countries.

It takes approximately 18 months from the claim for a case to be judged by one of the sections of the 3<sup>rd</sup> Chamber of the Court of Paris on the merits.

## **JUDGMENTS AND FURTHER APPEALS**

Within one month after their official notification, all judgments rendered by a District Court of Paris, can be appealed before a Court of Appeal. In Paris, all the judgments of 1<sup>st</sup> instance rendered by the 3<sup>rd</sup> Chamber of the District Court in IP/IT matters are reviewed on appeal by the 1<sup>st</sup> and 2<sup>nd</sup> Chambers of the 5<sup>th</sup> Pôle of the Court of Appeal of Paris.

Each of these two chambers, comprises a president and two other magistrates, among which, very often one or more former judges of the 3<sup>rd</sup> Chamber of the District Court.

Statistically only, approximately 25% of the judgments rendered on 1<sup>st</sup> Instance are reversed by the Court of Appeal.

### **REVISION (SUPREME COURT)**

Within 2 months after their official notification, judgments of the Court of Appeal can be subject to the review of the French Supreme Court (Court de Cassation), but only on points of law and not on factual issues.

It takes around 2 years for a case to be reviewed by the Supreme court. Approximately 10% of the civil judgments are reversed, against 4% of the criminal cases. Once reversed the cases are brought back to be heard and judged again by another Court of Appeal.

### **PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT OF JUSTICE**

French judges are very reluctant to ask preliminary ruling questions to the European Court of Justice. For instance, as of May 15<sup>th</sup>, 2014, the 3<sup>rd</sup> Chamber of the District court of Paris has only asked one preliminary question to the European Court of Justice, in the landmark trademark cases of "SadasVertBaudet v/LTJ Diffusion" also know as "Arthur v/Arthur and Felicie" (C-291/00, March 20, 2003).

The French Supreme Court asks for preliminary ruling questions only when it is literally forced to do so.

### **COSTS AND FEES**

The losing party is, in principle, always ordered to pay the attorney's fees and costs of the other party, the so-called sums awarded by application of article 700 of the Civil procedural code (Cpc).

The amounts awarded by application of this article 700 Cpc depend on various factors, and they are often higher in patent cases than in trademark or copyright cases. But in the past years their average amount has increased, around 20.000 € for a trademark, design or copyright case, to an average of 50.000 € in patent cases.

## **PRELIMINARY INJUNCTION PROCEEDINGS**

In all IP fields, one finds injunctive procedures, which permits a party, depending on the urgency, to obtain within hours or within a few weeks cease and desists orders, and even sometimes, provisionnal damages.

## **CRIMINAL PROCEEDINGS**

An increasing number of IP cases are subject, not to civil, but to criminal proceedings, initiated usually by the Customs authorities.

The main issue, and difficulty for the defendant, is that in criminal proceedings the cases are heard by the criminal court which has jurisdiction over the place where the seizure took place.

For instance for goods seized in the harbor of Le Havre, the cases will be within the competence of the public prosecutor and of the criminal court of Le Havre, even though they are not specialized in IP/IT. One must note that in France a percentage of the fines awarded to the

customs authorities is shared with the customs agents who have seized the goods. Thus, they are “encouraged” to seize all the goods they consider to be infringing.

## GERMANY

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### LEGAL FRAMEWORK

Harmonization on an European level is in certain areas of law rather advanced. However, procedural law, to be distinguished from enforcement law, is to a far extent an exception of this. Accordingly, procedural law remains mainly national, not harmonized law.

Whereas the procedural law is harmonized all over Germany, the German states have still the competence for the courts as such. Accordingly, the number of courts and the organization of the courts themselves is in the competence of the states.

### MAIN PRINCIPLES

1. The German court system has several Court tracks depending on the matter of law in question, such as general civil law, family law, labor law, social law, administrative law, criminal law and constitutional law. In the following, we will briefly elaborate the **civil law court system**.
2. Generally, the plaintiff has at least two, and as the case may be max. three **instances** of court access, starting with the local courts (Amtsgericht) or District Courts (Landgericht) as first instance, the

Court of Appeals (Oberlandesgericht; OLG) as the second instance and in certain cases and if allowed by the Court of Appeals or allowed by the Federal Supreme Court a third instance (Revision) at the Federal Supreme Court. In practice, only a small percentage of cases reach the Federal Supreme Court (Bundesgerichtshof; BGH).

A further special court is the German Constitutional court (Bundesverfassungsgericht, BVerfG) in Karlsruhe which is not a regular last instance, but at the end the court with the highest competence in

view of its findings on the most fundamental set of law, the German constitution (Grundgesetz). In very rare cases, the plaintiff can, after having exploited all instances, file a complaint with the Constitutional Court claiming violation of his constitutional rights.

3. Generally, it is not necessary to send a **warning letter** before you go to court. However, it is in most cases useful to send such letter to avoid to bear the costs for filing a complaint or a request for a preliminary injunction if the defendant immediately declares it will not contest the action after being notified about the court action. Also, in preliminary injunction proceedings, judges are interested in the reaction of the defendant, in particular if they intend to decide *ex parte*.

4. At the local courts, only one judge is deciding the case, whereas the chambers in the District courts and the Court of Appeals have **usually three judges** and the chambers of the Federal Supreme Court even five judges.

The plaintiff can file its court action, and the defendant can later on request that, either to a civil law chamber comprising three professional judges (at the District Court level) in cases of unfair competition, design and trademark law also to a **commercial chamber** comprising one professional judge and two non-professional side judges being from the local industry.

5. **German lawyers can represent** their clients in all German courts with the exception of the Federal Supreme Court to which only a handful of lawyers resident in Karlsruhe are admitted.

6. Whereas the first instance, in IT or IP matters usually the District Court, considers both the facts and the law completely, the Court of

Appeal, in many cases, only considers whether the first instance has evaluated the **facts and the law** correctly. Accordingly, new facts can only be submitted in the 2<sup>nd</sup> instance in certain circumstances. This is the reason why it is so important to prepare the first instance case very carefully.

7. Whereas you have always **jurisdiction** at the residence of the defendant, you have in particular in IP cases also jurisdiction at the place of infringement which is often the case everywhere in Germany, for example because a trademark is used all over Germany or a website is intended to be downloaded all over Germany. In those cases, plaintiff can choose the court to file its court action.

8. Whereas IT cases have no **special courts**, there are special courts

with exclusive jurisdiction for certain IP matters, such as a German trademarks and designations, community trademarks, designs and patents in every German state. This reduces, in IP matters, usually the choice of jurisdiction, but provides the benefit of specialized judges with sometimes long experience. In IP matters, the courts of Hamburg, Cologne, Mannheim, Düsseldorf and Munich are in particular known for their expertise.

9. Whereas a first instance trial usually last between 10 months and two years, the proceedings at the Court of Appeals level last usually longer, on average two years. The current **duration** of Federal Supreme Court proceedings is about 2 to 5 years.

## IMPORTANT MILESTONES OF A TRIAL

### a) *First instance procedure*

After filing the complaint and having advanced the expected court fees based on a calculation of the litigation value, the complaint is served to the defendant who has usually 14 days to declare its willingness to defend himself. Then a court hearing to discuss an amicable settlement and/or to litigate the case is scheduled by the court. Before that, the defendant has the opportunity to file a response to the complaint. Usually, the parties can exchange further briefs until the hearing. In the

hearing, the court tries to settle the case, often by announcing his preliminary view on the merits. At the end of the hearing in which usually all facts and evidence must be presented or offered, the court

will render or announce a decision which can be a final decision for this instance, but also its decision to hear witnesses or order an expert opinion on certain facts or even the law.

#### **b) *Judgment and further Appeals***

If a judgment is rendered and, sometimes only weeks and even months later, substantiated, the losing party can within one month file an **appeal** which must be substantiated within two months starting from the receipt of the full decision. Electronic submission of both complaints, briefs and the decision is not yet available at all courts.

#### **c) *Revision***

If a party wants to further appeal a decision of a Court of Appeals, it must ask the Court of Appeals to allow the revision to the Federal Supreme Court. Such revision will mainly be allowed if there is a **new question of law** at stake. If such revision is not allowed by the Court of Appeals, the respective party can file a complaint against this non-admission to the Federal Supreme Court itself which will then in its own discretion allow the revision or not.

### **THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT OF JUSTICE**

Every judge in any national court proceeding can forward certain questions of European law which he considers as decisive for deciding the case to the European Court of Justice. As long as the ECJ has not decided about it, the proceedings are stayed.

### **COSTS AND FEES**

The losing party must pay the court fees and the reimbursable statutory lawyers' fees, also only to a certain extent, if both parties lose



and win to a certain extent. Both the court and the lawyers statutory fees are calculated on the basis of the litigation value of the case. This can be the sum of claimed damages, in IP matters more often the value of an injunction or information claim. Each party may in addition pay the difference of higher lawyers' fees, often calculated on a time basis, exceeding the statutory lawyer's fees.

## PRELIMINARY INJUNCTION PROCEEDINGS

Preliminary injunction proceedings are in particular in the field of intellectual property law a sharp sword in Germany. They are often the only court proceedings conducted. In such proceedings, you can mainly claim an injunction, but no damages. In IP matters, you must, with most courts, file the request for a preliminary injunction within one month of your knowledge of the infringement and the infringer. Only a few courts allow the filing of a preliminary injunction also for a somewhat longer period. You must substantiate the facts by documents or affidavits within this timeframe. Courts can then decide,

even *ex parte*, very quickly, often on the same or the next day. If such a decision is then served to the defendant by the plaintiff with the help of an officer within one month, the defendant must immediately stop his infringing conduct and can, of course, oppose the injunction. The court will then schedule quickly a hearing to consider the arguments of the defendant. If such an injunction should then be lifted, the defendant has a claim for compensation for his loss by following the injunction decision.

## CRIMINAL PROCEEDINGS

Criminal proceedings are governed by different rules than described above and handled by special courts and usually specialized criminal law lawyers.

Criminal proceedings are usually commenced by the public prosecutor following the investigating work of the police and other authorities. The court must then allow the complaint which will then be prosecuted against the defendant. Although certain criminal sanctions are also

available in commercial matters, there are rarely enforced in German practice in these areas of law.

## HUNGARY

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### LEGAL FRAMEWORK

Though the field of criminal and civil law procedures are not fully harmonized within the European Union, the Hungarian legal system shows considerable similarities with German and Austrian systems because of historical reasons.

### MAIN PRINCIPLES

The main principles of civil procedures can be summarized as the following:

- e) Civil Law procedure is currently governed by Act III of 1952 on Civil Procedures (hereinafter Code on Civil Procedures, CCP)<sup>38</sup>. In Hungary the civil court system has four tiers. The local courts are the first instance courts in minor cases. In certain cases the county courts (in Hungarian: Törvényszék) proceed on the first instance, furthermore they also handle appeals filed against the decisions of local courts. The five Courts of

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<sup>38</sup> Hungary adopted a new Code on Civil Procedure (Act CXXX of 2016), which will enter into force on 1st January 2018. In this chapter we detail the provisions of the current code in force.

Appeals (in Hungarian: Ítéltábla) handle the appeals filed against the decisions of the county courts. The highest instance of judicial forum is the Supreme Court (in Hungarian: Kúria).

- f) Hungarian courts are legally not bound by previous judgments nevertheless the Supreme Court and the courts of appeals publish their judgments to provide guidance for lower courts. Moreover the Supreme Court has a constitutional duty to harmonise the administration of justice within the Hungarian judiciary mainly by means of rendering uniformity decisions.
- g) Before commencing a civil procedure sending a cease and desist letter is obligatory in all legal disputes between business entities. In cases inter alia where at least one of the parties is a private person, moreover, if a request for a preliminary injunction had been filed, no prior cease and desist letter is required. A request for preliminary injunction is therefore

useful for the surprise factor. Regardless of the requirements, it is common in Hungary to send a cease and desist letter to the adverse party in order to open a dialogue.

- h) For cases of urgency, the CCP offers right holders expedited proceedings in order to seek immediate legal protection. Preliminary injunction claims are adjudged within approximately 4-6 weeks in the first instance and are immediately executable. Second instance decisions on preliminary injunctions are usually taken within 3-5 months after the appeal has been filed. Upon a request for a preliminary injunction the court may order interim measures against the infringing party. The core idea behind the institution of preliminary injunction is to ensure a quick but interim remedy prior to the final decision on the merits of the case. The court, upon request, may implement preliminary injunction ordering compliance with the claim (counterclaim), or compliance with the application requesting preliminary injunction, where this is deemed necessary (1) to prevent any imminent threat of damage, or (2) to preserve the status quo giving rise to the dispute, or (3) if it is necessary taking into consideration the special protection of the applicant's rights,

where the advantages attainable by the injunction exceed the disadvantage caused by the injunction. The court may order preliminary injunction subject to the provision of security. The facts underlying the necessity of the preliminary injunction shall be substantiated.'

Under certain limited circumstances e.g. in case of extreme urgency, the court may grant interim measures *ex parte*.

- i) As a basic rule the parties shall justify that the court is territorially competent and has jurisdiction to adjudge the case. In some cases certain courts has exclusive jurisdiction (e.g. in industrial property cases the Metropolitan Court has an exclusive jurisdiction), in other cases (e.g. in copyright cases) the generally competent County Court has jurisdiction.

## IMPORTANT MILESTONES OF A TRIAL

### a) *First instance procedure*

Civil proceedings commence when the plaintiff submits its statement of claim to the competent court. The court must examine the case within 30 days from receipt, if the claim complies with the procedural requirements, the court schedules a hearing and delivers the statement of claim to the defendant.

The defendant must put forward the defense statement on the first oral hearing, at latest, however, in general the statement of defense is filed in writing. The parties are allowed to file further observations, responses, etc. as far as time allows, the number of submissions is not limited. Late submissions may be disregarded by the court.

Unless the law provides otherwise, the burden of proof lies with the party in the interest of which it is that the court accepts the alleged fact as true. Generally speaking, all types of evidence are admissible (witness testimony, expert opinion etc.), but in most cases evidence is presented to the court in the form of written documents.

## **b) *Judgment***

In simple cases the judgment is issued on the first oral hearing, in more complicated matters, especially if witnesses must be heard, more than one oral hearing may be necessary.

There are cases where the defendant takes no measure whatsoever to defend his case. In cases where the defendant fails to appear at the first hearing and has not presented his defence in writing, the court can, at the plaintiff's request, issue a court order against the defendant in which all remedies shall be ordered by the court as requested by the plaintiff. The court will also order the defendant to pay the costs.

## **c) *The Appeal***

An appeal lies against the first instance judgment which is to be filed within 15 days following the delivery of the written judgment. As a general rule, new evidence and new facts may be presented only if the party submitting the appeal becomes aware such facts or evidence after the issuance of the first instance decision.

## **d) *Revision (Supreme Court)***

A request for revision can be filed with the Supreme Court (called Kúria) on points of law within 60 days after the second instance judgment has been delivered in writing. New evidence or facts are disregarded by the Supreme Court.

## **THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT**

When a judge in a national court has doubts in connection with the interpretation of community law (e.g. in IP cases) the judge has opportunity to pose questions to the Court of Justice of the European Union. Simultaneously with requesting the preliminary opinion the court stays the proceeding. In its request, the court defines the matter for which the preliminary opinion is required, and outlines the facts, to the extent required, and the pertinent passages of the Hungarian legal

system. After receiving the preliminary ruling, the Hungarian court continues the proceeding and adjudges the case on the basis of the interpretation of the European Court.

## PROCEDURAL COSTS

On the basis of CCP the losing party pays all the costs of the winning party (losing party pays principle). However, the court can order the payment of only a part of the costs, where the winning party caused some of the costs, or the costs are exorbitant, inequitable or unjustified.

As for the official costs, the official duty is 6 % of the damages claimed, if no damages are claimed, the official duty is 36000 HUF, app. 120 EUR) in the first instance. The official duty is 8% of the damages claimed in appeal (48000 HUF, app. 160 EUR if no damages claimed) and 10% of the damages claimed in revision proceedings (70000 HUF, app. 230 EUR if no damages claimed). Attorney's fees can vary depending on the complexity of the actual case and the activity of the parties.

## CRIMINAL PROCEEDINGS

The criminal procedure is governed by different rules. A detailed presentation of Hungarian criminal procedure would exceed the framework of this study, however, the main characteristics criminal lawsuits can be summed up as follows.

- Criminal proceedings commence with the investigation. The investigating authorities (Police, National Tax and Customs Office) conduct the investigation independently or upon the order of the prosecutor, therefore in most cases the complainant has no control over the criminal procedure. The task of investigating authorities include the exploration of the crime and the perpetrator, furthermore tracing and securing evidence.

- If the evidence collected during the investigation confirms the guilt of the defendant without any doubt, the prosecutor files an indictment and represents the charge before the court.
- The court may proceed only upon an indictment: the court may only establish the criminal liability of the person against whom the accusatory instrument was filed, and may only consider acts contained in the instrument.



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### LEGAL FRAMEWORK

The Italian legal system has a structure similar to all countries of civil law because of historical reasons.

Ordinary jurisdiction is divided into two sectors: (i) Criminal, to prosecute person who commits a crime, and (ii) Civil, to ensure legal protection of the rights concerning the relations between individuals or between the individuals and a Public Administration in the exercise of its duties, when Public Administration harms the individual right of a person.

The reform of the Court districts, made by Legislative Decree 155/2012 in force from 14 September 2013, has been necessary to define appropriate method of treatment for the data managed by computer systems in use in the civil registries of the courts. The object of such regulatory intervention was to review and amend the constituencies of judicial offices, making a significant revision of the judicial geography.

The reform of the judicial geography has resulted in:

- deletion and incorporation of all the 220 sub-offices in the main offices of the Courts ;

- deletion and incorporation of 31 Courts and corresponding public prosecutors.

## MAIN PRINCIPLES

The main principles of civil procedures can be summarized as the following:

- a) Civil proceedings are governed by the Civil Procedure Code which provides for a system with four types of courts. The Justices of the Peace are appointed to assess the causes minor according a dual criterion of value and of matters. The jurisdiction for cases of greater magnitude is entrusted to the Courts, which are also judges of second instance for cases before the Justice of the Peace. Depending on the subject matter, the Courts are composed of a single judge or a panel of three members. Since 2003 specialized sections of Intellectual Property have been set up. These sections have changed their name following the entry into force of Decree Law no. 1/2012 transforming themselves in the Courts of Companies. The Courts of Appeal, which are judge of second instance for decisions of the Courts. The highest instance of judicial forum is the Supreme Court of Cassation, which is the judge of final instance for questions of law.
- b) The sources of law in Italy in the field of Industrial Property are represented by the Civil Code and the Code of Industrial Property. The second has been lastly modified by Law no. 194 of 2015.
- c) For cases of urgency, the Industrial Property Code provides that, for reasons of urgency, it is possible to obtain immediate legal protection. It states that whoever has a good reason to fear that during the time necessary to enforce its duty in the ordinary way, this is threatened by an imminent and irreparable prejudice, may request to the court for the application of the interim measure, which appears under the circumstances, the most appropriate to ensure the temporary effects of the final decision on the merits. The precautionary

protection is possible in the following types of actions: the technical appraisal for purposes of reconciliation (planned and disciplined by art. 696 bis of the Civil Procedure Code), the description and seizure, the injunction and the temporary transfer of the domain name. If the judge in issuing the interim measure doesn't specify the period within the parties must begin the ordinary proceeding, it must be started within twenty working days or thirty-one calendar days, whichever is longer. The period starts from the delivery of the order if it occurred at the hearing or otherwise, from its communication by chancellor to the parties. If the trial proceeding is not begun within the peremptory period above, or if after its inception is extinguished, the interim measure loses its effectiveness.

- d) The foregoing provisions shall not apply to interim protection required under Article 700 of the Civil Procedure Code, because this type of precautionary measure retains its effectiveness even if it is not started in the ordinary trial.
- e) Each Court of Companies is located in the capital town of any region of Italy. The only two regions with the presence of two Courts of Companies are Lombardy, where one is in Milan and the other in Brescia, and Sicily, where one is in Palermo and the other in Catania.

## IMPORTANT MILESTONES OF A TRIAL

### a) *First Instance Procedure*

The civil trial begins when the plaintiff through his attorney, notifies the writ of summons to the counterpart and, within ten days of notification, register the Case to the role of the Court. The first hearing is fixed by the plaintiff not before ninety days from the date of notification of the writ of summons. The defendant must put forward his written defence statement on the first oral hearing or within twenty days before, if he wants to raise exceptions which are not detectable by Judge. At the oral hearing, if the parties ask for it and where appropriate, the judge may grant additional time for the filing of

further pleadings and inquiries. The terms and the content of those statements are governed by Article 183 of the Civil Procedure Code. These pleadings may contain specifications of defenses illustrated in introductory acts of the trial (but cannot contain modifications of initial applications or extensions of the questions raised), attach documentary evidence, request the admission of oral evidence and technical advice by an expert in the field. It is important to point out Article 115 of Civil Procedure Code provides that a non-specific objection of the facts stated by the counterpart, constitutes an implicit admission of those facts in favor of the opposing party, evaluated by the judge as argument to decide the case. Requests for oral and technical advice are examined by the judge at the second hearing.

### **b) *Judgment***

When the parties are not asking for the time-limits for pleadings at the first hearing, or when they believe that the case is already ripe for decision, the judge may order a specific hearing to keep oral discussion of the case. This type of discussion, without written pleadings subsequent to the initial ones, is governed by Article 281 of the Civil Procedure Code. At this hearing, the case is discussed orally by lawyers of the parties. The judge, at the end of the discussion, verbally pronounces the Judgment. Otherwise, when it is necessary to listen to witnesses, the judge, at the second hearing, decides how many witnesses to hear and about what issues; then he sets the hearing to listen to them. The judge may also decide to have a technical advice, also if it's not requested by one of the parties. After the acquisition of evidences the judge sets another hearing, where parties specify their final conclusions and he assigns terms to the parties to deposit the final statements and rejoinders, which are a summary in fact and in law of the case. Upon expiry of such terms the case is decided by Judgment filed in Chancery and communicated to the parties.

### **c) *The Appeal***

The Appeal is a review of the judgment of first instance with reference to the facts and points of law. The Parties must specifically appeal every single part of the Judgment because each part which is not appealed becomes definitive. Except in special cases, parties cannot

present in Appeal new circumstances or new evidences. The deadline for appeal is 6 months from the publication of the court decision or 30 days from its notification made by the counterpart. The period from August 1<sup>st</sup> to August 31<sup>th</sup> doesn't count.

**d) *Revision (Supreme Court)***

In Italy, the Supreme Court is responsible for the revision of an appeal judgment, but only for questions of law. The procedure can be activated within 60 days from receipt of notification of the Appeal judgment by the counterpart, or within six month from its publication. New facts or evidence are never admitted.

## **THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT**

This procedure is open to the national courts of the EU Member States , that may apply to the European Court asking for interpretation or validity of European law in the context of a pending case. Unlike other proceedings in front of European Court the reference is not an action against an European or national act, but a question on the application of European law in a specific national case. The preliminary ruling question thus promotes active cooperation between national judges and the Court of Justice in order to obtain uniform application of EU law.

Any Italian judge seized of a dispute where the application of a provision of European law raises questions (main proceedings), may decide to apply to the Court of Justice to resolve them before deciding the case. There are two types of preliminary ruling question:

- a) the reference for the interpretation of European standard: the national court asks the Court of Justice to issue an opinion on the interpretation of European law in order to apply the rule correctly;
- b) the reference for examining the validity of the European standard: the national court asks the Court of Justice to verify the validity about an act of European law.

During the time necessary to obtain the Court of Justice decision the national proceeding is suspended. After that decision the Italian judge continues the proceeding and judges the case according to the interpretation of the European Court.

## PROCEDURAL COSTS

The party who starts a lawsuit or proposes a counter-claim or sues a third party in the proceeding must pay to the State a fee, proportional to the amount of the claim, the type and the degree of proceeding, from € 43,00 to € 6.744,00.

Moreover, the party bringing an appeal is required by the court to pay the same amount if the appeal is rejected in its entirety or is declared unacceptable for any reason.

On the basis of Civil Procedure Code, the party who loses the case pays trial costs (state fee above and lawyer's fees) in favor of the party who wins.

In Italy lawyers' fees are defined by a set of parameters contained in the Ministerial Decree 55/2014. The main parameter is the value of the case but there are some additional criteria, including the complexity and the urgency of the work provided.

## CRIMINAL PROCEEDINGS

The prosecutor is the Magistrate who prosecutes. The prosecutor evaluates the merits of each news of crime and fulfills the necessary investigations to decide whether it is necessary to ask for a trial or not. This principle does not absolutely require that the prosecutor must necessarily ask for a trial for a person suspected of a crime; his institutional obligation is to make sure that the law is respected. Therefore, the prosecutor asks to archive the claim if the collected items are not suitable to support the accusation in court; but later he can carry out new investigations and then ask the judge to reopen the case. The mandatory prosecution must ensure two basic principles:

1. if the victim doesn't have economic possibilities, this should not prevent the offender being prosecuted;

2. only a rule of law must determinate who shall be punished and who shall go free from punishment, it cannot depend on a choice of political expediency.

As the civil justice even the criminal one has three levels of courts: the first two regarding merit, the last (Supreme Court of Cassation) for legitimacy.

## NORWAY

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### NORWAY, EEA AND EU

Norway is not a member of the European Union (EU). However, Norway is a member of the European Economic Area (EEA). EEA comprises three of four member states of the European Free Trade Association (EFTA) (Iceland, Liechtenstein and Norway) and 27 of 28 member states of the European Union (EU).

The EEA allows the EFTA states to participate in the EU's Internal Market without being members of the EU. Due to EEA, the EFTA states adopt almost all EU legislation related to the single market, except laws on agriculture and fisheries. However, they also contribute to and influence the formation of new EEA relevant policies and legislation at an early stage as part of a formal decision-shaping process.



## GENERAL

### a) *Introduction*

National legal procedures are only harmonized to a limited extent within the EEA. Each country is relatively free to set the rules for procedures conducted before its national courts. However, states must act in accordance with the general and overarching principles, in particular drawn from the European Convention on Human Rights.

The civil procedure in Norway can be summarized as follows:

### b) *The Dispute Act*

Civil Law procedure in Norway is governed by the Act relating to mediation and procedure in civil disputes (the Dispute Act). The Dispute Act is based on the fundamental process principles of the European Convention on Human Rights Article 6.

### c) *Intellectual property rights*

The Dispute Act was amended in 2013 to improve the enforcement of intellectual property rights (IPR). The amendment aims to make it easier to reveal **IPR infringements** by (upon due cause) granting the right holder a right to information regarding origin and distribution network of infringing goods and services.

A request for information may also be directed to others than the infringer, hereunder those who have been dealing with goods or services that constitute an infringement. A request for information may also be made in connection with ongoing litigation or preparation for such.

In short, there is now a quite far-reaching obligation of disclosure whether a case is before the courts or not.

#### **d) *Legal profession – the lawyer***

Entry to the legal profession is exclusively through university education. Law studies usually take five years and result in a master degree in law.

A law graduate must have a license to practice after finishing Norwegian law school, which is usually obtained by working in a law firm for a period of at least two years. Graduates are required to litigate three civil cases before a national court before a license will be issued.

A licensed practicing jurist in Norway is called an "advokat". An "advokat" may render advice to clients within all fields of the law and is also allowed to appear before all Norwegian courts in the first two instances. However, it requires a special license to appear before the Supreme Court.

There is no distinction in Norway between practicing lawyers similar to the distinction between barristers and solicitors in some common law countries.

## **THE COURT SYSTEM**

#### **a) *Introduction***

There are in Norway three regular court instances, plus a "zero" level Conciliation Boards, for smaller disputes.

#### **b) *The Conciliation Boards (level "zero")***

The aim of the Conciliation Board is to reach a settlement between the parties.

In each of Norway's 430 municipalities, there is a Conciliation Board consisting of lay conciliators.

Conciliation Boards handle a large volume of cases, mostly debt claims, and enable many smaller disputes to be resolved in an expeditious and economical manner.

Civil disputes must as a general rule be brought before a Conciliation Board before a summons can be issued in the City or District Court. However, there are a number of important exceptions to this rule, the most practical one being that conciliation proceedings are not necessary when both parties have been assisted by a lawyer and the subject matter of the case has a value in excess of NOK 125.000.

The Conciliation Board is also competent to pass judgment in most types of cases. Judgments of the Conciliation Board may be appealed to the City or District Court.

Please see section a) for further description of the process in the Conciliation Boards.

**c) *Court Assisted Mediation***

The City or District Court and the Court of Appeal must offer the parties judicial mediation.

If the parties reach an agreement, the settlement may be concluded as an in-court settlement, which is recorded in the judicial mediation record. If the case is not resolved by mediation, it will be heard before the court, with a new judge.

Judicial mediators must maintain confidentiality as to what took place during the judicial mediation. A judge who has acted as judicial mediator in the case may only participate in the further hearing of the case at the request of the parties, and if the judge does not consider it imprudent to do so.

**d) *The City or District Courts, the Courts of Appeal and the Supreme Court (level 1)***

The City or District Courts are the ordinary courts of first instance (if the case has not been heard by the conciliation board). Norway is divided into 67 legal districts, each with its own city or district court. If the subject matter of the case has a value less than NOK 125,000 (approx. € 15 000), specific rules for small claims procedure will apply.

The City and District Courts also have some administrative functions, such as registration of deaths and the issue of probate and letters of administration, the functions of notary public and civil marriages.

The Courts of Appeal are courts of second instance in civil cases and hear appeals against the decisions of the city and District Courts. If the value of the subject matter of the case does not exceed NOK 125,000, the Court must approve the appeal to be brought before the Court.

The Constitution states that the Supreme Court of Justice shall pronounce judgment in the final instance, and its decisions cannot be appealed. The Supreme Court is situated in Oslo. When in session, the Supreme Court generally sits with five justices, but occasionally, the Supreme Court sits with 11 justices, or more seldom in plenary session with all 19 justices.

Only a minority of cases (12 % in 2013) are admitted to the Supreme Court. The decision to grant admission lies with the Appeals Selection Committee. Admission is usually only given if the case is of principal significance, and can therefore give guidance in other, future, cases.

Juries are not used in civil cases.

#### e) *Judges*

Judges are appointed by the King in Council (Cabinet). The appointments are non-political. Judges are appointed first and foremost on the basis of academic and personal qualifications. Judgeships are open to qualified jurists.

The president of a City or District Court may also appoint deputy judges for a term of two years. The deputy judges are usually younger jurists with limited experience since graduating from law school. The deputy judges are, however, normally assigned cases in the same manner as ordinary judges, and have the same powers as an ordinary judge in the cases they are assigned to administer.

#### **f) *Evidence***

The presentation of evidence at the trial is based on the principle of immediacy, i.e. the evidence must be presented directly to the court in its most original form. The principle of immediacy means that witnesses, as a general rule, must give their testimony in court. The principle of immediacy does not apply to the Supreme Court where the presentation of all evidence is indirect as documentary evidence.

On certain conditions, evidence may be conducted as hearing evidence.

Documents in a foreign language must, as a general rule, be accompanied by an authorised translation into Norwegian. The court may waive this requirement if all concerned understand the foreign language. In practice, documents in the other Scandinavian languages and in English will normally be accepted, whilst the court will usually require that documents in other foreign languages be translated into Norwegian (or English).

#### **g) *Public access***

Pleadings during the preparatory stages of trial (the writ of summons, notice of defence, etc. – see section b) below) are not public. However, the hearing itself is, as general rule, open to the public, and anyone has the right to access the documents presented as evidence in the court, after the evidence has been presented.

### **IMPORTANT MILESTONES OF A TRIAL**

#### **a) *The initiation of the case and the Conciliation Board***

Before the plaintiff can file an originating summons to the Conciliation Board or a writ of summons to the District/City Court, the defendant should be notified about the pending claim. This notification is not a pleading. However, the claim and the legal basis for the claim should be presented in writing, with a request for the adversary to consider the claim.

If the plaintiff fails to notify the defendant of the claim, this will not affect the validity of the claim. It may, though, be taken into consideration when it comes to which party shall bear the legal costs of the case, see section 0.

The parties to a civil action must, with certain expectations as described in section 0 above, meet before the Conciliation Board for mediation proceedings.

The plaintiff must present an application for conciliation to the Conciliation Board, identifying the parties to the case, and containing a short statement as to the substance of the case. It is recommended, but not necessary, that the application contains a plea. A plea enables the Conciliation Board to pass judgment in default if the defendant does not appear.

If the dispute is not settled through conciliation proceedings and the Conciliation Board does not rule on the matter, the case will be stopped. The plaintiff then has one year to file a writ of summons with the City or District Court. Any judgment of the Conciliation Board can be appealed to the City or District Court.

#### **b) *Initiation of the case***

The first instance procedure is initiated by the writ of summons to the City or District courts.

The writ of summons must state both the facts and the legal basis for the claim, and should contain a list of the evidence the plaintiff intends to present in support of the claim. It must also contain the plaintiff's plea.

After a writ of summons has been filed, the summons will be served on the defendant. The defendant must file a defence within a given time limit, usually 3 weeks. The failure to file a defence reply may result in judgment being awarded against the defendant on the basis of the plaintiff's version of the dispute.

The preparatory proceedings end with a closing submission from both parties; usually two weeks before oral hearings starts.

**c) *Main hearing***

The main hearing starts with a short (approx. 15 minutes) summary of the case as the judge has understood it. After the summary, the plaintiff and the defendant are asked to present their opening arguments and written evidence, normally through their lawyers. The plaintiff's side starts.

After the opening arguments, the party representatives from plaintiff and the defendant testify, followed by any other witnesses, all under oath.

After the examination of parties and witnesses is completed, each side will present their closing arguments.

The parties are not obliged to be represented by lawyers at the trial. However, self-representation is rare in commercial civil cases, for good reasons.

**d) *Judgment***

Apart from applications to amend clerical errors in the judgment, there are no particular post-trial motions in Norwegian civil procedure. Until a judgment is legally enforceable, it may be appealed. If a judgment is legally enforceable, the only alternative is to apply to have the case re-opened, but the conditions to have a case re-opened are very strict.

According to the Dispute Act, the entire procedures before each instance should be completed within 6 months from writ of summons or the appeal was received by the relevant court until a judgment is passed.

**e) *Appeal***

The judgments of the District Courts may be appealed to the Court of

Appeal, and from there to the Supreme Court. The time limit for appeal is usually one month from the date upon which the judgment was lawfully served.

### **PRELIMINARY INJUNCTION**

A preliminary injunction is a temporary judgment, where you can secure or accomplish a claim temporary, until final judgment is available. Preliminary injunctions apply to all claims except for money claims, and are practical not least for securing IPR.

Examples include injunctions against the sale of copied products and distribution of defamatory articles in the media.

### **LAWYERS' FEES AND PROCEDURAL COSTS**

Court filing fee applies when filing an application to the Conciliation Board, a writ of summons to the District Court, or an appeal to the Court of Appeal or the Supreme Court. The court fee varies depending on the case and the court's legal action.

The party who initiates a court case or appeals a court decision must pay the court fee to the court. One base court fee is 860 NOK (approx. €100). The number of court base fees to be paid depends on the case and how comprehensive the case is. One day in the City or District Courts cost for example five base court fees (4300 NOK) and two days cost eight base court fees (6880 NOK).

In addition to the procedural fees, incidental costs may arise in the form of court costs for lay judges, experts and witnesses.

Lawyers' fees depend on the complexity of the actual case. As a general rule, a lawyer needs three days of preparation per day in the court. For a partner at 2 600 NOK per hour (approx. € 315) two days court, runs at case may be NOK 156 000 (60 hours x NOK 2600 = NOK 156 000, or approx. € 18 900).

If a party wins the case in all material respects, the court will, as a general rule, order the losing party to cover the winning party's



*necessary* legal costs. That means you may not have full coverage even if you win completely, if legal cost is seen as too high by the court.

When a case is partly won, partly lost, the general rule is that each party shall bear its own costs.

With the exception of plaintiffs that do not reside in Norway or an EEA country, there is no general rule that a plaintiff must provide security for costs in a civil case. A non-resident or non-EEA plaintiff, however, is obliged to provide security for procedural costs if the defendant so requests, unless exception has been made by way of treaty with the plaintiff's country of residence.

## CRIMINAL PROCEEDINGS

The criminal procedure is governed by separate rules. A detailed presentation of Norwegian criminal procedure would exceed the framework of this overview, however, the main characteristics criminal lawsuits can be summed up as follows:

- Criminal proceedings commence with the investigation. The investigating authorities (Police, National Tax and Customs Office) conduct the investigation independently of the courts or upon the order of the prosecutor. Therefore, in most cases, the complainant has no control over the criminal procedure. The tasks of investigating authorities include the exploration of the crime and the perpetrator, furthermore tracing and securing evidence.
- The Prosecutor files an indictment if The Prosecutor, based on the investigation, is convinced about the guilt of the defendant and that he is able to prove this before the court.
- The court may proceed only upon an indictment: the court may only establish the criminal liability of the person against whom the accusatory instrument was filed, and may only consider acts contained in the instrument.
- The procedure is not inquisitorial.

## POLAND

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### LEGAL FRAMEWORK

Pursuant to the general rule, both substantive and procedural law have to be consistent with European legislation, and therefore are subject to harmonization within European Union. Although this process is advanced, the procedural law is slightly influenced by European law. As a result, Polish judicial procedure is governed mainly by the national legislation.

### MAIN PRINCIPLES

1. In Poland the court system is divided into two sections, comprising of common courts and administrative courts. Depending on the case in issue, proceedings concerning IP matters can take place in both types of courts. Administrative courts handle cases concerning the appeals against the Polish Patent Office (the) PTO decisions, granting rights such as trademarks or patents from the point of view of their validity, whereas the question of the infringement of the exclusive IP rights fall within the jurisdiction of common courts. For the purpose of this publication, we will focus on the procedure before common courts.

2. Civil common courts operate under the regulations of the Code of Civil Procedure. Taking into consideration stages of the proceedings, we can name three types of common courts: District Court (Sąd Rejonowy), Regional Court (Sąd Okręgowy) and Court of Appeals (Sąd Apelacyjny). In general, plaintiff is entitled to two instances of case revision. Depending on the matter, the two instance path may start in the District Court as first instance and Regional Court as second instance, or Regional Court and Court of Appeals respectively. Rules upon which each case is attributed to the materially competent court are established exclusively by the legislator. If certain requirements are fulfilled, after two instance proceedings the party can also present the case to the Supreme Court (Sąd Najwyższy), which, even though is not formally treated as the third instance, can change the overall outcome due to purely legal (not factual) reasons.

3. IP litigations, due to their complexity and general business significance, are handled by Regional Courts in the first instance and can be revised in the Court of Appeals.

4. First instance cases are judged by one judge. However, if the case is particularly complicated, the President of the Court may appoint larger representation, namely three judges. In practice, it does not happen. In the second instance, case is always ruled by three judges.

5. The plaintiff should present his case before a court having its jurisdiction over the seat of the defendant. However in the “tortious type” cases plaintiff can also file a claim before a court competent for the venue where the infringement occurred. This rule may be particularly difficult to apply due to modern technologies blocking the possibility to determine the exactly location of infringement, in particular if plaintiff’s rights were threatened via the Internet. In order to ensure greater protection of injured parties, in all cases for tort, plaintiffs are deemed to have the right to file a case at any court convenient.

In Poland, the Court of Community Trademarks and Community Designs in Warsaw was granted with the special authority for handling the IP infringements. This resolution is highly beneficial, as it provides plaintiff and defendant with well-qualified judges experienced not only

in procedure and general law, but in particular in the field of intellectual property.

6. In the IP litigations a client can be represented by an advocate, by a legal counsel or by a patent attorney, there is no additional requirement to obtain professional qualifications specifically for IP matters.

7. The duration of the trial depends on many factors, such as scope of brief of evidence and appearance of the parties when such appearance is compulsory. Therefore, even the approximate duration of the proceedings is difficult to foresee and estimate.

## IMPORTANT MILESTONES OF A TRIAL

### f) *First instance procedure*

The first instance proceedings are initiated by filing a statement of claim. Before entering into dispute, the statement of claim is subject to the formal examination by the court. Judge verifies whether all the formal requirements, including court fee payment, are fulfilled. If the statement of claim is correct in terms of formalities, it is served to the defendant, who is granted the right to file a response within certain deadline set forth by the judge. Both parties are obliged to provide the court with full evidence of which they are aware at this stage. This rule is quite vital, as it is possible that documents and any other evidence provided to the court after entering into dispute may be considered delayed and therefore not admissible.

Upon exchange of the statements of the parties, the judge sets the date of the hearing. During the hearing parties are allowed to present their statements and judge examines the evidence. If any of witnesses are summoned to the hearing, they are publicly interrogated. Usually in cases where witnesses or experts appointed by the parties or the court are being examined, there are several hearings before the verdict is announced by the judge.

From the practical point of view, as IP litigations are mostly complicated and usually followed by massive brief of evidence, the verdict is rarely rendered after one hearing.

If none of the parties files an appeal, the judgment is legally valid after 21 days from its rendition and announcement.

#### **g) *Judgment and further appeals***

After the rendition of a judgment, the party unsatisfied with the outcome may challenge the verdict before the Court of Appeals. The party should file a motion for written justification of the verdict, which is possible within seven days from its announcement. The appeal may only be filed within two weeks from the delivery of the verdict with written justification, and this term cannot be extended.

The appeal is filed to the court which issued a verdict, which examines the appeal from the formal point of view, and if there are no formal obstacles, the court passes the appeal together with the files to the Court of Appeals.

Then, the Court of Appeals examines the case once more, but only to the extent indicated in the appeal. That is why it is extremely important to precisely point out the charges against the challenged verdict, as any charges other than indicated would not be revised.

The Court of Appeals may sustain the previous verdict, change it or decide on its invalidation and transfer the case back to the Regional Court for reconsideration.

#### **h) *Revision***

The Appeal Court's decision is final, however the party unsatisfied with the Appeal Court verdict can still try to challenge it before the Supreme Court. However, there are additional prerequisites that have to be satisfied. The party is authorized to this extraordinary complaint if the value of the object of litigation is at least equal to 50.000 PLN.

The procedure is quite similar to filing the appeal. The extraordinary complaint has to be filed within two months from the delivery of the

verdict with written justification. The formal examination belongs to the Court of Appeals, which – if the complaint is correct – transfers it to the Supreme Court with appropriate files.

It has to be clearly stated though that the Supreme Court is not a third instance court. The Supreme Court does not consider facts and will focus purely on legal aspects. Even if all formal requirements are satisfied, the court may still not take the case into consideration, it depends on further circumstances, such as the importance of the matter or the obvious incorrectness of the challenged judgment of the Court of the Appeal.

### **THE PRELIMINARY RULING BEFORE THE EU COURT OF JUSTICE**

Pursuant to European regulations, every judge deciding on the case can file a question to the European Court of Justice if answer is considered vital for the outcome of the conducted proceedings. In such case, the litigation remains pending, but stayed until the European Court of Justice resolves the presented matter and answers the question.

### **COSTS AND FEES**

The obligation to reimburse the costs of the trial and statutory legal fees suffered by the other party lies on the party that loses the trial. When it comes to IP cases, those costs might be considerably high.

### **PRELIMINARY INJUNCTION PROCEEDINGS**

Each party, especially the injured party whose rights have been infringed can file a motion for interim protection. This action can be taken before or during the trial. Court would grant protection if the party substantiates both: its claim and its legal interest in being granted the protection. The aforementioned legal interest occurs when lack of protection makes it impossible or seriously difficult to execute the future verdict or to acquire the purpose of the proceedings.

The Court may protect the claim in any way that is appropriate and essential. With regard to the IP matters, courts usually order the defendant to cease and desist from the actions considered

infringement for the time of the proceedings. This is a powerful tool in the hands of the plaintiff, however on the other hand, if the final verdict issued in this case proves the plaintiff wrong, the plaintiff will be fully responsible for the damages resulting from the preliminary injunction granted on its request.

## **CRIMINAL PROCEEDINGS**

Criminal proceedings are subject to different rules and regulations than the aforementioned civil procedure. Mainly, criminal procedure is governed by the Code of Criminal Procedure and conducted by public authorities acting *ex officio*.

Pursuant to Polish regulations, entering to the market goods with counterfeited registered trademarks or imitating exclusive industrial designs is an offence prosecuted upon the motion from the authorized party. This means that the initiative to start the proceedings belongs to the entity which suffered due to this offence. However, if the motion for prosecution is filed with the appropriate Prosecutor's Office, public authorities conduct the investigation on their own.

Criminal proceedings concerning IP protection are increasingly popular nowadays, mainly due to the opportunity to gain the information on the source of the initial infringer.

## SERBIA

### LEGAL FRAMEWORK

Serbian procedural jurisprudence is divided into the Law on Civil Procedure<sup>39</sup> and the Law on Criminal Procedure<sup>40</sup> that create the general frame for court proceedings. Certain specific procedural aspects of IP litigation are governed by Laws that regulate particular IP rights. Serbian courts are further governed by the Law on Organization of Courts<sup>41</sup> and the Law on Seats and Areas of Competence of Courts<sup>42</sup>. Serbia is not yet a member of the European Union, and therefore, EU laws and regulations are not applicable in this jurisdiction. Nevertheless, Serbia actively harmonize its laws with EU legal system.

### MAIN PRINCIPLES

The main principles of civil procedure can be summarized as follows:

- a) Civil procedure is, in general, governed by the Law on Civil Procedure. Since 2014, all IP litigation cases are subject to the exclusive jurisdiction of only two first-instance courts – The Higher Court in Belgrade and the Commercial Court in Belgrade. These two courts are exclusively entitled to resolve first-instance IP disputes for the whole territory of the Republic of Serbia. The Higher Court is a court of first instance for disputes between natural persons, and decisions of second instance are made by the Court of Appeal. In disputes between legal entities and entrepreneurs, the Court of Commerce is the

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<sup>39</sup> Official Gazette of Republic of Serbia, Nos. 72/2011, 49/2013, 74/2013 and 55/2014.

<sup>40</sup> Official Gazette of Republic of Serbia, Nos. 72/2011, 101/2011, 121/2012, 32/2013, 45/2013 and 55/2014.

<sup>41</sup> Official Gazette of Republic of Serbia, Nos. 116/2008, 104/2009, 101/2010, 31/2011, 78/2011 101/2011, 101/2013, 106/2015, 40/2015, 13/2016 and 108/2016.

<sup>42</sup> Official Gazette of Republic of Serbia, No. 101/2013.



first-instance court, and the Commercial Court of Appeal has second-instance jurisdiction. The Supreme Cassation Court handles extraordinary legal remedies against the decisions of all courts in the Republic of Serbia and resolves other issues prescribed by law.

- b) Serbian courts are not legally bound by previous judgments. Nevertheless, the Supreme Cassation Court, as well as the courts of appeals publish their opinions to provide guidance for lower courts. Moreover, the Supreme Cassation Court has a duty to harmonize the administration of justice within the Serbian judiciary system, mainly by means of rendering uniformity of decisions.
- c) Before commencing a civil action, sending a cease and desist letter (hereinafter: C&D Letter) is not an obligatory step, but it is recommendable in all legal disputes, both between business entities and natural persons. Sending such a letter would show an effort of the right holder to open a dialogue and its dedication to resolve the dispute amicably. Moreover, it is not a rare situation (especially in IP infringement cases) that the adverse party is willing to comply with the demands from the C&D Letter in order to avoid expensive and time-consuming litigation which would likely result in an unfavorable outcome.
- d) The official language of the proceedings is Serbian with certain exceptions in respect to the languages of national minorities. In the event that a party does not speak Serbian or where the documents and evidences are presented in languages different from Serbian, the assistance of the Court appointed translators is obligatory.

## IMPORTANT MILESTONES OF A TRIAL

### a) *First instance procedure and judgment*

The trial must be initiated before the competent courts of first instance. A case is initially introduced when the plaintiff submits the written complaint to the competent court, while the dispute formally

exists from the moment when the complaint is delivered to the defendant. The parties may represent themselves or may be represented by an Attorney at Law (there are also several additional exceptions related to representation that are not in the scope of this article).

As soon as the complaint is received, the Court will perform a formal examination of the same, which means that the Court checks whether all obligatory requirements are fulfilled. If a complaint submitted by an Attorney at Law contains formal deficiencies, it will be immediately rejected. On the other hand, if the complaint is submitted by a pro se plaintiff, the Court will allow correction of deficiencies, within a certain deadline.

Fifteen days upon receiving the complaint, the Court will deliver the same to the defendant for a response which must be submitted within 30 days of receipt of the complaint.

Afterwards, the Court will schedule a preliminary hearing. It is an obligatory step of the proceedings, which can be excluded only in certain events, as defined by law. At the preliminary hearing, both parties are invited to state all the necessary facts, to propose evidence, to state an opinion about the allegations of the adverse party and to suggest a time frame for the duration of the proceedings. The law is rather strict about presenting the evidence after the preliminary hearing is concluded, and late presentation of the same will be allowed only when exceptional reasons exist (e.g. the party was not aware of the existence of evidence at the moment when the preliminary hearing was held). Upon the conclusion of the preliminary hearing, the Court will define the time frame of the proceedings and schedule the main hearing.

The main hearing represents the main stage of the proceedings in which the merits of the dispute are discussed. Although intended to be held as one hearing, in practice it is commonly divided into several hearings. At the main hearing, all evidence accepted by the Court in the preliminary hearing will be presented. Additionally, the parties will present their arguments in order to enable the Court to make a conclusion as the base for the decision.

Regarding the evidence, many various types are admissible (witness testimony, expert opinion etc.), but in most cases the evidence is presented to the Court in the form of written documents. Unless the law provides otherwise, the burden of proof lies with the party which claims the existence of fact necessary for the establishing and/or enforcing of certain right.

When the Court considers that the legal matter has been thoroughly discussed and clarified, so that the decision can be rendered, it will close the main hearing. Upon the closure of the main hearing, the Court will render the judgment. Besides ruling on the merits of the case, the Court will also decide which party will bear the costs of the proceedings.

#### **b) *The Appeal***

First instance judgments can always be appealed by submitting the written appeal within 15 days following the date of delivery of the written judgment. As a general rule, new evidence and new facts may be presented only if the party submitting the appeal becomes aware of such facts or evidence after the conclusion of the main hearing in the first instance proceedings. The judgment may be appealed in respect of both procedural and substantive omissions and errors in the first-instance proceedings.

#### **c) *Revision (Supreme Cassation Court)***

A request for revision can be filed with the Supreme Cassation Court (through the Court who issued the first-instance judgment) within 30 days after the judgment has been delivered to the party. The revision can be filed due to both procedural and material omissions in the proceedings. However, the list of particular omissions which might be a base for revision is narrower than the reasons for appeal.

In civil proceedings related to the protection of IP rights, revision is always allowed.

The revision must be filed by an Attorney at Law, or otherwise the same will be rejected. Likewise, the party must be represented by an

Attorney at Law during the entire revision proceedings. This is one of the few exceptions when a party cannot represent itself before judicial authorities.

## **PROCEDURAL COSTS**

The costs of the proceedings are, in principle, imposed on the losing party by the Court. However, the Court can waive the costs, if the party has no resources or its financial situation cannot endure such costs (upon the party's request). Also, the Court can order the payment of only a part of the costs, in situations where the winning party caused some of the costs, or the costs are inequitable or unjustified. Finally, in situations where the party has partially succeeded in the proceedings, the Court has the liberty to decide that each party can bear its own costs or that each party will bear a certain percentage of the costs.

The official fees are determined in accordance with the Law on Court Fees. The fees in each particular case will depend on the value of the legal matter they are related to. Moreover, the costs differ for civil and criminal proceedings.

Attorney's fees can vary depending on the complexity of the case, its length, the number of activities undertaken, and other particulars of each case. It is therefore recommended to consult with the attorney on all potential costs of the proceedings before initiating the same.

## **PRELIMINARY INJUNCTION PROCEEDINGS**

In cases of urgency, an interested party can seek a preliminary injunction (hereinafter: PI), as to provide provisional, but immediate legal protection. The request can be submitted to the competent Court during the proceedings, but also before the proceedings are initiated – under the condition that the complaint will be filed within 30 days of the date when the decision on acceptance of PI has been rendered.

In general, the PI is governed by the Law on Enforcement and Security but specific rules related to IP rights are governed by specific laws (e.g. Law on Patents, Law on Trademarks, etc.). The content of the PI differs depending on the type of right.

Notwithstanding the specific character of each IP right, the following are generally the most common forms of PI relief in the Serbian legal system: 1) seizure or removal from the market of the infringing products; 2) seizure or removal from the market of the means (equipment, tools) used in the creation of the infringing products; 3) prohibition of the infringing actions.

The party seeking issuance of a PI must demonstrate probable that the infringement did occur, or in some exceptional cases (e.g. related to Industrial design) that there is a severe risk for the infringement to occur.

If an appeal is filed against a decision granting a PI, the same does not delay the enforcement of the PI.

In exceptional events, the court will allow the issuance of an ex parte PI.

## **CRIMINAL PROCEEDINGS**

The criminal procedure is governed by Law on Criminal Procedures. The main characteristics of these procedures are the following:

Unlike in civil proceedings, where only two courts are competent for dealing with IP matters, in criminal proceedings the general rules of competence apply. The first-instance courts are divided into the Basic Courts and the Higher Courts, while the second-instance tier is divided into the Higher Courts and the Courts of Appeal. The competence of each particular court depends on the nature of the criminal act and the prescribed penalty for the same.

Criminal proceedings commence with the investigation. The investigating authorities (i.e. Police) conduct the investigation upon the order of the prosecutor and under his or her supervision. In most cases, the injured party has no control over the criminal procedure, but there are certain mechanisms that enable a more active role in the proceedings. The injured party can assume the prosecutor's place in the procedure, as subsequent prosecutor, if the prosecutor withdraws from the case. However, the prosecutor may also decide to continue the prosecution and to reestablish its procedural role.

If the evidence collected during the investigation confirms the guilt of the defendant beyond a reasonable doubt, the prosecutor files an indictment and represents the charge before the competent court.

The court may proceed only upon an indictment: the court may only establish the criminal liability of the person against whom the accusatory instrument was filed, and may only consider acts contained in the instrument. For that reason, the prosecutor is entitled to amend the indictment and the legal qualification of the criminal charges throughout the proceedings.

## SPAIN

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### LEGAL FRAMEWORK

Spanish legislation in the civil area is harmonized since, although each state is free to promulgate their own rules, these must be in accordance and respect the general principles established by the European Union.

### MAIN PRINCIPLES

In accordance with Spanish legislation all litigation between parties shall meet the following characteristics.

- 1) In Spain, in regard to civil and mercantile matters, the Civil Procedure Law differentiates in function to the amount and subject between what type of trial is applicable to the specific case.
- 2) Regardless of its amount, lawsuits in the area of unfair competition, intellectual property and publicity shall be decided in an ordinary trial except if they exclusively concern amount claims in which case they shall be dealt with by the corresponding proceeding in function of the amount claimed

(an ordinary procedure corresponds if the claimed amount is more than 6,000€).

- 3) The competent Courts are Mercantile Courts when dealing with complaints in which actions are exercised related to unfair competition, intellectual property and publicity.
- 4) The process begins with the exercise of one or various actions through a complaint. Said action or actions are initiated by a subject that in procedural terms is deemed an actor or a complainant, who submits to a jurisdictional body a request so that their position is protected in litigation and their rights or legitimate interests protected. Such a request is addressed to the other subject deemed a defendant who according to the actor disturbs the right or legitimate interest, the protection of which is sought.
- 5) In all judicial actions, the Judges, Magistrates, Prosecutors and other civil servants at the Courts and Tribunals shall use Castilian Spanish as the official language of the procedure. Likewise, if the parties do not object, the official language of a specific Autonomous Community may be used.

There shall be a translation of all documents drafted in a language that is not Castilian Spanish or if the case, the official language of the Autonomous Community in question.

- 6) In the area of intellectual property within an ordinary procedure, the holder of the rights may commence the termination of those actions that infringe upon them in addition to requesting the appropriate indemnification for the damages that have been caused whether economical or moral.

Likewise, a request may be made prior to the commencement of judicial actions that the appropriate precautionary measures be adopted in order to urgently undertake the protection of their rights and avoid damages which could occur until the judge resolves the question.



- 7) Notwithstanding the rules of Private International Law and those of a special nature, which could be applicable in the specific case, in Spanish legislation the general rule is that in the case of a defendant who is a natural person, the territorial jurisdiction shall correspond to the tribunal of the domicile of the defendant and if they did not have one in the national territory it shall be the competent judge of their residence in said territory.

Insofar as business owners and professionals, in litigation arising from their business or professional activity they may also be sued in the place where said activity takes place and if they had premises in different locations then in any of them at the actor's choice.

Insofar as the territorial competence of the legal persons (companies) they shall be sued in the place of their domicile or in the place where the legal situation or relationship to which the litigation refers has arisen or must take effect provided that in said place it has an establishment open to the public or a representative authorized to act on behalf of the entity.

Specifically, and in particular among others, in the processes where there is the exercise of lawsuits concerning infringements of intellectual property the competent tribunal shall be the tribunal in the place in which the infringement has been committed or there exists evidence of commission or in which illegal items are found at the choice of the complainant.

In the area of Unfair competition the tribunal of the place where the defendant has their establishment shall be competent and in the absence of this their domicile or place of residence and when they do not have one within Spanish territory, the tribunal of the place where they have performed the act of unfair competition or where its effects have occurred at the choice of the defendant

In the area of Industrial Property, the tribunal which is competent shall be that which the Special legislation in this

area indicates and which determines that the Mercantile Courts of the domicile of the defendant are the ones which are competent.

## **IMPORTANT MILESTONES OF A TRIAL**

In Spain, ordinary trials are handled in the following phases:

### **d) *Complaint***

It is initiated by means of the lodging of a complaint in which must appear the identification of the actors and the defendant, the domicile or residence for the service of process, the facts, legal bases and the realization of that which is requested.

The documents which evidence the facts alleged by the complainant must be included as well as the expert reports on which they are supported.

The complaint must be signed by the lawyer and procurator.

It must be pointed out that in the ordinary Spanish procedure the intervention of the “procurator” is mandatory. The procurator is a technical representative before the court who among other functions is in charge of the notices between the court office and the party.

Each party of the process (complainant and defendant) has to have a procurator.

The procurator is an independent professional is paid fees apart from those of the lawyer.

### **e) *Acceptance of the complaint***

Acceptance of the handling of the complaint, service of process to the defendant and answer. The Judicial Secretary, having examined the complaint, shall issue a decree admitting it and shall have it transferred to the defendant in order for them to answer it in a period of 20 days.

**f) *Hearing prior to the trial***

Once the complaint has been answered the Judicial secretary within 3 days shall convoke the parties for a hearing. The prior hearing shall be held within a period of 20 days from the convocation. The lawyer shall attend the hearing mandatorily.

In the prior hearing a settlement or transaction of the parties shall be attempted, procedural questions shall be examined which impede the continuation of the process, the issue of the process shall be established with precision and in the case that it were necessary evidence shall be proposed and admitted.

**g) *Trial***

Once the evidence has been admitted, the Judge or Judicial Secretary shall indicate the trial date which shall be held in a period of 1 month from the time the hearing took place.

The aim of the trial shall be the practice of evidence and the formulation of conclusions therein.

**h) *Decision***

The decision shall be issued within 20 days following the termination of the trial. If within the period in which to issue the decision, the final proceedings were agreed upon the period in order to issue them shall be suspended

The periods established by law are not usually complied with by judges (since the courts are saturated with matters underway.) Therefore, an ordinary procedure may take 1 or 2 years to be resolved depending on the Court that handles it.

**i) *Appeals***

Against the Decisions of the Courts and Judicial Secretaries, which are unfavorable, the parties may initiate the appeals provided by law. The

periods in which to appeal shall be calculated from the day following the notice of its clarification or its refusal.

In Spanish law there are various classes of appeals in function of the type of decision contested or whether the underlying reasons are material or procedural.

It must be pointed out here that the appeal through which one may seek that in accordance with the facts and legal basis formulated before the court of first instance the decision is reversed and another decision issued which is in favor of the appellant.

The Provincial Audience courts decide on these appeals.

After this type of appeal there only remains the *Cassation Appeal* before the Supreme Court which concerns solely appraisals.

## **THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT**

Notwithstanding the aforementioned and regarding the subject of community law, any Judge in Spain when it has doubts on the application of a community regulation in a specific cause of action may pose a preliminary question to the Tribunal of Justice of the European Union. The Tribunal shall not decide on the issue and shall limit itself to informing the national Judge on the scope or the significance of the community rule.

## **LAWYERS'S FEE**

In Spain it is normal to request the judge to order the opposing party to pay judicial costs. In this sense, the judges usually award them in the case that they deem all the allegations of the complaint frivolous and bad faith in litigating is detected. Costs refer to expenses of defense and representation, costs generated by experts, advertisements, certifications and similar documents.

## INTELLECTUAL PROPERTY ACTIONS

Against any infringement of rights regulated in Spain in the area of Intellectual and Industrial Property, civil, criminal or administrative actions may be exercised.

On the civil subject, these actions shall be exercised through the procedure for an ordinary trial and are summarized as follows:

- Declaratory judgment of null and void or infringement.
- The suspension of the infringing activity.
- The prohibition that the infringing party renew it the infringing activity.
- The commercial removal of illegal samples and their destruction.
- The disabling and in the necessary case, destruction of the moulds, plates, negative matrixes and other elements designated exclusively to the reproduction of the illegal materials.
- The sealing of the apparatus used in the non-authorized public communication as well as the instruments used in order to facilitate the suppression or the non-authorized neutralization of any technical device.
- The confiscation, disabling and in the necessary case, the destruction of the instruments on the infringing party's account, whose sole use is to facilitate the removal or non-authorized neutralization of any technical device used in order to protect a computer program
- The suspension of services rendered by intermediaries to third parties who make use of them in order to infringe on intellectual property rights.

Insofar as the indemnification for damages and injuries due to the holder of the infringed right it shall include not only the value of the loss that they have incurred but also that of the earnings which they have stopped due to the infringement of their right. In the case of moral damages their indemnification shall proceed even when an economic injury has not been proven. For their valuation, attention shall be given to the circumstances of the serious infraction of the injury and degree of illegal diffusion of the work.

The Statute of Limitations for an action in order to claim for damages and injuries in the area of Intellectual Property shall be 5 years from when the person with standing could exercise it.

Likewise in the case of infringement or when there exists a rational fear and based on the fact that it is going to occur imminently the judicial authority may decree on the request of the holders of the rights, precautionary measures that according to the circumstances were necessary for the urgent protection of said rights and that are summarized as follows:

- The intervention of the earnings that have been obtained with the illegal activity
- The suspension of the activities of reproduction, distribution and public communication according to the cases
- The seizure of reproduced or used samples and the material used for reproduction and public communication.
- The confiscation of the equipment, apparatus and materials used.

## INDUSTRIAL PROPERTY ACTIONS

### a) *Brand*

The owner of a registered brand may exercise before the jurisdictional bodies through an ordinary judgment the civil actions that correspond against those who infringe on their rights and request the necessary

measures in order for their safe-keeping, regardless of submission to arbitration, if it were possible.

These actions are summarized as follows:

- Declaratory judgment of nullity or infringement
- The termination of the acts that infringe on their rights.
- The indemnification of damages and injuries incurred.
- The adoption of the measures necessary in order to prevent that its infringement continue and in particular that the products, packing, publicity material labels be removed from economic trading and the confiscation or destruction of the measures aimed at committing the infringement.
- The destruction or termination for humanitarian purposes if it were possible at the choice of the complainant and at the cost of the non-prevailing party of the illegally identified products which are in possession of the infringing party.
- The allocation of ownership of the confiscated products, materials and means in which case the value of the goods effected shall be attributed to the amount of the indemnification of damages and injuries (insofar as there is an excess amount the owner of the registered brand shall compensate the other party for this surplus)
- The publication of the decision at the cost of the losing party by means of advertisements and notices to interested parties.

Likewise, the infringement of a right of Intellectual Property usually produces damages to the holder for which there must be compensation by indemnification means due to damages and injuries.

The indemnification of damages and injuries shall consist of not only the losses incurred but also the lost profits of the owner of the registration of the brand which is the cause of the infringement of their right. The owner of the brand registry may request the indemnification of the damage caused to the prestige of the brand by the infringing

party especially by a defective realization of illegally branded product or an inadequate presentation of those in the market as well as research expenses incurred in order to obtain reasonable proof of the commission of the infringement object of the judicial procedure.

For the establishment of the indemnification for damages and injuries, the following shall be taken into account on the choice of the injured parties.

- The negative economic consequences (profits that the holder would have obtained by means of the use of the brand if the violation had not taken place and those that infringing party has obtained as a consequence of the infringement).
- The amount that as a price the infringing party would have had to pay the holder for the concession of a license that would have permitted them to undertake their utilization.

As with Intellectual Property the infringement of a right of Industrial Property enables the holder of that infringed right to request the adoption of precautionary measures that tend to ensure the actions that are going to be undertaken.

Actions arising from the infringement of a registered brand shall have a 5 year Statute of Limitation, counting from the day on which they could be exercised.

#### **b) *Patent***

The holder of a patent may exercise before the jurisdictional bodies through an ordinary judgment procedure the civil actions that correspond against those who damage their right and demand the necessary measures for their safe-keeping.

Specifically, the holder of the patent right which is damaged may request:

- The suspension of the acts that infringe on their right.
- The indemnification for damages and injuries incurred.



- The confiscation of the objects produced or imported with the infringement of their rights and the means designated to its production.
- Attribution of ownership of the objects or means confiscated in which case the value of the goods effected shall be attributed to the value of the indemnification awarded (as for that which exceeded it the holder of the registered brand shall compensate the other party for the excess amount).
- The adoption of the measures necessary in order to prevent the infringement of the patent from continuing and in particular the transformation of the objects or means confiscated or their destruction when it were indispensable in order to impede the infringement of the patent.
- The publication of the decision finding that the party infringed on a patent.

The indemnification for damages and injuries comprise not only the value of the loss that has been incurred, but also that of the profit that has not been obtained by the holder as a result of the infringement of their right. The indemnification amount may include if the case the research costs incurred in order to obtain reasonable evidence of the commission of the infringement which is object of the judicial proceeding.

In order to establish the indemnification for damages and injuries the following shall be taken into account on the choice of the prejudiced party:

- The negative economic consequences among which are the foreseeable profits that the holder would have obtained from the economic exploitation of the patented invention if the competition of the infringing party had not existed and the profits that the latter would have obtained from the exploitation of the patented invention.
- The amount which as a price the infringing party would have had to pay the holder of the patent due to the granting of

license that would have permitted them to undertake its economic exploitation in conformity with the law.

The Statute of Frauds for actions arising from the infringement of the patent rights shall be 5 years counting from the day on which they could be exercised.

In the area of Intellectual and Industrial Property without prejudice to the civil actions that may be exercised and that we have mentioned previously, the decisions of the Spanish Office of Patents and Brands, being acts arising with the Administration, are appealable via the contentious-administrative regimen.

Likewise and in regard to the criminal area, the Spanish Criminal code provides a punishment for crimes related to Intellectual and Industrial Property with sentences that range from a fine to imprisonment. For which, any subject who considers themselves aggrieved has the standing in order to initiate penal proceedings either through a criminal report or by means of a lawsuit.

In particular, and in accordance to this regulation, an offense against intellectual property occurs when:

- In order to obtain a direct or indirect benefit and to the detriment of a third party, to duplicate, plagiarize, distribute, publicly communicate or otherwise exploit, wholly or partly, a literary work or performance – artistic or scientific – or its conversion, interpretation or artistic performance thereof scheduled on any sort of medium or communicated by any means, without the consent of the holders or assignees of the respective intellectual property rights.
- Who, in the provision of services of an information Company, with a view of gaining a direct or indirect economic benefit, and to the detriment of third parties, provides in an active and non-neutral manner and without being limited to a merely technical process, access or detection on internet of projects or services subject to intellectual property without the the consent of the holders or assignees of the respective intellectual property rights, particularly by offering catalogued

and classified lists of links to the projects and content previously mentioned, even if said links had been initially provided by the beneficiaries of their services.

- As well as those who:
  - a) Export or intentionally store copies of the projects, productions or versions referred to in the first two paragraphs of this article, including digital copies without aforementioned consent when they are intended to be reproduced, distributed or publicly communicated.
  - b) They intentionally import these products without such consent when they are intended to be duplicated, distributed or publicly communicated whether they have a lawful or unlawful origin in their country of provenance. However, importation of such products from a European Union State shall not be punishable when those have been acquired directly from the holders of the respective intellectual property rights in said State, or with his consent.
  - c) Encourage the implementation of the conduct referred to in paragraphs 1 and 2 of this article eliminating or altering, without the consent of the holders or assignees of the respective intellectual property rights, the effective technological measures introduced by them in order to prevent or restrict their implementation.
  - d) With a view to obtaining a direct or indirect economic benefit, in order to provide third parties with access to a copy of a literary, artistic or scientific work or to its conversion, interpretation or artistic performance thereof scheduled on any sort of medium or communicated by any means, without the consent of the holders or assignees of the respective intellectual property rights, bypass or ease the circumvention of effective technological measures to prevent it.

In the area of Industrial Property will incur in an offense against industrial property those who:

- For industrial or commercial purposes, without a patent or utility models holders consent and with knowledge of its registration, manufactures, imports, possesses, uses, offers or introduces objects protected by such rights into the market. Also regarding objects protected by third parties of an industrial or artistic model or design or semiconductor topographies.
- Whoever uses or offers the use of a patented process, or possesses, offers, introduces into the market, or uses the product directly attained from the patented process.
- Who with industrial or commercial purposes without the consent from a holder of an industrial property right registered under the trademark law and with knowledge of its registration:
  - a) manufactures, produces or imports products including a distinctive sign which is identical or similar thereto, or
  - b) offers, distributes or wholesale marketing of products which include a distinctive sign which is identical or similar thereto, or stores them for that purpose when they are identical or similar products, services or activities for which the industrial property has been registered
- Whoever for industrial or commercial purposes without the consent from a holder of an industrial property right registered under the trademark law and with knowledge of its registration offers, distributes or markets retail, or provides services or develops activities which include a distinctive sign identical or similar thereto, when they are identical or similar products, services or activities for which the industrial property has been registered
- The occasional sale of products.
- Whoever for agricultural or commercial purposes without the consent of the holder of a plant variety certificate and with knowledge of its registration, manufactures or duplicates,

arranges for manufacture or duplication, offers for sale, sells or markets in any other way, exports or imports, or possesses for any of the aforementioned purposes, plant material for duplication or multiplication of a protected plant variety according to National or European Union legislation on plant variety protection.

- Who uses in the course of trade a designation of origin or geographical indication representative of a particular quality legally protected in order to identify the products safeguarded by them, with knowledge of this safeguarding. this document according to the new legislation

The Spanish Penal Code contemplates the possibility that those crimes deemed flagrant and which are committed against Intellectual and Industrial Property rights be tried by the procedure provided for by the “Law on Quick Trials”. In order for a crime to be able to be tried by means of this procedure, a series of requisites are established among which it is contemplated that the crime is flagrant, in the sense that there is no solution of continuity between the commission of the punishable fact and the police actions that lead to the citation or arrest, that it concerns some of the specifically valued crimes and that it deals with a punishable fact in which an instructor facility is detected that is to say, that the investigation is short and simple.

Note that with the entry into force of Organic Law 1/2015, which amends the Criminal Code and presents new developments in intellectual and industrial property, modifications are made regarding criminal acts that were already regulated, and which we have adjusted in this document according to the new legislation.

The concept of misdemeanor, for less serious offenses, is removed and therefore not punishable.

Additionally, the reform has substantially extended the confiscation regulation, in other words, the possibility for the judge or court to order the delivery of goods, effects and profits used as an instrument and /or which are the proceeds of crime, extending its implementation to crimes against intellectual property.

Furthermore, amendments are made to the Criminal Procedure Law which have implications in the area of intellectual and industrial property, thus extending the possibility of early elimination of the effects seized from crimes against intellectual and industrial property provided they are assessed by an expert and sufficient samples are preserved for further verifications.

## SWITZERLAND

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### LEGAL FRAMEWORK

Switzerland has 26 cantons (states). Each canton has established its civil courts (first and second instance) for the jurisdiction in the area of the Swiss federal civil law. All civil law in Switzerland is federal law. Cantonal law is limited to the public sector, for which the federal constitution did not give the legislative competence to the Federation (e.g. tax law for the cantonal tax). Before 2011 each and every canton had even its own procedural law for the application of the federal civil law. However, on January 1, 2011 the new Swiss Code of Civil Procedure (CCP) entered into force and replaced the 26 civil procedural laws of the cantons.

The new CCP applies to all civil matters that are in dispute before Swiss courts; there is, however, one exception: For proceedings before the Swiss Federal Supreme Court the procedure applies according to the Swiss Federal Supreme Court Act, which was enacted already in 2005. The organization of the cantonal courts is still in the competence of the cantons.

### MAIN PRINCIPLES OF PROCEEDINGS

1. Where can a suit be filed? The plaintiff has now the right to choose, whether to sue the defendant at his domicile/seat or at the place of

performance of the characteristic service. The place of performance is the place where the service that characterizes the contractual obligation in question has to be carried out. The characteristic service is the action that comprises the typical attribute of the respective contract type. As an example, the development work of the software provider in case of a software development contract is the characteristic service. The remuneration for the software development (the obligation of the customer) is not regarded as characterizing the service. The place at which this performance is to be done is normally stipulated in the agreement.

In practice, agreements on jurisdiction are very important: the parties specify in their contract - usually in advance - which court shall have jurisdiction over their dispute case. As in the past, the stipulated court and the choice of the law that governs the agreement must be identified in a precise manner. The stipulated court cannot deny its jurisdiction, but must accept the case. A contractual arrangement on jurisdiction is valid if it can be proven by text; this includes a respective "click" of agreement in a website.

2. In order to reduce the workload of the courts and facilitate the parties' first step in the legal arena, proceedings must, as a matter of principle, be preceded by an attempt of conciliation or mediation.

Requests for conciliation or mediation disrupt the statute of limitations; for the mediation this is only the case, if the mediation is requested from the official conciliation authorities.

However, for disputes which are heard only before one cantonal court (e.g., the commercial court for commercial cases), there is no possibility to attempt a conciliation. This has the consequence, that the disruption of the statute of limitations requires the filing of the formal suit instead of a conciliation request.

3. The court has a large degree of flexibility to structure the proceeding. Depending on the amount in dispute and the complexity of the case, a simpler or a more detailed proceeding can be ordered. A civil case begins with a written statement of claim followed by a written statement of defense. Then the case continues with oral



arguments at the beginning of the hearing phase. If less than CHF 30'000 is in dispute, parties may present their respective positions by oral statements. However, the court can also order a second exchange of written submissions and, moreover, summon the parties to a preparatory hearing prior to the main hearing. Because the court has considerable freedom in how the proceeding is to be conducted, for example, the parties cannot know at the beginning of the proceeding what the deadline is for their presentation of allegations and facts and for submission of the corresponding evidence.

## LEGAL REMEDIES AGAINST THE JUDGMENT

1. Essentially any decision handed down by a cantonal court of first instance can be challenged before a higher cantonal court (cantonal court of appeal or cantonal supreme court), after which it can go before the Swiss Federal Supreme Court. An exception, however, applies for commercial courts (that exist e.g. in the cantons of Zurich, St.Gallen and Bern) and for actions in specific areas of law (such as intellectual property law): The decisions of these commercial courts of the cantons must be appealed directly with the Swiss Federal Supreme Court.

2. The CCP has two principal legal remedies: the appeal and the request for setting-aside; the three further remedies of revision, interpretation and correction do not play an important role. Both the appeal and the request for setting-aside must be filed with the appellate instance within 30 days, in writing and with arguments. The deadline may not be extended. This means that a party which has not been successful before the first instance must decide within short notice whether to challenge the lower court's decision before the higher cantonal instance. The relative short deadline of 30 days from the issuance of the lower court's decision is not the only challenge to be considered: If the lower court issues its decision without giving written reasons, the losing party must request written reasons within 10 days, without which the law assumes that the right to challenge the decision before the higher court has been waived.

3. The main difference between the appeal and the request for setting-aside is that the appeal is intended for cases with an amount in dispute of at least CHF 10'000, whereas the request for setting-aside covers cases below that amount as well as decisions concerning the enforcement of civil judgments. Decisions handed down during a first-instance proceeding are subject to appeal if they are actually procedural or substantive interim decisions (e.g., the dismissal of a plea under the limitation of actions). To the contrary, procedural orders are - where applicable - to be challenged through a request for setting-aside.

### **COSTS OF LITIGATION**

The costs of litigation consist of the court fees and the attorneys' fees. The cantons are competent to regulate these fees. Thus, the CCP has not standardized the cost of litigation.

The court can demand an advance of the court fees from the plaintiff up to the presumed amount, and -on request of the defendant- to secure the attorneys' fees if the plaintiff has its domicile/legal seat outside of Switzerland. The security can be in cash or as a guarantee of a bank or an insurance company established in Switzerland. If the advance or the security is not performed within the deadline set by the court the action is -after a period of grace- dismissed.

For the costs of taking of evidence the court demands also the respective advance; if it is not paid in due time the taking of evidence is ceased.

Normally the court decides on the costs of litigation in its final decision; the losing party has to bear them, unless the court decides otherwise under certain circumstances listed in the CCP. If the case is settled by an agreement before the court the cost of litigation are distributed according to the proportion of the agreement.

For proceedings before the Swiss Federal Supreme Court the costs of litigations are regulated in the Swiss Federal Supreme Court Act.

## ARBITRATION

1. Important especially for disputes in commercial matters, Arbitration has a high importance. The CPP concerns itself not only with civil litigation before state courts, but also with the procedure before private arbitral tribunals established in Switzerland between parties who are residing in Switzerland.

2. It is certainly not a surprise, that arbitral proceedings are different from proceedings before a state court; in particular, the parties have themselves the right to determine the composition of the arbitral tribunal (with members whom they trust) and even to define the procedural rules. And what is most important: A decision of an arbitral tribunal has the same legal binding effect as a final and enforceable decision by a state court. Another key difference is that arbitration proceedings are not conducted in public, but behind closed doors. It is exactly this confidentiality that arbitration is often the preferred way of settling disputes arising from commercial agreements, which the parties wish to keep confidential.

3. When the parties agree on arbitration, they are not bound to the inflexible rules of the CCP, but can instead specify the procedural rules of the arbitration. Very often the parties adopt the procedural rules of an existing arbitration institution. Within the limits of mandatory procedural rights (such as equal treatment and due process) the arbitral tribunal determines the details on how to conduct the proceedings in close coordination with the ideas of the parties.

4. The arbitral decision (award) is only and exclusively subject to an action for annulment by the Swiss Federal Supreme Court. However, only in very exceptional cases the Swiss Federal Supreme Court is in a position to annul an arbitral award. The Swiss Federal Supreme Court does not verify as to whether the arbitral tribunal made the right material decision; even an arbitral award that is erroneous is overruled only in instances when it would lead to arbitrary results.

## TURKEY

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### LEGAL FRAMEWORK

Law of Procedure in Turkey consists of civil procedure, administrative procedure and criminal procedure, legislative sources of which are based on the European systems. For instance, the Code of Civil Procedure (“HMK”) <sup>(43)</sup> was legislated as per the Civil Procedure of Neuchatel Canton (Switzerland) and has been entirely renewed in 2011. Criminal Procedure Law (“CMK”) <sup>(44)</sup>, entirely renewed in 2005, is based on German criminal procedure (for the criminal code was taken from Germany); whereas the Law of Administrative Procedure (“IYUK”) <sup>(45)</sup> was legislated as per French administrative law and is still being subject to alterations in accordance with the day’s circumstances and in order to comply with the development in the European *acquis*.

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<sup>43</sup> Law no. 6100, published in the Official Gazette of Turkey No. 27836, came into force on October 1, 2011

<sup>44</sup> Law no. 5271, published in the Official Gazette of Turkey No. 25673, came into force on June 1, 2005

<sup>45</sup> Law no. 2577, published in the Official Gazette of Turkey No. 17580, came into force on January 20, 1982

National factors, such as traditions, culture, previous Supreme Court decisions and previous State Council decisions for administrative actions, shape the overall concept of the law of procedure hence the legislations sustain national characteristics, rather differently than their source codifications, especially in terms of their applications in practice.

## MAIN PRINCIPLES

- 1) As regards to the first instance in civil law actions; a case may either be subject to “written trial procedure (serial procedure)”, which is the main rule for civil procedures; or to “simple trial procedure (proceedings in oral)” which is applied by but not limited to the labour courts (i.e. compensation claims deriving from employment relations), civil enforcement courts (i.e. opposition to the enforcement officer’s treatments, cancellation of a tender), courts of consumer rights and cases that shall be seen before civil courts of peace.
- 2) In general a person needs not sending a warning letter via notary public in order to obtain the right to start an action. However, in some cases, proving of plaintiff’s bad faith is mandatory, example of which is *action negatoria* that covers the disputes deriving from the rights in *rem* for real estates. In such cases it is necessary to first send the warning letter via notary public and wait for the notified party to act in accordance with the warning. If the party does not act so, an action can be started by using the warning letter as an important evidence.
- 3) In terms of first instance litigation; all civil courts (commercial court, court of cadastre, IP court, consumer rights court, civil enforcement court, court of peace, court of first instance) have one judge whereas in criminal actions there is a panel of three judges in high criminal courts and one judge in criminal court of first instance and court of peace. Administrative courts are differently associated when compared to civil and criminal courts. There shall be one judge if the monetary claim is above the limit determined for the relevant year (28000 Turkish Lira –

appr. € 10000 - for 2014) and three judges if above the monetary limit. Same limit applies for claiming a hearing before the court.

- 4) When starting an action the parties usually submit their evidence. The first petition of the claimant, along with the evidence, must be duly delivered to the defendant(s) and the legal fees of the trial must be paid by the claimant; or the cause of action shall be deemed incomplete. Petitions submitted to the court must be delivered to both parties until all petitions (bill of claims, bill of replies, bill of replications and bill of duplications) are duly collected by the judge, along with the evidences.

As for administrative procedure, it is a cause of action to send

the bill of claims to the defendant(s). Legal fees must also be paid or the litigation shall not start, the number of case number shall not even be determined.

- 5) Following the assessment of all evidence and statements, the local court decides on the substance of the conflict in hand and both parties have the right to appeal this decision before the Supreme Court. The time limitation for appealing depends on the type of litigation. (e.g. 15 days for commercial law cases, 8 days for labour law matters, etc.)

In administrative cases, though, if the decision is given by a one-judge-court, the name of the further action shall be “opposition” before the Regional Administrative Court. If the decision is given by three judges, then the parties may appeal the decision before the State Council.

Decisions of Supreme Courts can be subject to a “revision of decision” process; however some decisions cannot be subject to revision of decision procedure. Most striking cases are mainly decisions given on employment claims, decisions given by civil court of peace, although there are certain exceptions to this rule.

Decisions of the State Council for administrative cases can also be subject to revision of decision if and only if the revision claims fall within at least one of the points mentioned expressly in “İYUK” (administrative trial procedure act).

A further instance is “Renewal of judgment” procedure, which can only be requested should there are newly obtained evidences, which was not possible to obtain during the trial, that shall strikingly change the fate and result of the trial concluded previously. This remedy is very rare but still an important remedy.

Another last instance is judgment of the finalised decision before the Constitutional Court. This does not count as a trial

instance, for the nature of bringing an action before the Constitutional Court necessitates breach of constitutional rights of the applicant party.

## IMPORTANT MILESTONES OF A TRIAL

### a) *First instance procedure*

In terms of civil law procedure; judgment starts before relevant local courts as the first instance. The case opens with the submission of the claimant’s first petition and payment of the official judgment fees. Following this the court shall start collecting the petitions and evidences and decide whether the preliminary examination shall be made with a hearing or not. After evaluating the legal courses of the action and the preliminary objections of the parties, the court starts to examine the matter of substances. If the defendant duly opposes to the action by reason of expiration of the legal time period for the claimant to start the action, the whole case can be rejected due to procedural matters, prior to the court’s examination of the matter of substance. Therefore the procedure law rules are of vital importance for lawyers.

Although every attorney must be recorded with the bar association of only one city, all attorneys can represent their clients before all Turkish

civil courts, by reason of being recorded also with the Union of Bars of Turkey.

As per administrative cases; administrative trials start with submission of claimant's petition and payment of legal fees. If a wrongful action of the administration is received or faced with, the trial must be started within 30 days before the tax court following the official receipt or occurrence of the taxation action and 60 days before the administrative courts following the official receipt or occurrence of the administrative action.

## **b) Judgment and further Appeals**

In terms of civil law procedure; parties can appeal the decision before the Supreme Court. Although the remedy of "civil appeal" is mentioned within the "HMK", the courts of civil appeal are not yet established and therefore, as mentioned within the law, the remedies for civil appeal shall apply for the remedy before the Supreme Courts. Principles of the Civil Procedural Law ("HMK") mostly need to be raised and emphasised by the parties during the law practice, whereas the criminal procedure and administrative trial procedure are mostly considered by the courts *ex-officio*.

Once the local court gives its decision on the case, there may either be an appealing period or not <sup>(46)</sup>. The appealing period starts either after the pronouncement of the verdict or after official receipt thereof by the parties'.

There are different legal periods for different jurisdictions: The appealing period for civil court of first instance and commercial courts is 15 days; where as it is 10 days for civil enforcement decisions, 8 days for labour court decisions and civil court of peace decisions. <sup>(47)</sup>

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<sup>46</sup> There are some actions that are not appealable i.e. should the matter of dispute is below 25000 Turkish Liras, should the case is before the Civil Court of Peace, as mentioned on article 362 of "HMK"

<sup>47</sup>It shall be noted that, after the establishment of "court of appeals" these period shall apply for applications to court of appeals whereas appealing before the Supreme Court period shall be one month instead.



The period to reply to appealing claims is 10 days following the receipt of the appealing petition of the appealing party. Different appealing grounds may also be stated in addition to the reply. This procedure is called “appealing via merger”.

Supreme Court of Civil Department examines the appeal claims and the decisions it may give are “approving” of the local court’s decision; “reverse” of the whole judgment by indicating the grounds thereof; or “rectifying” the decision, which means “approving of the decision by re-assessing the bits that do not affect the result, without altering its substance” e.g. by correcting the grounds without changing the result thereof. The Supreme Court cannot give a definitive and final decision on the case but merely examines the legality of the decision and indicates the necessary legal steps and grounds that the local court should follow.

If the Supreme Court reverses the decision, the file case then goes back to the court of first instance (or “local court”) in order for it to re-assesses the case within the frame of Supreme Court’s evaluation and decision. Accordingly the local court either follows the Supreme Court’s decision; or, it insists on its own decision. Both of these decisions may be appealed against, by the parties.

At this stage;

- a) If the local court decides to insist on the first decision and if this decision is also appealed, this time the case goes to the Supreme Court Assembly of Civil Chambers. The decision given by the Assembly is definitive and binding.
- b) If the local court accepts to comply with Supreme Court’s decision, the court shall follow Supreme Court’s ruling and this second decision of the local court can also be appealed before the Supreme Court and the procedure continues.

If, however, the Supreme Court approves the decision, there is no remedy for re-appealing this decision. However, if the conditions are met, this decision can be subject to “revision of decision” requests.

As per criminal actions (described also under sub-heading no.6); the 7 day appeal period starts either after the pronouncement of the verdict or after serving (i.e. official communication) of it to parties' addresses. The Supreme Court of Criminal Chambers examines the appealing claims and may "approve" the decision of the local court; it may "reverse" the whole judgment by indicating the grounds for reversing it; or it may "rectify" the decision, meaning "approving the decision by rewriting the reasoning" e.g. by correcting the grounds without changing the result thereof. The rest is similar to civil law procedure. The appealing of criminal actions is examined by the "Penal Department" of the Court of Appeal.

As per the administrative law actions; the local administrative court (tax court or administration court) decisions shall either be opposed to before the District Administration Court or be appealed before the State Council. The period to oppose to a decision before the District Administration Court or the State Council is thirty days following the date of receipt of the decision.

## REVISION

Following the appealing stages on civil procedure the decision given by the Supreme Court may be subject to a "revision of decision" procedure. This is counted as an "extraordinary remedy" and may only be examined by the Supreme Court Assembly of Civil Chambers if some certain conditions within procedure law legislations are met. Legal time period to apply to this remedy is 15 days following the definitive decision of the Supreme Court.

## COSTS AND FEES

The losing party must bear the legal court fees and the attorney(s) fees. If both parties win and/or lose to a certain extent, the court decides on attorney fee according to the winning proportion, thus both parties bear attorney fee of the other party. The court fees and the attorney fees are calculated on the basis of the litigation type and value. The calculation of attorney fees are based on a 'minimum fee tariff' officially determined every year by the Union of Turkish Bar Associations and published in the official gazette of Turkey. In this

respect, the parties are not awarded other attorney fees (i.e. the fees that they agreed to pay separately to their lawyers).

## PRELIMINARY INJUNCTION PROCEEDINGS

In Turkey demanding preliminary injunction is a common approach especially when the claimant has some belief that the defendant may transfer the property right of the object of litigation to a third party which causes the claimant to be unable to gain the utility expected from starting the litigation. Preliminary injunction shall be requested from the authorised court which also be the court the litigation is before. The court can decide, even *ex parte* and before the preliminary examination, often on the date the claimant's petition is examined, on imposing a preliminary injunction. If the decision on preliminary injunction is given *ex parte*, without hearing the other party/parties, then the other party /parties may oppose to this decision in one week following the date of receipt of the decision. Also, in case there are third parties whose rights are breached by reason of this decision, those third parties may also oppose to this decision (following the date of discovery/cognition).

If the court decides to perform the preliminary examination via a hearing and serves both parties the date of this hearing, then the oppositions to such an injunction shall be considered during this hearing. If the court decides to revoke such an injunction, the defendant has a claim for compensation for his loss.

## CRIMINAL PROCEEDINGS

As per the criminal law procedure; commencement of trial starts with the bill of indictment of the prosecutor (if there is no decision of non-prosecution), at the relevant local courts as first instance. Once the local court gives its decision on the case, there may either be an appealing period or not, that is to say, should the prosecutor gives the "decision for non-prosecution" then the person of interest (the suspect) shall be released and he/she shall not have any criminal records because of this prosecution. If the prosecutor drafts the bill of indictment, the hearing procedure starts and the legal name of the suspect becomes "perpetrator" (alleged criminal). Depending on the

type of the crime, the alleged criminal shall be tried before a criminal court of peace, criminal court of first instance or high criminal court, either with or without arrest.

Certain criminal sanctions are also available in commercial law, enforcement law, administrative law, IP law and IT law, which are legislated separately within their own acts and/or regulations.

The high criminal court consists of three judges, including a chief judge. In criminal courts of first instance and high criminal courts the hearing prosecutor takes place nearby the panel of judge(s). Following some period of collecting evidences, arraignment, witness' sworn statements and such and prior to the judgment of the court, the prosecutor gives his/her opinion as to the accusations and the court may or may not follow this opinion.

As a general rule the decisions of criminal court are appealable. The party who believes the decision shall be overruled must appeal the decision in 7 days following the announcement (if that party attended

to the hearing in which the decision was given) or duly serving of the verdict. If the Supreme Court decides to return the judgment by indicating the legal approach to be taken by the first instance court, then the judgment shall be carried on according to this decision. If the first instance court insists on its decision and if this decision is also appealed by a party, the case shall be examined by the Supreme Court Assembly of Criminal Chambers.

The decision of this Assembly is a definitive and abiding. Unlike the civil law procedure parties cannot apply for a "revision of decision" procedure against the decision of the Assembly. However, the Chief Public Prosecutor may oppose to the decision of the Assembly, which is an extraordinary legal remedy. In practice the party who would like to trigger the chief prosecutor to apply for this remedy drafts a petition addressing the Chief Prosecutor.

## THE NETHERLANDS

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### LEGAL FRAMEWORK

The judicial process is one of those matters which has been only harmonized a little within the European Union. Each member state, including The Netherlands, is relatively free to set the rules for procedures conducted before its national courts. However, states must act in accordance with the general principles, issuing, in particular, from the European Convention on Human Rights.

### GENERAL PRINCIPLES OF CIVIL PROCEDURAL LAW

The main principles under the Netherlands civil procedural law can be summarized as follows:

- 1) Most civil proceedings require the preparation of written position. Even when the law allows itself to be limited to oral considerations, it is recommended at most times to file, in addition, written evidence (see also paragraph 0).

- 2) In civil matters, each party must notify the other in writing, in principle at the beginning of the proceedings, regarding the pieces of evidence on which the legal action is based. The risk of a last minute surprise or of a hidden item, discovered during the hearing, is relatively low in the Netherlands.
- 3) Civil proceedings in the Netherlands are initiated either by writ of summons (*dagvaarding*) or by petition (*verzoekschrift*). In that respect a distinction is usually made between contentious and voluntary jurisdiction of the courts. There are no clear criteria by which both types of jurisdiction can be distinguished. As a rough-and-ready rule one could say that contentious jurisdiction covers the matters in which the court has to resolve a dispute between parties, while voluntary jurisdiction sees to matters in which the court is requested to grant a general provision or an appropriate measure.
- 4) In civil proceedings there are special legal measures available for plaintiffs to obtain provisional relief affecting property of debtors to obtain security for judgments to be obtained. A distinction must be made between a *conservatoir beslag*, i.e., protective measures by attachment which anticipate a later judgment and *executoriaal beslag*, i.e., enforcement measures by attachment to be taken after the judgment has been obtained. As a result of the relatively new requirements (2011) for the petition for attachments, it has become somewhat more difficult, costly and time-consuming for a creditor to lay an attachment on the assets of its debtor: a creditor is required to provide more information and background to the case (and earlier proceedings), before it will be able to obtain leave from the competent judge to lay a conservatory attachment.
- 5) Under the Netherlands law, a party is required to submit documents and information (whether electronically stored or not) if and in so far as they relate to a specific legal relationship (tort, contract); are described with sufficient specificity and are in the possession of the party that is being asked to submit them (*exhibitieplicht*).

- 6) The adversarial principle is the basic guideline in civil law proceedings; unilateral measures are the exception. Unilateral measures are those taken at the request of a party, without the judge hearing the other party. They are generally reserved for cases in which the judge recognizes that the element of surprise is necessary (f.i. *ex parte* injunctions in IP matters). Sometimes, it is extreme urgency that justifies the assumption of 'surprise' but it is relatively rare (it must be demonstrated that the urgency is such that it is necessary to derogate from the fundamental principle of adversarial proceedings in court).
- 7) There is a significant difference between substantive proceedings on the merits and preliminary proceedings. Substantive proceedings on the merits are basically intended to definitively decide the dispute (subject to a party making an appeal). In preliminary proceedings, the judge does not decide the dispute but has the power, under certain conditions, to

arrange a provisional situation. Preliminary *injunction* proceedings are increasingly common, especially in cases related to IP and innovation. This is one of the first things to check, because if this is the case, there is no time to lose (see paragraph 0 below).

## TWO TYPES OF CIVIL PROCEEDINGS

All civil proceedings in the Netherlands are conducted before professional judges. Jury trials do not exist in The Netherlands. In the context of IT/IP disputes the following types of proceedings are common: preliminary proceedings (*kortgeding*) and substantive proceedings on the merits (*bodemprocedure*). For patent cases, there is also a specific type of proceedings on the merits available, i.e. 'accelerated proceedings on the merits' (Versneld Regime in Octrooizaken (VRO)).

### a) *Preliminary proceedings*

In general, preliminary proceedings are the manner in which IT/IP disputes are litigated in The Netherlands. The plaintiff needs to have

and assert an urgent interest for preliminary relief for the matter to be admissible in preliminary proceedings. In general, trade mark or copyright infringement in fact implies an urgent interest. The plaintiff first sends a draft of the writ of summons to the District Court. The court will then set a date for oral argument, taking into consideration the schedule of the court and the schedules of the counsel(s) (to an extent). Usually, a hearing will be scheduled within two to eight weeks after the writ has been submitted. The proceedings are started by serving the writ of summons upon the defendant.

At the hearing both parties can argue their case and it is only at that occasion that the defendant has to present the true scope and nature of its defence. Preliminary proceedings take place before one judge only, and only allow for preliminary measures to be awarded. The nature of preliminary proceedings is informal and the judge has large discretionary powers, in particular in matters of evidence. Evidence is primarily in the form of documents that have to be submitted to the court before the oral hearing. As a general rule, live testimony by witnesses is not available in preliminary proceedings. A judgment can be obtained within approximately 2 to 3 months from the date of the writ of summons.

Please note that TRIPS and the Dutch Code of Civil Procedure provide that the plaintiff will have to start substantive proceedings on the merits within a “reasonable period” after an injunction has been obtained in preliminary proceedings, failure of which will lead to the lapse of the judgment. When taking a preliminary injunction, the preliminary judge determines the “reasonable period” for bringing the claim to the substantive proceedings on the merits (frequently 6 months after the preliminary injunction). However, in many cases parties reach a settlement after preliminary proceedings in order to avoid lengthy proceedings on the merits.

#### **b) *Substantive proceedings on the merits***

In regular substantive proceedings on the merits each party will have the opportunity to file procedural documents. The plaintiff will file a writ of summons and the defendant a statement of defence.



At the judge's discretion the parties will have to appear in court (to provide more information and/or to try to reach a settlement) and/or will have the opportunity to file further briefs. Once all briefs have been filed the court can schedule oral pleadings on the request of either party. If the court is of the opinion that parties have had sufficient opportunity to orally discuss the case during a prior personal appearance it may decide not to schedule oral pleadings. Oral pleadings are usually held 12 to 18 months after the start of the proceedings and a judgment can then be expected within 6-12 weeks from the date of the oral pleadings. The Court may persist a judgment if it suits her.

## MILESTONES OF THE CIVIL LAWSUIT

### a) *Competence of the court in first instance*

There is an important dispute concerning the question of which court has jurisdiction. The Netherlands is divided into eleven districts, each with its own court. The district court is made up of a maximum of five sectors. These always include the administrative sector, criminal sector, the civil sector and the sub-district sector.

- The “absolute competence” (*absolute competentie*) refers to the type of court which has jurisdiction to deal with the lawsuit. In first instance, as a rule, the district court has jurisdiction. The court of appeal has jurisdiction in appeal cases. The national supreme court has jurisdiction in cassation cases. As from 1 July 2011, the sub-district of the district court (*sector kanton van de rechtbank*) has jurisdiction with regard to claims with a maximum of € 25,000. Furthermore, the sub-district of the district court deals with all cases involving rents, hire purchase and employment. The civil sector of the district court (*civiele sector van de rechtbank*) handles cases not specifically allocated to the sub-district.
- The “relative competence” (*relatieve competentie*) refers to the regions in which the dispute must be brought to justice. The

main rule is that the competent court is determined by the domicile of the defendant.

It happens that a dispute involves several countries. This is even more true when the internet comes into play. The first thing to do is to

identify the country in which the proceedings have to be introduced (in defence, the attorney-at-law should check also the means of challenging the jurisdiction of the court, if necessary). The issue is regulated by European legislation, but that legislation is complex.

#### **b) *Written pleadings in first instance***

In principle, it is the plaintiff who initially produces a writ of summons (or petition). The defendant responds. The plaintiff may further respond (if the case is complex and permitted by the court) and so on.

The writ of summons (or petition) must contain the date upon which the case will be submitted to the court and a thorough description of the claim. It must also identify evidence, including prospective witnesses, to substantiate it. The summons must also contain a description of the defendant's counter arguments if known. The reason for this is to concentrate litigation as much as possible. In The Netherlands, it is common to hand in the exhibits on the first scheduled date on the "role" (*eersteroldatum*). This is an administrative action at the courts and not a "real" oral hearing. If the defendant is outside the EU, there are deadlines to allow him to take knowledge of the existence of a trial and organize himself taking into account the distance.

Under the Netherlands professional rules for attorneys-at-law (*advocaten*) it is not allowed to issue a writ of summons without first summoning the other party separately. Only when a matter is of such importance that this earlier summoning cannot be waited for, this general rule does not apply.

Whenever pleadings (*processtukken*) are exchanged, they must be accompanied the exhibits (contracts, correspondence, statements etc.) referred to therein, unless these exhibits have been previously submitted. These exhibits are an important part of the evidence in civil proceedings (see also paragraph 0).

Deadlines are set early in the process and it is extremely difficult to change them later. This has the advantage of predictability, but the rigidity of the system is sometimes excessive.

In The Netherlands, the processing of the pleadings may be assigned to a judge who takes care of this matter only (*rolrechter*). This has the advantage of flexibility. If a problem arises, the judge may decide on it immediately.

In principle motions (*incidenten*) challenging the jurisdiction of the court, and to join an indispensable third party (impleader) must be filed before presenting the defence; a counter claim must be initiated together with the statement of defence, otherwise these rights are barred. Third parties who can demonstrate sufficient interest, may intervene before the last document is filed.

### c) *The oral hearing in first instance*

After defense and counter claim, the court will set a date for oral hearings, unless the judge managing the case finds it necessary that both parties file a reply and rejoinder. This only happens when a matter is complicated.

During the oral hearing, at which parties have to appear in person with counsel, the judge either tries to encourage parties to settle the matter (which happens in approximately 50% of all the cases) or sets a date for final judgment or an interim judgment requiring further documentary evidence or testimony by witnesses or experts. In more complex cases, f.i. patent cases, the judge may consent to oral pleadings before judgment. At the oral pleadings, the attorneys-at-law may submit their oral notes to the court (and they will be part of the case files).

### d) *Judgment in first instance*

After the hearing, the lawyers will receive the written judgment, often by post or electronic transmission. This may take a weeks or months (or even more than a year), depending on the number of cases to be treated, their complexity and the potential urgency.

In preliminary IP proceedings and IP proceedings on the merits a court may impose an injunction on the infringing party to refrain from any further infringements. The court may also order a recall of infringing products, publication of a rectification, supply of information regarding the infringement, such as the identity of customers or suppliers of infringing products and the details of such transactions. These court orders will be given under penalty of a fine. In proceedings on the merits the court may, in addition, order the infringing party to pay damages or surrender its profits made.

Once a judgment is rendered in a civil matter, its execution within the European Union is facilitated by the adoption of a number of Regulations that arrange recognition of decisions in the European Union.

e) *Appeal at the court of appeal*

Most of the time, an appeal can be made. The appeal proceedings are to be regarded as “new proceedings”. The proceedings follow the same principles as set out above. Despite rumours, it has never been demonstrated that having won or lost in the first proceedings has any impact on the chances of success at appeal.

f) *Cassation at the national supreme court*

The appeal in cassation is relatively rare. The Cassation court is not concerned with the facts and does not say who is right or wrong. It will only verify that the procedure has been followed, and that the judge has applied the law correctly. It is therefore not a matter of re-hearing the case, contrary to what occurs on appeal.

## **THE PRELIMINARY RULING QUESTION BEFORE THE EUROPEAN COURT OF JUSTICE**

In disputes involving technology, IP and/or innovation, the rules are very often derived from a European directive or regulation.

When a judge in a national court has doubts as to the exact scope of a European directive or regulation or questions the compatibility of

national legislation with the European statute from which it is derived, the judge has opportunity to ask a question to the Court of Justice of the European Union.

There is only one Court of Justice for the European Union, located in Luxembourg. It is the sole authority to interpret a directive or European regulation. In principle, all lawyers are admitted to plead before the Court. However, it is recommended to hire someone with some experience of this specific procedure.

In its considerations, the Court will not decide the dispute submitted to it. It will only inform the judge in the national court on the exact scope or meaning of the Directive or the European law in question, and tell the judge whether national law is compatible with the European statute. It will then be for the judge in the national court which has asked the question to settle the dispute, in strict interpretation of what has been laid down by the European Court.

## LAWYERS FEES

At the end of the proceedings, the judge has the opportunity of imposing all (only in IP matters i.e. copyright, trademarks, patents and trade names) or part (in other matters) of the defence costs of the winning party on the unsuccessful party. In IP matters the court is relatively free to decide which costs are to be considered as realistic. The amount vary from case to case – simple and complicated. In other civil matters a base rate (*liquidatietarief*) is provided for in rules and the judge may only increase or decrease this to some extent to take into account the specificities of the case. The basic amount is determined according to the claim that is at stake.

## DAMAGES

In substantive proceedings on the merits the court may award damages or order the defendant to surrender its profits (f.i. in case trade mark infringement).

For example, in IP matters these are only awarded if the defendant can be held responsible for the IP infringement and/or has acted in bad faith.

In preliminary proceedings, it is not possible to claim damages (generally speaking). It is only possible under certain circumstances to receive an advance payment for damages or surrender of profits.

Case law on the calculation of damages has not been very well developed in The Netherlands. If damages are awarded a party is entitled to compensation of actual damages, but determining these damages is in most cases not an "exact science". In this regard, it is important that Dutch courts tend to take a conservative approach towards the calculation of damages. Awarding punitive damages or awarding double or triple damages is not possible under Dutch law. Alternatively, one can ask for the surrender of profits made by the infringement, but determining these profits can be a cumbersome exercise as well.

Against this background, most IP cases are about obtaining injunctive relief and not about damages.

## EVIDENCE IN CIVIL PROCEEDINGS

### a) *Burden of proof*

As a general rule, the burden of proof in proceedings on the merits is primarily on the plaintiff, i.e. the party that claims a particular position.

For example, it is up to the plaintiff to sufficiently clearly assert the scope of his trade mark right and how the defendant is infringing on that trade mark. To prove ownership of the trade mark - in principle - an extract of the trade mark register would be sufficient. If the defendant claims that the plaintiff is not the owner and/or the trade mark is invalid because of non-use, the defendant will have to prove this.

In case of copyright cases with a foreign author the plaintiff also has to provide evidence that the copyright also existed at the time of creation under the foreign law system.

However, Dutch law is relatively lenient in distributing the burden of proof between the parties in litigation. Principles of reasonableness and fairness will primarily determine which party has to produce certain evidence.

The same applies in preliminary proceedings except for the fact that parties do not have to submit indisputable evidence, but parties have to make their assertion sufficiently plausible.

**b) *Discovery of documents***

Most evidence used in litigation in The Netherlands is in the form of written evidence. Generally, the concepts of "discovery" of documents (as in the United States of America) or "saisicontrefaçon" (as in France) are not available under Dutch law.

Under Dutch law a party with a legitimate interest can request the court to order the opposing party to submit certain documents concerning the legal relationship of the parties. The attorney-client privilege is not affected by this provision.

**c) *Language***

In The Netherlands judges do not like pieces of evidence written in a foreign language. If there is correspondence or contracts to be produced in court, they must be translated into the language of the proceedings. Otherwise, one risks seeing the piece of evidence altogether excluded from the proceedings in court. On the other hand, most of the time, a simple translation should be sufficient (mostly, it is not necessary to use a sworn translator).

**d) *Witnesses***

In practice witnesses only play a role in proceedings on the merits and not in preliminary proceedings. Witnesses will not be heard at the trial itself. Witnesses can be heard within the framework of 'pre-trial' depositions, which can be conducted prior to or during the proceedings. Witness depositions take place before a judge who has the lead in the questioning of the witness.

The judge drafts a statement that summarizes what the witness has declared. In most situations testimony is only taken after an interim judgment in proceedings on the merits. In that judgment the court

indicates on which particular issues it needs further evidence. Witnesses usually do not play a role in infringement cases.

e) *Experts*

The parties can submit reports by party appointed experts. The parties can also ask the court to appoint independent experts, either within the framework of a pre-trial expert's report or at a later stage after an interim judgment has been rendered. In such an interim judgment the court indicates on which issues it wants advice from experts. The parties will be heard on the appointment of experts.

## CRIMINAL PROCEEDINGS

Criminal proceedings (public law) operate under different rules. Without going into the details of these specific proceedings, we can report the following main thrusts:

On the level of evidence, the suspect has not much to do. Once the criminal authorities are notified of a complaint, they will organise the investigation and take the necessary measures. This has a significant advantage in terms of costs. On the other hand, this shows once again the loss of control of the suspect in relation to their complaint.

The investigation is conducted by authorities who are neutral in principle. They will instruct on uptake and completion. The prosecutor and the investigating judge (*rechtercommissaris*) do not judge, they investigate. Once the investigation is complete, they pass the case to another judge who will make a judgment after having heard the parties at a public hearing.

In general, the investigation is confidential. Depending on the circumstances, this confidentiality may even be opposed by the parties that are involved. Whether you are suspect, it is often difficult to know in which direction the investigation is moving. Moreover, regular leaks in the press are to be deplored. In sensitive cases, this means that one must be always ready to respond in terms of communication.

When a case involves both a criminal investigation and civil or commercial proceedings, it is the criminal investigation which takes



precedence (in principle). Civil proceedings will normally be suspended while the criminal investigation is ongoing.

As a result of the workload of the investigators and also the frequency of cases that involve several countries, it is not uncommon for criminal proceedings to last for several years. They may also be dismissed (*geseponeerd*).

## UNITED KINGDOM

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### INTRODUCTION

This note provides a summary of the way in which IT and IP claims are handled in the English courts. Unlike most other European legal systems it is important to remember that:

- there is no Civil Code in England;
- English civil law consists of Parliamentary legislation and decisions of the courts;
- English courts interpret legislation and are normally required to follow decisions by the same or higher courts.

### THE COURT SYSTEM

Civil courts are divided between the High Court (dealing with larger and more complex cases in excess of £50,000) and County Courts. The High Court is divided into 3 divisions:

- Queen’s Bench Division – dealing with mainly commercial and contractual claims which includes IT disputes being heard by the Technology & Construction Court (TCC);
- Chancery Division – dealing with IP and company law disputes;
- Family Division.

Appeals from all Divisions are heard by the Court of Appeal (normally 3 judges) and on particularly important legal issues a final appeal is possible to the Supreme Court (5 judges). Matters are also sometimes referred to the European Court of Justice for guidance when an interpretation of EU law is required.

## KEY PROCEDURAL RULES & STAGES

### a) *Generally*

Since 1998, the Civil Procedure Rules (CPR) govern all litigation in the English Courts, including IT and IP claims. The CPR aimed to harmonise and simplify English litigation procedure in order to:

- ensure cases are handled justly;
- speed up litigation;
- reduce overall costs;
- deal with cases proportionately given the amounts at stake.

### b) *Pre-Action*

Parties are now required to act reasonably in exchanging information and documents in order to try to settle disputes before starting formal litigation; there are also special rules applying to particular types of disputes setting out the procedure parties are expected to follow (“pre-action protocols”). Failure to follow these rules or acting unreasonably risks the courts imposing sanctions on the offending party: costs sanctions are common which means that some of the other party’s legal costs will need to be paid or, the offending party will be denied some or all of its legal costs from the other party, even if it wins.

### c) *Proceedings in the High Court*

The stages are as follows:

- the claim – the Claimant issues a claim form setting out the key elements of the claim and facts relied upon (but not the

evidence) and serves it on the defendant; a fee is payable depending on size of the claim;

- the defence – the Defendant then has to indicate whether it accepts or contests the claim – if the latter, it will need to serve a defence (normally within 28 days); the defence is a vital document – if weak, the Claimant can try to have it “struck out”, ie ask the court to decide in favour of the Claimant on the basis that the defence has no legal prospect of success; failure to serve a defence in time will also allow the Claimant to enter a judgment in default; as the usual rule in English proceedings is that the loser pays the winner’s legal costs, where a Defendant is confident of defeating a claim and it appears that the Claimant may be unable to pay the Defendant’s costs, the Defendant can ask the court to order the Claimant to provide security for costs as a condition of continuing its action;
- additional court documents may be served seeking to clarify each party’s position;
- case management – the courts are increasingly active in managing cases to ensure that: issues are identified early, a trial timetable is agreed, unnecessary costs are not incurred by the parties and that the parties try to settle the dispute by alternative dispute resolution;
- attempts to settle the dispute – whilst offers to settle the dispute can be made at any time, there is clearly an advantage to do so as early as possible to minimise overall costs; the CPR allows either party to make a written offer (“Part 36 Offer”) to settle and if the other party refuses it and recovers less from a trial, the refusing party will suffer adverse costs orders and/or higher interest payments; in addition, the court’s active case management includes encouraging settlement through mediation and, where parties unreasonably refuse to do so, have penalised this behaviour through costs orders in favour of the other side;

- disclosure of documents – each party is required to disclose to the other side documents which: (i) it relies on; (ii) adversely affects its own case; and (iii) adversely affects or supports the other party’s case; disclosure applies to all documents (including confidential or electronic documents and other materials) and the only documents which do not need to be disclosed are those covered by legal professional privilege (normally this will be genuine settlement negotiations and legal advice relating to the litigation); disclosure is wider in scope than in most civil law countries and is often a key stage in the action as the strength of a claim is often much clearer after all relevant documents have been disclosed;
- witness statements – in order for a party to give oral evidence at trial, it needs to disclose this in a witness statement; these statements will be exchanged by the parties several weeks before the trial date; at trial, all witnesses may be questioned on their statement by the other side’s lawyer to help the judge form a view of the evidence given;
- expert evidence – this will often be required in IT and IP disputes and can be given with the Court’s permission; experts need to be independent and they have an overriding duty to the court rather than their instructing party; it is normal for each party’s experts to prepare a report and meet to discuss their reports to identify where they agree and disagree in advance of the trial; if a trial proceeds, experts are likely to give evidence and to be questioned by the other party’s lawyer and the judge: it is vital to select a true “expert” who is reasonable and honest in his approach as the English courts have been highly critical in the past of experts who have adopted a “hired gun” approach and not been independent;
- trial – all IT and IP cases are heard by a single judge (no juries used); although legal arguments and evidence is submitted orally to the court, the judge will normally have read each party’s summary of its case, key documents, witness statements and expert reports before the trial begins; each party’s lawyer states its arguments to the judge and calls witnesses and experts relied upon and the trial ends with each

lawyer summarising its case and the legal arguments it relies on; generally, the judge does not make his own investigation but may ask each party to clarify its position; the court's judgment is normally given at a later date allowing the judge time to consider all the issues and arguments presented;

- appeals – the appealing party must obtain the permission of the High Court or the Court of Appeal and permission is only granted in certain circumstances; appeals tend to be much shorter than the original trial given that witnesses and experts do not normally appear and the Court of Appeal will normally accept the facts as found by the trial judge; the appeal will focus on questions of law and whether the trial judge made a serious mistake on a legal issue or finding of fact;
- costs – English courts have a wide discretion to award legal costs at the end of a trial: normally, the losing party will be ordered to pay the winner's legal costs and this normally means that 60-70% of its actual costs will be paid;
- enforcement – where a Defendant does not make payment as ordered by the court, the Claimant can use procedures such as seizing and selling assets belonging to the Defendant or take a charging order over the defendant's property or commence insolvency proceedings on the basis of the unpaid judgment debt.

## SPECIFIC ISSUES RELATING TO IT DISPUTES

Most IT claims relating to the design, supply and/or installation of computer/IT systems will be heard in **the TCC**, which is part of the Queen's Bench Division. Features of the TCC include the following:

- as the TCC judges have technical/scientific experience, TCC cases need to be technically complex or otherwise need a TCC judge;
- the TCC is based in London and 11 other English cities – London normally only deals with claims valued at £250,000 or more;

- active case management in relation to setting a trial date and timetable and identifying the key issues involved (trial dates are normally 12 months or so after the claim is served but depends on estimated length of the trial);
- as well as promoting mediation and other forms of Alternative Dispute Resolution (ADR), it also offers Early Neutral Evaluation which is a non-binding, without prejudice written
- evaluation of the dispute by a TCC judge at an early stage of proceedings; the judge giving the evaluation will not take any further part in the proceedings if they continue to trial and the evaluation is confidential to the parties.

Protecting Evidence. In many IT disputes, it is important to ensure that non-documentary materials are preserved as they will be highly relevant. For example, there may be claims that early versions of software were riddled with errors evidencing a breach by the developer – copies of these versions need to be preserved for possible inspection by experts. Accordingly, either written undertakings need to be given by the other side promising this or formal court orders obtained.

Preliminary Issues. Litigation relating to technology projects is often time-consuming and expensive due to the large number of documents that need to be checked and reviewed. In addition, many IT cases in practice turn on whether or not the supplier’s limitation of liability clause is enforceable or not which could drastically reduce the level of damages awarded. As a result, it may well make sense to have certain “preliminary issues” such as the validity of a limitation clause decided by the court before the trial as this often leads to a claim being withdrawn or a settlement being negotiated, saving overall time and costs. Similarly, the court will sometimes order a “split trial” where the initial trial only determines if the claim succeeds and a later trial concentrates on the damages payable (which can be a highly complex and expensive exercise).

Disclosure & The Smoking Gun. As all relevant documents relating to a claim need to be disclosed, care should be taken to ensure that the other side has disclosed everything that it should: for example, if there is a claim that the other side’s staff lacked key skills or performed

badly, it will be useful to check any internal appraisals to see if any shortcomings were identified and there may also be internal reports created which shed light on the allegations made; equally, it is important to ensure that any new documents created relating to litigation are protected by litigation privilege so that they do not need to be disclosed at all.

### *Specific Issues relating to IP Disputes*

In the High Court, IP disputes are heard in the Patents Court of the Chancery Division, following the general procedures set out above. Although this allows IP cases to be analysed thoroughly by judges with IP experience, it can be expensive and for major patent disputes it is generally reckoned that each party's costs will be in the region of £1m.

IP Enterprise Court (IPEC). In an attempt to reduce costs for small and medium sized IP claims that do not need to be heard by the High Court, **IPEC** has been introduced which replaces the old Patents County Court. It is designed to reduce costs and speed up the litigation procedure and its main features are:

- a multi-track procedure in which damages awarded by the court are capped at £500,000;
- the winning party cannot recover more than £50,000 costs from the losing party;
- the procedure is managed very actively by the court to ensure that a larger, richer party cannot take an unfair advantage over the smaller party;
- cross-examination is limited and trials cannot last for more than 2 days;
- trials to be held within 12 months of the start of a claim.

It is reckoned that a party's costs in relation to fighting a claim in the IPEC multi-track are £100,000 to £200,000.

Disclosure in IP Cases. The English rules can be very useful, particularly in multijurisdictional disputes. In **Dansico v Novozymes**, (a patent case



concerning methods of making animal feed), Dansico were trying to revoke Novozymes' patent in several EU countries on the grounds that it was obvious and not novel.

Dansico was successful in obtaining details of Novozymes' experiments on making animal feed which showed that the patented method did not always improve the prior results obtained, which was a prerequisite for the granting of the patent. The English court gave permission for the evidence to be used in parallel proceedings at the European Patent Office with the result that the patent was also revoked in Germany, Denmark and The Netherlands.

## **IT & IP Litigation in Europe: A Legal Guide for Foreign Lawyers**

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