



The Impact of the A New Regime for Gathering and

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It is a well-known fact that product piracy and counterfeiting have a huge commercial impact. The damage caused by counterfeiting products is estimated to amount to approximately \$600 billion a year, and in 2004 alone, 103 million counterfeit articles were seized by customs authorities at the external border of the European Union. Compared to 1998, this amounts to an increase of 1,000 percent.¹ The European Union has increased its efforts to fight counterfeiting and piracy by enacting Directive 2004/48/EC of April 29, 2004, on the Enforcement of Intellectual Property Rights, commonly known as the “Enforcement Directive.” However, while reducing counterfeiting and piracy was the motivation, the scope

of the Enforcement Directive is of wider procedural application and applies to all intellectual property litigation. It aims to strengthen the position of intellectual property rights holders when they need to enforce their rights in civil proceedings, to enhance the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"), and to obtain a minimum level of harmonization between the civil procedures available in the Member States. The Enforcement Directive applies only to civil proceedings; enforcement of criminal proceedings and penal sanctions is left to the individual Member States.

It is Articles 6 and 7 of the Enforcement Directive that are of particular relevance to the intellectual property rights holder. These Articles address the question of evidence and introduce measures for obtaining and preserving evidence. The aim of the Enforcement Directive is to ensure that a minimum standard applies throughout the European Union, with the national states free to provide protection beyond this minimum. This article looks at the impact of the Enforcement Directive on the procedures available in the three main European jurisdictions—Germany, the United Kingdom, and France—and examines how it may, or may not, alter the available procedures in each jurisdiction.

GERMANY

Current Status of the Enforcement Directive. Despite the fact that the Enforcement Directive was due to be implemented by April 29, 2006, a significant number of Member States have yet to do so. Germany is one of these coun-

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tries. However, the German government has issued a draft bill to implement the Enforcement Directive ("*Gesetz zur Verbesserung der Durchsetzung von Rechten des geistigen Eigentums*," proposal dated April 25, 2007), and it is likely that the bill will be enacted shortly. Rather than implementing the required measures in one statute, the draft bill provides for more or less identical amendments to each of Germany's existing laws that cover the different intellectual property rights. This approach is deemed to offer particular clarity for the legal practitioner. Further, the draft bill aims to adapt German law so that it conforms with the requirements of Council Regulation (EC) 1383/2003 dated July 22, 2003, which addresses actions by customs authorities against goods suspected of infringing a third party's intellectual property rights.

The Current Position Under

German Law. It is often difficult to obtain evidence in German proceedings, especially if the allegedly infringing product or method is not publicly accessible or available. In principle, there is no obligation on a defendant to provide any kind of evidence that would allow a claimant to substantiate its allegations of infringement. However, all is not as bleak as it may seem. The German Federal Supreme Court (the *Bundesgerichtshof*) has used sections 809 and 810 of the German Civil Code to grant access to specific objects so that they can be examined. On May 2, 2002, in the landmark decision in *Faxkarte*, a copyright infringement case, the *Bundesgerichtshof* determined that there must be an appropriate procedure under which a copyright owner could preserve evidence and so demonstrate the alleged infringement. The principles of *Faxkarte* have since been applied to patent cases as well.

However, the German government has taken the view that the principles established in *Faxkarte* do not completely meet the requirements of Articles 6 and 7 of the Enforcement Directive. We will look at the proposed amendments in the context of the German Patents Act, where there is a proposed new section 140c.

Amendments to Implement Articles 6 and 7 of the Enforcement Directive. Under the new section 140c of the German Patents Act, a defendant will be obliged to submit documents or allow inspection of the alleged infringing product or process. It is a requirement that the documents that will be submitted, or the inspection of the product or process,



must be essential to enable a patentee to substantiate its claims of infringement. This is as far as it goes, however. The new section 140c will not facilitate any further investigation of a defendant's internal documents or workings.

In practice, the condition of essentiality will often be satisfied if the information is needed either to check whether an infringement has occurred at all or to verify information that is already

available. In both cases, for the German court to order production of documents or inspection, the test the court will apply is that it must be "adequately likely" that the patent has been infringed and that the production or inspection is necessary in order to prove it.

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Whether or not to order production or inspection is at the court's discretion. In determining whether to exercise its discretion in favor of granting an order, the court will take into consideration the nature of the information concerned, particularly if the information is confidential, and ensure that necessary steps are taken to provide appropriate protection of confidential information. Since *Faxkarte*, where confidential information is concerned, the practice

has been to involve an independent and neutral expert to inspect and examine the documents, product, or process or to proceed *in camera*. Section 140c is silent about how confidentiality will be maintained, so it is likely that this practice will continue. The other criterion for the granting of an order is whether it is reasonable. If the grant would be unreasonable, the court will refuse it (sec. 140c, para. (2)).

Urgent Applications. In urgent cases, an inspection order can be granted on a summary proceeding, even on an

ex parte basis (sec. 140c, para. (3)). Part 3 of section 140c refers to the general provisions of German procedural law concerning preliminary measures (sections 935 to 945 of the Civil Procedure Law). According to these provisions, the courts can grant preliminary measures, in particular preliminary injunctions, often only a few days after the related petition is filed, provided that the petitioner can demonstrate that the requirement for urgency has been met. In practice, this means that the petitioner must show that the preliminary measure is needed to prevent irreparable harm and that the petitioner acted quickly, *i.e.*, filed the petition shortly after having gained knowledge of the relevant facts. Again, if necessary, the court will ensure the secrecy of a respondent's confidential information. However, bear in mind that an order of this type does not come free. If no actual, or at least imminent, infringement can be found, the respondent is entitled to claim compensation for damage incurred (sec. 140c, para. (5)).

UNITED KINGDOM

Limited Impact of the Enforcement Directive. In implementation terms, apart from small amendments to existing legislation (such as to copyright legislation to give a presumption in favor of authorship/ownership), the current status of procedure in intellectual property matters (and civil litigation in general) left little from the Enforcement Directive to implement. (The full U.K. consultation paper issued by the U.K. IPO, including an article-by-article assessment, can be found at <http://www.ipso.gov.uk/consult-enforcement.pdf> (last visited December 16, 2007).) In fact, in relation to the key thrust of Articles 6 and 7, the U.K. decided not to implement them at all.² This is because, unlike procedure in continental Europe, U.K. procedure already has a general disclosure process, as well as specific measures in intellectual property actions.

The Obligation to Provide Standard Disclosure. The elements of Article 6 are already accounted for in the U.K. by the Civil Procedure Rules ("CPR"), which allow parties to obtain disclosure of documents relevant to the proceedings that are in the custody or control of another party (CPR, Part 31). While not as broad as disclosure in the United States, disclosure in U.K. intellectual property actions remains wider than that contemplated by the Enforcement Directive and is a standard procedure imposed as a matter of course in each action. In short, you don't have to ask the court for it. Standard disclosure requires a party to disclose the

documents (a) on which it relies; (b) that adversely affect its own or another party's case; or (c) that support another party's case (CPR, Rule 31.6). There is also the possibility of obtaining pre-action disclosure in the U.K. (the test is the same as for standard disclosure), ordered if the applicant can show that it is desirable for fairly disposing of anticipated proceedings (CPR, Rule 31.16). Further, following a principle established through case law (*Norwich Pharmacal Co. v The Commissioners of Customs and Excise* [1974] RPC 101; *see also American Home Products v Novartis* [2001] FSR 41) and maintained by the CPR, disclosure can also be ordered against a third party not involved in proceedings (CPR, Rule 31.17).

Rules Specific to Intellectual Property Cases. In intellectual property cases, there are further specific rules that define the scope of disclosure and, again, provide a more established and accessible framework for a party to access key documents than that anticipated by the Enforcement Directive. While disclosure in relation to validity of a patent is limited to two years either side of the priority date (which is more than sufficient for this issue), it is in relation to infringement that the U.K. system is really beneficial to the patentee (CPR, Part 63 PD, para. 5.1). First, the alleged infringer will be ordered to give a full product and/or process description of the alleged infringement, which must be verified by a suitable representative who *must* be made available for cross-examination (*Technip France SA's Patents* [2004] RPC 46). Further, especially in relation to process claims, the court will readily order an inspection at a defendant's premises (or other suitable venue), often attended by the judge and open as a matter of course to the defendant's expert witness. These steps provide a unique capability for a patentee to pin down an infringer well before trial and permit potentially decisive expert evidence to be led on questions of infringement, as well as informed cross-examination, without the need to fish for answers at trial. If this is not enough, there is also the opportunity (reflected in Article 6 of the Directive) to apply to the court for an order for specific disclosure of any documents the petitioning party believes to be in a party's control that would assist and that have not already been disclosed (CPR, Rule 31.12).

Confidentiality. Article 6 also refers to confidentiality. Confidentiality clubs are a frequent and necessary feature of patent actions and have been in place (in recent times)

since the principles laid down in *Roussel-Uclaf v ICI* (No. 2) [1990] RPC 45. Membership in these clubs will be extended to lawyers, experts, and members of the client (technical or otherwise) from whom instructions are taken. Simply, membership extends to anyone who can be shown to have a genuine need to know the information for the purposes of the U.K. litigation. Note, however, that a party has the right to object to the inclusion of given individuals, and the court will not readily extend a club to non-U.K. lawyers involved in litigation on the same point in other jurisdictions, as they do not need to know the information for the purposes of the U.K. litigation. It is important always to bear in mind that, under U.K. procedural rules, disclosure is given only for the purposes of the U.K. litigation; it cannot be used outside the U.K., and to do so would be a contempt of court.

The Preservation of Evidence. Article 7 addresses the ability to preserve evidence. This has long been utilized (especially in piracy, counterfeit, and trademark actions, although there is no reason it cannot extend to patent actions) in the U.K., where one can make a search-and-seizure application before proceedings start. This procedural step is derived from case law (*Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55), and for such an order to be granted, there must be a genuine concern that evidence may be destroyed. Further, and unrelated to a right to search and seize evidence for its preservation, the court also has the general power to grant an injunction in order to preserve evidence (section 37 of the Supreme Court Act 1981; section 38 of the County Courts Act 1984; and CPR, Part 25).

The remainder of the requirements of Article 7 relating to, for example, *ex parte* hearings and notifications are also already incorporated into established U.K. procedure (CPR, Parts 23 and 25 (including PD)). An important ramification of obtaining this type of order is that the court will ensure that the party that obtained the search-and-seizure order commences proceedings quickly (CPR, Rule 25.2 and PD 25, paras. 4.4 and 5.1). Therefore, such an order should be obtained only if there is a well-developed plan or strategy already in place. If not (and proceedings are not forthcoming), the petitioning party will be liable for the losses of the party against which the order was made.

The Effect of the Enforcement Directive. In conclusion, the well-established principles of U.K. procedure have long been set out in case law and, as developed by specific and streamlined procedures, have resulted in the implementation of Articles 6 and 7 of the Directive being met with a firm “no action required.” Overall, the procedures in the U.K. already provide a party with ample routes for obtaining, protecting, and preserving documentary and other evidence, routes that predate the Directive and are wider in scope than those anticipated by Articles 6 and 7.

FRANCE

Current Status. The Enforcement Directive has been implemented in France. After the vote of the Senate on September 19, 2007, the National Assembly adopted the bill on October 2, 2007. (The text is available at <http://www.assemblee-nationale.fr/13/ta/ta0037.asp> (last visited December 16, 2007).) The only step that remains to be taken is the publication of the implementation decree.

Reinforcement of Existing Procedures. The new law seeks to reinforce the provisions relating to evidence in intellectual property infringement cases. Although France, unlike the common-law countries, does not have any general discovery process, there were already some specific provisions in the French Intellectual Property Code, such as the counterfeiting seizure, that facilitated proof of infringement for the intellectual property rights holder.

For a counterfeiting seizure to be granted, the rights holder (more precisely, a patent, trademark, design copyright, or software rights holder) first requires an order from the president of the first-instance court. (The relevant articles in the Intellectual Property Code are Articles L. 615-5 for patents, L. 716-7 for trademarks, L. 521-1 for designs, L. 332-1 for copyright, and L. 332-4 for software.) After this, a bailiff is instructed to go to the counterfeiter's premises and describe and/or seize the alleged infringing goods and any documents that relate to the alleged infringement. After seizure, the rights holder must start an action on the merits before the competent civil or penal court within 15 days, or 30 days for copyright infringement cases. If this is not done, the counterfeiting seizure will be void and

the rights holder can be forced to pay damages. Further, as provided for by Article 7.1 of the Enforcement Directive, French legislation already allowed the judge to order the rights holder to provide security. The judge was obliged to request security even where the alleged infringement was of a registered design or model and the plaintiff was not French (Article L. 521-1).

Changes as a Result of the Enforcement Directive.

However, thanks to certain provisions of the Enforcement Directive, the procedure for obtaining evidence of infringement within the French intellectual property system has undergone some changes. First, the “counterfeiting seizure” will from now on be extended to the majority of intellectual property rights, including new plant varieties (section 20.2 of the Law of October 2, 2007) and appellations of origin (section 28.3 of the Law of October 2, 2007). Second, Article 6 of the Enforcement Directive, which provides the victim of infringement with a right of information, has now been implemented, providing that:

Production of documents or information can be ordered if there does not exist legitimate prevention...

The documents or required information relate to:

a) Names and addresses of the former’s producers, manufacturers, distributors, suppliers and other holders of products or services, as well as wholesalers, recipients and retailers;

b) Quantities produced, marketed, delivered, received or ordered, as well as the price obtained for the products or services in question.

(Respectively, sections 3, 12, 26, and 20 of the Law of October 2, 2007, for patents, trademarks, designs, copyright, and new plant varieties.) This provision will certainly improve the ability of the rights holder to evaluate the damage it has suffered.

CONCLUSION

Despite the fact that the Enforcement Directive has affected intellectual property enforcement measures in Europe, the options on how to obtain evidence and their extent

remain different. While the Enforcement Directive aimed to harmonize procedures throughout the European Union, in reality it does not alter the need to look at the procedures available in each jurisdiction when considering a European litigation strategy. Each of the main jurisdictions reviewed in this article—Germany, the U.K., and France—retains its own approach to obtaining and preserving evidence. The impact of the Directive in France and Germany is to supplement, rather than replace, existing procedures, while in the U.K., the current system means that Articles 6 and 7 did not need to be implemented. It is thus still advisable to examine the existing options in different jurisdictions to enforce intellectual property rights effectively on a pan-European scale. ►►

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ENDNOTES

¹ von Welser and González, *Marken- und Produktpiraterie*, page 19.

² The Intellectual Property (Enforcement, etc.) Regulations 2006 (SI 2006/1028), including the Explanatory Memorandum to those Regulations issued by the Department of Trade and Industry. *See also* 1 above.