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IP-NEWS

Amendment of IP Law in Germany as of 1 September 2008.



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Act on the Improvement of the Enforcement of Intellectual Property Rights taking effect on 1 September 2008.

The “Act on the Improvement of the Enforcement of Intellectual Property Rights“ adopted by the German *Bundestag* on 11 April 2008 was promulgated on 11 July 2008 in Federal law gazette (BGBI I 2008, 1191 et seq.). The act, which primarily serves to implement the IP Enforcement Directive (2004/48/EC), will take effect on 1 September 2008 and above all relates to amendments of the Copyright Act (UrhG), Trade Mark Act (MarkenG), Patent Act (PatG), Utility Model Act (GebrMG) and Design Act (GeschmMG).

The **purpose of the act** is to improve the position of the right-holders in their fight against product piracy and other infringements of proprietary rights.

The **amendment** of the act in particular results in modifications and reforms of the claims to destruction, recall and disclosure of information as well as in border seizure proceedings.

▪ **Claim to Destruction**

Within the scope of the claim to destruction, the act strengthens the legal position of the right-holders (Sect. 98 I UrhG, Sect. 18 I 1, 2 MarkenG, Sect. 140a I 1, II PatG, Sect. 24a I GebrMG, Sect. 43 I 1, 2 GeschmMG). As before, the infringed party continues to have a claim against the infringer that the infringing goods which are in possession of or owned by the infringer be destroyed. The previous version of the act also provided that the right-holders were entitled to claim that the infringers destroyed the materials and implements they owned. However, these materials and implements had to be used “exclusively or almost exclusively” for the production or unlawful production of the infringing goods. According to the new version, it suffices if they are “principally” intended for the unlawful acts. Consequently, the owners of the respective materials and implements can no longer rely on the circumstance that the materials and implements in dispute are also suitable for a lawful use. However, the legislator did not include a claim against the party who owns or is in possession of such materials or implements but is not the infringer. Thus there continues to be the risk that the claim to destruction is circumvented by transferring the objects to third parties.

▪ **Claim to Recall**

Another new regulation is the introduction of claims to recall and elimination which aim at definitively removing the infringing objects from the channels of commerce (Sect. 98 I UrhG, Sect. 140a II PatG, Sect. 24a II GebrMG, Sect. 18 II MarkenG, Sect. 43 II GeschmMG). The infringers must interrupt the chain of distribution by recalling the infringing goods from their customers or by requesting them to discontinue the distribution of these goods. It is a prerequisite, however, that the infringers have the power of disposal over the objects or that they are actually or legally able to influence their customers. The infringers have to bear the costs incurred by the recall or any other way of elimination.

■ **Claim to Disclosure**

As regards the claims to disclosure, the act also extends the legal position of the right-holders (Sect. 101 I UrhG, Sect. 19 MarkenG, Sect. 140b PatG, Sect. 24b GebrMG, Sect. 46 GeschmMG). Besides the origin and the distribution channels of the infringing goods, in future the infringers will also have to disclose their prices. In the event of obvious infringements or in the event of a court action brought against the infringer, the right-holder may also request third parties which are not involved as infringers or interferers to disclose information, provided that the case concerns an infringement on a commercial scale. If the party from whom disclosure is requested provides wrong information by intent or gross negligence, such party renders him or herself liable for damages payable to the right-holder.

■ **Access to Documents**

The act includes a new regulation to secure the claim for damages (Sect. 19b UrhG, Sect. 19b MarkenG, Sect. 140d PatG, Sect. 24d GebrMG, Sect. 46b GeschmG).

The right-holder may claim that the infringer submit and grant access to banking, financial or commercial documents. This claim requires that the infringements have been committed on a commercial scale, the infringer has power of disposal over the documents and that such documents are necessary for enforcing the claim for damages. If it is obvious that the claim for damages has arisen, the claim may be enforced by way of preliminary injunction.

■ **Claim to Presentation and Inspection**

Another new regulation is the claim to presentation and inspection (Sect. 101a UrhG, Sect. 19a MarkenG, Sect. 140c PatG, Sect. 24c GebrMG and Sect. 46a GeschmMG) This regulation guarantees that the right-holders have the right to secure the evidence required for the prosecution of their rights and which is under control of the probable infringer.

■ **Calculation of Damage**

There are no major modifications regarding the claim for damages. The methods for calculating the damage which have been established by German courts in the field of intellectual property law have now been especially codified. In future, the right-holders may also claim the profit which the infringer has attained by the infringement as a further factor for calculation, in addition to the concrete damage they have suffered (Sect. 97 II, 2 UrhG, Sects. 14 VI, 15 V 2, 128 II 2, 135 II 2 MarkenG, Sect. 139 II PatentG, Sect. 24 II 2 GebrMG, Sect. 42 II 2 GeschmG). Moreover, it has independently been codified that the damage may be calculated on the basis of fictive royalties which the infringer would have had to pay as reasonable remuneration if he or she had previously requested authorisation (Sect. 97 II, 3 UrhG, Sects. 14 VI, 15 V 3 MarkenG, Sect. 139 II, 3 PatentG, Sect. 24 II 3 GebrMG, Sect. 42 II 3 GeschmG). Factors such as the degree of fault on the part of the infringer have to be taken into account in assessing the reasonableness and the amount of remuneration. In applying the explicitly codified methods of calculation it is the legislator's intention that the individual methods of calculation shall be strictly separated from each other – as they have been before.

▪ **Claim to Forbearance**

In respect of the claim to forbearance the modifications are also for clarification only. With the introduction of the act, the legislator only codifies the principle, which the courts have also previously applied, that a danger of first infringement suffices for the claim to forbearance and that there is no need that a specific infringement has occurred (Sect. 97 I 2 UrhG, Sect. 14 V 2 MarkenG, Sect. 139 I 2 PatG, Sect. 24 I 2 GebrMG, Sect. 42 I 2 GeschmMG).

▪ **Simplified Procedure for destruction in border seizures**

A further important modification applies to the border seizure proceedings. Regarding the destruction of seized goods, a simplified procedure in accordance with the EU regulation relating to border seizures (2003/1383/EC) has been introduced. If the right-holder files an application for destruction within a period of ten working days or, in the event of perishable goods, within a period of three working days, after receipt of the notification and states that the goods infringe an industrial property right of the right-holder and if the declarant, the holder or the owner of the goods fail to oppose destruction within ten or three working days, respectively, the approval shall be deemed as given (Sect. 111c UrhR, Sect. 150 MarkenG, Sect. 142b PatG, Sect. 57a GeschmMG). Thus, right-holders are no longer forced to institute legal proceedings even in cases where the possessors or owners of the goods do not give their approval to the destruction but do not oppose it either, since they have lost interest in the goods.

Conclusion

All in all, the new statutory regulations clearly improve the legal situation from the viewpoint of the right-holders. They facilitate the fight against product piracy and strengthen the legal position of intellectual property rights. In particular, the possibility to obtain information on the infringer from uninvolved third parties (e.g. Internet providers, Internet platform providers, carriers) is of great importance for the enforcement of intellectual property rights. The obligation of the infringer to definitively remove the infringing goods from the channels of commerce enhances the legal position of the holder of intellectual property rights.

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