



IP / IT Update IBJ - IJE

Brussels, Belgium
October 21, 2008

I. Introduction

- **Agenda for today: update IP / IT**
- **Two closely related areas**
- **We will discuss both attack and defense strategies related to IP infringements, both in a « land-based » and « online » environment**

I. Introduction

- **Two important (and partially new) items on the table:**

(i) Saisie-contrefaçon

(Kristof Roox)

(i) Taking on intermediaries, both land-based and online

(Thomas De Meese)

II. Saisie-contrefaçon

- **Background of the saisie-contrefaçon?**
 - **All-time classic in Belgium, used very often by IP practitioners**
 - **Also known in UK (*anton pillar order*), France (*saisie*), Germany (*Einstweilige Verfügung*)**
 - **Expanded throughout Europe after IP-Enforcement Directive**

II. Saisie-contrefaçon

- A quick refresher
 - *Ex parte* procedure => element of surprise
 - Judge can order mere description of the goods by a court expert => collecting evidence for subsequent infringement proceedings
 - Judge can also order freezing of the goods => very powerful conservatory measure

II. Saisie-contrefaçon

- **“Am I really concerned? After all, I’m legal counsel in the banking sector”**
- **Typical IP-rich industries (pharma, food, media, ...)**
- **Employee takes database and goes to competitor**
- **BSA checks whether you paid for your software**
- **Parallel importer has translated your instruction manual**

II. Saisie-contrefaçon

- What's new with the saisie-contrefaçon?
 - Artt. 1369*bis* seq. Judicial Code
 - Modernized
 - Certain case law developments are now formally set forth in the law
 - New judge: President (Voorzitter) of the Commercial Court or Court of First Instance instead of Seizures Judge (Beslagrechter)

II. Saisie-contrefaçon

Some strategies to get your saisie-contrefaçon on track

...

Or off-track

...

II. Saisie-contrefaçon



II. Saisie-contrefaçon

- **Do's and don'ts from an IP holder perspective**
- **Do everything to obtain as much evidence as possible but stress the gaps in the evidence collected**
- **Make sure that you and your bank are 100% available in the hours/days after filing a request**
- **Tell your lawyer and the court everything**

II. Saisie-contrefaçon

- **How to obtain evidence?**
 - **Anonymous purchase with bailiff**
 - **Anonymous calls with bailiff (the party to a communication can tape it): allowed by Brussels court**
 - **The Internet is amazing**
 - **Do background checks (Graydon): you can even seize bank accounts**

II. Saisie-contrefaçon

- Why stress evidence gaps?
 - The courts only grant a freezing order as an ancillary to a descriptive measure...
 - ... And you won't get the descriptive measure if you already have all your evidence ...
 - ... So avoid by all means giving the impression that the saisie-contrefaçon is in fact useless or just aims at getting a freezing order

- **Why be 100% available?**
- **You may need to make some last-minute decisions**
- **The judge may order paying a deposit (football team: 12.500 €; agro-industry: 40.000 €)**
- **The judge may order hearing the adverse party**
- **The judge may impose a time-frame**
- **You always have the possibility to bail out**

II. Saisie-contrefaçon

- An illustration of the need for availability...
- Simultaneous seizure in Antwerp port and in Brussels head office: 4,5 million kilos
- Discovery that the goods were not the property of the seized company but of an affiliate
- Out of Japan, Client immediately approved additional action and within three hours an extension of the saisie was obtained
- Who says Belgian courts are slow?

II. Saisie-contrefaçon

- Why tell your lawyer and the court everything?
- A saisie is an *ex parte* procedure, and that's great
- But it also entails a big responsibility: by all means, present your negative elements positively rather than simply hiding them
- You can be held liable for misinforming the court

II. Saisie-contrefaçon

- **Do's and don'ts from the alleged infringer perspective**
 - **Be conscious of the disproportionality issue**
 - **Consider informing the IP owner**
 - **Certainly inform the court**
 - **Certainly inform your colleagues**
 - **Certainly inform your intermediaries**

II. Saisie-contrefaçon

- Disproportionality issue?
 - It takes a day to get a saisie-contrefaçon
 - It may take months/years to lift it
 - In saisie-proceedings, the judge examines the case *prima facie* (invalidity arguments and technicalities won't do much)

- **Why inform the IP owner?**
 - **Make IP owner knowledgeable of your counterarguments (nullity / non-infringement) and of your operations ('open your books')**
 - **The IP owner has a duty of honesty and risks liability in case of non-disclosure to court**
 - **The court will get informed of your arguments and may consider the saisie no longer useful**

- **Why not inform the IP owner?**
 - **Waking sleeping dogs**
 - **IP owner may think that disloyalty (i.e. not disclosing to the court) is outweighed by the advantage of getting the saisie-contrefaçon**
(« it's worth lying »)

II. Saisie-contrefaçon

- Certainly inform the court
- Make the court knowledgeable that the IP owner might file a request
- Inform the court that you have good arguments - so you must be heard
- This *protective letter* or *Schutzschrift* is common in Germany and Netherlands
- Used to be badly viewed in Belgium but this changes
- Be concise!

II. Saisie-contrefaçon

- **Certainly inform your colleagues**
- **The same as in any dawn raid situation (antitrust)**
- **Legal counsel should be the key person**
- **Draft a policy: (i) take pictures; (ii) note what has been copied/taken; (iii) ask lawyer to assess scope of court order; (iv) accompany individuals and provide office; (v) ask bailiff to note remarks; (vi) cooperate; ...**

II. Saisie-contrefaçon

- **Certainly inform your intermediaries**
 - **Transporters, packagers, manufacturers, warehouses**
 - **Seizure orders are often granted irrespective of where / with whom the goods are found**
 - **Under the new rules, intermediaries are under even more pressure**

III. Intermediaries: “Caught in the line of fire”

- “Does this really affect me? After all, my company is a transportation company”
 - » An Antwerp transportation company has two warehouses filled with 4.5 million tons of infringing foodstuffs blocked in there since March 2008 ...
 - » Another Antwerp transportation company was sued by Philips to refrain from importing infringing DVD-players...

III. Intermediaries: “Caught in the line of fire”

- **Injunction can now be obtained against intermediaries whose services are being used to commit the IP infringement**
 - » **Transportation company**
 - » **Financial services company**
 - » **...**

- **Intermediary caught between commercial interests and risk of liability**

III. Intermediaries: “Caught in the line of fire”

- Injunction not only in summary proceedings (« *référé / kort geding* ») but also on the merits (« *cessation / staking* »)
 - Life-long injunction;
 - Unclear whether this entails liability

- Procedural costs (up to 10.000 €)!

III. Intermediaries: “Caught in the line of fire”

- **Do’s and don’ts - IP owner perspective**
 - » **Include intermediaries in enforcement strategy : going after intermediary may be more effective than going after infringer**
 - » **Intermediary will often not know invalidity or non-infringement arguments**
 - » **Serving notice on the intermediary arguably changes him into an accomplice**

III. Intermediaries: “Caught in the line of fire”

- **Do’s and don’ts for the alleged infringer**
 - » **Provide for contractual duty on intermediaries to immediately inform you in case of IP infringement action**
 - » **Take the lead in organizing the defense strategy**
 - » **Back-up plan?**

III. Intermediaries: “Caught in the line of fire”

- **Do’s and don’ts for the intermediary**
 - » **Customer screening : dealing with potential infringers entails risks**
 - » **Ensure adequate warranties and hold harmless clauses in contracts**
 - » **Reduce exposure : good faith is key**

- Directive 2004/48 applies : IP holders can and do take action against online intermediaries (e-bay, marktplaats.nl, YouTube, ...)
- Specific exoneration of liability for certain types of intermediaries (E-Commerce Directive 2000/31)
- IP enforcement directive effectively reduces scope of exoneration

IV. Online Intermediaries

- Action against online intermediaries :
 - » Lancôme sues eBay (sale of counterfeit goods)
 - » Germany : Rolex sues auction site Ricardo (sale of counterfeit goods)
 - » Netherlands : Tripp Trapp sues www.marktplaats.nl (Tripp Trapp used as a generic name for other chairs)

- **Action against online intermediaries :**
 - » **Belgium : IFPI sues Seniorennet (file sharing)**
 - » **Belgium : FMCG pressures classifieds site to remove adds with generic use of trademark (e.g. a « bic » for a pen)**
 - » **UK, France, USA : litigation against YouTube, DailyMotion, MySpace, Wikipedia, ...**

- Directive 2000/31 provides « safe harbor » for :
 - » hosting (storing third party content)
 - passive (no selection)
 - content is removed upon notice or knowledge of illegality
 - => notice & takedown
 - » Caching
 - » Mere conduit

- **Directive 2000/31: court cannot impose general surveillance obligation**

- **But : is host liable if after notification and removal infringing content is posted again?**
 - » **France: yes (DailyMotion)**
 - » **Belgium: no (eBay)**

IV. Online Intermediaries

- **Germany: auction site should monitor postings for fake Rolex watches (Ricardo)**
- **Belgium: eBay does not have to monitor postings for counterfeit Lancôme products**

- **Do's and don'ts for IP owners**
 - » **Include intermediaries in enforcement strategy**
 - » **Consider forum shopping (some jurisdictions more friendly than others)**
 - » **Enforce 'notice and takedown' requests and 'self regulation'**

- **Do's and don'ts for intermediaries**
 - » **Appoint abuse team that handles notice and takedown requests**
 - » **Keep detailed records to prove 'good faith' and collaboration with notice and takedown requests**
 - » **Beware of spontaneous monitoring – it may be viewed as a 'selection' and deprive you of exoneration for hosts**

Questions?

kroox@crowell.com
tdemeese@crowell.com