

The implementation of the Enforcement Directive in France

The Model Law on Intellectual Property
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The implementation of the
Enforcement Directive in France

The implementation of the Enforcement Directive No. 2004/48 of 29 April 2004 in France

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1. Evidence of infringement

- 1.1 What has changed?
- 1.2 The *saisie-contrefaçon*
- 1.3 Right of information

1.1 What has changed?

- The Enforcement Directive was implemented in France by the 29 October 2007 Act
- Three provisions regarding the evidence of the infringement were modified:
 - ▶ Article 6: compulsory production of documents by third party
 - ▶ Article 7: the measures to preserve evidence
 - ▶ Article 8: right of information

1.2 The *saisie-contrefaçon* 1/3

- The Enforcement Directive did not imply major changes regarding the applicable procedure
- Still the most efficient way to gather evidence of infringement:
 - ▶ no *prima facie* evidence necessary
 - ▶ even against third parties (e.g regulatory authorities)
- Used in 80% of infringement actions
- More than 650 *saisies-contrefaçon* are authorized each year by the Court of Paris (in all IP matters)
- Inexpensive: the budget ranges between €5,000 and €50,000

The *saisie-contrefaçon* 2/3 The evidence most frequently used



1.2 The *saisie-contrefaçon* 3/3

- Upon authorization granted *ex parte*, a bailiff assisted by experts chosen by the claimant may enter any premises where evidence of infringement might be found:
 - ▶ to perform the authorized investigations and
 - ▶ to draft a report handed over to the right holder and later exhibited to the Court
- Defendant cannot file a protective brief (*Schutzschrift* will never be imported against *saisie*)
- As a principle, evidence gathered can be used for foreign litigation

1.3 Right of information 1/2

- The right of information did not exist, in France, before the implementation of Article 8 of the Enforcement Directive.
- Article L. 615-5-2 of the French IPC now provides that the claimant may ask the Court to order the production of information on the origin and distribution networks of goods or services infringing an IP right.
 - ▶ 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
 - ▶ the quantities produced, manufactured, delivered, received or ordered, as well as the price charged for the goods or services in question

1.3 Right of information 2/2

French judges still reluctant:

- They often require the performance of a *saisie-contrefaçon* to implement the right of information: this is disputable because neither the Enforcement Directive nor the 29 October 2007 Act establishes such a requirement
- They often accept to implement the right of information only after a decision on the merits: however, according to a recent decision of the *Cour de cassation* this right can be implemented before a decision on the merits by the judge in charge of the case preparation

2. Preliminary injunctions 1/2

- Change in the wording of Article L. 615-3 of the French IPC setting out the conditions for a preliminary injunction
- Still rarely granted although theoretically easier since the implementation of the Enforcement Directive
- Conditions :
 - ▶ No serious argument against the validity of the patent and likelihood of infringement
 - ▶ No express requirement to act swiftly (but implicit)
- Extremely rarely granted *ex parte*: according to recent French case law, mere emergency does not justify an *ex parte* procedure in order to obtain a preliminary injunction

2. Preliminary injunctions 2/2

- No UK “clear the way” doctrine
- Security can be ordered
- An action on the merits has to be launched quickly, failing that, the preliminary injunction might be revoked
- If the interim injunction is revoked, or in absence of infringement, the defendant receives a compensation
- Defendant cannot file a protective brief (*Schutzschrift* not imported so far)

3. Compensatory measures

- 3.1 Damages
- 3.2 Recall of products
- 3.3 Destruction of products
- 3.4 Publication of the judicial decision

3.1 Damages

- Statute of limitation of 3 years
- Remedies available:
 - ▶ Injunction
 - ▶ Delivery up, destruction of infringing goods
 - ▶ Court-appointed expert (or inquiry) to assess damages:
 - ▶ lost profits (frequent) or reasonable royalty or a combination of both
 - ▶ no account of profit, but infringer's profits taken into consideration to increase damages
 - ▶ price erosion, springboard effect
- The unsuccessful party pays $\frac{1}{4}$ to $\frac{1}{2}$ of the other party's costs

Assessment of damages in France

Article L. 615-7 of the French IPC, implementing Article 13 of the Enforcement Directive, sets out the following rules regarding the assessment of damages in France:

- When the patentee or the licensee works the invention and was able to make the infringer's sales, his damage is assessed in terms of a loss of profit on the lost sales
- When the patentee does not work the invention or when he was not able to make the infringer's sales, his damage is assessed in terms of lost royalties
- Combination of the two methods when the patentee was not able to make all the infringer's sales

Assessment of damages in France

- Article L. 615-7 of the French IPC is ambiguous: theoretically it is not an option to request the infringer's profits but a few decisions awarded these profits to the right holder
- However, it is always possible to take into account the infringer's profits in order to increase damages
- No punitive damages
- The Enforcement Directive, implemented by the 29 October 2007 Act, gives more options to the right holder notably by allowing him to chose between the system of lost profits or the lump sum corresponding to the lost royalties

Paris TGI 2000-2009

The largest damages award

Date	Parties	Total damages
14/01/2009	Agilent Technology Deutschland GmbH, Hewlett-Packard GmbH / Waters Corporation, Waters SAS	€4,317,180
09/10/2009	Legrand, Legrand SNC / Alternative Elec	€3,301,000
14/09/2007	Philips Electronics / Manufacturing Advanced Media Europe	€2,000,000
14/05/2003	Dentsply Research & Development Corporation, / Electro Medical Systems	€1,256,178
29/10/2008	L'Air Liquide/ Yara France	€1,195,050
16/09/2009	Hager Security formerly Atral / Cedom, Leroy Merlin France	€1,184,806
09/11/2004	Schneider Electric Industries / Wenzhou Fly-Dragon Electric	€1,000,000
12/09/2007	SEB / De Longhi	€989,858
08/03/2006	Citec Environnement / K.A. France, Ssi Schaeffer	€693,653
28/01/2009	Treves / Visteon Systèmes Intérieurs	€530,000
10/07/2002	Sedac-Mecobel / J.P. Gruhier SA, Styling	€517,036
04/12/2001	Fernand Scherrer, Normalu / New Mat	€352,380
23/02/2007	PTC / Anlagentechnik-Baumaschinen-Industriebedarf Maschinenfabrik und Vertriebsgesellschaft, Hks Dreh Antriebe	€306,347

3.2 Recall of products

Article L. 615-7-1 of the French IPC, implementing Article 10 of the Enforcement Directive, sets out the following rules regarding the recall of products from the channels of commerce:

- At the request of the applicant, the court may order the recall of the goods that have been found to infringe an intellectual property right
- The goods concerned as well as the materials and implements used for their creation may also be removed from the channels of commerce
- However, the distinction between "recall" and the "definitive removal" from channels of commerce is not clear-cut under French legislation
- Another point which could be clarified is how to apply these measures if the goods are no longer in the possession of the infringer

3.3 Destruction of products

- According to Article L. 615-7-1 of the French IPC, the court may order the destruction of counterfeit or pirated goods
- It seems that this measure cannot be ordered during preliminary proceedings
- As to the costs of the destruction of the infringing goods, consideration could be given to how to ensure that these costs can be imposed by the court directly on the unsuccessful party

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3.4 Publication of the judicial decision

■ Article 15 of Directive No. 2004/48 of 29 April 2004 : Publication of judicial decisions:

"Member States shall ensure that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision, including displaying the decision and publishing it in full or in part. Member States may provide for other additional publicity measures which are appropriate to the particular circumstances, including prominent advertising."

■ This compensatory measure is available in France and can be found in Article L. 615-7-1 of the French IPC.

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