

# France

## How to build an IP rights infringement case

In civil proceedings the burden of proof requires the plaintiff to provide the judge with the relevant documents or information in support of its claim. Therefore, in principle, the plaintiff must prove each element of the claim in order to convince the judge of its merits.

Moreover, the plaintiff must demonstrate entitlement to the relief sought, in particular to monetary compensation. Despite the recent changes in damages calculation introduced into French law under the EU IP Rights Enforcement Directive (2004/48/EC), the courts do not allocate punitive damages. Thus, the assessment of damages in case of IP rights infringement depends on the plaintiff's evidence as to the importance of the infringement.

Fortunately for IP rights holders, French law now offers a wide range of efficient tools for gathering the required evidence – some for use before launching an action and others for use during the proceedings.

### Gathering proof of infringement before launching an action

When an infringement occurs, the collection of evidence is not always easy. Indeed, the infringer may try to destroy or hide documentation establishing the infringement. Therefore, IP rights holders must rapidly secure as much evidence of the infringement and its extent as possible. This requires prompt action, discretion and strategy.

The best way to collect evidence of an infringement is to initiate a *saisie-contrefaçon* proceeding (literally, an 'infringement seizure'). However, as under French law IP infringement can be proven by any means (eg, affidavit, bailiff reports), rights holders tend to collect evidence with the support of a bailiff. When the rights holder discovers that infringing goods are being imported into France, it can take preventive measures by requesting the intervention of the customs authorities.

### *Saisie contrefaçon* procedure

Article 7 of the EU IP Rights Enforcement Directive

requires the courts to order "prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement... 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 rights holder or where there is a demonstrable risk of evidence being destroyed".

The *saisie-contrefaçon* procedure has met these requirements for years. Enacted in the 18th and 19th centuries for copyrights, patents and trademarks, it can now be used for any IP right. It is used in up to 80 per cent of infringement proceedings to collect proof against an infringer before initiating a court action.

The *saisie-contrefaçon* is an *ex parte* procedure that can be brought by anyone who is eligible to file an infringement action. The plaintiff's counsel appears before the first instance court to present evidence that the client owns IP rights and that those IP rights have been or are about to be infringed.

Once the seizure order has been granted by the presiding judge, the plaintiff must appoint a bailiff to carry it out. The defendant is informed of the seizure only when the seizure operation takes place, which avoids any risk of destruction of the relevant information.

The bailiff's action is strictly limited by the terms of the seizure order. The order allows the rights holder to obtain a detailed description of the allegedly infringing goods, the physical seizure of these goods or samples thereof, and a copy of documents and any other information proving the existence and scope of the infringement.

Following the seizure, the rights holder has 20 business or 31 calendar days (whichever is longer) to initiate an infringement action before the competent first instance court. Until October 31 2009 all 180 first instance courts could hear IP rights matters, except patent and plant breeders' rights matters, for which only a few first instance courts had jurisdiction. However, a

new regulation, effective from November 1 2009, allocates first-instance jurisdiction to IP rights matters as follows:

- 10 first instance courts for plant breeders' rights matters;
- seven for patent matters; and
- nine for trademark, copyright, design and geographical indication matters.

If no action is initiated within the specified timeframe, the seizure will be declared null and void and the plaintiff will not be entitled to use before the courts the information and documents obtained through the seizure.

#### Collection of evidence supported by a bailiff

Rights holders can collect evidence themselves without going through a *saisie-contrefaçon*. However, in such cases rights holders generally use a bailiff in order for the information collected to have evidential value before the court.

#### Bailiff's report of purchase

One of the easiest ways to prove that allegedly infringing goods are being sold is to purchase the infringing goods and ask a bailiff to proceed with a report of the purchase. After the claimant purchases the goods the bailiff, standing outside the premises, reports that the suspected goods were bought in the specific establishment at a given date and time. He seals the suspected goods and a receipt of purchase, which can be then produced before the court.

#### Bailiff's report regarding a website

Similarly, a rights holder can ask a bailiff to draw up a report with respect to a website presenting infringing elements or selling allegedly infringing goods. The bailiff describes in a report the content of the explored web pages, prints the relevant pages and certifies them. The report is then filed with the court as evidence of the infringing activity.

Practice reveals that it is almost impossible in France to prove that infringing activities are being conducted on the Internet without a bailiff's report. Indeed, French judges usually refuse to give any evidential value to a website print-out by the rights holder.

#### Customs intervention

The range of infringing products in international trade has expanded rapidly in recent years: in 2008 around 178 million infringing products were seized at European borders. In the same year, 6.5 million infringing

products were intercepted by French Customs. Thus, at both French and EU levels, Customs deals with IP rights infringements rights on a daily basis.

At EU level, EU Regulation 1383/2003 lays down measures to prohibit the release for free circulation, export or re-export of counterfeit goods. The EU customs regime allows Community rights holders to obtain customs support across the whole European Union through a single application.

At national level, the French customs regime retains non-negligible benefits as Customs has the power to act anywhere within the national territory, including French overseas territories, and the power to seize products that have already crossed the borders of other EU member states.

Customs may, on its own initiative, suspend the release of goods or detain them for three working days when there are sufficient grounds to suspect that these goods infringe an IP right. However, to obtain Customs' support in tackling an infringement, the rights holder must file an application form before the identification of suspect goods by Customs. The application is valid for one year but can be renewed without limitation. When Customs stops suspected infringing goods, it contacts the IP rights holder in order to inform it that goods have been seized. Upon confirmation that the products are indeed infringing products, the rights holder can request a waiver of professional secrecy from Customs in order to obtain information regarding the withheld goods, the names and addresses of the expeditor and importer and the addressee of the goods. However, this information is communicated for the sole purpose of launching legal proceedings.

On the basis of the evidence gathered, the rights holder chooses whether to initiate a legal action. It must act quickly as the suspected goods will be released if an infringement lawsuit is not initiated within 10 working days of notification of the detention.

#### Gathering proof of infringement during legal action: the right of information

When a plaintiff has sufficient evidence to bring a legal action, but also wishes to obtain further information as to the extent of the infringement, it can do so through the exercise of the right of information.

#### Implementation of right of information

The right of information is a new tool provided for by Article 8 of the EU IP Rights Enforcement Directive. Some commentators have qualified it as an essential tool, as it helps plaintiffs in the collection of evidence. Its main purpose is to enable rights holders to obtain

information as to the extent of the infringement in order to assess better the damage suffered and strengthen their claims for remedy and monetary compensation. Indeed, the right of information compels the defendant – and anyone else involved in an infringement case – to produce information regarding the origin of the offending goods and their distribution channels, as well as contact information and the identity of any third parties involved.

The right of information is particularly adapted to international infringement cases, as international distribution channels are often difficult to identify.

The directive was due to be implemented in all member states by April 29 2006, except for countries where implementation was unnecessary as local law already included provisions relating to the right of information (eg, Belgium). In France, the right of information was enacted through the Anti-infringement Law (October 29 2007). The right of information provided by French law is even broader than that provided by the directive. Indeed, while the directive specifies that the right of information may be invoked only against persons involved “on a commercial scale”, French law makes no such reference. Therefore, the right of information is available for all types of infringement, regardless of extent. However, it is limited to civil matters.

Before the enactment of the 2007 law, the Code of Civil Procedure provided a procedural tool that allowed a party to ask the judge to order the communication of information held by the opposing party. However, this tool was applicable in all civil proceedings, not solely IP rights matters. Therefore, the enactment of the right of information specific to IP rights infringement matters encourages plaintiffs to consider this option when they need further information.

The courts have already rendered numerous decisions with respect to the right of information.

#### Conditions for exercise of the right of information

The Anti-infringement Law sets out the conditions required for a rights holder to be entitled to exercise the right of information:

- The rights holder must have launched proceedings on the merits; and
- The request must be justified and proportionate.

These conditions have been further refined by the courts, which have dealt with claims based on this new evidentiary tool over the past two years. In particular, judges and scholars have divergent opinions on the timing of application of the right. Some take the position

that the right of information applies only after the judgment on the merits has been rendered, meaning that the judgment on the merits would order the practical application of the right of information and the plaintiff would have to bring the case a second time before the court once it has obtained the requested information. Others take the position that the reference in the text to the broad term ‘civil proceedings’ encompasses all types of civil action, including the preparation phase of the proceedings (ie, where briefs containing arguments on the merits are exchanged between counsel but not yet discussed with the judge).

In this respect, most decisions rendered in France hold that the judge in charge of preparing the case for trial has jurisdiction to order the communication of relevant information. It is thus possible for the plaintiff to invoke the right of information early in the proceedings in order to obtain the information needed to build a case and claim damages. The same applies in Belgium.

Regarding the second condition related to the justification and proportionality of the request for information, many French judges see the right of information as a subsidiary tool. They believe that it is up to the plaintiff to build the case and that the plaintiff can obtain information under other specific procedures – either the *saisie-contrefaçon* or customs intervention. This solution has been adopted in Germany and Italy, where the request is often complementary to other requests.

This conservative position of some European courts could be explained by the novel character of the right of information in countries where no similar rights existed before.

#### Type of information that can be obtained

In the event that the right of information is granted by the judge, the court can order the defendant and any other implicated person to produce documents.

The right of information is intended to be limited to the determination of the origin and channels of distribution of the infringing goods. Unlike the laws of countries such as Belgium, French law provides a list of the information to be disclosed:

- the name and address of the producer, manufacturer, distributor, supplier and other prior possessors of the infringing goods or services, as well as the name and address of the wholesaler or retailer; and
- information regarding the quantity of products that have been produced, commercialised, delivered, received or ordered, as well as the price obtained for the products and services in question.

In practice, the analysis of decisions rendered in this respect by the courts reveals that plaintiffs have obtained information through a number of avenues. For instance, the courts have ordered communication of the following information:

- turnover, profit margin, payout ratio, annual accounts, financial and accounting documents;
- documents relating to importation and customs documents;
- commercial and advertising documents;
- documents and information as to the duration of commercialisation of the infringing goods;
- the number and identification of pseudonyms used by a seller on an auction website, sales history and commissions earned by this auction website on each sale;
- the correspondence exchanged between the seller and buyers (users of an auction website); and
- website visitor statistics and the geographical origin of a website's clients.

All these elements are intended to assist the plaintiff in assessing the extent of the infringement and the harm suffered to make the most accurate damages claim possible.

This information can also enable the plaintiff to learn more about the distribution channels of the infringing goods, and possibly the manufacturing process and importation channels. This can help rights holders in their fight against infringement, allowing them to extend ongoing legal actions or to bring a

separate action against other persons involved in the infringement.

### Conclusion

These specific legal tools are intended to remedy the difficult assessment of the actual prejudice suffered by the plaintiff and the claim for damages. Stronger proof of infringement and of the harm suffered can lead to a greater award of monetary compensation and encourage the application by the judge of other penalties provided for by French law (eg, injunctions, recall of infringing products, publication of the judgment).

A parallel can be drawn between the new right of information and the discovery process in common law countries. Indeed, the discovery process allows the plaintiff to obtain broad information in support of the claim, as it entitles the plaintiff to force the defendant (or even parties that are not involved in the legal proceedings) to disclose any document which may be relevant to the case and to reveal information, such as the identity of third parties which may possess information about the case.

However, either because the right of information is too recent (in France, it dates back only to October 2007) or because there were already efficient tools available to obtain such information, the right of information is not currently seen in France as a right *per se*, but rather is considered when the plaintiff has no other options. Thus, it seems safer for IP rights holders to use the powerful tool of *saisie-contrefaçon* before filing a request with the judge to exercise the right of information.



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