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World
Trademark
Review

Anti-counterfeiting 2009

A Global Guide

France

Contributing firm
Casalonga Avocats



Author

Caroline Casalonga

Legal framework

French regulations

IP regulation is codified within the French IP Code. The code was amended by the Law of October 29 2007 against Infringement (1544/2007), which implemented the EU IP Rights Enforcement Directive (2004/48/EC). The amendment was followed by the application of Decrees 2008-624 and 2008-625 of June 27 2008.

Articles 38, 215, 215bis, 323, 414, 426, 428 and 437 of the Customs Code also apply.

EU regulations

The relevant EU regulations are as follows:

- the Council Resolution of March 13 2006 on a customs response to the latest trends in counterfeiting and piracy (OJ C67, March 18 2006);
- Commission Regulation 1891/2004, laying down provisions for the

implementation of the EU Customs Regulation 1383/2003 (OJ L328, October 30 2004), amended to include two new member states (OJ L261/12, October 6 2007);

- the EU IP Rights Enforcement Directive;
- the EU Customs Regulation (1383/2003) concerning customs action against goods suspected of infringing certain IP rights and the measures to be taken against goods found to have infringed such rights; and
- Council Regulation 515/97 on mutual assistance between administrative authorities of the member states, and cooperation between the latter and the commission to ensure the correct application of the law on customs and agricultural matters (OJ L82, March 22 1997).

Border measures

The customs authorities have broad investigative and anti-counterfeiting powers, including the right to seize counterfeit products. They act not only at

the borders, but throughout the whole French territory. Any individual transporting products into or through France must have documents evidencing the genuine origin of such products (eg, an agreement or invoice).

Two types of measure can be taken by the customs authorities:

- the detention procedure, subject to a preliminary customs application by the rights holder; and
- the seizure procedure, limited to trademark and design infringement.

Customs detention procedure

Generally, prior to detaining any goods, the rights holder must file an application for action by the customs authorities. Such application may be specifically for France or may be an EU application designating France among other member states. When filing an EU customs application designating France, it is advisable to file a translation thereof for the French customs authorities. The application is valid for one year, renewable on an annual basis. It is

recommended that all rights holders file such an application for all their IP rights as this constitutes the most efficient and cost-effective weapon against counterfeit goods.

In the application the rights holder indicates the IP rights concerned and provides information on the authentic goods, as well as any information that may help the customs authorities to determine whether goods are genuine, including a report on the differences between authentic and infringing goods. The rights holder must also sign an undertaking to pay all costs incurred through keeping goods under customs control, including destruction costs.

The application provides the customs authorities with useful information for their investigations, including the contact information for the rights holder's representative (most frequently an attorney), who will be contacted to confirm whether the products detained are genuine.

The customs authorities may detain all products that appear to infringe declared IP rights. Furthermore, even if the IP right in question has not been declared, the customs authorities may detain suspect goods for three working days, during which time the rights holder may file the aforementioned customs application.

The customs authorities will inform the rights holder or its representative of the products detained. They may take pictures and forward them to the rights holder for confirmation as to whether the products are counterfeit. From the date on which the goods are detained, the rights holder has a non-extendable 10-day period to file an infringement action or take further measures. For the sole purpose of filing an infringement action, the rights holder may request additional information on the origin, provenance and destination of the infringing goods.

If the rights holder takes no action within 10 working days, the customs detention procedure is terminated and the products may be released. However, if the rights holder confirms that the products are counterfeit, the customs authorities may decide, of their own volition, to seize the products and file an action based on breach of the French customs regulation, discussed below.

Seizure procedure

The seizure procedure applies to trademark and design infringement. It is based on a breach of the French customs regulation, pursuant to which any export or import of trademark or design-infringing products is prohibited. Accordingly, the customs authorities may, on their own initiative, seize

any goods that infringe trademark or design rights. As a result, the products are taken off the market and placed under their control.

The rights holder and the public prosecutor are informed of the seizure and may decide to file an infringement action. However, such action is independent from the action that the customs authorities may decide to bring.

Depending on the extent of the infringement, the customs authorities may either negotiate a settlement with the infringer or file a criminal action before the courts. For a limited number of products, the customs authorities generally negotiate a settlement with the infringer pursuant to which it agrees to surrender the seized products for destruction and, in turn, the customs authorities agree not to file a court action against the infringer. In more serious cases, however, the customs authorities can and will file a criminal action against the infringer (a so-called 'tax action') for breach of the customs regulation, discussed below.

Criminal prosecution

Key points

Actions may be filed by the customs authorities on the basis of a breach of the customs regulation for trademark infringement. Criminal actions may also be brought by the public prosecutor and/or by the rights holder on the basis of an IP infringement. The rights holder may also simply join the action filed by the customs authorities to request damages.

Under the IP Code, the distribution, offering for sale or rent, sale, import, export or manufacture of products that infringe IP rights constitutes a criminal offence.

Under the Customs Code, trademark infringement constitutes a tax offence brought before the criminal courts.

The following criminal procedures may be brought against the infringer for both infringement and tax actions:

- flagrant felony – the alleged infringer must appear immediately before the court (decision granted within a few weeks);
- direct citation – the plaintiff has sufficient evidence of the infringement and does not need to make an additional investigation (decision within about six months); and
- regular criminal infringement action – the brief of summons opens a judiciary investigation before the so-called 'instruction' judge, who will conduct the investigation and then forward the case to the court for judgment (decision within one to three years).

If the customs authorities file an action, it is recommended that the rights holder join the action, which will allow it to recover damages while incurring limited costs. If the customs authorities do not file an action and the number of products seized is limited, it is advisable to file a direct citation, which does not entail significant costs and is an effective mechanism for deterring counterfeiters. A regular criminal infringement action with a judiciary investigation should be limited to important cases where it is believed that the investigation will uncover a large counterfeiting network.

Preliminary measures

The customs authorities will keep the alleged counterfeit products that they have seized until the court issues its decision.

In the event of flagrant felony, the individual suspected of infringement may be placed in custody until the court grants its decision. However, he or she may be released upon payment of a guarantee.

Remedies

IP infringements are punishable by imprisonment for between three and five years, and a fine of between €300,000 and €500,000. The penalties may be doubled for repeat offenders. The court may order the destruction of the goods and of the equipment used to manufacture the products. It may also order the closure of the infringing entity for up to five years. In addition, if the rights holder is party to the procedure, it may ask for the payment of damages.

Under the Customs Code, trademark infringement constitutes a tax offence punishable by a maximum of three years' imprisonment and a fine of between one and two times the value of the products seized. When the infringement is committed by an organized criminal group, the penalty can be up to five years' imprisonment and a fine equal to up to five times the value of the products. The court may also order the destruction of the products, as well as the confiscation of the equipment and other items that helped in the perpetration of the fraud.

Civil enforcement

Key points

Special courts have exclusive jurisdiction for all IP matters. As the courts are specialized, they generally render better-reasoned decisions than the criminal courts. Moreover, the level of damages awarded is generally higher before the civil courts.

The rights holder may bring an infringement action before the civil courts. Under the IP Code, the distribution, offering for sale or rent, sale, import, export or manufacture of products that infringe IP rights constitutes a tort.

Preliminary measures

The rights holder may ask the court, in an *ex parte* procedure, to authorize an infringement seizure in order to collect evidence of the alleged infringing acts. The court order allows a bailiff to seize samples of the relevant products and brochures and to make copies of documents, including accounts showing the origin and extent of any infringement. The rights holder can compile a seizure report based on this evidence.

Further to the seizure, the rights holder must file the infringement action within 20 working days or 31 calendar days according to Decree 2008-624. If the action is not introduced within such period, the seizure report is no longer admissible as evidence.

In addition, the court may order any preliminary measure designed to prevent imminent harm to IP rights or to cause the cessation of infringing acts. Urgent preliminary measures may also be ordered in *ex parte* procedures when the circumstances are such that a delay would cause irreparable harm to the rights holder. In order to take such preliminary measures, the court requires evidence of actual or imminent infringing acts. The court may prohibit all alleged infringing acts and order the seizure of all allegedly infringing products.

If the rights holder can prove that there is a risk that it may not recover the requested damages at the time of the decision, the court may order the preliminary seizure of the alleged infringer's assets, including its bank accounts. The court may also grant a provision where the damages cannot be reasonably contested.

All these preliminary measures may be subject to guarantees from the rights holder and are subject to the filing of an infringement action within a period to be determined by decree.

Remedies

Before Law 1544/2007 came into force, the French courts granted damages on the basis of the loss suffered by the rights holder, without taking into consideration the infringer's profits. However, since the implementation of the new law the courts must consider the negative impact of the infringement, including not only the loss of profits, but also the infringer's profits and the moral harm to the IP right. Article L716-14

of the IP Code states that the court may, as an alternative, grant the rights holder damages equivalent to the royalties that it would have received had the infringer been a licensee.

In addition, the court may order the publication of extracts of the decision in newspapers or magazines and on websites. The court may also order the destruction of the infringing products, and of the instruments and materials used in their manufacture, at the defendant's cost.

Anti-counterfeiting online

Unauthorized internet commerce

Customs have reinforced inspections of merchandise sent by mail or express freight with the objective of intercepting counterfeit articles purchased online. In 2006 more than 75,000 articles were seized this way.

The sale of counterfeit products on internet auction websites or retail websites is an infringement. Individuals offering counterfeit products for sale on the Internet that are available to French consumers may be sued before the French courts.

In addition, the French courts consider that the unauthorized sale and use on the Internet of keywords reproducing registered trademarks constitute infringing acts. As such, the Paris Court of Appeal confirmed a first-instance decision that found Google Inc liable for trademark infringement for having sold keywords associating the words 'fake', 'copies', 'imitation' and 'knockoff' with the trademark LOUIS VUITTON. The court ordered payment of damages of €300,000 and a penalty of €8,000 per day for non-compliance (Paris Court of Appeal, *Google v Louis Vuitton*, September 11 2006).

Online investigation strategies

The best online investigation strategy is to monitor continuously Google, eBay and other important auction and specialized online sales websites. In addition, when applicable, the rights holder (or its attorney) should use the relevant IP rights notification procedure (eg. eBay's Verified Right Owner policy).

Preventive measures/strategies

Product identification

The quality of counterfeit products makes it increasingly difficult to identify fakes. Accordingly, it is crucial to identify each genuine product with an identification number. With that number, the rights holder can immediately identify the origin of the product and know whether it is genuine, where it was manufactured and whether it

was duly authorized for the EU market. This will enable the rights holder to confirm to the customs authorities within the 10-day period whether the products retained are counterfeit and should be seized, or whether they may be released.

French translation of EU customs declaration

The practice of EU-wide and French customs declarations shows that in order to obtain good customs results in France, it is crucial to submit a French translation of the EU-wide declaration (generally filed in English) to the French customs authorities.

Police and customs information

The French police and customs authorities are very efficient in their actions against counterfeiters. The rights holder or its attorney should liaise closely with Customs and the police, and notify them of:

- any new product lines;
- any change of place of manufacturing; and
- new counterfeit products that may have been found in other countries.

Such reports demonstrate the rights holder's interest in fighting counterfeiting and may give the authorities a greater incentive to defend those rights. [WTR](#)

Biographies Casalonga Avocats

Casalonga Avocats

5/7 avenue Percier,
75008 Paris, France

Tel +33 1 45 61 22 31

Fax +33 1 45 61 12 34

Web www.casalonga.com

**Caroline Casalonga**

Partner

c.casalonga@casalonga.com

Caroline Casalonga has been practising IP law since 1993. She founded Casalonga Avocats, one of the leading and largest French IP law boutiques, in 2005. Casalonga Avocats is the litigation partner for Casalonga & Josse, an established patent and trademark attorney firm. Ms Casalonga graduated from Paris II, Panthéon-Assas and has a master's in IP law. She has worked for a large US IP law firm in New York and has an LLM degree from Cornell University. She has extensive experience in anti-counterfeiting actions, including customs actions and IP litigation. She is a member of the International Trademark Association, the International Anti-counterfeiting Coalition, the International Association for the Protection of Intellectual Property (AIPPI), the European Communities Trademark Association and the *Association des Praticiens du Droit des Marques et des Modèles*.