

Contributing firm
CEALAW – Campello Estebanz abogados



Author
Reyes Campello

Legal framework

Various statutory instruments provide for anti-counterfeiting measures in Spain.

Several EU regulations apply directly in this field, including those on customs borders measures, which standardize border seizure proceedings within the European Union:

- the EU Customs Regulation (1383/2003) and the corresponding Implementation Regulation (1891/2004);
- several substantive EU regulations on various IP rights (ie, the Community Trademark and Community Design Regulations); and
- the European Commission's Green Paper and EU Directive 2004/48/EC (which have both been implemented into Spanish law).

The remaining laws are laid down in several national codes:

- the Trademarks Act;
- the Patents Act (the enforcement regulation applies to all IP rights);
- the Civil Procedure Act;
- the Criminal Code and the Criminal Procedure Act;
- Law 19/2006, which extended the protection of IP rights and implemented various EU regulations;
- Royal Decree 1224/2005, which created and regulates a special commission for the enforcement of IP rights; and
- the Unfair Competition Act and the General Law on Advertising.

Border measures

The EU Customs Regulations applies directly to border measures. Therefore, both EU and national IP rights entitle the rights holder to avail of customs measures. The competent authority is the Customs and Special Taxes Department.

An application for border measures must follow the standardized form and satisfy the requirements established by EU Regulation 1891/2004. No deposit or

guarantee is required, but only a declaration accepting liability. In practice, the seizure of the goods is usually maintained until the final court decision determines the party that is to bear the costs and damages.

Customs registration lasts for one year, which may be extended at the rights holder's request for a further or subsequent years.

EU action

If the application is based on EU IP rights (ie, Community trademarks or Community design rights), it is automatically transferred by the Spanish authorities to all EU jurisdictions or those designated in the form. Few EU countries require a translation. There is efficient cooperation between the Spanish authorities and other EU customs authorities. Both the initial application and any new information or documentation are electronically forwarded to all designated states.

Spanish action

Customs may act *ex officio*, but will not itself commence any legal action against the

infringers. Where it suspects infringement, it will detain the alleged counterfeit goods and contact the rights holder or designated local representative domiciled in Spain or the European Union. There is then a very short timeframe (three days) in which to inspect the goods and file a border measures application.

In practice, only evident infringements of well-known rights are covered by this action. It is thus advisable to file a specific motion designating a representative who can inspect the goods and facilitate the work of Customs.

If a motion for official action has been filed, Customs will suspend despatch of the goods and notify the designated representative and the consignee or declarant of the shipment accordingly. There is then a 10-day period (which may be extended to 20 days) during which the representative can inspect, photograph and receive samples of the goods, as well as relevant information about the shipment. Within the same period (20 days), the rights holder must initiate a legal action (civil or criminal) and notify Customs accordingly.

If a legal action is initiated, the goods will be left under the supervision of Customs until the court determines their fate. Otherwise, the goods will be despatched.

During the same period, the rights holder and the owner of the goods can reach an amicable solution to the dispute or agree to the destruction of the goods. In such cases, Customs will destroy the seized goods without any need for further legal action. The only requirement is to give evidence of such agreement or the tacit consent of the owner of the goods, as well as a declaration of the rights holder regarding the counterfeit nature of the goods. The costs of destroying the goods will be borne by the rights holder, unless clearly assumed by the owner of the goods.

This last amicable solution was established by EU Regulation 1383/2003. However, it is always possible to reach a settlement during the proceedings or before the case comes to court.

Criminal prosecution

Criminal proceedings are faster and more effective than civil proceedings in terms of achieving immediate cessation of the infringement. However, civil enforcement affords more wide-ranging remedies.

The Criminal Code provides that infringements constitute a criminal offence if they are committed without the consent of the rights holder and with knowledge of the registration of the IP right.

Under the same circumstances, mere possession with the intent of selling,

distributing or offering for sale is also considered a criminal act.

Parallel imports are treated in accordance with the European Court of Justice (ECJ) doctrine on the exhaustion of rights (*DAVIDOFF* and *SILHOUETT Cases*). The unauthorized import of goods that are legally or illegally produced and marketed outside the European Union is considered a criminal act, but not the import of goods acquired in any EU member state from the rights holder or from authorized third parties.

In principle, IP crimes are pursued by the courts *ex officio*. The police and Customs carry out initial prevention and seizure measures without the need for criminal proceedings. However, the rights holder's prompt intervention is essential in order to ensure the effective pursuit of these crimes. Generally, the counterfeit or genuine nature of the seized goods must be determined and in most cases it is necessary to press charges.

Following some modifications to the Criminal Code (LO 15/2003 and Circular 1/2006), the protected subject matter is clearly the exclusive rights of the rights holder, and not the rights of consumers. Previously, the courts would require that consumers have suffered some damage through being misled before recognizing the existence of a crime.

Another key change introduced by LO 15/2003 is the possibility for flagrant piracy crimes to be judged through expedited proceedings provided for under the Fast Trials Act under certain circumstances. To qualify for expedited proceedings, the crime must be flagrant and the circumstances must indicate that a clear and simple case can be built (ie, the inquiry can be concluded in a short period of time).

All other IP crimes that do not satisfy these requirements will be dealt with through the general process.

Preliminary measures

The police and Customs will keep the alleged counterfeit goods in their custody until a final court decision has been issued. However, in many cases the court orders the goods' destruction once it has been determined that they are counterfeit.

The suspect may also be placed in custody. However, he or she will normally be released until the trial (in some cases upon payment of bail).

Remedies

Criminal proceedings provide for punishment of the counterfeiter and forfeiture and destruction of the counterfeit

goods. The available penalties are imprisonment of between six months and two years and a fine determined by the court in light of the circumstances, up to a maximum of €400 per day for 12 to 24 months.

There are certain specific aggravating circumstances for particularly damaging crimes due to their economic importance, as a result of the damage caused or where committed by an organized crime network or by minors. Such infringers can be imprisoned for up to four years and suspended in their profession for up to five years.

The verdict is published in official gazettes and any other medium at the rights holder's request. If the prosecuted party is convicted, it will also be ordered to bear all costs of the proceedings, publication of the verdict and destruction of the goods.

Finally, damages can be claimed in the same proceedings or in a separate civil action. In criminal proceedings the judge has wide discretion to evaluate the total sum of economic loss and moral damages. Generally, the level of damages awarded is higher before the civil courts.

Civil enforcement

Special commercial courts have exclusive jurisdiction for all IP matters. As the courts are specialized, they generally issue better-reasoned and more standardized decisions than the criminal courts.

For cases involving Community trademarks and Community design rights, there is only one court in Spain, located in Alicante (first and second instance). Its judges are in close contact with the Office for Harmonization in the Internal Market and render consistent and reliable decisions that can be enforced against third parties throughout the European Union. This court has sole competence for actions and claims where neither the defendant nor the plaintiff has a residence or establishment within the European Union.

In addition, as stated above, the level of damages awarded is generally higher than before the criminal courts.

Finally, a key advantage of civil proceedings is a specific preliminary procedure for IP infringements provided for under the Patents Act. It offers the possibility to obtain all necessary information about the infringement in order to substantiate the claim. It enables the court, at the rights holder's request, to inspect the location of the defendant and the means of production of the counterfeit goods, and to obtain details of the origin, distribution channels and networks involved

in the infringement, as well as bank, financial and commercial documents and the like. These measures are granted in expedited *ex parte* proceedings, subject to guarantee from the rights holder.

Preliminary measures

The holder can request preliminary injunction measures to ensure the effectiveness of legal action and the eventual decision – in particular, those provided for under the Patents Act:

- cessation of the infringement;
- seizure and deposit of counterfeit goods and their means of production;
- guarantee of possible compensation; and
- any required records or registrations (ie, provisional notations in the registry).

This list is not exhaustive and other measures are available – in particular, those provided for under the Civil Procedure Act (eg, court administration of assets, production of an inventory).

Injunction claims may be filed together with the main claim or prior to the main claim where urgency can be substantiated, although in such cases the main claim must be filed within the next 20 days. Otherwise, the rights holder will bear the costs and damages of the measures.

In any case, the rights holder must provide a reasonable guarantee which will be accepted or otherwise modified by the judge. In addition, the claim must comply with the traditional requirements of *fumus boni iuris* (ie, a *prima facie* case) and *periculum in mora* (ie, a danger in delay).

Generally, the court grants the defendant the right to comment on the motion and then decides immediately by issuing a court order, which is subject to appeal. However, the court may proceed within five days, without hearing the defendant, where urgency can be substantiated (ie, where delay would cause irreparable damage). Such orders are not subject to appeal, although the defendant may object. In any case, appeals and objections do not suspend the enforcement of the measures, although the defendant may offer a substitute guarantee.

Remedies

At the rights holder's request, the court may order:

- cessation of the infringement;
- compensation for damages;
- measures to void the infringement;
- destruction of the means of production and the seized goods;

- donation of the seized goods to humanitarian institutions or delivery up to the holder; and
- publication of the decision or its notification to interested parties at the defendant's costs.

Compensation for damages includes the negative impact of the infringement, lost profits and moral harm. It is calculated on the basis of either the loss suffered by the rights holder or the price that the infringer would have paid for a licence. The rights holder chooses one of these criteria in the claim.

In particular, the compensation in cases involving trademark or design infringement takes into account the notoriety, renown or prestige of the right and the number of licences granted at the time the infringement took place. It further includes the costs paid by the rights holder in obtaining evidence of the infringement. Further, in all cases and without any need for evidence, the rights holder will receive 1% of the infringer's profits obtained through the counterfeit goods and coercive compensation of not less than €600 per day until the effective cessation of the infringement.

Anti-counterfeiting online

The Spanish IP laws give the rights holder clear exclusivity to use its rights on the Internet or as a domain name. Therefore, any unauthorised use as a domain name or on websites is considered an infringement, unless it is a descriptive use (following the ECJ jurisprudence in the *BMW* and *ARSENAL Cases*).

Further, any offer of counterfeit products on websites constitutes an infringement. If the offer is addressed to the Spanish market or the infringers are located in Spain, they may be sued before the Spanish courts. In this respect, e-commerce is governed by a freedom of access principle; however, certain information must be mentioned in the website in order to comply with the E-commerce and Data Protection Acts. This relevant information facilitates prosecution against infringers; otherwise, where it does not appear on the site, it is possible to file a complaint with the Data Protection Agency, which can impose quite high fines.

In addition, the use of IP rights in metatags, keyword banners and AdWords is considered an infringement if such use has an identifying purpose and there is a likelihood of confusion. In other words:

- there must be a connection between

such use and the products and/or services offered;

- the trademark or trade name should be reproduced in the linked site or banner; and
- there must be a likelihood of confusion, which some courts consider to be greater when the banner is prominently placed or the mark is well known.

Nevertheless, in cases where the act could not be considered a clear infringement, protection may be sought under the Unfair Competition Act.

Preventive measures

The most effective and widely used preventive measure is the border seizure order.

It is advisable to cooperate closely with the public authorities, such as Customs and police, to facilitate seizures – for example, by providing translations of EU customs orders. Further, it is important to keep the authorities constantly updated with information on the original goods, identification features and distribution channels.

In order to prevent online counterfeiting, Google, eBay and all important auction and specialized online sales websites should be continuously monitored. In addition, where applicable, it is advisable to use the relevant IP notification procedure offered by some search engines and internet service providers; and it is always advisable to document any infringement before a Spanish public notary.

Private investigators can often help to locate known but evasive counterfeiters and to obtain valuable evidence of infringement. As stated above, their costs are included in the compensation for damages.

The services of local legal counsel with special expertise in anti-counterfeiting are also recommended, even as a preventive measure before any counterfeiting activity, to control contractual relationships with third parties (eg, licensing, manufacturing, distribution). [WTR](#)

Biographies

CEALAW – Campello Estebanz abogados

CEALAW – Campello Estebanz abogados

Av Oscar Esplá, 22, 7-D

E03003 Alicante, Spain

Tel +34 965 132 454

Fax +34 965 227 967

Web www.cealaw.com



Reyes Campello

Partner

reyes@cealaw.com

Reyes Campello graduated from ICADE (Comillas Jesuits University, Madrid) with a degree in law and business science, and has a master's in intellectual property. She is an attorney at law, a Spanish official industrial property agent and a European patent and trademark attorney. In the bar exam for the Spanish Patent and Trademark Office, she achieved the highest score in Spain.

She has practised IP law for more than 12 years. In 2002 she founded CEALAW, one of Spain's leading IP boutique firms, which has its main office in Alicante – home of OHIM and the Spanish Community trademark and Community design court.

She is specialized in all aspects of IP law, including Community trademarks, anti-counterfeiting and trademark enforcement. She advises both national and international clients on IP and related issues, and has extensive experience in anti-counterfeiting actions, including customs actions and IP litigation.

She is an active member of INTA, the AIPPI and some anti-counterfeiting associations.