

Best practice in devising a litigation strategy

Infringement is, unfortunately, often an unavoidable fact of life for brand owners. Putting in place the most appropriate litigation strategies can help to lessen the pain

Although litigation should usually be considered the final option in the event of an infringement, for many brand owners at some stage it is going to prove very difficult to avoid. In such circumstances, it is vital to ensure that you have the right strategy in place to maximize your chances of success. Nowadays, when problems can occur in many parts of the world, the need to think ahead and understand how systems work in a variety of countries is greater than ever before.

In this special roundtable, four trademark experts – Jeremy Dickerson of Burges Salmon in the United Kingdom, Mack Webner of Sughrue Mion in the United States, Gordian Hasselblatt of CMS Hasche Sigle in Germany and Pier Luigi Roncaglia of Società Italiana Brevetti in Italy – look at the issues facing companies that may have to litigate to protect their brands and explore some of the strategies that they can use to maximize their chances of success.

What should a brand owner do in your jurisdiction when it first becomes aware of a potential infringement?

Jeremy Dickerson: The first step in the United Kingdom should be an information-gathering exercise to assess whether in fact there has been infringement and, if so, on what scale. Legal departments of larger organizations, for example, may be unaware of the full breadth and scope of their licensing activities and what may at first sight appear to be infringement could in fact turn out to be authorized and licensed activities.

Similarly, where the right to be relied upon is a registered trademark, before any action is taken one should consider whether

the mark is still in force or due for renewal, whether it has been used in the last five years and is susceptible to revocation, or whether it might otherwise be invalidated by a successful counterclaim (and is not therefore at risk of revocation by way of defence).

If infringement is confirmed, then it is worth assessing who the infringer is, the potential damage to the brand owner if the infringement is left to continue unchecked and whether further action against the infringer is commercially warranted. In the majority of cases, an initial cease and desist letter will be advisable (and it is required by the courts before litigation is commenced), but whether further legal action is required or justified will depend on the response received and the nature of the infringement.

Brand owners relying on registered (as opposed to unregistered) trademark rights should take care over the wording of any communications with a potential infringer due to the availability of remedies for a defendant for unjustified threats. While a rights owner can notify the infringer of its ownership of those rights, anything further may result in a claim for a declaration, an injunction and/or damages in the case of a groundless threat.

If there is reason to believe that infringing goods are *en route* to the United Kingdom, then the brand owner should consider notifying the customs authorities to seize the goods. In cases of extreme urgency, an interim (preliminary) injunction may be warranted. It may also be desirable to apply for a search order to seize incriminating evidence where there is a real risk that it might otherwise be disposed of.

Mack Webner: In the United States there are three real options and different lawyers favour different approaches. It also depends on the client and its aggressiveness. The

usual first step is to write a cease and desist letter. Such letters fall into different categories depending upon how aggressive one wants to be. A typical letter will tell the recipient what the client's rights are and what laws apply. It will demand that the recipient stop using the mark, stop manufacturing products bearing the mark and/or stop distributing or selling products bearing the mark, whatever the situation calls for. The letter will give the recipient a certain amount of time to cease the infringing activity and confirm that it has stopped. It has become fashionable these days for some also to ask that the recipient state how many products have been sold and at what price, and to follow up with a demand that the profits be turned over. Depending on the quantities or type of infringement involved, this approach has merit. Recipients of such letters will often stop the infringing activity but do not voluntarily give up their sales information. You are then faced with deciding what the appropriate follow-up should be. Should you file suit or accept the cessation of the sales and go on to other matters? The facts of the infringement may dictate that answer.

Another approach favoured by some is to file a lawsuit for infringement and serve it on the infringer, and then discuss settlement. The initial expense is greater and there is some risk that the infringer will fight back, and the costs may quickly mount up. It has the benefit of catching the infringer by surprise, making the stakes clear at the beginning and often obtaining an early and favourable settlement.

The third approach is to prepare and file the lawsuit, but not serve it officially on the infringer. In the United States there is a 120-day period after filing the suit to serve it officially on the other party. By filing the suit, the plaintiff selects the forum in which it wants to appear if the matter goes to trial and precludes the infringer from filing a declaratory judgment in a court that is more favourable to it. Once the suit is filed, the complaint can be attached as an information copy to a letter to the infringer, detailing what will happen if it does not abide by the demands. This is less aggressive

“ The real question is not at what stage but in which cases action through the courts becomes the preferred option ”

than filing and serving the lawsuit, but more expensive and more aggressive than merely writing a cease and desist letter.

Gordian Hasselblatt: Ideally, prior to a potential infringement brand owners will already have secured all relevant IP rights in Germany. Moreover, to prevent infringing goods from entering domestic trade, it is advisable to file applications for border seizure with the customs authorities.

Once brand owners have identified a case of possible infringement, they should act swiftly. It is recommended that brand owners should not contact infringers without prior consultation with their IP counsel so as not to compromise their options in the defence of their rights. For example, German IP laws allow so-called ‘pocket injunctions’ to be issued without prior hearing in especially urgent cases. However, if the court discovers that the infringer became aware that the brand owner had knowledge of the infringement and did not move to obtain injunctions promptly, it may refuse to accept that the matter is urgent. Therefore, owners should secure evidence of the potential infringement and simultaneously contact their IP counsel to check their options.

If brand owners can identify possible infringements ahead of time, as in the case of annual trade fairs, it is advisable for them to contact their IP counsel, providing an overview of all IP rights pertaining to the relevant goods, and to devise a strategy for dealing with infringements beforehand.

Pier Luigi Roncaglia: My advice is simple and clear. If you become aware of a potential infringement in Italy, seek professional representation in order to assess the case properly before taking any action.

At what stage should action through the courts become the preferred option?

MW: Again, it depends on the client’s attitude. But when the infringement is clear, the facts are as well known as they can be and the law is favourable, if the infringer does not act immediately as demanded, a suit can be filed. It may be enough to file it and not serve it but use it to bring the appropriate pressure to bear by attaching it to the next letter.

JD: Except in cases of extreme urgency, legal proceedings should always be the last option – the stick to use when the infringer has refused to give cease and desist undertakings, and/or to make any payment on account of costs and damages. For small-scale infringers the cost of issuing proceedings may not be commercially justified, unless they are serial offenders.

PLR: The real question is not at what stage but in which cases action through the courts becomes the preferred option. A case-by-case assessment of the counterpart and the peculiarities of the situation is necessary to predict which course of action will provide the best results. For example, if the counterpart is a small player and is likely to respond satisfactorily to a cease and desist letter, an extrajudicial approach will be best; whereas it may be preferable to move directly to criminal enforcement if the counterpart is a fly-by-night enterprise unlikely to pay damages. There is no best option in absolute terms, but only the best option for each single case.

GH: In general, action through the courts should be the preferred option if other measures, such as warning letters, either cannot be taken or have no prospect of success.

Beyond that, as a rule of thumb, infringers should be given one chance to cease the infringing action before calling in the courts. Usually, an owner will send the infringer a warning letter including a cease and desist declaration and start court proceedings only if the infringer is not willing to sign the declaration.

When can a rights owner seek a preliminary injunction and how easy are they to obtain?

PLR: The Italian system offers a wide range of interim measures that are very effective and obtainable in a short time, sometimes in a matter of weeks or even days.

The prerequisites for all of these interim measures, which can be applied for either before or during the litigation on the merits, are the *fumus boni iuris* (ie, the colour of right) and the *periculum in mora* (ie, danger of imminent and irreparable harm).

With respect to the first prerequisite, because the examination carried out by the Italian Patent and Trademark Office on patent and trademark applications does not include relative grounds for refusal and is quite lax even with respect to absolute grounds for refusal, the courts never rely on a presumption of validity of patents or trademark registrations. Instead, they conduct a thorough analysis of the validity of the right invoked. As a consequence of this peculiarity – that is, the fact that applications and registrations have virtually the same legal value – it is possible to institute injunctive proceedings on the basis of a pending application.

As far as the prerequisite of *periculum in mora* is concerned, our case law has often taken the view that in IP and unfair competition disputes, the risk of imminent

and irreparable harm is almost always *in re ipsa*. However, this position, which is in principle correct, has often disguised a lack of motivation in courts' orders granting interim measures. As a consequence, courts recently have been more careful in establishing the existence of this prerequisite on a case-by-case basis, taking into consideration factors such as:

- the extent of the infringement;
- whether the offence can be adequately compensated with an award for damages; and
- the lapse of time between the knowledge of the infringement and the institution of injunctive proceedings, which, if substantial, is in itself regarded as evidence that the infringement does not amount to irreparable harm.

The interim protective measures that can be obtained in Italy, save for damages, are basically equivalent to the remedies and measures that can be achieved at the end of a full litigation:

- restraining orders (almost always accompanied by a penalty to secure compliance with the order);
- seizure of goods;
- recall of goods from the marketplace;
- disclosure of the infringer's accounting books; and
- publication of the interlocutory decision in newspapers or magazines.

Where there is a risk that the infringer might remove or destroy evidence of its wrongdoing, or where a delay in issuing the interlocutory decision could cause irreparable harm to the rights holder, these measures – and particularly descriptions, seizures and restraining orders – can be given *ex parte*, in which case they are carried out before the defendant is aware of the action and then confirmed or revoked upon review of the defendant's arguments.

Theoretically our law gives courts the possibility of having the plaintiff post an adequate bond to ensure compensation for any prejudice unjustly suffered by the defendant. In practice, however, this measure is very seldom imposed.

Decisions granting or denying the invoked interim measures can be appealed before a board of three judges from the same court. This board, generally speaking, hears the appeal within a few months.

Despite the expedited nature of injunction proceedings, the arguments and evidence introduced are quite extensive and usually lead to thorough decisions which, in most cases, will stand at the end of a full



Jeremy Dickerson
Head of IP litigation,
Burges Salmon LLP, Bristol
jeremy.dickerson@burges-salmon.com

Jeremy Dickerson is a partner and head of the IP litigation team at Burges Salmon LLP in Bristol, United Kingdom. He has extensive experience in all areas of contentious and transactional intellectual property. His practice also covers the areas of sponsorship, merchandising, advertising and sales promotion, sport and internet issues.

Mr Dickerson is recognized as an expert in trademark law by Chambers and Partners, *Who's Who Legal* and *World Trademark Report*. He is a regular speaker and writer on IP issues, and is a guest lecturer on the Bristol University IP diploma course.

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litigation. Especially in light of the possibility of obtaining, as an interlocutory measure, a description of the infringer's accounting books and financial documentation, and therefore the possibility of foreseeing with a good level of accuracy the damages that may be recovered at the end of a full litigation, interlocutory decisions are very useful in accomplishing quick settlements of disputes and avoiding the institution of lengthy litigation on the merits.

In the absence of a settlement, interim measures cease to be effective if litigation is not instituted within 21 working days or 31 calendar days, whichever is longer. A peculiarity of the Italian system is that an exception is made for temporary restraining orders, which remain in place even when litigation on the merits is not instituted.

GH: Generally, in cases in which rights owners discover any infringement of IP rights in Germany, they may obtain injunctive relief, provided that they are able to demonstrate their entitlement to the relevant rights and that the issue of a preliminary injunction is crucial because otherwise their rights will be harmed. Preliminary injunctions in Germany are usually handed down without prior oral hearings and are thus a powerful weapon.

However, the time factor is of great importance. The possibility of obtaining a preliminary injunction is limited by the time period between the moment a proprietor gains knowledge of infringement and the moment the brief seeking an injunction is filed with a court. This time restriction differs somewhat depending on the regional court handling the case. As a rule of thumb, the average requirement for the deadline is four to six weeks after the rights owner has gained knowledge of an infringement. Of course, the earlier you seek competent legal advice, the better.

Because of costs, however, it is often advisable to give advance notice to an infringer by directly sending a cease and desist letter prior to enforcing claims by way of preliminary injunction, as this minimizes the risk of being held liable for court and attorneys' fees. This applies even if the plaintiff ultimately prevails. However, if the other party does not comply with the demand to issue a cease and desist statement subject to a penalty in the event of non-compliance, or if the infringing party is in the country only for a few days (eg, to attend a trade fair), the rights owner should, of course, go immediately for a pocket injunction.

It is very easy to obtain a preliminary injunction in clear-cut cases. Sometimes, the time period between the first contact of the rights owner and its IP counsel and the service of the injunction to the defendant is about 24 hours, possibly even less.

Generally speaking, in cases involving trademarks, designs and unfair competition – depending on the individual circumstances – an injunction can be obtained much more easily than in cases involving patent infringements, as patent courts tend to be reluctant to hand down preliminary injunctions, due to the complexity of the subject matter.

MW: A preliminary injunction in the United States can be filed concurrently with the complaint or thereafter within the times set by the court for discovery. However, because a preliminary injunction often has the

effect of ending the matter if it is successful, the earlier it is filed, the better. Moreover, a preliminary injunction is an extraordinary remedy and is granted only if the likelihood is that the party will ultimately be successful in the suit. It also makes the claim that the party is being irreparably harmed and that it will be unable to be made whole by a monetary award alone. If one waits very long before filing a preliminary injunction motion, it is hard to explain how the harm is irreparable and was allowed to continue until the date it is finally filed.

Courts will grant preliminary injunctions if the facts and law indicate that the party will succeed at trial. As a general matter, however, the courts are reluctant to grant them because they effectively put the alleged infringer out of business; hence, the reason for the requirement that the facts and law be clear and favourable.

JD: Preliminary (or interim, as they are known in the United Kingdom) injunctions are reasonably common in the United Kingdom and are granted in cases of urgency where the rights owner is suffering, or is about to suffer, damage which cannot be satisfactorily remedied in damages alone.

Interim injunctions will be granted in the United Kingdom if the criteria of the *American Cyanamid Case* are met. There must be "a serious question to be tried" or "a real prospect of success" and the "balance of convenience" must be in favour of the rights owner, taking into account all of the circumstances of the case, including the strength of the case, the adequacy of a remedy in damages for either party following the outcome of the final hearing (and the parties' ability to pay those damages), and maintenance of the *status quo* pending trial.

If awarded an interim injunction, a plaintiff will be required to give a cross-undertaking in damages to compensate the other party if its defence succeeds at trial, although success or failure in an interim injunction application frequently leads to resolution of the issues between the parties without the need to proceed to trial.

Where a claim is straightforward, the UK courts are sometimes reluctant to grant an interim injunction where a speedy trial is an alternative solution, enabling a full trial of the claim within three to six months.

Is it possible to forum shop in your jurisdiction? If so, what are the issues you need to weigh up when doing this?

GH: In principle, there are manifold possibilities regarding forum shopping.

Of course, the question of national or international jurisdiction and the competence of the court with regard to subject matter must be reviewed in each case. Wherever these procedural requirements are met, however, it is possible to forum shop.

This holds especially true if the infringements were committed via the Internet or in publications distributed nationwide.

From a tactical point of view, the decisive factors in choosing a court are the special expertise of the judges you are dealing with, which may differ depending on region and/or subject matter, and whether the court is known for its fast and efficient decision-making practice.

If an infringement was committed in more than one jurisdiction, it may be advisable first to assert claims or to obtain a preliminary injunction in favour of the brand owner in the country known for the special expertise of its courts. One has to take into account that even if there is no binding effect, in a strict legal sense, a precedent can be obtained for further proceedings in other countries against the same infringer.

PLR: It is certainly possible to forum shop in Italy. However, the necessity to do so is felt less than it was in the past when many Italian courts did not hear enough cases to acquire the necessary expertise to ensure fair, predictable rulings.

This problem was addressed with a recent reform, introduced into our civil judicial system, which has attributed exclusive jurisdiction with respect to all industrial and intellectual property and related unfair competition matters to specialized sections of 12 Italian courts. They also act as Community trademark (CTM) and Community designs courts.

While some, such as the specialized section of the Court of Milan, deal only with IP disputes, others still hear a majority of non-IP cases. Nonetheless, the predictability of rulings has significantly improved and is likely to continue to do so in the years to come.

Another benefit of the reform has been that the judges of the specialized sections have tended to share their knowledge and experience with each other much more than they did in the past, thus increasing the level of harmonization of decisions throughout the country. That said, a certain degree of discrepancy persists in the

interpretation of the same rules by the various specialized courts which, depending on the peculiarities of the case, may still encourage the practice of forum shopping.

JD: Where the right relied upon is unregistered and subsists in the United Kingdom or is a UK registered trademark, the UK courts will nearly always be the proper forum for infringement proceedings and have sole jurisdiction. In England and Wales, it is generally advisable to issue proceedings for trademark infringement or passing off in the High Court in London (where the IP specialist judges are based), but for interim injunction applications it is worth considering the district registries of the High Court around the country for the convenience of the parties and to receive a quicker hearing than might otherwise be the case.

Where a CTM is relied on, jurisdiction is given to CTM courts (which includes the High Court of England and Wales) according to domicile rules, with highest priority attaching to the jurisdiction in which the defendant is domiciled. Only courts with jurisdiction for reasons of domicile are able to issue pan-European injunctions. In the alternative, the UK courts have jurisdiction where infringement took place in the United Kingdom and proceedings may be brought accordingly. Where this does not tie up with the domicile rules, the court will have the power to grant national remedies. A judgment on the basis of a CTM given in the UK courts may still be used in the rights owner's favour in separate proceedings elsewhere.

Invalidity or revocation actions can be brought in the court or the Trademarks Registry (UK IPO). It is more common to initiate these in the registry (where the exposure to costs is greatly reduced), and they are usually brought in court by way of counterclaim to an infringement action.

MW: It is possible to forum shop in the United States within the bounds of the federal venue statutes. Foreign companies are considered to be resident in all jurisdictions. As long as there is a plausible reason for the plaintiff to choose a particular forum, the courts will allow it. Sales and/or facilities in the district are reasons to choose a particular forum.

When the dispute is between two US companies there needs to be a basis for bringing the defendant into the particular court, such as that the defendant does business in the forum, or has offices or other facilities there. The defendant can

always be sued where it resides, which can be where it is incorporated or where its offices are located. To bring it to other forums requires a showing of doing business in the forum.

What do you consider the keys to building a successful case?

JD: It's not rocket science: a detailed evaluation of evidence and law, understanding commercial drivers, assessment of the other side's resolve and solid preparation.

Often for a client, success in a case is not about winning at trial, but reaching a resolution of the matter long beforehand, and so a commercial perspective is crucial.

MW: Good facts. The law is what it is and, usually, does not change while one contemplates filing a suit. The facts of the case typically dictate who wins. The facts are not always apparent, of course, and what is thought to be the case at first review may not be so after discovery begins. It helps quite a bit for the plaintiff to have registered trademarks and extensive sales and advertising. It also helps if the client has maintained good records of its sales and advertising.

The federal courts in the United States are divided into circuits. The circuit courts are the appellate courts for the trial (district) courts. The district courts follow the precedent set by their circuit court. Each circuit has developed a set of factors that the district courts need to assess when determining whether there is a likelihood of confusion or trademark infringement. The stronger the client's facts are relative to each factor in the circuit in which the case is to be decided, the stronger the case and the more likely it is to succeed.

GH: The keys to building a successful case are preparation, organization and communication.

Concerning preparation, from the very beginning rights holders should seek competent advice on how to protect their IP assets effectively and proceed accordingly. With regard to communication and being organized, legal counsel should be in possession of all necessary information concerning the relevant IP rights. In the event of any infringement of these rights, all evidence should be collected and submitted to the legal counsel before taking any action. This should all be done very quickly to enable legal counsel – with time – to



Gordian Hasselblatt
Partner,
CMS Hasche Sigle, Cologne
gordian.hasselblatt@cms-hs.com

Gordian Hasselblatt is a partner in the Cologne office of CMS Hasche Sigle, Germany. He has extensive practical IP experience with a focus on national/international trademark and copyright law. His practice includes trademark clearance work for multinational enterprises as well as cross-border litigation. The *Juve Manual of Commercial Law Practices* lists Dr Hasselblatt as a "leading practitioner in trademark law". He is recommended as an IP expert in *European Legal Experts 2007*.

Dr Hasselblatt is editor and co-author of *Munich Attorney's Handbook Intellectual Property* and co-author of the *Handbook on Unfair Competition*. In addition to a number of further publications, his expertise extends to considerable lecturing and teaching work, especially abroad.

Dr Hasselblatt is adjunct professor of IP law at McGeorge School of Law, Sacramento, adjunct professor of international trademark law at Kent College, Chicago, and visiting lecturer for unfair competition law at the West German Academy for Communication in Cologne. Furthermore, he is a member of the expert committee on trademark and unfair competition law of the German Association for Intellectual Property and Copyright, and a consultant to the German Ministry of Justice. In addition, he is a frequent speaker at international conferences on various IP issues.

prepare all necessary documents and affidavits, and to contact courts/court bailiffs. Overall, legal counsel and the rights holder should work hand in hand even

before any infringement occurs and be able to communicate seamlessly.

PLR: The careful preparation of evidence is the key to building a successful case. In my daily practice I still see cases that, despite being potentially strong, are jeopardized by inaccuracy in gathering and presenting evidence.

Are there any realistic alternatives to litigation? If so, under what circumstances would you recommend them?

MW: One alternative to litigation is to license the infringer and take a royalty from its sales. The value of this depends on the importance of the infringed mark to the complaining party. Important marks are usually licensed only to those who have been properly vetted as to whether they produce quality goods. Infringers are not, generally, people that one wants to do business with. This is not always the case, however, and sometimes licensing works out well for both parties.

Mediation and arbitration are available alternatives as well. Mediation requires that both parties want to settle. If one party is adamant that it will not settle, mediation is a waste of time. Arbitration has merit in that it is usually quicker than trial and somewhat less expensive, though saving money is not its best feature. Even in arbitration, the parties will want to conduct at least some discovery and preparing for the arbitration is much like preparing for trial, so the savings are not that great, especially as the arbitrator must also be paid. It usually is considerably faster, however.

JD: In my experience there are always realistic alternatives to litigation, except where urgent action is required.

UK court procedure requires alternative dispute resolution (ADR) to be considered by parties before proceedings are issued as failing to do so may have consequences in costs. Formal ADR such as mediation must also be considered if initial attempts in correspondence have failed.

Prior to taking legal action, a potential plaintiff is expected to put its case in writing to the other party and provide an opportunity to respond. It is frequently the case that where a claim is strong, the other side will give undertakings and cease the infringing activity.

In circumstances where there is no direct overlap of good or services, where a

claim is not as strong as first hoped or where the cost of court proceedings to enforce a right is undesirable, there may be scope for a coexistence agreement or licence to be entered into. Of course, the precise terms of any such agreement must be carefully considered.

Where the infringement concerns the registration of infringing domain names, then dispute resolution mechanisms provided by the relevant internet registry may be of assistance, but the mechanisms operate to effect transfer of the domain name – not to grant damages or protect against future infringing registrations.

For Google/eBay complaints where the main objective is removal of an offending advertisement/item, it will often be most economic to take advantage of the dedicated complaint procedures provided by these organizations.

PLR: I do not think that ADR is a realistic alternative to litigation in Italy. However, in many cases, very good results are achieved by proceeding via cease and desist letters. The key is to pressure infringers by showing that the trademark owner is ready to litigate in the absence of a quick resolution of the dispute.

GH: There are always alternatives to litigation, of course. However, due to strict time limits in infringement cases, the window of opportunity for negotiations is

rather small. Therefore, rights holders should always first try to resolve a matter out of court by sending out cease and desist letters, and giving infringers an opportunity to provide statements to the effect that they will not commence/continue their infringing behaviour.

Should this procedure fail, however, one should always – at least to maintain negotiation leverage – try to obtain an *ex parte* injunction. This does not necessarily shut the door on negotiations, but instead might be a tool to re-initiate them. In cases that are, for legal and/or factual reasons, not very strong, it might be advisable to stay on the negotiation path, but even in such cases it is always an option to try to obtain an *ex parte* injunction to get the court's view on particular conduct. Should the court reject the application for a preliminary injunction, the rights holder will always be able to withdraw the motion. The infringer would in that event not be put on notice.

If trademark law is not going to help a brand owner to protect its brand, what other options are there?

PLR: Italian trademark law is definitely good and sufficient to protect trademark owners' interests, provided that it is applied correctly.

GH: In cases where trademark law will not

help rights owners to protect their brands – for example, because their brands are not being used as source indicators – there are several options, generally speaking.

For instance, in cases involving trademarks that are considered graphic symbols (word/device marks), trademark owners may obtain registered Community-wide design rights and/or national design rights. But even without registration, such logos may be protected as non-registered Community designs. These rights may help trademark owners to take action against the use of identical/similar logos, even though they are not used as source indicators.

Ultimately, trademark owners, especially in cases where the rights are not being used by a third party as trademarks, might possibly take action against certain conduct on the basis of unfair competition law (passing off, etc). All of the aforementioned options may possibly be pursued by way of (*ex parte*) preliminary injunctions and/or main proceedings.

MW: I am not sure of any circumstances in which trademark law would not help a brand owner to protect its brand. But there are unfair competition laws which help and copyright laws which may be of use for design marks. Depending on the brand, trade dress law may also be of help.

JD: In the United Kingdom, a common law action for passing off will often be available

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as an alternative or in addition to trademark proceedings. This action arises where the rights owner has goodwill in a brand in the United Kingdom, the defendant has taken some action which has led, or is likely to lead, the public to believe that its goods are those of the rights owner and damage has been caused as a result. Passing off does not rely on registered rights and is flexible enough to be used in a variety of situations not covered by trademark law.

Copyright and design rights also subsist without registration, and may offer grounds for a claim – depending on the nature of the brand – and provide protection where the defendant has copied from the rights owner.

From October 2008, a new procedure will be available to brand owners to complain to a company names adjudicator about registered company names which incorporate an identical or confusingly similar trademark. It remains to be seen how useful a weapon this will be in the brand owner's armoury, as it will not prevent use of a mark other than in a registered company name.

Are some types of trademark right easier to enforce than others?

GH: Obviously, yes. Broadly speaking, in Germany word marks tend to be easier to enforce than device or combined word/device marks. Rights to three-dimensional marks are very difficult to enforce. Irrespective of the type of trademark, one can say that the less descriptive a mark is, the easier it is to enforce the rights in it. Furthermore, although it is possible to obtain trademark rights in Germany – as in many other EU member states – through mere use (as soon as a sign has become sufficiently prominent as a source indicator within the trade circles concerned), such unregistered trademark rights are more difficult to enforce because the owner must establish (and prove) the relevant market recognition in relation to the goods/services in question.

It is recommended to apply for registration of trademark rights at an early stage; in addition, it is advisable – wherever possible – to register signs with a high degree of inherent distinctiveness with regard to the goods/services concerned. In light of the more recent European Court of Justice rulings and, in turn, those of the German Federal Court of Justice, one should also try to have the various elements of combination marks protected as separate trademarks, should they be of



Pier Luigi Roncaglia
Managing partner, Società Italiana Brevetti,
Florence
Firenze@sib.it

Pier Luigi Roncaglia is head of the firm's litigation and anti-counterfeiting group. In over 17 years of practice, he has counselled on and litigated civil and criminal cases on behalf of some of the world's most renowned luxury goods companies.

Mr Roncaglia is a professor of industrial property law at the University of Florence and has lectured and published extensively in the IP field. He is a senior member of the editorial board of *The Trademark Reporter*® and a member of the International Trademark Association, the European Communities Trademark Association and the International Association for the Protection of Intellectual Property, and is the IP enforcement expert of Altagamma, the association of Italian fashion, design and luxury companies. He is also a member of the advisory board of the *Harper's Bazaar* Anti-counterfeiting Alliance.

commercial value to the brand owner.

PLR: Trademarks that enjoy a reputation are easier to enforce, because, under certain conditions, infringement can be established even in the absence of a likelihood of confusion or association. Three-dimensional trademarks, on the other hand, are sometimes more difficult to enforce, because they are exposed to more objections concerning their validity or distinctiveness.

JD: It goes without saying that evidentially and procedurally, a registered trademark right should always be more straightforward to enforce than an unregistered right in a

passing off case, as there is no need to prove goodwill and reputation – although proof of reputation and enhanced distinctiveness will often assist the case. For identical marks and goods, there is no need to prove a likelihood of confusion for registered rights, unlike passing off.

However, some registered rights are more enforceable than others. It largely remains to be seen how enforceable non-traditional marks such as colours are, although there are a number of these on the register. For traditional marks, such as word or device marks, those with greater distinctive character will be given a higher level of protection when compared to those marks which contain, for example, descriptive elements, which can legitimately be utilized by another brand.

It is often easier to obtain an injunction in reliance on trademark rights than it is to obtain damages. It can be difficult to evidence any loss by the plaintiff or profit made by the defendant which is directly attributable to use of the infringing mark, and it is unclear to what extent the court will be prepared to use a notional royalty rate to compensate the plaintiff instead.

MW: I suppose that the rights in a coined mark are easier to enforce than rights in a highly suggestive mark. The stronger the mark, the easier it is to protect. Of course, the more unique the mark, the more advertising is required to make it known. A longer period of use is also likely to be necessary. These issues often cause companies to choose suggestive marks over coined marks. Those who choose such weak marks nonetheless want them protected as if they were coined marks.

How long can a case be expected to last and are there ways to speed things up?

JD: How long is a piece of string? On average, cases in the United Kingdom last between nine and 18 months – not including an appeal. Litigants can consider whether the facts of the case merit an application for summary judgment – a truncated trial procedure which enables the judge to make a decision on the papers where the plaintiff or defendant has no realistic prospect of succeeding. While such applications might be suitable for resolving the issue of infringement, they are less likely to be available for determining the question of damages.

Indeed, where – as is often the case – the issue of costs and damages is the only live

issue, it can considerably speed up the trial process and reduce legal costs if infringement is admitted and the parties submit to an inquiry as to damages for a determination on the issue.

MW: Typically, in the United States a case will last for a year to 18 months or more, depending on the forum in which the case is being tried. There are a few courts that process cases within eight to 10 months, but not many. The Eastern District of Virginia is well known for having a fast track. It has earned the name 'the Rocket Docket'.

There is little to be done to speed the case along. The filing of a summary judgment motion to get rid of some or all of the issues can help, where appropriate.

GH: Generally speaking, in ordinary proceedings one can calculate one year for the first instance and another year for the appellate level. Should the case be taken to the Federal Court, one should allow another two years.

As I explained before, summary proceedings are much shorter. It is possible to get a preliminary injunction from the relevant court and have it served on the defendant within less than 24 hours in Germany.

In order to expedite the proceedings, it is always helpful to have all facets of the involved IP rights protected – and documented – beforehand, so that evidence as to trademarks, designs and the like can be produced instantaneously. Furthermore, the brand owner should always take the powerful weapon of a preliminary injunction into account (while, as the case may be, pursuing the main proceedings at the same time); a court order handed down in summary proceedings might give holders of IP rights significant leverage over infringers who have to obey the court order.

PLR: Among the most significant drawbacks that have traditionally plagued IP litigation in Italy are the length of proceedings and the fact that the plaintiff has no way of accelerating them. Even the most experienced courts take approximately three years to reach a first instance decision and it can sometimes take more than 10 years to go through all three levels of jurisdiction.

Unfortunately, past legislative attempts to address this problem have not been successful. The Industrial Property Code, when it came into force about three years ago, extended the procedural rules already applicable in corporate disputes to IP disputes, in an effort to speed up



Mack Webner
Partner,
Sughrue Mion PLLC, Washington DC
mwebner@sughrue.com

Mack Webner's practice encompasses all phases of IP litigation and counselling. He represents clients in a wide range of industries, providing counselling relative to their IP portfolios for strategic planning and the defensive and tactical use of their IP rights. He is an active trial and appellate lawyer in the US federal courts and is admitted to practise before eight US appellate courts and the US Supreme Court. He also represents clients in *inter partes* matters in the US Patent and Trademark Office.

Mr Webner's professional experience includes 10 years of corporate practice with major US corporations, before entering private practice by opening his own firm in the Washington DC area. In 1996 he merged his practice with the trademark and copyright practice group of Sughrue Mion PLLC.

Mr Webner has been an adjunct professor of trademark and unfair competition law at the Catholic University of America, Columbus School of Law, the Georgetown Law Center and Howard University School of Law. He is a frequent speaker at continuing legal education courses, International Trademark Association meetings and seminars, and state and local bar association meetings.

proceedings. However, it became clear from the outset that this set of rules was not appropriate for IP disputes and was actually counterproductive.

Fortunately, the Italian Constitutional Court later declared the application of this set of procedural rules to IP disputes unconstitutional. Thus, IP litigation has now

returned to being governed by our general rules of civil procedure which, in the meantime, have also been reformed, providing reasonable hope of shorter proceedings in the future. Luckily, as I mentioned before, interim proceedings work very well, often making full litigation unnecessary.

What are the realistic remedies that a brand owner should be seeking?

MW: A permanent injunction, plus any damages the owner has suffered (lost sales) and infringer's profits, and reasonable attorneys' fees incurred in prosecuting the case.

The most difficult of these to obtain are attorneys' fees. Courts are reluctant to award them unless the infringement is particularly egregious, showing that there was an actual intent to trade on the owner's goodwill.

GH: Typically, the commercially most important remedy for brand owners is the cease and desist entitlement. In almost all cases, brand owners may also request information as to the scope of the infringing acts (in order to have a basis for the calculation of the claim for damages), and on suppliers and customers of infringers, as well as damages. One should keep in mind that there are three different calculation methods for computing damages and it is up to the brand owner to choose between them (including so-called infringer's profits or an adequate licence fee). Other remedies include the infringer's consent to have the infringing goods destroyed or publication of a court order in leading magazines.

PLR: In the past, awards for damages in Italy were very low and often insignificant. Today, decisions in IP cases often deliver awards for damages that are much more substantial than those awarded in the past. This is thanks to new provisions offering effective discovery instruments, as well as the possibility of quantifying damages taking into consideration the infringer's profits or the royalties that the same would have had to pay had it obtained authorization to use the infringed IP right and, last but not least, the possibility of obtaining an account of the infringer's profits.

All the other remedies that can be obtained at the end of full litigation essentially mirror the interlocutory remedies that can be obtained through injunctive proceedings.

Under criminal law, if the defendant is convicted, the judge orders the confiscation and destruction of the seized goods in addition to publication of the decision in a newspaper. However, unlike in many other countries, it is extremely difficult in Italy for the aggrieved party to obtain an award for damages at the end of a criminal proceeding. This is due to a number of factors, including a more lenient approach on the part of criminal judges to offences in the field of intellectual property, as well as the impossibility of enforcing criminal decisions before they become *res judicata* – it can take nine or 10 years for this to happen, but prescription often intervenes before a decision can become final and enforceable. Theoretically, during the trial, the judge can issue a provisional order, which is immediately enforceable, requiring the defendant to pay damages in an amount considered justified in light of the evidence collected. In practice, however, this order is seldom granted and, even when it is, it is revoked or amended later in the proceedings or during the appeal.

JD: The main remedies in the United Kingdom are:

- an injunction to restrain further infringing activities (national and pan-European in the appropriate circumstances);
- delivery-up/destruction of infringing goods;
- compensation by way of damages or an account of profits; and
- a contribution to legal costs.

Also available in appropriate cases are publication of a judgment in favour of the plaintiff at the defendant's expense and criminal penalties (the Trademarks Act 1994 sets out criminal offences relating to the unauthorized use of trademarks and imposes prison sentences and/or a fine on conviction).

What do you consider to be the major advantages of litigating in your jurisdiction?

PLR: The advantages of litigating in Italy are that:

- first, IP cases are always tried before specialized courts;
- second, interim proceedings work well and, in addition to the main remedies, enable the gathering of important evidence that often facilitates settlement of the case before the institution of full litigation; and

- finally, it is possible to obtain an account of profits, even when it cannot be proved that the infringer acted wilfully or with negligence, as well as when damages cannot be established.

JD: A major advantage in the United Kingdom is the ability to recover costs. The successful party can recover a proportion of its legal costs – typically 60% to 70%, but sometimes as high as 90% depending on the conduct of the parties – from the other side. Of course, if you are unsuccessful this is a disadvantage, particularly given that compared to other European countries litigation in the United Kingdom is expensive.

The United Kingdom's adversarial court process means that witnesses may be cross-examined on their evidence in court so weaknesses may be illustrated more effectively than in written evidence alone.

The United Kingdom also has specialist IP judges and a dedicated Patents Court which generates a body of case law supporting national rights. This is coupled with a strong tradition of IP protection.

MW: The two major advantages of the US system, I believe, are the ability to conduct discovery to find out the truth of what is alleged and the use of witnesses at trial.

While discovery in the United States is also a primary cause of the great expense of litigation and is often abused, it ensures that there is an opportunity for the parties to see the witnesses, test their veracity and obtain relevant information that is not cleansed by their attorneys. The same applies to trial where the witness's demeanour can be observed by the judge and/or jury.

These benefits, unfortunately, add to the cost of litigation, though in my experience there are other countries where costs are as high or higher as a result of the particular procedures that are followed.

GH: From the German perspective, the answer is easy. Litigating in Germany is relatively inexpensive, fast and effective. [WTR](#)