

Overview of interim relief in trademark actions across Europe

With so many businesses operating across borders, the ability to obtain interim relief on a pan-European basis is an extremely powerful remedy. However, brand owners should consider shopping around for the most favourable forum

The infringement of a registered trademark can cause irreparable damage to the reputation, image and value of a brand, over and above the actual financial loss. In an increasingly global and fast-moving marketplace where new entrants can quickly gain widespread exposure, significant and lasting damage can be inflicted within a very short space of time.

The primary concern for a brand owner facing infringement is generally not limited to financial loss. In many cases the remedies available at trial provide inadequate compensation if unquantifiable damage has already been caused.

The ability to take prompt action to stop infringing activities as soon as they arise is therefore an essential brand protection tool. European trademark law recognises this by requiring member states to provide for interim injunctions in their national legislation through the EU Enforcement Directive (2004/48/EC). The directive itself does not dictate precisely how this requirement is to be implemented, leaving national courts to develop their own rules and practices. The discretionary nature of interim relief means that national practices and policies vary between different courts and depending on the facts of each case.

This article explores how interim relief is treated by courts across Europe, examining the different thresholds and tests that are applied to the grant of interim injunctions in the United Kingdom, France, Germany, Spain and Belgium. It also considers the effectiveness of interim relief as a remedy in trademark infringement cases in Europe.

What is interim relief?

The ability to sue for trademark infringement is of limited comfort to a brand owner which is powerless to stop the complained-of activity while infringement proceedings run their course, possibly for several years. Interim

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relief makes it possible to implement temporary urgent measures at an early stage, in order to stop potentially immeasurable damage being caused pending a full trial.

In IP cases the most common form of interim relief is an interim injunction – a court order requiring the defendant to cease the allegedly infringing activity while the court determines the merits of the claim. Interim injunctions can be particularly powerful in cases involving Community trademarks, where they are available on a pan-European basis through a single application in the appropriate forum (usually the infringer's home court). In such cases an EU-wide interim injunction can shut down an infringement at source before it escalates or spreads to other member states. An order for interim relief may also include seizure orders for infringing goods or other measures designed to preserve the status quo while proceedings are ongoing.

However, an interim injunction which requires a defendant to cease trading can have a devastating impact on its business and reputation. Accordingly, the courts must perform a careful balancing act between safeguarding the claimant's rights and ensuring that the defendant does not suffer disproportionate detriment. While each case will turn on its own specific facts, certain key principles have emerged across Europe in determining whether an interim injunction is likely to be granted.

Procedure and evidential thresholds

For any court to exercise its discretion to grant interim relief, it must first be satisfied that the claimant has at least an arguable case. The precise formulation of this test varies across Europe.

In the United Kingdom, the basic requirements for the grant of an interim injunction were set out in *American Cyanamid Co v Ethicon Ltd* ([1975] AC 396). An applicant must establish that there is a serious question to be tried

in respect of which it has a strong or arguable case. The applicant must also show that, unless restrained, the defendant's activities will cause irreparable harm, which would not be adequately compensated through damages. The court will also weigh the balance of convenience in order to determine whether either party would suffer unjust detriment as a result of an injunction being granted or refused (relative to the perceived strengths and weaknesses of their respective cases).

A similar approach is taken in Germany under the Code of Civil Procedure. Subject to establishing an entitlement to take action to stop the infringing activity (which is automatic in the case of trademark infringement), the applicant must furnish plausible evidence in support of its case. However, an interim injunction is unlikely to be granted where the case is merely arguable; the court must be satisfied that an infringement is very likely to be taking place. The evidential burden is higher where interim relief is sought on an *ex parte* (without notice) basis: the applicant must pre-empt and rebut all of the defendant's potential counterarguments (eg, demonstrating genuine use of a mark more than five years old).

The French courts are empowered by Article L716-6 of the IP Code to order interim injunctions if they are satisfied (by reference to reasonable evidence) that it is plausible that the complained-of activity amounts to trademark infringement. This test will typically be satisfied in cases involving counterfeit goods or identical reproduction of the mark. It may also be met where there is similarity giving rise to confusion. In all cases the claimant must establish the existence and relevance of the claimed rights, but the validity of the claimant's trademark will not be scrutinised at the interim stage. Where the claimant's case is perceived to be weak, a court is unlikely to grant an injunction without a full trial. It is advisable for a claimant to support its application with *prima facie* evidence of infringement, preferably by way of a bailiff's report. These are drawn by a public officer without pre-assessment of the claimant's rights or the merits of the case. They simply state, along with supporting pictures and screenshots, that (for example) a particular product was available for sale at a given physical or online location on a specific date.

In Spain, the courts require that the case have favourable prospects of success and that without interim relief, there would be a risk of delay to the proceedings. Applications should include all evidence on which the applicant intends to rely in support of its plea for interim relief. Additional evidence can be adduced in the substantive proceedings which are normally initiated along with interim injunction proceedings (the interim application is typically considered to be ancillary to the main trial).

The Belgian Judicial Code provides for several types of interim relief. Interim injunctions can be obtained from the president of the Commercial Court on a summary application basis if the claimant can demonstrate *prima facie* rights and a degree of urgency which collectively outweigh any possible detriment to the defendant.

In some circumstances, courts may be prepared to grant interim relief on an *ex parte* basis, based on the applicant's evidence alone. However, this is generally

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reserved for cases of real urgency where the delay of a hearing (or having to put the infringer on notice) would significantly prejudice the applicant or cause irreparable harm. Unlike in Germany, where more than half of all trademark-related interim injunctions are granted on an *ex parte* basis, in the United Kingdom, Spain, France and Belgium the courts will allow such applications only in exceptional circumstances. In the United Kingdom, an injunction obtained as a result of an *ex parte* application is likely to be in force only for the very short period of time (generally a matter of days), following which the court will reconsider the matter once both parties have had time to prepare their evidence. In France, the alternative procedure of *référé d'heure à heure* (ie, *inter partes* interim proceedings on very short notice to the defendant) is considered preferable to an *ex parte* measure.

Timing and urgency

By their nature, interim remedies must be implemented quickly to confer maximum benefit. A delay by a claimant in taking action may indicate to the court that the matter is insufficiently urgent to merit an interim remedy. Courts across Europe nevertheless take different approaches to how quickly an applicant needs to act in order to qualify for interim relief.

While there is no set time limit for making an application in the United Kingdom, the courts take a fairly strict approach to delay, which has been shown to be a powerful factor against the grant of interim relief (*AAH Pharmaceuticals Ltd v Pfizer Ltd* [2007] EWHC 565 (Ch)). Whether an applicant has acted promptly will depend on the facts of each case. However, as a general rule, an application should be made within a matter of days or weeks (not months) of the alleged infringement being discovered and in any event as soon as is reasonably practicable. A delay is more likely to be excused where the claimant's case has strong prospects of success (*Cavendish House (Cheltenham) v Cavendish Woodhouse Ltd* [1970] RPC 234 CA), and conversely more likely to be fatal where it has affected the defendant's conduct (*Handi-Craft Co v B Free World Ltd* [2005] EWHC 1307 (Pat) and *Blinkx UK Ltd v Blinkbox Entertainment Ltd* [2010] EWHC 1624 (Ch)).

An urgency requirement also applies to summary proceedings in Belgium. A requirement of absolute urgency applies to *ex parte* proceedings and is generally fulfilled only if it can be demonstrated that an immediate decision is desirable to prevent specified damage, and that initiating proceedings on the merits would not lead to a decision soon enough to

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prevent that damage. The Belgian courts do not apply a fixed timeframe, but assess each case on its own merits. However, the principle of urgency is similar to that in the United Kingdom and means that a claimant needs to act as soon as reasonably practicable (typically within a matter of days, unless there is a reasonable justification for the delay).

The approach of the German courts varies by district. The strictest is the rigid one-month deadline imposed by the Munich courts, with other districts applying more flexible case-specific timeframes (around six to eight weeks might be considered sufficient, depending on the circumstances).

The approach in the United Kingdom, Germany and Belgium is in stark contrast to that in France, where lower courts have expressly confirmed (eg, Paris First Instance Court decisions of December 9 2008, 08/59568; October 10 2013, 13/56912; and October 17 2013, 13/57095) that there is no requirement for urgent action by the claimant. The only condition is that the claimant commence the substantive proceedings within a specified time of interim relief being granted. However, the claimant's failure to act promptly could still affect the nature and extent of the interim relief that the court is prepared to grant.

Spain represents a middle ground between these contrasting approaches. An applicant for interim relief has more leeway and could still succeed up to six months after becoming aware of the alleged infringement. However, the court will still consider the specific facts of the case and any undue delay is likely to result in refusal of the interim remedy. Echoing the position in France, substantive proceedings must be issued promptly after the grant of an interim injunction in order for it to remain in force.

In most countries, therefore, a delay in seeking interim relief will reduce the likelihood of obtaining relief on favourable terms, or at all. In all cases it is advisable for an applicant to act promptly to avoid compromising its position.

Temporary nature of relief

In general terms, interim relief provides a temporary remedy while the court considers the merits of the case. In the United Kingdom, interim injunctions are typically granted only until judgment at trial, which may provide for the injunction to be made permanent, modified or discharged. The Belgian courts take the same approach. In France, as noted above, unless the interim relief has been granted in the course of ongoing proceedings, the claimant must initiate the substantive proceedings within 20 business days or 31 calendar days (whichever is longer) to keep the injunction in force until trial. Otherwise, the injunction is liable to be discharged upon the defendant's request and it may also be entitled to damages. A similar rule applies in Spain, where the applicant must institute the substantive proceedings before the same court within 20 working days, failing which the interim injunction



will be discharged and the applicant will be liable to the defendant for costs and damages.

By contrast, in Germany an interim injunction (although preliminary in nature) can theoretically last indefinitely. The claimant may, at any time, commence substantive proceedings relating to the same dispute (eg, to gain a strategic or financial advantage, or to obtain a formal judgment that can be published). Moreover, the defendant can (if it disagrees with the interim decision) ask the court for an order requiring the claimant to issue substantive proceedings on the merits. If the claimant fails to do this by the set deadline, the defendant can ask the court to discharge the interim injunction. However, it is common for the grant of an interim injunction to prompt the parties to reach a settlement, whereby the defendant voluntarily accepts the injunction as final.

Cross-undertakings for damages

There is an inherent risk that a defendant will suffer loss and damage as a result of an interim injunction if the claimant's claim is later found to be groundless. In recognition of this, UK and Spanish courts often require an applicant to give a cross-undertaking or a bond (bank guarantee) to compensate the defendant if the claimant is unsuccessful at trial. The amount of compensation actually payable (if any) will be at the court's discretion and will depend on the nature, seriousness and estimated value of the case. A similar approach is taken by the French and Belgian courts, although demands for cross-undertakings are rarer in practice. In contrast, cross-undertakings for damages are not typically required by the German courts in interim trademark infringement proceedings.

Cost of obtaining interim relief

The cost of applying for an interim injunction varies significantly across member states. Accordingly, the popularity of this remedy is partially dictated by cost considerations.

In the United Kingdom, an applicant can expect to spend a minimum of £50,000 on an interim injunction application, particularly where granted on an *ex parte* basis and requiring a follow-up hearing. The unsuccessful party will commonly be ordered to pay some of the other party's costs. As a result, given their high cost, interim injunction applications are relatively rare in the United Kingdom.

Costs are generally lower in Germany, where the court fees and potential cost liability to the other side typically range between €5,000 and €15,000 in total, depending on the value of the claim. In addition, the applicant's attorneys' fees are likely to be at least €25,000 for a straightforward case. The successful party will be awarded its costs, albeit based on a standard fee scale which is likely to be modest relative to the costs actually incurred. Unsurprisingly, in comparison to the United Kingdom, interim injunction applications are much more common in Germany.

In Spain, the successful party is typically awarded its costs, unless the case involves serious legal or factual uncertainty, but is unlikely to recover all costs it has actually incurred. Lawyers' fees of an interim application typically range between €10,000 and €20,000, in

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addition to any bond given as guarantee for damages. Nevertheless, in cases where the applicant satisfies the requirements for interim relief, interim injunction applications are common.

In both France and Belgium, interim relief applications will involve bailiffs' costs in addition to lawyers' fees and court fees, depending on the case's complexity. For a straightforward case in France, total costs should remain below €20,000 (with bailiff and court costs accounting for less than €1,000). Full or partial reimbursement of procedural costs may be granted to the successful party at the court's discretion. Where the applicant is clearly suffering some harm, the French courts also have the power to grant provisional damages (sometimes accompanied by a penalty, where the infringement is still occurring), depending on the circumstances of the case and the seriousness of the infringement. The position

is similar in Belgium, where the total cost of an interim injunction application could range anywhere from €5,000 to €20,000, possibly higher in complex cases. In summary proceedings in Belgium, the

successful party will also be entitled to a procedural indemnity payment from the losing party of up to €11,000.

Any prospective applicant for interim relief should therefore conduct a careful cost/benefit analysis, to weigh up the potential financial risks against the consequences of failing to take decisive action.

Conclusion

Interim relief is available across Europe in various forms, provided that the claimant has a demonstrable *prima facie* claim and the court is satisfied that the balance of convenience lies in its favour. The discretionary nature of interim remedies and the absence of specific procedural guidelines at European level have led to each member state developing its own rules and practices relating to interim injunctions.

In the UK courts, there is a growing trend for interim relief to be refused in favour of expedited (speedy) trials, which can help to achieve a fairer balance of convenience between the parties. A similar trend is emerging in France, save for straightforward cases of trademark infringement, where interim injunctions remain a quick and efficient remedy. In Spain, interim

relief is a commonly sought remedy among rights holders which satisfy the basic requirements (it is estimated that between 70% and 80% of rights holders which qualify for an interim injunction will apply for one).

In Germany and Belgium, interim injunctions are also generally still considered to be a good and effective remedy. However, in Belgium, the urgency requirement is extremely strict within the framework of *ex parte* applications. In such cases interim relief is accordingly more difficult to obtain, because the absolute necessity requirement is hard to demonstrate.

Overall, and despite their inherent potential to cause disproportionate damage to a defendant, interim injunctions remain a valuable brand protection tool for rights holders in Europe. With most major businesses now operating across borders, the ability to obtain interim relief on a pan-European basis is an extremely powerful remedy. However, a European brand owner with several forums to choose from may wish to consider shopping around for the most favourable court in which to bring its application. Variations in local practice mean that interim injunction applications are much easier and cost effective to obtain in certain countries (eg, Germany) when compared to others (eg, the United Kingdom). In addition to their primary objective of preserving the status quo by preventing infringing activities from escalating pending a full trial, interim injunctions can serve as a valuable early warning mechanism to encourage settlement, avoiding the need for time-consuming and costly litigation. **WTR**



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