

intellectual property
protection

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Trademarks, patents and shiny red soles

Not much longer than twenty years ago, intellectual property protection in Poland was largely a theoretical exercise. Today it is of vast practical importance.

It is vital for companies using trademarks, patents, industrial designs or copyrighted works in their operations, but indeed for nearly every business, whether it operates on a large or small scale.

Nor can we ignore those exploiting intellectual property rights belonging to others, or similar goods. IP rights function as a legally protected monopoly of the authorised holder, and infringement of that monopoly may lead to civil and/or criminal liability.

Generally, the role of intellectual property law is to draw the boundary between the sphere of exclusivity of the holder (the person that created an intangible interest that may be regarded as a right) and the interests of others, with due consideration to the broader principles of the free market and fair competition. Where this boundary is drawn determines what is an infringement of IP rights and when the holder is entitled to protection.

This publication is entirely devoted to enforcement of claims arising under intellectual property rights. We have selected issues we think are current and interesting in practice.

We encourage readers to check out the interview here on practical aspects of enforcing protection of IP rights in Poland. The level of protection depends to a great degree on the effectiveness of judicial procedures, as well as an awareness of the specific nature of IP rights.

For a general orientation, we present a brief guide to intellectual property rights and systems for protecting them.

We also consider whether it is possible in Poland to obtain financial compensation from infringers, and we present the customs procedures which help protect intellectual property. We discuss a ruling by the Supreme Court of Poland on the statute of limitations for claims against infringements of longer duration. We also comment on recent amendments to the Civil Procedure Code concerning injunctive relief and informational claims.

Readers may find the recent judgment concerning protection of designer shoes by Christian Louboutin to be of particular interest. The case was decided by a federal court in the US, but conveys well the nature of IP rights and their vast market value. The dispute over red soles may seem eccentric, but in the world of famous trademarks anything is possible.

Dr Monika Żuraw-Kurasiewicz

Intellectual Property Practice, Wardyński & Partners

Be careful what you wish for in IP litigation

An interview with **Włodzimierz Szoszuk**, partner and head of the Intellectual Property Practice at **Wardyński & Partners**, on procedural aspects of litigation over infringement of intangible rights.

Does enforcement of intellectual property rights differ from pursuit of purely financial claims?

Włodzimierz Szoszuk: Yes, mostly because the subject of protection is intangible rights of a very specific nature. Such cases are handled differently from cases pursuing claims for payment or to enforce a contract, where the subject matter is obvious and tangible. In order to protect intangible rights, we first must identify them. For example, we must demonstrate that what we seek to protect is a “work” for purposes of the Copyright Law, or an “industrial design” as defined in the Industrial Property Law, or not. This determines the manner in which protection is sought.

It is typical in such cases that when one side attempts to protect its exclusive rights, the other party tries to show that they do not deserve protection because they do not meet the statutory criteria. At the same time as a case goes forward seeking injunctive relief to cease and desist infringement of IP rights, the other side may be pursuing a parallel administrative proceeding seeking invalidation or termination of the registration of the same trademark or patent. As a rule, these are independent cases, but unavoidably there is some connection

between them. This also gives a specific flavour to this type of litigation.

What may the holder of IP rights seek in such proceedings?

This is a question of litigation strategy. First it must be determined which claim the holder cares most about enforcing. The main claim is to obtain an order prohibiting the defendant from conducting unlawful acts, but there may be secondary claims as well. A claim to cure the effects of unlawful acts may be of great significance. This may involve, for example, destruction of infringing goods, but also publication of the judgment or a statement by the defendant in which it admits that it has infringed the plaintiff’s rights, apologises and promises not to commit infringements in the future. Such relief is intended to help restore the plaintiff’s image.

Monetary claims may also be asserted seeking redress of loss under general rules or disgorgement of unlawful gains. There is a certain problem with pursuing such claims, because they must be calculated precisely. This often requires analysis of the defendant’s accounting records, with a demand to disclose the entire documentation connected with sales for a given period, determination of the profit obtained by the defendant, and so on. This is typically done by an expert appointed at trial. It is painstaking and expensive and delays the whole case. Thus the plaintiff should consider at the outset what it considers most important. Is it sufficient to seek injunctive relief to cease and desist and eliminate the effects of

infringement, or does the plaintiff also insist on seeking monetary compensation?

What is the most painful for the infringer?

An order to cease and desist is sufficiently harsh because it interrupts an activity the infringer is profiting from. Defendants also strongly resist claims to eliminate the effects of the infringement. If they have to publish the judgment or an apology, it undermines their standing as a player on the market. Of course, financial claims are also painful, if the plaintiff is in a position to pursue them effectively.

Under the law of unfair competition, the plaintiff may also seek a judgment ordering the defendant to pay a specific sum toward a socially worthwhile purpose if the violation of principles of fair competition was wilful. Under copyright law, if the infringement is intentional, the plaintiff may also seek a fee for unlawful dissemination of the copyrighted work equal to three times the market rate for lawful dissemination of the work.

Do experts play a major role in such proceedings?

Too great a role, in fact! Experts are necessary in patent infringement cases involving highly specialised subject matter which the judge might not grasp on the basis of his or her own knowledge or even the exhaustive explanations presented by the parties. Then it is necessary to turn to people with special knowledge in the given field.

Experts are overused in other cases, however. An example is determining whether there is a risk of confusion in the case of similar trademarks. This is a decisive condition in litigation over trademark infringement. Judges regard this as a factual issue that must be determined under market conditions, and often expect demographic research to reach a finding of whether there is a risk of confusion or not. But this is really a normative issue that should be determined by the court itself on the basis of the case law, legal doctrine, and common sense.

Yes, there are courageous judges who make these findings themselves, and very persuasively, but others prefer to be guided by research presented by the parties.

Indeed—are there any particular evidentiary problems in such cases?

Some facts are very easy to prove: whether an infringing product is present on the market, who was the first on the market with a particular designation, and so on. Difficulties may arise in determining whether a trademark is famous or not. The evidence in this respect may vary depending on the type of mark and how it is used, as well as the creativity of the plaintiff.

It might seem that there are certain obvious brands like Chanel, Mercedes or BMW for which it would suffice to assert that their popularity is notorious. But this is a risky approach in litigation. The fame of the mark should be proved. The same is true of an allegation that a trademark is universally known. This should also require proof.

But does it require expert testimony?

No. For this purpose, certain facts from the market may be introduced, particularly involving the duration and range of usage, the intensity of advertising campaigns, comments in the media concerning the brands and products, and so on.

If the judge makes an autonomous finding that there is or is not a risk of confusion, without relying on the opinion of an expert, may this be challenged by the other side on appeal?

It may be challenged, of course, but not always effectively. If the court's reasoning is logical, persuasive and based on reasoning used by other courts in earlier, similar cases, and guidelines from the literature, such findings may certainly be upheld. The court needs to put itself in the position of the average consumer, which may mean different attitudes in the case of different types of products. The way one shops for a computer is different from the way one buys chewing

gum. But it lies within the authority of the court to make this determination.

Is it easy to obtain interim relief?

Interim relief to secure the claim is relatively easy to obtain in these cases, but it is harder to win the overall case quickly, even when there is interim relief in force. It should be borne in mind that in order to obtain interim relief, it is not necessary to prove the infringement but only substantiate it. Therefore when considering an application for interim relief, without the involvement of the other party, the judge is fairly inclined to grant it. Then an interlocutory appeal may follow, where the interim relief is exposed to the opponent's arguments.

The main risk is that if interim relief is obtained and enforced throughout the main proceeding, meaning for example that the defendant cannot sell goods under a certain name during that period, but then after three years the defendant prevails in the main case, the plaintiff will be liable for damages as a result of enforcement of the interim relief. This means that the decision to seek interim relief should not be made hastily. The risk of not prevailing on the main claim must be considered.

Do the Polish courts tend to rule in a uniform manner in cases alleging violation of intangible rights?

When it comes to addressing the fundamental issues, the case law is becoming increasingly uniform, but it cannot be assumed that any two courts would decide the same case in the same way. No case is ever that clear and obvious.

As an example of a lack of uniformity, some courts regard the risk of confusion as a normative issue that lies within the competence of the court, while others regard it as a factual issue for which they rely on the results of public opinion surveys.

The uniformity of judicial decisions is reinforced by consideration of the case law

from the European Court of Justice. Decisions from the ECJ offer guidelines which should be followed by the national courts. And that is how it works in practice.

Some say that discrepancies in rulings could be avoided by establishment of a specialised intellectual property court.

That is a difficult issue. Some countries have such courts and others do not. It is hard to say that either solution is clearly better. But to a certain extent life forces us toward such specialisation. When IP cases are filed in the regional courts or administrative courts, they generally end up being assigned to particular judges at those courts anyway.

Judicial specialisation is not entirely unheard of in Poland. There are courts for labour and social insurance cases, and military courts. Whether specialisation of courts in the area of intellectual property would be beneficial for the jurisprudence is a difficult question. A judge should be prepared to resolve any case. If the facts, the law, and the arguments are presented, the judge should be able to carry out the intellectual process of decision-making without any particular difficulty.

It could be argued that in patent cases in particular the panel of judges should include a representative of the discipline in question. That is how it works in the Netherlands, for example. Thus if a case involves biotechnology, a biotechnologist can hint to the judge how to understand certain issues and what weight to give to certain facts. That type of specialisation could have a beneficial impact on the quality of the rulings. But I would leave the issue of potential appointment of a specialised intellectual property court to the decision-makers in our democracy. From the point of view of legal practice, each approach has its strengths and weaknesses.

Interview conducted by Justyna Zandberg-Malec



Intellectual property law: A brief guide

Ewa Górniewicz-Kaczor

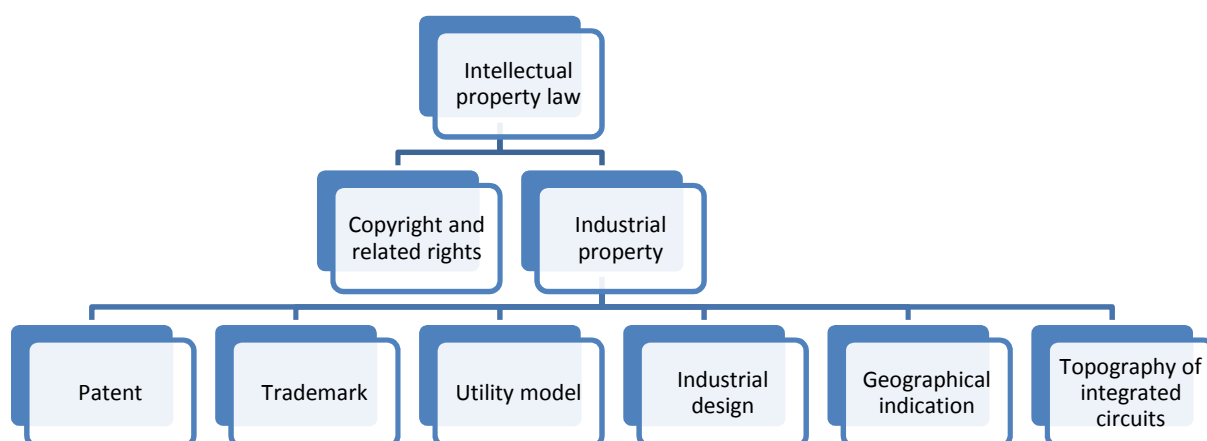
We are surrounded by the tangible results of the creativity of artists, scientists and inventors which are subject to legal protection. Such protection compensates these creative individuals for their efforts, while at the same time stimulating cultural and economic development.

Intellectual property rights are a collective concept essentially covering two traditional categories: copyright and “industrial” property. A common feature of these rights is the intangible nature of the property they involve, as well as their territorial protection. A distinguishing characteristic among particular types of intellectual property is the manner in which they are created.

The subject of copyright protection is a work. In order for such creation to arise, the work must be given form: It must be materialised, e.g. as a book or CD. The regulations do not make any registration requirement a condition for copyright protection to arise. Copyright is also distinct in protecting the link

between an individual creator and his or her work. This connection, referred to as the author’s “moral rights,” is inalienable and its protection is unlimited in time. Alongside the moral rights of the author, copyright also includes “economic rights.” These generally arise in favour of the creator, but because they are alienable, in market practice they are transferred to publishers, film producers and the like, who are in the business of disseminating works to a broader audience. Protection of economic rights is limited in time—currently for the life of the author plus 70 years.

The second broad group comprises what are sometimes collectively called “industrial” property rights, for which registration is generally required. Under the Industrial Property Law, these rights cover patents, utility models, trademarks, industrial designs, geographical designations, and topographies of integrated circuits. These rights give the holder an exclusive monopoly on their gainful



Poland. Intrusion into that monopoly by a third party without the consent of the holder constitutes infringement. Protection of industrial property rights is generally limited in time. Exceptions include geographical designations and—in practice—trademarks, because their protection may be extended without limit.

In the event of infringement or a threat of infringement of intellectual property rights, protection may be sought in a civil proceeding. The structure of civil protective measures is similar for copyright and industrial property rights.

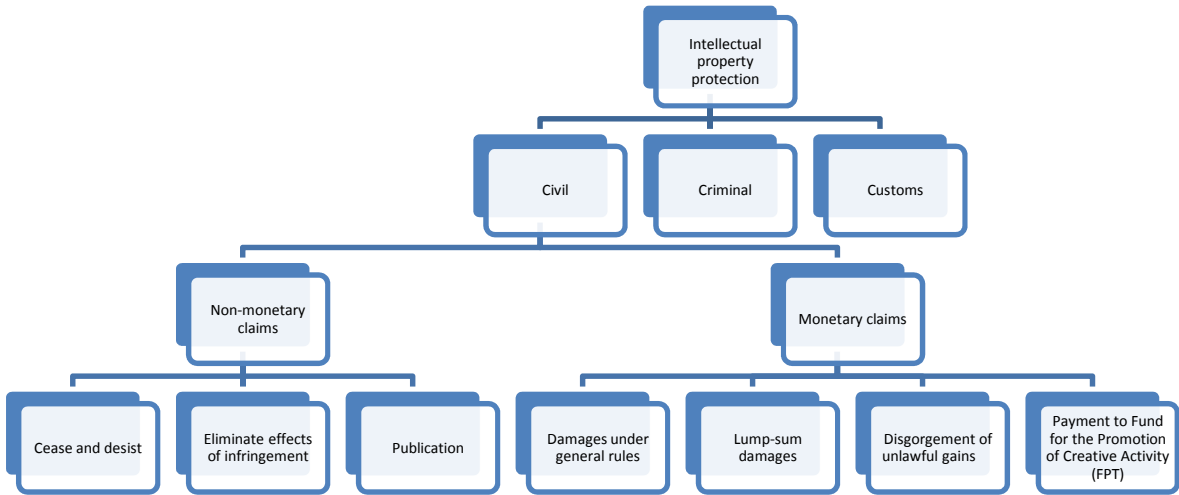
Firstly, in a situation where the infringement is still going on, or the right-holder perceives a realistic threat of an infringement, the right-holder may demand a halt to such actions by seeking an order that the infringer cease and desist current acts or not commit acts that threaten infringement. A claim to cease and desist is the fundamental legal measure for protection against infringement of IP rights. The purpose is to stop an infringement whose continuation could cause negative, irreversible effects, such as dilution of the renown of a trademark.

unlawful gains may also be sought regardless of the culpability of the infringer.

If the infringement is culpable, in addition to the aforementioned claims the right-holder may also seek damages under general rules or lump-sum compensation. In the case of culpable copyright infringement, the holder may also seek an order requiring the defendant to pay a specific sum of money to the Foundation for the Promotion of Creative Activity (FTP).

It is also important to bear in mind that before or after filing a statement of claim, the holder may apply to the court for interim relief to preserve evidence or secure the main claim. In the case of copyright or trademark infringement, protective measures may also be available under the criminal law.

The right-holder is also entitled to customs protection in the case of counterfeit goods (i.e. goods falsely bearing a registered trademark), pirated goods (i.e. goods infringing copyright), or goods infringing industrial designs, patents, names of origin, geographical names, and new plant varieties.



The holder may also seek elimination of the effects of infringement. In the case of infringement of copyright or industrial property rights, the right-holder may demand publication of all or part of the judgment. This claim is available regardless of the culpability of the infringer. Disgorgement of

Infringement of intellectual property rights may also be treated as an act of unfair competition or a violation of fair market practice. Then it is possible to seek cumulative protection, e.g. for both trademark infringement and an act of unfair competition.



Can compensation be won from an infringer?

Dr Monika Żuraw-Kurasiewicz

There is no doubt that intellectual property may have great financial value which can be estimated. But it is much harder to calculate the loss in value to intellectual property caused by infringement.

The applicable regulations (Art. 287(1) and 296(1) of the Industrial Property Law of 30 June 2000) provide for the ability to obtain from an infringer disgorgement of unlawful gains as well as damages. Thus it is possible to apply the same instruments in this area provided for in typical situations of injury to property or other financial interests. But it is difficult for plaintiffs in intellectual property cases to enforce financial claims due to the intangible nature of the rights at issue and because of the evidentiary requirements imposed by civil procedure rules. This may discourage holders of IP rights from pursuing this type of relief. This is why IP infringement litigation is typically limited to seeking an order to cease and desist and to eliminate the effects of the infringement. Plaintiffs often conclude that the effort required to prove financial claims will exceed the amount that could be collected.

What is the source of these difficulties? Civil procedure rules require the plaintiff to prove the relevant facts. The first difficulty is in identifying the scale of the infringement. This information is typically known only to the infringer, and only in some circumstances may be learned from the commercial and accounting records. The second difficulty is in valuing the financial injury to the right-holder

as a result of the infringement. The profits gained by the infringer are not identical to the loss suffered by the right-holder, because the profit gained by the infringer results to a certain extent from efforts and expenditures made by the infringer. Moreover, the injury to the right-holder's interests may not be felt immediately, but may arise over time. For example, the weakening of the distinguishing characteristics of a trademark due to use of a similar mark by competitors is a long-term process. It is hard to determine unequivocally that the dilution of the trademark was the effect of a specific act of infringement. Even in typical instances such as the sale of counterfeit products, it is hard to demonstrate an ordinary cause-and-effect relationship between the infringement and the injury and the financial loss to the holder. How can it be proved that a customer who bought a counterfeit shirt would have bought an original shirt if the counterfeit one had not been offered by the defendant?

Given these difficulties, EU legislators, followed by legislators in Poland, introduced the institution of a fictitious licence fee. Instead of pursuing damages under general rules, the holder may demand payment of a lump sum equal to the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question (patent, trademark, industrial design etc.) It might seem that lump-sum damages would make it much easier to obtain financial compensation for infringement of IP rights.

But so far, all interested parties, including the courts, seem sceptical. The greatest difficulty is to show the use of a licence fee by the right-holder and the amount of the fee. Applying the civil procedure rules literally, it is hardly possible to prove all of the circumstances. The infringer would not have received a licence from the holder in any event, and thus any consideration of this issue can only be hypothetical, which does not meet the requirements for proof of the allegations in a claim. Some holders do not license their rights at all, and thus cannot cite any specific amounts.

How does the practice look so far? There are few cases seeking financial compensation in civil proceedings. Most often, holders pursue claims for disgorgement of unlawful gains, which seem to present fewer evidentiary burdens. It is only necessary to prove the amount of the gain obtained by the infringer. As this represents a specific regulation as against the general provisions of the Civil Code on unjust enrichment, the amount of the loss suffered by the holder is irrelevant. Nor is it necessary to prove a link between the impoverishment of the holder and the enrichment of the infringer. However, in order to show the benefit obtained by the infringer, it is generally necessary to obtain an opinion from an expert who, with access

to information about the infringer's revenue, can estimate the infringer's profit. Given the nature of IP cases and the evidentiary difficulties they present, courts permit the use of Civil Procedure Code Art. 322. This provision permits the court in specific instances to award an appropriate amount of compensation determined by the court's own assessment rather than strictly according to the facts proved by the plaintiff. However, the plaintiff must prove that some benefit was obtained by the infringer, even in an undetermined amount, and must use all evidentiary measures at the plaintiff's disposal. In such case, the burden of assessing the circumstances indicating the amount of the gain obtained by the defendant rests with the court. The plaintiff may not be charged with "the duty of strict proof of the amount beyond its capacity to do so" (Supreme Court of Poland judgment of 24 October 2007, Case No. IV CSK 203/07).

There are reasons to believe that it will become increasingly easy to obtain financial compensation in IP cases. The law itself provides sufficient protection. Now we must look to the case law to recognise the nature of infringement of IP rights and relax the evidentiary standards accordingly.



Counterfeit products from abroad

Norbert Walasek

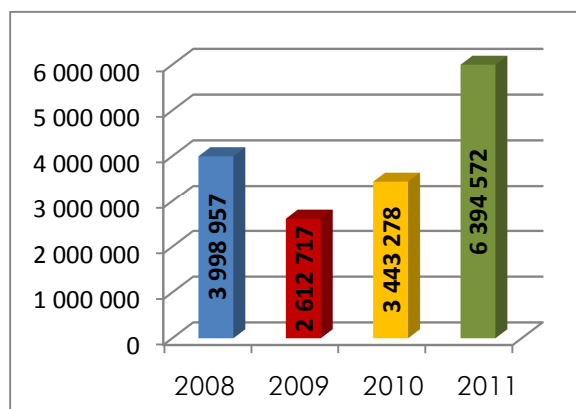
Every year the Polish Customs Service discovers millions of counterfeit goods on their way into the country. It is only thanks to their vigilance that such fakes do not reach bazaars, online auction sites and shops.

Very people realise that every day, dozens of officers in customs offices around the country inspect goods being imported from outside the European Union. Not only large shipments by land, sea and air are subject to inspection, but also small packages sent by post or courier. During customs clearance, officials examine among other things whether goods infringe intellectual property rights protected in Poland. In this manner they protect not only the interests of the holders of IP rights, but also consumers. They prevent the market from being flooded with imitation products which often do not meet the applicable standards, or even present a health hazard.

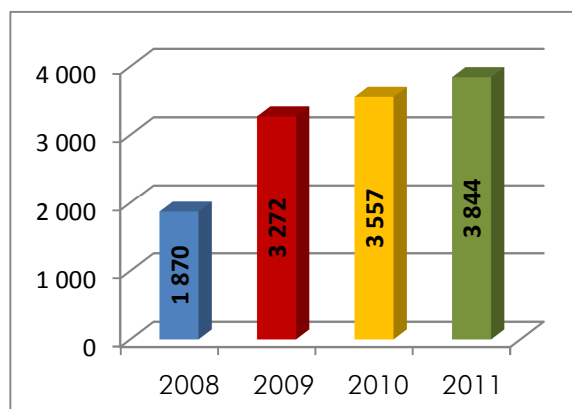
Who may seek protection?

Customs protection is sought primarily by companies that treat protection of their IP rights very seriously, understanding their value for the overall growth strategy of the business. Many of them have had to deal in the past with goods infringing their trademarks or copyrights. Applications for protection are primarily filed by the owners of the rights, but may also be filed by other authorised users, e.g. exclusive distributors of products manufactured by the registered owner.

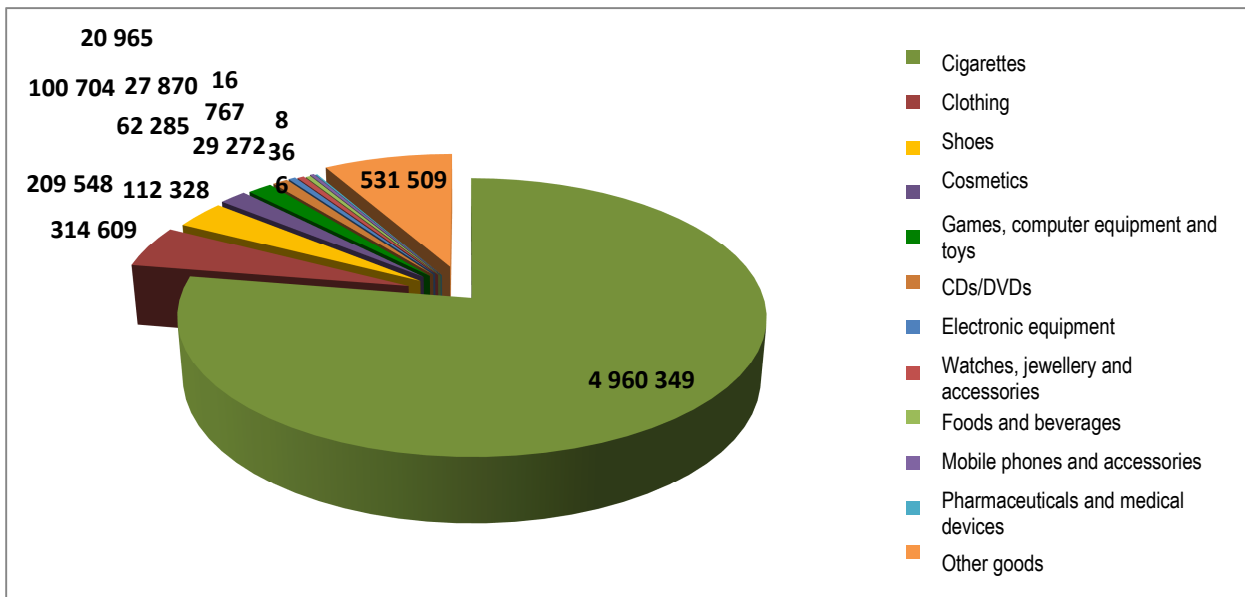
In the case of trademarks, the applicants are the owners of brands in virtually every industry, such as producers and distributors of pharmaceuticals, foods, spirits, cigarettes, cosmetics, clothing, toys, sports equipment, consumer electronics, tools, and auto parts.



Number of items infringing IP rights seized by the Customs Service in 2008–2011



Number of seizures by the Customs Service in 2008–2011



Number of items infringing IP rights seized by the Customs Service in 2011 (by category)

(source: Ministry of Finance)

What may be protected?

Customs measures are available with respect to most IP rights functioning in the Polish and European legal system. They are used against counterfeit goods (using a trademark without the right-holder's consent), pirated goods (infringing copyright or related rights or industrial designs), patented items, names of origin and geographical indications, and plant varieties. Customs protection does not extend to goods infringing rights beyond those listed in the relevant regulations, e.g. parallel imports (manufactured with the consent of the owner of the rights but imported into the EU without its consent).

What does the protection involve?

If during the course of inspection of goods entering the Community customs zone customs officials suspect that they are dealing with goods infringing IP rights, they may seize the goods pursuant to the EU Customs Regulation (1383/2003). The regulation does not apply to goods already located in the territory of the European Union and only crossing a border between member states.

The customs services will notify the right-holder of the seizure of goods. The right-holder must then decide whether it is interested in the seizure. If so, upon

application of the right-holder the customs authorities may provide the right-holder a sample of the seized goods as well as the details of the recipient, the sender, the person presenting the goods for clearance or in possession of the goods, as well as information on the origin of the goods. If the product infringes the holder's rights, the right-holder may commence a proceeding to ascertain the infringement and enforce its rights by civil or criminal means.

It should be pointed out that a significant number of cases arising out of customs seizure end in a settlement between the parties under which the importer consents to voluntary destruction of the infringing goods (simplified procedure).

How to obtain protection?

Obtaining protection is very simple and requires completion of few formalities.

The foundation is submission of a form known as an application for customs action. The application may be filed with the designated customs department in any EU member state. In Poland it is the Director of the Warsaw Customs Chamber.

The applicant may request protection in one, several, or all countries in the Community. This means that the application may serve as

grounds for seizure of goods suspected of infringement in any of the indicated countries. If the application covers more than one country, it is necessary to provide translations of the enclosed documents into the relevant languages. The application is valid for a year, but no longer than expiration of the right covered by the application. An application for an extension may be filed 30 days before the end of the period of customs protection.

The application must indicate the right for which protection is being sought (e.g. trademark, patent or copyright and at least basic information enabling preliminary recognition of goods that might infringe such right (e.g. a description of original and counterfeit goods).

There is no fee for the application, regardless of the scope of the protection sought. But this does not mean that the right-holder will not incur any costs connected with customs protection of its rights. A declaration must be enclosed with the application in which the right-holder undertakes to cover the costs arising in connection with release of the goods from customs seizure or storage of the goods for the period of seizure.

Within 10 business days after notice to the right-holder of seizure of goods (which period may be extended by a further 10 days), the right-holder may take steps to enforce its rights in civil or criminal proceedings. Before the end of the seizure period (a total of 20 business days), the customs office should be informed of commencement of proceedings to determine whether an infringement has occurred or conclusion of a settlement for voluntary destruction of the goods with the

person responsible for the infringement or in control of the infringing goods.

If measures are not taken during this period, the goods will undergo further customs procedures applicable in the given instance, which will generally involve turning over the goods to the importer.

Why is it worth seeking protection?

The measures provided for in the regulations concerning customs protection of intellectual property provide an excellent opportunity for businesses seeking to protect their rights, primarily because they enable:

- Elimination of infringing goods at the border, before they are absorbed into the Community market, thus minimising the negative consequences of further trading in the goods
- Reduction of the difficulties and costs of identifying persons responsible for trading in counterfeit goods
- Quick destruction of goods without the need to conduct laborious negotiations or litigation.

But the limited effects of customs protection should also be borne in mind. It is not sufficient in itself to eliminate infringing goods, but only enables the right-holder to secure the infringing goods for the time it takes to prepare further measures to enforce its rights.

A clear advantage of customs protection is the relatively modest cost and the fact that goods are seized before they reach the market. Thus it is a commonly used element of anti-infringement strategy.



The statute of limitations on claims to cease and desist ongoing infringement

Lena Marcinoska, Dr Monika Żuraw-Kurasiewicz

How should the limitations period be calculated when infringement is continuous or repeated over a number of years? Does the limitations period run from the date of the first infringement, or does it run from each successive day when an infringement occurs? A recent ruling by the Supreme Court of Poland helps answer this question.

Supreme Court of Poland judgment of 27 April 2012, Case No. V CSK 211/11

Art. 289 of the Industrial Property Law of 30 June 2000 contains detailed rules on the limitations period on claims for infringement of patents and trademarks. The right-holder's claim becomes time-barred 3 years after the date in which it learned of the infringement of its rights and the identity of the infringer. Nonetheless, a claim becomes time-barred at the latest 5 years after the date when the infringement occurred.

Infringements of intellectual property rights often last for some time. They may be continuous, for example when the infringer has assumed a name for its enterprise that conflicts with the rights of the owner of the name, or repetitive, e.g. in the case of imports of successive shipments of counterfeit goods. When the limitations period is running, the right-holder must take quick legal measures. If the period expires, the infringer may refuse to comply with the right-holder's demands and the court will deny the late claim. But the regulations do not provide

a clear answer on how to calculate the running of the limitations period in the case of long-term infringements.

If the lengthiness of the infringement results from repetitive acts, such as long-term imports of goods infringing a trademark, the matter is fairly clear: Each infringement should be treated separately. The problem is when a one-time act gives rise to a lasting state of infringement. An example would be—as in the cited case before the Supreme Court—a storeowner's use of someone else's trademark as the name for his store. It is not clear whether this state should be treated as a single act of infringement or as a continual succession of individual acts of infringement, one after another. The answer to this question is crucial for calculating the limitations period, and, consequently, for effectively enforcing the right-holder's claims. Several different approaches had been presented in the legal literature, but the issue had not been resolved.

The case involved infringement of verbal trademarks for clothing, footwear and accessories and services involving sale of such goods. The facts were fairly complicated, as were the holdings by the courts at the various instances. To demonstrate the conclusions more clearly, we will simplify the presentation somewhat.

The infringer used a name that was confusing similar to registered trademarks, as the name

of his business and to designate the stores he operated, goods, services and advertising materials. The trademark owner learned of the infringement in 2001 and filed suit. The defendant's violation of principles of fair competition was confirmed by a legally final judgment, partially granting the plaintiff's claims and enjoining the defendant's use of the disputed designation in commerce, specifically as the name of the enterprise. In 2007 it turned out that the same person was still taking various actions infringing the trademark. Some of them, it may be assumed, had been going on for several years. The right-holder filed suit again, alleging infringement of the rights to the trademark and the company name. The court of first instance upheld the new claims and the court of appeal denied the defendant's appeal.

The defendant asserted the defence of the statute of limitations. In the cassation appeal to the Supreme Court of Poland, the defendant alleged that the lower courts had erred by finding that the limitations period on the claims to cease and desist began to run separately for each day in which the condition causing the trademark infringement existed. The defendant argued that since the trademark infringement was already occurring in 2001, and such infringement was found to occur also in 2007, his actions constituted a single unlawful act, not a series of acts.

The Supreme Court rejected the defence of the statute of limitations.

It is not certain from the facts discussed in the Supreme Court judgment whether the infringement lasted continuously from 2001 forward, or was interrupted and then repeated in 2007, but the first variant appears more likely.

It may be concluded that the Supreme Court treated the limitations period on claims for continuous infringement (i.e. conflicting use of the plaintiff's trademark as the name of the defendant's store) and for repetitive infringements (i.e. sale of infringing goods and distribution of infringing advertising materials)

in the same way. The court held that both the repetitive infringements and the continuous infringement should be treated as a series or sequence of infringements. This suggests that the court favours the view that a one-time intrusion into another's rights leading to an ongoing state of infringement should be treated the same as repetitive infringements. This means that the running of the limitations period should be counted from each successive day of the state of infringement, and not from the start of the state of infringement.

The Supreme Court stressed that the rights arising out registration of a trademark include a requirement that persons who are not holders of the trademark must refrain from using the trademark for goods and services. If in violation of that prohibition an unauthorised person uses a trademark which is the exclusive right of another person, the violations of that right should be analysed by considering each infringement separately.

The approach taken by the Supreme Court in this case is favourable to right-holders and extends the time in which they may effectively pursue their claims. A claim to cease and desist a continuous infringement will thus not become time-barred 5 years after the first day of the infringement or 3 years after the right-holder learned of the infringement. These periods begin to run from each successive day of infringement. In practice this gives right-holders a long time to pursue legal measures, and an infringer may not feel that it may go unpunished even if the right-holder is aware of the infringer's unlawful acts but fails to object immediately.

It should nonetheless be borne in mind that the rules on limitations periods are not absolute. Delay in taking legal measures may be treated as an abuse of a right, which could result in denial of the right-holder's claim even though the limitations period has not expired. Such an analysis would have to take the circumstances into account on a case-by-case basis—particularly the attitude of the parties during the period when the infringement was occurring.



Evolution, not revolution: Recent amendments to the Civil Procedure Code concerning injunctive relief

Dr Damian Flisak

When amending the regulations concerning interim relief, the Polish Parliament clearly recognised the special nature of such measures. Although the changes are mostly intended to clarify the existing rules, they should have a positive impact.

Prior to the recent amendment of the Civil Procedure Code, there were doubts whether the court could issue injunctive relief in a proceeding for interim relief to secure non-monetary claims if the injunctive relief, requiring or prohibiting specific behaviour, would ordinarily not be granted until the court ruled on the merits of the main case. This is because Civil Procedure Code Art. 731 provides that “interim relief may not aim at satisfying the claim unless otherwise provided by statute.” The essence of the problem boiled down to whether in a proceeding seeking interim relief—which requires a much lower evidentiary showing by the plaintiff than would be required to prevail on the merits of the principal case—it is permissible for the court to grant relief such as an immediate injunction against marketing a specific product, when such relief is included in the relief sought by the plaintiff in the statement of claim in the main case.

The possibility of obtaining *de facto* satisfaction of the principal (non-monetary) claims through interim measures is particularly important in intellectual property disputes. The intangible interests which are the subject of protection of IP rights are particularly vulnerable to infringement, and thus granting protection only following the trial on the merits would generally provide only an illusory chance to repair the harm. For example, if pirated or counterfeit goods are allowed to be introduced into trade, the goods will generally become dispersed throughout the market. This will effectively prevent complete elimination of the effects of the infringement when a final judgment is issued in favour of the plaintiff. Legal protection awarded years later will come far too late.

Most specialists in civil procedure correctly admitted the possibility of interim relief to secure non-monetary claims through issuance of injunctions ordering or prohibiting specific actions. The courts have adopted a similar practice. But in order to unify the judicial practice and eliminate any doubts, Art. 755 §2 was introduced into the Civil Procedure Code, providing: “Art. 731 shall not apply if the security is necessary to

avert a threatened loss or other negative consequences for the petitioner.” The phrase “avert a threatened loss” should be understood to mean simply “prevent a loss,” while “other negative consequences for the petitioner” means consequences different from loss in the sense of a financial detriment (as pointed out in point VII.7 of the justification to the proposed Act of 16 September 2011 Amending the Civil Procedure Code and Certain Other Acts). It should also be recognised that the grounds set forth in Civil Procedure Code Art. 755 §2 should be indicated in the application for interim relief, while in practice the argumentation in this respect will largely run counter to the general conditions for granting interim relief under Art. 730¹.

By contrast, it should be pointed out that the ability to obtain injunctive relief to secure monetary claims arising out infringement of copyright or *sui generis* rights to databases was deleted from the list set forth in Civil Procedure Code Art. 753 §1. In other words, the ability to order payment of a specific amount of money to the petitioner in a proceeding seeking interim relief before issuance of a ruling on the merits of the case has been eliminated. Thus Art. 731, under which interim relief may not be aimed at satisfaction of the principal claim, has been fully restored with respect to monetary claims. This change is also sound, because the specific nature of protection of rights to intangible interests mentioned above is not relevant to purely monetary claims.



What can you learn from an infringer?

Lena Marcinoska

When pursuing claims involving infringement of intellectual property rights, it may be difficult to prove the factual grounds, such as the extent and scale of the infringement or the origin of the goods. There is help available in the form of an information claim.

It can be hard or impossible for a right-holder to determine on its own the origin of infringing goods or services or the scale of the infringement. In reality, only persons involved in the infringement have that information. But the civil procedure rules require the plaintiff to present all evidence required to prove its case. In the case of IP rights, this makes it very difficult to pursue claims, particularly financial claims. An

information claim may help overcome this difficult.

The institution of information claims was first introduced into Polish law through the Copyright Law of 4 February 1994 (Art. 80(1)(3)). Holders of trademarks and patents were eager to obtain similar protection, which they finally did when Poland joined the EU and implemented the requirements of the IP Enforcement Directive (2004/48/EC) into the Industrial Property Law of 30 June 2000 (Art. 286 (1)(2) and following). It is thus a fairly new institution, continually developing, and has yet to reach a firm understanding in practice through interpretation by the courts.

An information claim imposes an obligation on the infringer to provide certain factual

information, which is a procedural boon to the plaintiff. The scope of this obligation is broad. However, the claimant must specify in the application the information it seeks to obtain. It may demand disclosure of:

- The names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers
- Information on quantities produced, manufactured, delivered, received, ordered or sold
- Information on the price obtained for the goods or services.

Information may be sought primarily from the infringer, but also from any other persons found in possession of the infringing goods on a commercial scale or found to be using the infringing services on a commercial scale. Such persons may include, for example, those identified by the infringer as being involved in the production, manufacture or distribution of the goods or the provision of the services, or anyone else directly or indirectly seeking to profit or gain other economic advantage from the infringement.

The application for information must indicate the IP rights held by the applicant and substantiate (rather than prove) the fact of infringement of the IP rights. An application may be filed prior to filing of the statement of

claim in the case or at any stage after commencement of the proceedings.

It appears from our practice that the courts understand that one purpose of the institution is to help right-holders prepare their statement of claim, and thus quite readily grant applications for information even before the main proceedings are commenced. In practice, however, it may be difficult to extract information from the respondents. They must decide whether to comply with the order of the court, and to what extent. There are burdensome sanctions that may be imposed to enforce compliance with the court order, such as a fine or the new sanction under which the respondent is required to pay the claimant a sum of money for refusal or delay in performance of the obligation (Civil Procedure Code Art. 1050¹ and 1051¹). But this procedure may be so time-consuming and burdensome for the claimant that it undermines the advantage that was supposed to flow from the institution of the information claim, i.e. quickly obtaining evidence needed to draft the statement of claim in the case.

It is our impression that the initial enthusiasm which greeted the introduction of this regulation is weakening. Nonetheless, the practice may develop in a direction that gives more weight to information claims. They may serve as a strong weapon in the battle for enforcement of intellectual property rights.



Red soles are a Louboutin trademark

Marzena Białasik-Kendzior

So ruled a US federal appeals court in a dispute between shoe designer Christian Louboutin and fashion house Yves Saint Laurent.

Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc., 696 F.3d 206 (US 2nd Circuit Court of Appeals, 5 September 2012)

The news spread around the world—and not just the fashion world—that the US Court of Appeals in New York had decided a dispute going on for over a year between the French shoe designer Christian Louboutin and the famous fashion house Yves Saint Laurent. The dispute involved red soles.

High heels by Louboutin have been all the rage for the past two decades. The idea of painting the bottom of the shoe with bright red lacquer helped establish the Louboutin brand and made Christian Louboutin himself a leading fashion designer. Thanks to Louboutin's intensive marketing efforts, shiny red soles are associated first and foremost with exquisite women's shoes from this designer.



(source: christianlouboutin.com)

The red sole is not just eye-catching, but is also the most recognisable and characteristic feature of designs by Christian Louboutin.

And it generates huge profits. It was thus no surprise that many people eager to exploit the distinct feature of red soles showed up on the market. The frequency with which "Louboutins" were copied led to launch of the "Stop Fake Louboutin" campaign, in which online auction portals and other websites are continually monitored for the appearance of counterfeits. According to the site www.stopfakelouboutin.com, the campaign has resulted in shutting down hundreds of websites, deletion of listings, and removal of sponsored and unsponsored links used by sellers of counterfeit goods.

In order to enforce his rights more effectively, Christian Louboutin filed for registration of a trademark in the form of a red sole with the Office for Harmonization in the Internal Market in Alicante, Spain, the World Intellectual Property Organization in Geneva, and national trademark offices. The purpose of the registration was for the designer to reserve the use of red soles for exclusive women's shoes sold under his own signature.

One of the marks registered in 2008 by the US Patent and Trademark Office was the graphic mark pictured here:



(source: www.uspto.gov)

The registration of the trademark stated, "The color(s) red is/are claimed as a feature of the

mark. The mark consists of a lacquered red sole on footwear.”

The dispute in question began in January 2011 when Christian Louboutin learned that the fashion house Yves Saint Laurent was launching a monochrome collection of shoes, in which each pair was all in a single colour, including the sole. The collection included red shoes, which thus had red soles.

Louboutin demanded that YSL withdraw the disputed red shoes from the market. When negotiations failed, Louboutin filed an action in the US District Court in New York, alleging infringement by YSL of the registered trademark in the form of a red sole. YSL responded by seeking to cancel Louboutin’s trademark because it had no features distinguishing it from other brands in the same colour.



(source: www.highheelsdaily.com)

In August 2011, the district court denied Louboutin a temporary injunction against the YSL goods, holding that because a single colour can never be protected by trademark in the fashion industry, Louboutin’s trademark was likely not enforceable.

A year later, the Court of Appeals reached a different conclusion. Citing earlier case law, the court reasoned: “Although a single color, standing alone, can almost never be inherently distinctive because it does not almost automatically tell a customer that it refers to a brand..., over time, customers may come to treat a particular color on a product or its packaging ... as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—i.e. to indicate their source—much in the way that descriptive words on a product can come to indicate a product’s origin.”

The court had no doubt that by using red in such an exceptional context, Louboutin intentionally connected the colour to his product. Sufficient evidence was presented to show that Louboutin had created a kind of

symbol which had acquired a “secondary meaning” identifying the Louboutin brand and “uniquely” associated with the brand. The red lacquer undersole, when used with an upper in another colour, identifies and distinguishes the Louboutin brand and therefore qualifies for trademark protection. But the court expressly limited its holding to the case where the red of the sole contrasts with the colour of the rest of the shoe. The court thus concluded that Christian Louboutin could properly prohibit competitors from using a contrasting red sole.

Meanwhile, to YSL’s advantage, the court held that the distinctiveness of the red sole is limited and does not extend to monochromatic shoes, i.e. where both the sole and the upper of the shoe are red. Therefore YSL’s use of a red sole in the monochromatic line of shoes at issue in the case did not constitute unlawful use of Christian Louboutin’s registered trademark or a mark confusingly similar to the Louboutin trademark. Therefore there was no risk of consumer confusion in this case.

The judgment by the court of appeals was not a clear victory for either side, but offered some satisfaction to both. The court recognised that colour may be protected as a trademark, and upheld Christian Louboutin’s right to exclusive use of red outsoles contrasting with the colour of the rest of the shoe. Meanwhile, YSL may continue to produce monochromatic shoes—even red ones.

Louboutin’s success in the US courts surely removed some of the bitter taste of his earlier defeat in Europe. In June 2011, Christian Louboutin lost a similar case against the Spanish retailer Zara, which had marketed shoes with contrasting red soles. The court of last resort in France, the *Cour de cassation*, held in that case that the designer had no monopoly on red soles. Because Christian Louboutin promises not to give up the fight for protection of his rights, but indeed has said he will step up his efforts, further judgments may be anticipated involving the “flash of a red sole.”

Authors



Włodzimierz Szoszuk is an *adwokat* and senior partner at Wardyński & Partners. He heads the Intellectual Property Practice. He advises clients on copyright law, other forms of intellectual property, and civil law, particularly unfair competition law and the law of new technologies. He negotiates and drafts agreements on licensing, distribution and assignment of rights. He conducts civil and criminal litigation on behalf of many foreign and domestic companies involving intellectual property and unfair competition. He is a member of the International Bar Association, the International Trademark Association and the Polish Competition Law Association.

E-mail: wlodzimierz.szoszuk@wardynski.com.pl



Dr. Monika Żuraw-Kurasiewicz is a legal adviser and a member of the Intellectual Property Practice. She handles civil law and intellectual property law, in particular trademarks, unfair competition and internet law. She also advises clients in matters concerning protection of other intangible rights, such as reputation. She is the author of scholarly publications on trademark law, including "Functions of Trademarks in ECJ Case Law" and "Conflicts Between Registered Trademarks and Unregistered Designations of Origin of Goods."

E-mail: monika.zuraw@wardynski.com.pl



Marzena Białasik-Kendzior is a lawyer in the Intellectual Property Practice. She practises intellectual property law, particularly trademark law. She has significant experience handling matters involving obtaining and maintaining registration rights to Polish, EU and international trademarks. For many years she has handled matters for clients in trademark disputes before the Polish Patent Office, OHIM and the administrative courts.

E-mail: marzena.bialasik@wardynski.com.pl



Norbert Walasek is an *adwokat* and a member of the Intellectual Property Practice. He advises clients, particularly manufacturers of electronics, machinery and equipment, and also IT firms, on intellectual property law and unfair competition issues, including trademarks, industrial designs and patents. He participates in civil and criminal disputes and is also experienced in negotiating settlements.

E-mail: norbert.walasek@wardynski.com.pl

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Wardyński+

Wardyński & Partners
Al. Ujazdowskie 10
00-478 Warsaw

Tel.: (+48) 22 437 82 00, 22 537 82 00

Fax: (+48) 22 437 82 01, 22 537 82 01

E-mail: warsaw@wardynski.com.pl

