

NEWSLETTER

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Tenant of a market square should prevent infringements of intellectual property rights performed by tenants

We would like to draw your attention to the judgment of the European Court of Justice (hereinafter referred to as 'ECJ') issued on July 7, 2016 in case C-494/15 Tommy Hilfiger Licensing LLC and others v. Delta Center a.s.

The main problem, which the ECJ struggled with in the above case was the question - whether tenant of a market square, who in the context of own business activity concludes many contracts with traders at the marketplaces, can be forced to stop a possible violations of intellectual property rights? Violations referred to on the canvas of described case concerned, *inter alia*, the sale of goods with counterfeit trademarks and marks positioned on the packaging.

The ECJ in its judgment have indicated that the situation of the physical operator of the market is analogous to the situation of an intermediary, referred to in art. 11, the third sentence of Directive 2004/48 / EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (ie. the enforcement directive).

Art. 11 Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. **Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.**

As noted by the Tribunal that directive can not and should not be limited to cases of infringements of intellectual property rights caused by electronic means - the extension of the scope of the enforcement directive is necessary also in the case of physically existing mediation. This allows you to strengthen the protection of intellectual property rights through the use of intermediaries in the fight against violations, and this is due to the fact that the people providing eg. retail space (as in this case) have the most effective tools in the fight against this type of breaking the law. Not only can terminate the contract, but also use all kinds of contractual protection in the

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event of such situation. Moreover, the situation of intermediaries in monitoring of violations is so advantageous that they can realistically and at any time exercise supervision over people possessing market stalls.

The effect of this decision is the need for the use of an intermediary - a tenant of the same conditions, which is subject to a restraining order of violations, which apply to the intermediaries (service providers) operating online. These conditions are set out, *inter alia*, in the judgment of 12 July 2011, L'Oreal and others. (C-324/09).

Mean of forcing the abandonment of violations made by third parties in the form of a ban can be used only when 'are also effective, proportionate and dissuasive and shall be applied in such a way as to prevent the creation of barriers to trade conducted in accordance with the law and to provide securities against their abuse' (art. 3 enforcement directive). As for the latter premise (ie. creating obstacles to business activities according to the law), the ECJ in that L'Oreal judgment explained that the ban does not have to rely on the constant supervision of a third party making violations - it is sufficient to create such a response system and resources used between the parties that will omissions infringing intellectual property rights by persons using the services of the intermediary.

In summary, the ECJ ruling in Case C-494/15 confirms that the tenant who is in fact the intermediary can be forced to bring about the cessation of any violations to which contribute traders on leased sites. Physical intermediaries, on this basis were somehow involved in the activity which combats infringement of intellectual property rights through 'extending' the scope of the enforcement directive (so far, it was assumed that it applies to internet business). While holders of trademarks, patents, industrial or utility designs gained guarantee of effective protection of their rights - you have to remember that the intermediary, who is not applying to the prohibition issued under the Directive can be held up to criminal (or civil) liability arising from aiding!
