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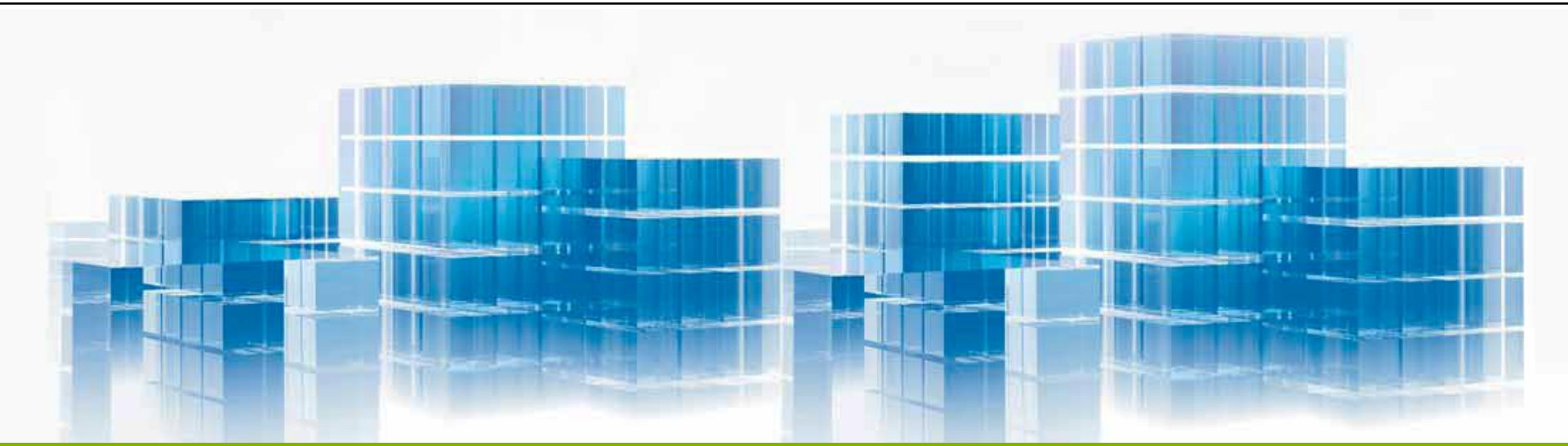

Advertising Law – Unfair Competition Law – Trademarks

Violation of promotion and marketing rules – Enforcement in Germany at a glance

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I. Violation of Promotion & Marketing Rules incl. Ambush Marketing and Infringements of Intellectual Property Rights

Promotions in Germany will generally be governed by the

- **German Act against Unfair Competititon**

In addition, as the case may be, stipulations of other Acts may be the basis for claims, such as

- **Federal Data Protection Act**
- **Act on Telemedia**
- **Trademark Act**
- **Copyright Act**
- **Design Patent Act**

The Issue:

1. Violation of

a) Rules against unfair competition (e.g. passing off, misrepresentation, disparagement, acts of ambush marketing)

b) Advertising rules, laws or regulations

c) Trademark rights, design rights, copyrights, image rights

d) Olympic Symbols Protection Act

2. Possible plaintiffs are

a) + b)
- Competitors
- Associations with the purpose to protect fair trade (e.g. Wettbewerbszentrale = Association for the combat against Unfair Competition)
- Certain Associations for consumer protection
- Chambers of Commerce/Chambers of crafts

c)
- Rights owners
- Licensees
- Depicted persons (image rights)

d)
- International/National Olympic Committee

II. Legal environment against violation of advertising and marketing laws and infringements of intellectual property rights in Germany

- **Reliable judicial system**
  - Specialized court panels in almost every major city
  - Local particularities of the courts are known and can be used to support your case
- **Fast proceedings**
  - Ex-parte injunctions are often granted within a few days, at trade fairs even within hours, and served the same day
  - Judgements after opposition proceedings against injunctions are often announced the same day or the day after the hearing
- **Inexpensive proceedings**
  - Low court fees/appropriate lawyer‘s fees
  - Reimbursement of costs in favor of winning party
- **Effective proceedings**
  - Penalty for non-compliance

III. The Approach

1. a) Warning letter/cease-and-desist letter

Required content:

- Short description of the facts and the legal position
- Claim, i.e. exact wording for the cease-and-desist declaration sought
- Request for a contractual penalty-clause
- A reasonable deadline (generally between two days and ten days)
- Threat of legal proceedings in case of non-compliance with request
- Suggested attachment: draft of cease-and-desist undertaking demanded

b) Cease-and-desist declaration

Declaration of the defendant must

- contain clear wording in respect of the objected behaviour
- contain contractual penalty clause
- be serious and unconditional
- contain a signature of the representative of the company
- be received within the set period

If cease-and-desist declaration is signed no further action is necessary or possible except for cost reimbursement and damages. Cost reimbursement is generally sought and often enforced. Damages are rarely persued.

2. Preliminary injunction

a) Prerequisites:

- Cease-and-desist claim
- Substantial facts indicating danger of violation of a law/trademark
  - Plaintiff must be competitor/association or right owner/licensee
- Danger of first infringement/danger of recurrence
- Urgency (generally within one month after the objected behaviour has been discovered)
- Competent court

b) Advantages:

- Ex-parte proceedings, usually granted within a few days, oral hearing possible but then ordered within one or two weeks
- Forum shopping
- No proof necessary – substantiation sufficient (documents/affidavits)
- Low risk, due to low court and lawyer‘s fees (claim for reimbursement of costs against defendant)

c) Disadvantages:

- Damages due to enforcement in case preliminary injunction is lifted later on
- no other claims possible (exception: counterfeit cases)

3. The trial (principal proceedings)

Claims permissible:

- Cease-and-desist order
- Claim for information and disclosure
- Damages
  - actual damages
  - profit of infringer
  - fictitious license fee
- Removal of the consequences of the faulty behaviour
- Destruction (violation of intellectual property rights)
- Publication of judgment
- Absorption of profit (Associations/Chambers of Commerce/Crafts only)

4. Protective brief (to be filed by infringer/potential defendant)

Purpose:

- Constitutional right to be heard/due process of law
- Request for an oral hearing before injunction is granted
- Chance ot prevent grant of injunction

IV. Enforcement

1. Breach of a cease-and-desist declaration

- Contractual penalty
- Injunctive relief/trial still possible

2. Violation of a court order (preliminary injunction/judgment)

- Cease-and-desist order: penalty for non-compliance
  - Fine
  - Arrest
- Order for damages:
  - Attachment of goods/bank accounts/claims
  - Compulsory auction/transfer of funds

V. Costs

1. Extrajudicial costs

- warning letter: claim for reimbursement

2. Judicial costs

- preliminary injunction
- ordinary proceedings
- cost order for penalties for non-compliance
- enforcement of court orders

All court decisions are eligible for a cost decision in favor of the winning party. Cost orders are enforceable

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