

**Report Q203**

in the name of the Bulgarian Group  
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**Damages for infringement, counterfeiting and piracy of Trademarks**

**Questions**

**1) The state of the substantive law in the countries**

- 1) *The Groups are invited to indicate, in summary form, if their national law distinguishes between different kinds of infringement, counterfeiting and piracy of trademarks and what the conditions are for liability for those different kinds of infringement, counterfeiting and piracy.*

The Bulgarian national law does not distinguish infringements, counterfeiting and piracy of trademarks. It only considers infringements.

*The Groups are also invited to indicate if these various forms of the violation of trademark rights have an impact on the monetary compensation to be provided to the trademark owner.*

The lack of distinguishing between different forms of infringements, counterfeiting and piracy of trademarks do not influence the monetary compensation provided for the trademark owner.

- 2) *The Groups are asked to present in a summarised form the legal theories in their respective jurisdictions for the assessment of damages for the violation of trademark rights.*

*Is this assessment based on the ground of civil liability or on the ground of violation of property ownership or some other ground(s)?*

Pursuant to the effective Bulgarian laws, the infringer is the one who carries a civil amenability and respectively the law provides the assessment to be based on all damages for the violation of trademarks rights (property and no property damages and missed benefits).

- 3) *The Groups are asked to indicate what factors are taken into account in the assessment of damages and how the value of the trademark is used in this assessment.*

- a) *Do the Courts take into consideration how strong the trademark is, both in terms of its inherent distinctiveness and popularity acquired through use and publicity?*

There are no specific regulations concerning the criteria of assessment of compensations, however if an expert witness has taken into consideration the above specified criteria in determining the amount of infringement compensation, the court may also take into consideration the above criteria by determining the respective compensation.

- b) *Do the Courts take into consideration the investment made by the trademark owner in order to make the trade mark known?*

There are no specific regulations regarding trademarks that are not well-known. For well-known marks this criterion will be taken into consideration and for ordinary trademarks

if the expert witness has taken into consideration the above cited criteria in determining the amount of infringement assessment, the court may take into consideration the above cited criteria in enacting the respective compensation.

- c) *Do the Courts consider what direct effect the infringing activity has had on the trademark proprietors profitability? If so, how?*

With a view to the circumstance that the law provides in determining the amount of compensation to take into consideration "amount of incomes received by the infringer as a result of the infringement", than it could be assumed that the courts should consider the direct effect of the act of infringement on the benefit of trademark owner.

- d) *Do the Courts take into account price erosion? If so, how?*

No regulation about this, therefore there is no information on the subject.

- e) *Do the Courts distinguish between actual lost sales ( i.e; the sales which would otherwise have been made by the trademark owner) and all sales made by the infringer? If so, which sales matter?*

It could be assumed that when into consideration is taken "the amount of incomes received by the infringer as a result of infringement" in determining the amount of infringement compensation; the court should make this difference.

In respect to law provisions relevant are all sales accomplished by the infringer.

- f) *Do the Courts treat parallel imports differently ? If so, what is the legal basis for this differentiation?*

Until now, there are no different criteria and conceptions in respect to the parallel import in court's practice. There is no legal definition either of the concept "parallel import" as such.

- 4) *In case the compensation is evaluated on the basis of lost profits of the trademark owner or an account of the profits arising from infringement:*

- a) *What are the key principles?*

There are no specific regulations concerning the above. Into consideration are taken the experts witness' conclusions.

- b) *How are the profits defined and how are they calculated?*

There are no specific regulations concerning the above. Into consideration are taken the experts witness' conclusions.

- c) *What shares of the profits are attributed to the trademark owner and any licensees?*

In accordance to the practice that has been accepted by the experts witness' conclusions, the whole profit has been taken into consideration.

- d) *Does the strength of the trademark come into play in apportioning the profits?*

No data.

- 5) *In case the monetary compensation is assessed on basis of a royalty,*

- a) *How is the royalty rate fixed?*

There is no legal provisions regulating the subject and no court practice on the subject.

b) *Do the Courts consider whether the mark in question is one which is or was available for licence? If so, how does this affect their analysis?*

No data.

6) *The Groups are asked to summarise what information in relation to the unlawful activities causing the violation of the trademark can be obtained by the trademark owner in administrative or judicial proceedings in order to assess the level of monetary compensation.*

The acts which are considered as an infringement of trademark rights are foreseen in articles 13 and 71 from Bulgarian Law on Marks and Geographical indications. In the administrative procedures concerning infringements of trademark rights, information can be obtained from the practice of the Commission for protection of competition and the provisions concerning trademark imitation.

7) *One of the forms of the prejudice suffered by the trademark owner through the infringement is the damage to the trademark in a reputational sense (diluting exclusivity). The Groups are invited to report if this form of prejudice is considered by the Courts and what are the factors that are used in their evaluation?*

In so far as the law provides in determination the compensation of damages to be considered all circumstances connected with the infringement, this form of infringement must be considered too. Because of the scarce court practice in such cases there is no data for such factors taken into consideration in specific lawsuits.

8) *The Groups are also asked to indicate if the moral/wilful element of the violation of a trademark right, and particularly the will to profit or gain from counterfeit activities (where the goods do not originate from the trademark proprietor or are not marked with his consent) is taken into consideration in the evaluation of the damages and/or the account of profits. If so, what are the consequences?*

There is no data relying on of such criteria in determination the compensation of trademark rights infringements.

*The Groups are also asked to indicate if ignorance of the trademark and/or ignorance of the infringement is taken into consideration in the evaluation of damages or the account of the profits.*

There is no data for such a method of approach.

*Finally, is the scale of the counterfeiting or piracy an additional element which influences the assessment of damages and/or account of the profits? If so, what are the consequences?*

Pursuant to the effective Bulgarian laws there are no categories such as counterfeiting and piracy of trademarks. However the large scale of infringement of trademarks will be taken into consideration when determining the amount of compensation.

9) *Is the evaluation of damages based on the same principles in cases where the infringement also constitutes a violation of a contractual obligation, for example, a violation of a licence?*

In principal yes, the infringing party carries full civil amenability.

10) *The Groups are also invited to explain the problems and practical difficulties that the trademark owners face in the assessment of the damages and/or account of the profits for the violation of trademark rights?*

The lack of legal criteria for assessment the compensation of trademark rights infringements, for assessment of the trademark values and its reputation. Furthermore it should be noted that

trademark infringement cases are tried by civil courts and not by a specialized court dealing only with intellectual property matters which leads to problems relating to the lack sometimes of sufficient qualification of the judges to make fine distinctions in assessment of complicated matters.

- 11) *In some cases the national law may provide, as a remedy for the violation of the trademark right, for the confiscation of the products bearing the illicit sign.*

Pursuant to the Bulgarian laws confiscation of the products bearing the illicit sign is allowed.

*If this applies in their national law, the Groups are asked to indicate, if this confiscation influences the evaluation of the damages.*

There is no data showing that the confiscation influences the evaluation of the damages.

- 12) *The Groups are asked to indicate if the jurisprudence in their countries is a useful source of information and comparison on the assessment of monetary compensation for the violation of the trademark rights.*

It is difficult to do such an assumption.

*In this context, the Groups are invited to indicate if they are satisfied with the degree of certainty in their laws on evaluation of the compensation.*

The Law provisions are exceptionally general and scarce, which means that the court enforces them differently.

- 13) *The Groups are finally asked to explain any other issues related to the topic which would appear useful in the examination of the question.*

## **II) Proposals for the future harmonisation**

- 1) *The Groups are requested to indicate if the evaluation of damages for violation of the trademark rights should be the subject of the international harmonisation and if this harmonisation should be undertaken through an international treaty.*

Such a harmonization could be very useful.

- 2) *The Groups are requested to indicate what should be, based on their national experience, the harmonised system for the evaluation of damages for violation of the trademark rights.*

No comment.

- 3) *The Groups are invited to make any other suggestions about possible future developments of the present question.*

We don't have at present any suggestions.