

Report Q203

in the name of the Spanish 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 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 Spanish Trademark Act 17/2001 of 17 December 2001 (hereinafter "Spanish Trademark Act") uses the general concept of trademark (and trade name) violation, without establishing within this concept different categories of infringement depending on the major or minor intensity of the violation. In the Spanish Trademark Act there are no expressions or concepts such as "piracy" or "counterfeiting".

Besides, Article 274 of the Spanish Criminal Code 10/1995 of 23 November 1995 currently in force lists the criminal acts relating to infringement of distinctive signs, mainly consisting of the bad faith reproduction, imitation, modification or use of an identical or confusingly similar sign. Prior to 1995, the former criminal code distinguished between counterfeiting, usurpation and imitation.

Having said this, we must point out that the expression “counterfeit goods” is specifically mentioned and legally defined in Article 2 of EC Regulation 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights¹. This means that the concept of counterfeiting applied to trademarks is used by law, but only in the EC Regulation concerning customs action against goods suspected of infringing intellectual property rights.

With regard to the expression “pirated goods”, it is reserved by this regulation to the cases of violation of copyright or related rights or design rights, both national and European.

Regardless of the above, it is necessary to point out that both the Spanish Trademark Act and the Spanish Criminal Code establish infringers’ liabilities according to their intentional behaviour and of the economic relevance of the violation.

Article 42.2 of the Spanish Trademark Act obliges trademark infringers who act with guilt or negligence to compensate for the damages caused, presuming that there is always guilt or negligence when the infringed trademark is well-known or enjoys reputation.

Article 43.3 of the Spanish Trademark Act establishes that in order to calculate the compensation for damages it will be necessary to take into account the reputation and prestige of the trademark, and where there is a damage to the prestige of a trademark, the specific circumstances of the infringement, importance of the damage and degree of diffusion must be taken into account.

As for the criminal code, its article 276 regards as an aggravating circumstance the fact that the infringer has obtained large profits or that it has caused important prejudice. Concerning the monetary compensation to be paid by the infringer in cases of trademark infringement criminal acts (with or without aggravating circumstances), the same legal civil rules contained in the Spanish Trademark Act are applicable.

- 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)?

In the past, in order to determine civil damages for trademark infringement, the Spanish Courts used to apply its own traditional criteria of tort law.

The situation started to change after the enactment of the Spanish Patent Act 1986, whose rules on compensation for damages were also applicable to trademarks, as specified in the old Spanish Trademark Act 1988.

¹ For the purposes of this Regulation, ‘goods infringing an intellectual property right’ means:

- a) ‘counterfeit goods’, namely:
 - i) goods, including packaging, bearing without authorisation a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder’s rights under Community law, as provided for by Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark (4) or the law of the Member State in which the application for action by the customs authorities is made;
 - ii) any trademark symbol (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol), even if presented separately, on the same conditions as the goods referred to in point (i);
 - iii) packaging materials bearing the trademarks of counterfeit goods, presented separately, on the same conditions as the goods referred to in point (i);
- b) ‘pirated goods’, namely goods which are or contain copies made without the consent of the holder of a copyright or related right or design right, regardless of whether it is registered in national law, or of a person authorised by the right-holder in the country of production in cases where the making of those copies would constitute an infringement of that right under Council Regulation (EC) No 6/ 2002 of 12 December 2001 on Community designs (5) or the law of the Member State in which the application for customs action is made;

Article 43 of the currently applicable Spanish Trademark Act 2001, follows the wording of Spanish law 19/2006 transposing EC Directive 2004/48 on the enforcement of intellectual property rights, and establishes the applicable criteria for the calculation of compensation for damages. This is, at the election of the prejudiced party:

- a) the negative consequences of the infringement, including among them (i) the profits that the owner would have obtained if there had been no infringement and (ii) the profits obtained by the infringer
it establishes, in addition, that the moral damage must be compensated even if the existence of an economic prejudice has not been proved
- b) the amount the infringer should have paid as a licence to use the mark lawfully

With the transposition of the EC Directive into Spanish legislation, all the above concepts have been included in a unique point. This legal change has resulted in discussions as to whether the new Article 43 of the Spanish Trademark Act implies a substantial change with respect to the earlier situation, or else whether it maintains the same situation under a different wording. The question has been analysed by the Courts in several judgements, although applying the Spanish Patent Act, which is equivalent in this regard to the Spanish Trademark Act. For instance, in a Judgement of 19 October 2007, the Commercial Court No. 6 of Madrid applied the above mentioned compensation criteria in a cumulative way, i.e. the lost profits of the trademark owner plus the profits obtained by the infringer.

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?*

As we have already indicated, Article 43.3 of the Spanish Trademark Act expressly states that the following factors, among others, shall be taken into account in the assessment of damages: the reputation, well-known character and prestige of the mark. It results from this that the greater the value of the mark, the higher the compensation for trademark infringement. [Vid. e.g. Judgement of the Appeal Court of Barcelona of 23 April 2001 (AC 2001/1034)].

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

Not expressly in a specific way. Nevertheless, the investments made by the trademark owner have a direct influence on the reputation and popularity of the trademark. The investments made by the trademark owner play a psychological role, as it helps victimise the trademark owner who has invested large sums of money on the promotion of the mark. In other words, the investment made by the trademark owner is not binding for the judge although, together with other factors such as the quality of the goods and services, is the usual way of acquiring trademark reputation.

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

The dominant case law in Spain, supported by several Judgements of the Supreme Court, considers that damages are proved by the mere existence of the trademark infringement (the so-called damages *ex re ipsa*). According to this line of case law, it would not be necessary to assess what direct effect the infringing activity has really had on the trademark proprietor's profitability. Therefore, the existence of damages is automatically presumed, without further proof of their existence. It is considered that damages are a direct and consubstantial consequence of the infringement [Vid., i.a., Judgements of

the Supreme Court of 23 February 1998 (RJ 1999\8613), of 17 November 1999 (RJ 1999\8613), of 7 December 2001 (RJ 2001\9936), of 19 June 2003 (RJ 2003\4246); or of 1 June 2005 (RJ 2005\5307)].

Nevertheless, there are still decisions that require material evidence of the damages as a *conditio sine qua non* for the obligation to pay a monetary compensation. These decisions are all earlier to the amendment of the Spanish Trademark Act in 2006 transposing the EC Enforcement Directive [in this sense vid. Judgements of the Supreme Court of 23 September 2003 (RJ 6424) and 23 February 2003 (RJ 838)].

In order to avoid this restrictive approach to the right to obtain a compensation for damages, the Spanish Trademark Act introduced the aforementioned minimum compensation in article 43.5, which consist of a 1% of the infringer's turnover with the infringing goods or services.

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

Price erosion may constitute an emerging damage, which must be compensated in accordance with Article 43 of the Spanish Trademark Act. The practical problem is the difficulty of proving this damage and, in particular, the difficulty to prove the cause-effect relationship between the infringing conduct and price erosion. In practice, there is no known decision specifically recognising this aspect.

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?*

Both concepts (lost sales of the trademark owner and profits obtained by the infringer) are jointly foreseen as negative consequences of the infringement in Article 43.2 a) of the Spanish Trademark Act. However, the legal text does not state how both of them must be considered (if the highest figure should apply, if both figures must be added, if an average between both must be made, etc.)

There are a large number of judgements of Spanish Courts that consider equivalent the lost sales with the sales made by the infringement, so that the assessment of the monetary compensation results from multiplying the number of infringing goods sold by the infringer by profit obtained by the trademark owner from the sale of a single original good.

The decisions mentioned above mainly refer to the field of patents and industrial designs. Examples of these decisions are Judgement of 15 June 20001 of the Supreme Court (Civil Room), Interlocutory decision of 13 February 2006 and Judgements of the Appeal Court of Barcelona of 20 July 2006 and of 15 March 2000 (Section 15) or the Judgement of 29 November 2002 of the Appeal Court of Cantabria (Section 2).

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

There is no evidence that the Courts treat parallel imports differently. The criteria for determining the monetary compensation in case of parallel imports is the same.

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?*

As we have stated above, the legal reform carried out in 2006 has amended article 43.2 of the Spanish Trademark Act. Now, in a unique paragraph a) both criteria (lost profits of the trademark owner and account of profits arising from infringement) are foreseen. As we have mentioned, these criteria used to appear as alternative in the earlier version of

the Spanish Trademark Act. Consequently, it is now possible to request the accumulative application of both concepts, even though Spanish doctrine is not unanimous in this respect.

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

The lost profits of the trademark owner are not easy to prove as in order to calculate them it is necessary to evaluate something that has not occurred but that would have occurred should there have been no infringement. It is therefore necessary to use reasonable indicia. It is within this context where the aforementioned case law is applied. To calculate the lost profits of the trademark owner the Courts make equal the sales made by the infringement and the sales that the trademark owner has failed to make, so that the compensation results from multiplying the number of infringing goods sold by the infringer by the benefit obtained by the trademark owner from the sale of a unit of the original good.

The account of profits arising from the infringement are calculated deducing the costs to the turnover obtained from the sale of the infringing goods or services. There has been certain controversy as to whether these costs to be subtracted are direct, indirect or general costs. This is solved on a case-by-case basis.

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

The shares of profits are in principle attributed to the plaintiff/claimant. When the complaint is filed jointly by the trademark owner and one of more licensees, the Judgement does not establish a distribution of the monetary compensation between the claimants (unless in the complaint the distribution is specified) and it is for the claimants to attribute the shares of profits according to the damages suffered.

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

The strength of the trademark can play a role in apportioning the profits, but there is no established legal criteria in this regard.

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

a) *How is the royalty rate fixed?*

As an alternative criteria to the negative economic consequences arising from the infringement, for the assessment of the monetary compensation Article 43.2 b) of the Spanish Trademark Act mentions the so-called hypothetical royalty rate. This royalty rate can have different forms, being one of them the fixing of a percentage of the turnover made by the infringer with the sale of infringing goods.

In order to fix this percentage, one of the criteria to be considered is the percentage of other licences given by the trademark owner. In those cases where the trademark owner has not given any licenses previously, the percentage can be calculated on the basis of the licenses habitually given in the sector for equivalent goods or services.

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?*

In order to determine the monetary compensation, the Courts are obliged to take into account, the "number and kind of licenses given by the trademark owner when the infringement started", as this is expressly stated in article 43.3 of the Spanish Trademark Act. The number and kind of licenses are normally considered to be an indication of the value of the infringed trademark, especially in cases of merchandising. In Spain, the contractual licenses given are often taken into account for assessing the monetary compensation to be paid to the trademark owner.

- 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.*

In accordance with Article 43.4 of Spanish Trademark Act, the trademark owner can request the infringer to exhibit/disclose its documents, as long as they may serve to fix the monetary compensation. In other words, the Spanish Trademark Act foresees the inspection of the infringer's documents as a means of obtaining information concerning the illegal activities resulting in the trademark violation. This possibility is given broad interpretation and is applied without restrictions. This right of the trademark owner is complemented with the general provision contained in Article 328 of the Spanish Law on Civil Procedure 1/2000, which states that each of the parties involved in judicial proceedings may request from the others the discovery of documents as long as they refer to the object of the judicial proceedings or can have value as evidence.

- 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?*

Article 43.1 of the Spanish Trademark Act expressly establishes the possibility for the trademark owner to request a monetary compensation for the damage caused by the infringer to the reputation of the trademark, and the Courts have recognised this possibility in several decisions, i.a. Judgement of the Appeal Court of Barcelona (Section 15) dated 3 February 2008. Nevertheless, there is little case law and it is believed that the Courts will give further consideration to this particular point in the future.

- 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?*

Even though the bad faith or wilful element of the violation may be taken into account in order to establish whether or not there is a right to compensation, it is not specifically taken into account in the calculation of the damages and or account of profits. The criteria contained in Article 43 of the Spanish Trademark Act is applied regardless of whether there is wilfulness or bad faith. The evaluation of the damages depends on an objective evaluation of the sales made by the infringer, the actual lost sales of the trademark owner or the royalty that the infringer should have paid for the lawful use of the trademark, which is determined in the phase of evidence.

The Spanish Trademark Act states that this objective evaluation is also applied in case of moral damages (Article 43.2.a, par. 2) or in case of damages to the reputation of the trademark (Article 43.3), as these may also be economically compensated.

What are the consequences? In the same sense as the answer to the previous question, the evaluation of the damages depends on an objective assessment of the damages caused rather than on the wilfulness or bad faith of the infringer.

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.

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?

The scale of counterfeiting is not only an element but is in fact the basic element to evaluate the damage. The more quantity of counterfeit goods, the more prejudice for the trademark owner. In addition, if the goods have been widely made available to the public, the damage to the trademark owner and to the trademark prestige will be higher.

- 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?*

The same action can result in two illegal acts, trademark infringement and violation of a contractual obligation. However, both acts usually take place successively in time. In principle, a violation of a contractual obligation that results in trademark infringement will be a justified reason for contractual termination (of the license agreement, etc.). Each illegal act may originate its own liabilities for the infringer. The evaluation of the compensation for damages is subject to the criteria fixed by the Spanish Trademark Act. The liabilities resulting from the violation of a contractual obligation will be subject to the criteria fixed by the contract and, subsidiarily, by the general rules applicable to contractual obligations.

- 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?*

Even though Article 43 of the Spanish Trademark Act establishes clear criteria to be taken into account when assessing damages, it does not define the method for calculating the monetary compensation. Besides, in Spain trademark owners have to face another practical difficulty, which is that knowing the illegal character of their activity, infringers often hide (or even make disappear) the elements that could help determine the real turnover of the infringer and the duration of the infringing activity.

- 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.*

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

In accordance with article 41.1 c) and d) of the Spanish Trademark Act, the owner of the infringed mark may request from the civil Courts,

- The adoption of the necessary measures to prevent the violation from continuing and, in particular, the withdrawal from the marketplace of all the products, packaging, containers, advertising material, labels and other documents where the trademark violation is materialised and/or the seizure or destruction of the means destined to commit the infringing act. These measures will be executed at the cost of the infringer, unless there are reasons to justify the contrary.
- The destruction of the goods illegally identified with the trademark that are in possession of the infringer or, if possible, their delivery for humanitarian purposes, at the election of the claimant, and always at the cost of the infringer. This is not applicable in those cases where the nature of the good allows to remove the trademark without affecting the good or when the destruction of the goods is likely to cause a disproportionate prejudice to the infringer or to the proprietor.

The Spanish Group considers that the seizure of the infringing goods has an influence on the evaluation of the monetary compensation for damages, as it prevents major damages from being caused, in particular the damages that would be caused by the sales of more infringing products and by the continuation of the public exposure of the infringing goods with the subsequent damage to the image of the trademark.

- 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.*

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.

Spanish jurisprudence is a useful source of information and comparison on the assessment of monetary compensation for the violation of trademark rights. The case law developing the different methods to calculate the compensation is especially relevant in the application of the criteria fixed by the Spanish Trademark Act in its art. 43.

Considering the current restriction for access to the Supreme Court of Spain (Cassation Appeals) in trademark infringement cases, the Supreme Court is not expected to have excessive opportunities to develop a line of case law that will interpret art. 43 of the Spanish Trademark Act. Therefore, in this field the Judgements of the Appeal Courts, who are competent for deciding on appeals concerning legal actions for trademark infringement, acquire special relevance.

- 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.*

The most remarkable feature of Spanish Trademark Law concerning the compensation for damages resulting from violation of trademark rights is perhaps the aforementioned minimum compensation of 1% of the infringer's turnover (Article 43.5)

It is a positive legal measure that recognises the right to these minimum damages, unless major damages are proved. It is an acknowledgement that damages are *ex re ipsa* once the infringement has been proved. It must never be erroneously made equal with the hypothetical royalty fee criteria foreseen in Article 43.2 b) but simply regarded as a minimum guaranteed amount.

In this regard, it is important that, when calculating the compensation for damages applying the criteria of the hypothetical royalty, the Courts should not apply the same or an inferior royalty rate that the trademark owner would have obtained contractually, since this would treat as equal an infringer as a contractual licensee, which would encourage more infringements.

Another aspect that must be pointed out are the coercive compensations provided for by Article 44 of the Spanish Trademark Act.

Article 44 of the Spanish Trademark Act contains a measure to protect the owner of a trademark that the Court declares to have been infringed, preventing the continuation of the violating acts and ensuring the effectiveness of the Judgement that ordered the cessation of the infringing acts.

Coercive compensations are applicable from the moment the person condemned to the cessation of the infringing conduct goes ahead with the illegal activity, i.e. continuing to infringe the trademark right.

The primary objective of this measure is the cessation of the infringement, and for this reason coercive compensations require a Court decision ordering the cessation of the infringing acts. They are only applicable in this circumstance and they have sense until the moment when the effective cessation takes place. The Spanish Courts have applied this interpretation on a number of occasions, such as Judgement dated 26 July 2005 of the Appeal Court of Granada: *"the court decision ordering the cessation is linked to the so-called coercive compensation of art. 44 of the Spanish Trademark Act, which is a consequence of the order of cessation of the violation, to the point that this article obliges the Court to establish it even though the determination of the dies a quo and of the specific sum will be done later, when enforcing the judgement"*.

At the same time, with this measure the trademark owner is compensated for the damages caused by the continuation of the infringement.

The link of coercive compensations provided for in Art. 44 of the Spanish Trademark Act with the Court order of cessation determines that it is applicable as a consequence of the continuation of the infringing activity, and independently from the effective confirmation and evaluation of damages. In fact, it is not even necessary that damages have been produced for the coercive compensation to be applicable.

Notwithstanding the above, Spanish scholars and Courts (e.g. Judgement of the First Instance Court of Valencia of 26 April 2002) have specifically recognised that coercive compensations are compatible with compensations for damages. They are also compatible with the general coercive fines foreseen in the Spanish Law on Civil Procedure to avoid non compliance with Court orders.

Finally, it is important to point out that despite the possibility of establishing a minimum amount per each day the infringement continues despite there being a cessation order, the Spanish Trademark Act allows the increase of this amount depending on the circumstances applicable to each case such as the economic situation of the infringer.

Focusing on the **criminal jurisprudence**, there are a large number of Judgements that consider the differences in quality, price and points of sale to be irrelevant and, consequently, convict counterfeiters and recognise the right of trademark owners to be compensated economically. In this sense, there are several exemplifying judgements of the Supreme Court dated 22 July 1993 (the "Larios" Case) and 22 September 2000, which in a very clear and unequivocal way sustain that the legal right to be protected by these crimes is essentially the right of the trademark owner to use or exploit its trademark registration. This interpretation has been followed by many inferior Courts such as the Appeal Court of Seville (Judgement 591/2003 of 7 November 2003) or the Appeal Court of Avila (Judgement 115/2003 of 30 June 2003).

We must also mention that on occasions the Spanish Courts, applying the principle of minimum intervention of Criminal Law, state that the payment of a compensation is conditioned to the existence of an error in the consumer. It is obvious, however, that neither an error in the consumer is a requirement for the existence of trademark infringement nor does it constitute a requirement for the obligation to the infringer to compensate for the damages caused.

To conclude, we must point out that criminal jurisprudence does not allow deferment of the evidence of damages. They must be shown and proved during trial.

To summarise, the Spanish Trademark Act has tried to correct restrictive interpretations by the Courts of the rules for conviction and for calculation of compensations for damages. Even though there is no doubt about an increasing awareness of the Courts on the need and importance to adequately repair the damages caused to the trademark owner, the compensations awarded by the Courts is rarely sufficient. The danger of insufficient compensations is that they can constitute an encouragement for infringers to go ahead with their illegal activities.

The Spanish Law offers sufficient different means of compensation. It is for the Courts to develop the different methods to calculate damages and outline the practical scope of protection of the legal provisions, for instance, in the field of moral rights.

An adequate interpretation of this new legislation must result in a major effectiveness of the legitimate right to compensation of the trademark owner in infringement cases.

II) Proposals for the future harmonisation

Harmonisation is desirable but is still far from possible.

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

Within the European Union, there is already a high degree of harmonisation, especially due to EC Directives 89/104 and 2004/48.

It would be desirable to develop an objective method for valuing trademarks and for assessing monetary compensations caused in trademark infringements. This should equally comprise patterns for the calculation of moral damages.

Summary

The Spanish Trademark Act uses the general concept of trademark violation, without establishing within this concept different categories of infringement depending on the major or minor intensity of the violation. Even though Spanish legislation does not contain expressions or concepts such as “piracy” or “counterfeiting”, these are contained in EC Regulation 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, which is directly applicable in Spain.

The Spanish Trademark Act follows the wording of Spanish law 19/2006 transposing EC Directive 2004/48 on the enforcement of intellectual property rights, and establishes the applicable criteria for the calculation of compensation for damages. This is, at the election of the prejudiced party, the negative consequences of the infringement (including among them the profits that the owner would have obtained if there had been no infringement and the profits obtained by the infringer), moral damages and the amount the infringer should have paid as a licence to use the mark lawfully.

Both concepts lost sales of the trademark owner and profits obtained by the infringer are jointly foreseen as negative consequences of the infringement. However, Spanish law does not state how both of them must be considered. The lost profits of the trademark owner are not easy to prove as in order to calculate them it is necessary to evaluate something that has not occurred but that would have occurred should there have been no infringement. It is therefore necessary to use reasonable indicia. It is within this context where case law is particularly relevant and the evaluation of damages is decided on a case-by-case basis.

There is certain controversy as to whether the above mentioned compensation criteria can be applied in a cumulative way, i.e. the lost profits of the trademark owner plus the profits obtained by the infringer. Most scholars and Courts say this is not possible although there are certain decisions where the cumulative application has been accepted.

In Spain damages are proved by the mere existence of the trademark infringement (the so-called damages *ex re ipsa*). Damages are regarded as direct and necessary consequence of the infringement. The most remarkable feature of Spanish Trademark Law concerning the compensation for damages resulting from violation of trademark rights is perhaps the minimum compensation of 1% of the infringer’s turnover. In order to avoid the negative consequences of certain restrictive

approaches adopted by the Courts to the right to obtain a compensation, the Spanish Trademark Act introduced the minimum compensation of a 1% of the infringer's turnover with the infringing goods or services, unless major damages are proved.

As an alternative criteria to the negative economic consequences arising from the infringement, the Spanish Trademark Act mentions the so-called hypothetical royalty rate. This royalty rate can have different forms, being one of them the fixing of a percentage of the turnover made by the infringer with the sale of infringing goods. In order to fix this percentage, one of the criteria to be considered is the percentage of other licences given by the trademark owner. In those cases where the trademark owner has not given any licenses previously, the percentage can be calculated on the basis of the licenses habitually given in the sector for equivalent goods or services. In order to determine the monetary compensation, the Courts are obliged to take into account, the "number and kind of licenses given by the trademark owner when the infringement started.

The trademark owner can request the infringer to exhibit/disclose its documents, as long as they may serve to fix the monetary compensation. In other words, the Spanish Trademark Act foresees the inspection of the infringer's documents as a means of obtaining information concerning the illegal activities resulting in the trademark violation. This possibility is given broad interpretation and is applied without restrictions.

Even though the bad faith or wilful element of the violation may be taken into account in order to establish whether or not there is a right to compensation, in Spain it is not specifically taken into account in the calculation of the damages and or account of profits.

Another aspect that must be pointed out are the coercive compensations. The Spanish Trademark Act contains a measure to protect the owner of a trademark that the Court declares to have been infringed, preventing the continuation of the violating acts and ensuring the effectiveness of the Judgement that ordered the cessation of the infringing acts. Coercive compensations are applicable from the moment the person condemned to the cessation of the infringing conduct goes ahead with the illegal activity, i.e. continuing to infringe the trademark right. The primary objective of this measure is the cessation of the infringement, and for this reason coercive compensations require a Court decision ordering the cessation of the infringing acts. They are only applicable in this circumstance and they have sense until the moment when the effective cessation takes place.

With regard to criminal jurisprudence, there are a large number of Judgements that consider the differences in quality, price and points of sale to be irrelevant and, consequently, convict counterfeiters and recognise the right of trademark owners to be compensated economically. However, on occasions the Spanish Courts, applying the principle of minimum intervention of Criminal Law, state that the payment of a compensation is conditioned to the existence of an error in the consumer. It is obvious, however, that neither an error in the consumer is a requirement for the existence of trademark infringement nor does it constitute a requirement for the obligation to the infringer to compensate for the damages caused.

To summarise, the Spanish Trademark Act has tried to correct restrictive interpretations by the Courts of the rules for conviction and for calculation of compensations for damages. Even though there is no doubt about an increasing awareness of the Courts on the need and importance to adequately repair the damages caused to the trademark owner, the compensations awarded by the Courts are often insufficient.

Harmonisation would be desirable, mainly to be able to have objective methods for valuing trademarks and for assessing monetary compensations caused in trademark infringements. Spanish law establishes clear criteria to be taken into account when assessing damages, but does not define the method for calculating the monetary compensation.

Résumé

La loi espagnole sur les marques utilise le concept général de violation de la marque, sans établir dans ce concept des catégories différentes de contrefaçon dépendant du degré de gravité de la violation. Bien que la législation espagnole ne contienne pas d'expressions ou de concepts comme par exemple "piratage" ou "contrefaçon", ceux-ci sont contenus dans le Règlement CE 1383/2003 du 22 juillet 2003 concernant l'action douanière en présence de marchandises qui pourraient être suspectes de violation de certains droits de propriété intellectuelle ainsi que les mesures à prendre contre les marchandises pour lesquelles il est constaté une telle violation, ce qui est directement applicable en Espagne.

La loi espagnole sur les marques suit la formulation de la loi espagnole 19/2006 qui transpose la Directive CE 2004/48 sur l'application des droits de propriété intellectuelle, et elle établit les critères applicables pour le calcul des dommages et intérêts. Ceci veut dire que, au choix de la partie subissant un préjudice, les conséquences négatives de la contrefaçon (y compris le gain que le titulaire aurait pu obtenir s'il n'y avait pas eu contrefaçon et le gain obtenu par le contrefacteur), les dommages moraux et la quantité que le contrefacteur devrait avoir payé pour raison de licence d'utilisation licite de la marque.

Ces deux concepts, l'un de perte de ventes du titulaire de la marque et l'autre de gain obtenu par le contrefacteur, sont prévus ensemble comme des conséquences négatives de la contrefaçon. Cependant, la loi espagnole ne stipule pas comment considérer les deux. Le gain manqué du titulaire de la marque n'est pas facile à prouver car, pour le calculer, il est nécessaire d'évaluer quelque chose qui n'a pas eu lieu mais qui aurait pu avoir lieu s'il n'y avait pas eu contrefaçon. Par conséquent, il est nécessaire d'utiliser des indices raisonnables. C'est dans ce contexte que le droit jurisprudentiel est particulièrement important et que l'évaluation des dommages est décidée au cas par cas.

Il existe une certaine controverse pour savoir si les critères d'indemnisation mentionnés ci-dessus peuvent être appliqués d'une manière cumulative, autrement dit, le gain manqué du titulaire de la marque plus le gain obtenu par le contrefacteur. La plupart des spécialistes et des tribunaux pensent que ce n'est pas possible malgré le fait qu'il existe certaines décisions pour lesquelles l'application cumulative ait été acceptée.

En Espagne, les dommages sont prouvés du simple fait de l'existence de la contrefaçon de la marque (le *dol ex re ipsa*). Les dommages sont considérés comme étant la conséquence directe et nécessaire de la contrefaçon. La caractéristique la plus remarquable de la loi espagnole sur les marques concernant les dommages et intérêts pour raison de violation des droits de marque est peut-être l'indemnité minimum de 1% du chiffre d'affaires du contrefacteur. Dans le but d'éviter les conséquences négatives de certains points de vue restrictifs adoptés par les Tribunaux concernant le droit d'obtenir une indemnité, la loi espagnole sur les marques a introduit une indemnité minimum de 1% du chiffre d'affaires du contrefacteur sur les marchandises ou services contrefaisants, à moins qu'il ne puisse être démontré qu'il y a eu des dommages supérieurs.

Comme alternative aux conséquences économiques négatives provenant de la contrefaçon, la Loi espagnole sur les marques mentionne le dénommé taux hypothétique de redevance de marque. Ce taux de redevance de marque peut avoir plusieurs formes, l'une d'entre elles étant d'établir un pourcentage du chiffre d'affaires réalisé par le contrefacteur grâce à la vente des biens contrefaisants. Dans le but de fixer ce pourcentage, l'un des critères à considérer est le taux d'autres licences octroyées par le titulaire de la marque. Dans les cas où le titulaire de la marque n'a pas octroyé de licences au préalable, le taux peut être calculé sur la base des licences octroyées habituellement dans le secteur pour des marchandises ou des services équivalents. Dans le but de déterminer l'indemnisation économique, les Tribunaux sont obligés de tenir compte du "nombre et type de licences octroyées par le titulaire de la marque au moment où la contrefaçon a commencé.

Le titulaire de la marque peut demander au contrefacteur de montrer/révéler ses documents, si toutefois ceux-ci peuvent servir à établir l'indemnisation économique. Autrement dit, la Loi espagnole sur les marques prévoit l'inspection des documents du contrefacteur comme moyen destiné à obtenir des informations concernant les activités illicites qui seraient le résultat de la contrefaçon de la marque. Cette possibilité est largement interprétée et appliquée sans restrictions.

Même si la mauvaise foi ou le côté volontaire de la contrefaçon peut être prise en compte afin d'établir s'il y a un droit d'indemnité ou non, en Espagne il n'en est pas spécifiquement tenu compte pour calculer les indemnités et/ou le compte du gain.

Un autre aspect devant être mis en avant est le concept d'indemnité coercitive. La Loi espagnole sur les marques contient une mesure destinée à protéger le titulaire d'une marque que le Tribunal déclare avoir été l'objet d'une contrefaçon, évitant la continuation des actes contrefaisants et assurant l'efficacité du jugement qui aurait ordonné la cessation des actes contrefaisants. Les indemnités coercitives sont applicables dès le moment où la personne condamnée à la cessation de la conduite contrefaisante poursuit son activité illicite, c'est-à-dire si elle continue à enfreindre le droit de la marque. L'objectif principal de cette mesure est la cessation de la contrefaçon, et c'est pourquoi ces indemnités coercitives demandent une décision du Tribunal ordonnant la cessation des actes contrefaisants. Ils ne sont applicables que dans ce cas et ils n'ont de sens que jusqu'au moment de la cessation effective.

En ce qui concerne la jurisprudence criminelle, il existe un grand nombre de Jugements qui considèrent que les différences de qualité, de prix et de points de vente sont importantes et qui, par conséquent, condamnent les contrefacteurs et reconnaissent le droit des titulaires de marque à recevoir une indemnisation économique. Cependant, les tribunaux espagnols appliquent parfois le principe de la moindre intervention de la loi criminelle, stipulant que le paiement d'une indemnité est conditionné par l'existence d'une erreur de la part du consommateur. Il est cependant évident qu'une erreur de la part du consommateur n'est pas une exigence quant à l'existence d'une contrefaçon de marque et que cela ne constitue pas non plus une exigence quant à l'obligation pour le contrefacteur d'indemniser les dommages causés.

En résumé, la Loi espagnole sur les marques a essayé de corriger les interprétations restrictives émanant des Tribunaux et concernant les règles de condamnation et de calcul des indemnités compensatoires. Même s'il n'existe aucun doute sur la croissante conscience des Tribunaux concernant le besoin et l'importance de réparer de façon appropriée les dommages causés au titulaire d'une marque, les indemnités accordées par les Tribunaux sont souvent insuffisantes.

L'harmonisation serait souhaitable, surtout en ce qui concerne la possibilité de disposer de méthodes objectives d'évaluation des marques et de calcul des indemnités économiques dues en raison de contrefaçon de marque. La loi espagnole établit des critères clairs qui sont à prendre en compte lors de l'évaluation des dommages, mais elle ne définit pas la méthode de calcul de l'indemnisation économique.

Zusammenfassung

Das spanische Markengesetz benützt den allgemeinen Begriff Markenverletzung, ohne innerhalb dieses Begriffes verschiedene Kategorien, in Abhängigkeit der Intensität der Verletzung, festzulegen. Obwohl die spanische Gesetzgebung Ausdrücke der Begriffe wie „Piraterie“ oder „Fälschen“ nicht enthält, sind diese in der EG-Verordnung 1383/2003 v. 22. Juli 2003 enthalten bezüglich der Zollmassnahmen gegen Waren die im Verdacht stehen gewisse Schutz- und Urheberrechte zu verletzen sowie bezüglich der zu ergreifenden Massnahmen gegen Waren die solche Rechte verletzt haben, was in Spanien direkt anwendbar ist.

Das spanische Markengesetz folgt in seiner Formulierung dem spanischen Gesetz 19/2006, indem es zur Durchsetzung der Rechte des geistigen Eigentums, die EG-Richtlinie 2004/48 überträgt und

die anwendbaren Kriterien für die Berechnung des Schadenersatzes festlegt. Das heisst, nach Wahl der geschädigten Partei, die negativen Konsequenzen der Verletzung (einschliesslich des Gewinnes den der Besitzer erzielt hätte, wenn die Verletzung nicht stattgefunden hätte und des Gewinnes den der Rechtsverletzer erzielt hat), der moralische Schaden und der Betrag den der Rechtsverletzer bezahlt hätte haben sollen für die Lizenz zum rechtmässigen Gebrauch der Marke.

Beide Begriffe, sowohl der entgangene Umsatz des Markenbesizers als auch der erzielte Gewinn des Rechtsverletzers, werden zusammen als negative Konsequenzen der Verletzung gesehen. Jedoch das spanische Gesetz stellt nicht fest wie beide zu betrachten sind. Der entgangene Gewinn des Markenbesizers ist nicht leicht nachweisbar, da es zur Berechnung desselben notwendig ist etwas zu bewerten, was sich nicht ereignet hat, aber das sich ereignet hätte, falls keine Verletzung stattgefunden hätte. Deshalb ist es notwendig, vernünftige Indizien zu verwenden. In diesem Zusammenhang ist das Fall- oder Richterrecht besonders relevant wo die Schadensbemessung auf der von Fall-zu-Fall-Basis erfolgt.

Es ist in gewisser Hinsicht strittig, ob die oben genannten Entschädigungskriterien in einer kumulativen Art angewendet werden können, d.h., der entgangene Gewinn des Markenbesizers zusammen mit dem vom Rechtsverletzer erzielten Gewinn. Die meisten Rechtsgelehrten und Gerichte behaupten das sei nicht möglich, obwohl es Entscheidungen gibt bei denen diese kumulative Anwendung angenommen wurde.

In Spanien wird der Schadenersatzanspruch durch die blosser Existenz des Verstosses gegen das Markenrecht begründet (sogenannter Schadenersatz *ex re ipsa*). Schadenersatz wird als direkte und notwendige Konsequenz der Verletzung betrachtet. Das bemerkenswerteste Merkmal des spanischen Markengesetzes bezüglich des Schadenersatzes bei Verletzung von Markenrechten ist vielleicht die Minimalentschädigung von 1% des Umsatzes des Rechtsverletzers. Um die negativen Konsequenzen gewisser restriktiven Annäherungen der Gerichte an das Recht einen Schadenersatz zu erzielen zu vermeiden, hat das spanische Markengesetz eine Minimalentschädigung eingeführt von 1% des Umsatzes des Rechtsverletzers an Waren und Dienstleistungen, es sei denn ein höherer Schaden werde nachgewiesen.

Als alternatives Kriterium zu den negativen wirtschaftlichen Konsequenzen aus der Verletzung, erwähnt das spanische Markengesetz die sogenannte hypothetische Lizenzgebühr. Diese Lizenzgebühr kann verschiedene Formen annehmen, eine davon ist die Fixierung eines Prozentsatzes des Umsatzes den der Rechtsverletzer mit dem Verkauf der Ware gemacht hat. Um diesen Prozentsatz zu fixieren, ist eine der in Betracht zu ziehenden Kriterien der Prozentsatz anderer von dem Markenbesitzer erteilten Lizenzen. In den Fällen in denen der Markenbesitzer vorher keine Lizenzen erteilt hat, kann der Prozentsatz auf der Basis der in dem Sektor gewöhnlich für gleichartige Waren oder Dienstleistungen erteilten Lizenzen berechnet werden. Um die geldwerte Entschädigung zu bestimmen, sind die Gerichte verpflichtet „die Anzahl und Art der von dem Markenbesitzer erteilten Lizenzen, als die Rechtsverletzung begann“ zu berücksichtigen.

Der Markenbesitzer kann von dem Rechtsverletzer verlangen, seine Unterlagen vorzulegen, insoweit diese zur Fixierung der geldwerten Entschädigung dienen können. Anders gesagt, das spanische Markengesetz sieht die Einsicht der Dokumente des Rechtsverletzers vor, als Mittel zur Informationserlangung über die illegalen Aktivitäten, die zum Verstoss gegen das Markenrecht führten. Diese Möglichkeit wird weitgehend ausgelegt und ohne Einschränkungen angewandt.

Selbst wenn die arglistig oder vorsätzlich begangene Rechtsverletzung in Betracht gezogen wird um festzustellen ob ein Anspruch auf Entschädigung existiert oder nicht, wird dies in Spanien nicht spezifisch in Betracht gezogen, in der Berechnung des Schadenersatzes und/oder des Gewinnes.

Ein weiterer Aspekt auf den hinzuweisen wäre, sind die erzwingbaren Entschädigungen. Das spanische Markengesetz enthält eine Massnahme zum Schutz des Besitzers einer Marke, die nach einer Erklärung des Gerichts verletzt worden ist, verhindert somit die wiederholte Rechtsverletzung und sichert die Wirksamkeit des Urteils, das die Einstellung der rechtsverletzenden Handlungen anordnete. Erzwingbare Entschädigungen sind anwendbar von dem Augenblick an, in dem die

Person, die zur Einstellung ihres rechtsverletzenden Verhaltens verurteilt worden ist, weiter die illegale Aktivität betreibt, d.h., weiterhin gegen das Markenrecht verstösst. Primärer Gegenstand dieser Massnahme ist die Einstellung der Rechtsverletzung, und aus diesem Grund erfordern erzwingbare Entschädigungen eine Gerichtsentscheidung die die Einstellung der rechtsverletzenden Handlungen anordnet. Sie sind nur unter diesem Umstand anwendbar und sind sinnvoll bis zu dem Augenblick in dem die effektive Einstellung stattfindet.

Was die Rechtsprechung in Strafsachen anbelangt, so haben wir es hier mit einer grossen Anzahl von Entscheidungen zu tun die den Unterschied in Qualität, Preis und Verkaufsort als irrelevant ansehen und folglich die Fälscher verurteilen und das Recht des Markenbesitzers anerkennen, entsprechend entschädigt zu werden. Dessen ungeachtet, erklären die spanischen Gerichte gelegentlich, in Anwendung des Grundsatzes der strafrechtlichen Minimalintervention, dass die Zahlung einer Entschädigungssumme in Abhängigkeit des Vorliegens eines Irrtums beim Verbraucher besteht. Jedoch ist es offensichtlich, dass weder ein Irrtum beim Verbraucher ein Erfordernis für die Existenz einer Markenverletzung ist, noch dass dies ein Erfordernis zur Verpflichtung gegenüber dem Rechtsverletzer für den verursachten Schaden Entschädigung zu leisten ist.

Zusammenfassend sei gesagt, dass mit dem spanischen Markengesetz versucht worden ist, die restriktive Auslegung durch die Gerichte der Regeln für die Schuldigerklärung und für die Berechnung der Schadensentschädigung zu korrigieren. Selbst wenn kein Zweifel besteht, über das zunehmende Gewahrsein der Gerichte von der Notwendigkeit und Bedeutung der adäquaten Entschädigung des von dem Markenbesitzer erlittenen Schadens, ist die von den Gerichten erteilte Entschädigung oft unzureichend.

Eine Harmonisierung wäre wünschenswert, hauptsächlich um objektive Methoden zur Bewertung von Marken und zur Festsetzung geldwerter Entschädigungen die durch Markenverletzung verursacht worden sind zu erreichen. Die spanische Gesetzgebung stellt klare Kriterien fest, die zu berücksichtigen sind, wenn es darum geht, den Schaden zu veranschlagen, aber sie erklärt nicht die Methode zur Berechnung der geldwerten Entschädigung.