

Infringement seizure under Article L. 716-4-7 of the Intellectual property code: a procedure open to trademark owners, including in the event of ongoing proceedings, in line with EU law (Ruling n° 223 – 21-21.467)

22/03/2023



Ruling No. 223

Dismissal

ON BEHALF OF THE FRENCH PEOPLE

JUDGMENT OF THE COMMERCIAL, FINANCIAL AND ECONOMIC CHAMBER OF THE *COUR DE CASSATION* (COURT OF CASSATION) OF 22 MARCH 2023

Bacchus Bollée, a limited liability company with registered office at [Address 2], lodged appeal No. T 21-21.467 against the judgment delivered on 29 June 2021 by the *cour d'appel* (Court of Appeal) of Paris (Division 5, Chamber 1) in the dispute between itself and E. Remy Martin and Co, a single-member simplified joint-stock company, with registered office at [Address 1], respondent in the quashing.

The plaintiff bases its appeal on the single plea for quashing appended to this judgment.

The case file was sent to the Prosecutor-General.

On the report of Ms Bessaud, judge-referee, the observations of SCP Thomas-Raquin, Le Guerier, Bouniol-Brochier, lawyer of Bacchus Bollée, SARL Meier-Bourdeau, Lécuyer and Associés, lawyer of E. Remy Martin and Co., after debate in the public hearing of 31 January 2023, attended by Mr Vigneau, president, Ms Bessaud, reporting judge-referee, Ms Darbois, elder judge, and Ms Labat, Chamber Registrar,

the Commercial, Financial and Economic Chamber of the *Cour de cassation* (Court of Cassation), composed of the above-mentioned president and judges, after deliberation in accordance with the law, has delivered this judgment.

Facts and procedure

1. According to the judgment under appeal (Paris, 29 June 2021), the company E. Remy Martin et C° (the company Remy Martin), which operates a cognac company, is the holder of the French word marks "Louis XIII de Remy Martin" No. 94 529 471 designating "alcoholic beverages (except beers)", and European word marks "Louis XIII" No. 12 035 747, designating in particular "alcoholic beverages (except beers), namely, cognac, brandy, eaux-de-vie, "spirits", aperitifs, after-dinner liqueurs", as well as two three-dimensional French trademarks registered in colour Nos. 06 3 440 053, designating "alcoholic beverages (except beers)", and 1 683 873, referring to "eaux-de-vie, spirits, liqueurs and more particularly, cognacs".

2. Remy Martin was notified of two successive customs detentions carried out at the premises of two companies packaging a brandy under the name "Prince Louis" for Bacchus Bollée and at the latter's premises. It brought proceedings against the three companies for trade mark infringement on 26 June and 29 November 2019.

3. On 20 January 2020, by order made on a petition from the president of Section 3 of the *tribunal judiciaire* (Tribunal of First Instance) of Paris, to which the second summons had been distributed, it was authorised to serve an order for the confiscation of works infringing copyright at the premises of Bacchus Bollée, which was carried out on 31 January 2020.

4. On 12 August 2020, the company Bacchus Bollée brought an application for interim measures against Remy Martin for the revocation of said order and for the annulment of the order for the confiscation of works infringing copyright.

Review of the plea

Considering the third, fourth, and fifth parts of the plea, appended hereafter

5. Pursuant to article 1014, paragraph 2 of the Civil Procedure Code, having a specially reasoned decision on this plea, which is clearly not of such a nature as to entail quashing, is not necessary.

The first, second, sixth, seventh, and eighth parts of the plea

Statement of plea

6. Bacchus Bollée objects to the judgment for overturning all provisions of the interim order of 16 October 2020, ordering it to return to Remy Martin the elements seized in the confiscation of works infringing copyright carried out on 31 January 2020, whereas:

"(1) the measures, procedures and remedies necessary to ensure compliance with intellectual property rights must be fair and equitable, must not be unnecessarily complex or costly and must not involve unreasonable deadlines or unjustified delays; they must also be effective, proportionate and dissuasive and be applied in such a way as to avoid the creation of barriers to legitimate trade and offer safeguards against their abuse; it follows from Article 8 of Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights and Article L. 716-4-9 of the Intellectual Property Code that the court seised on the merits of an action for infringement may, following the principle of fair hearing, order the respondent to produce information and elements of a commercial or accounting nature capable of allowing the owner of a trade mark, who has also furnished proof of the alleged infringement, to determine the origin and extent of the infringement and to complete his claims; when the rightsholder, who has already collected evidence concerning the alleged acts of infringement, wishes, after initiating an action for infringement, to obtain information on the origin or extent of the alleged acts of infringement, in principle the rightsholder must use the adversarial principle procedure thus provided for under information law, and not the confiscation of works infringing copyright, unless he can demonstrate specific circumstances justifying the absence of the adversarial principle; by noting, in an ineffective manner, that Articles L. 716-4-7 and R. 716-16 of the Intellectual Property Code "unambiguously authorise the confiscation of accounting or commercial documents capable of establishing the extent of the infringement and therefore of the damage suffered by the rightsholder, and without restricting this possibility in the event that legal proceedings have not yet been initiated" and that it had not been demonstrated that the possibility of having an order carried out for the confiscation of works infringing copyright during the proceedings in order to seek elements concerning the extent of the infringement and the damage was contrary to "the European and international rights invoked" without investigating, as it was required to do, whether Remy Martin had, by requesting a confiscation of works infringing copyright in order to establish the importance of the alleged acts of infringement, without even demonstrating the existence of specific circumstances such as to justify the absence of the adversarial principle, sought to circumvent Article L. 714-6-9 of the Intellectual Property Code, and whether such a process constituted a misuse of procedure justifying the withdrawal of the order of 20 January 2020, the *cour d'appel* (Court of Appeal) deprived its decision of a legal basis in view of Articles L. 716-4-7 and L. 716-4-9 of the Intellectual Property Code, as they must be interpreted in the light of Directive 2004/48/EC of 29 April 2004;

(2) assuming that it had thus considered that recourse to the confiscation of works infringing copyright would in any event be possible after the initiation of an action for infringement on the merits in order to seek information on the extent of the alleged infringement, without it being necessary to justify particular circumstances such as to justify a waiver of the adversarial principle, the *cour d'appel* (Court of Appeal) infringed Articles L. 716-4-7, L. 716-4-9 and R. 716-16 of the Intellectual Property Code, as they must be interpreted in the light of Directive 2004 Directive 2004/48/EC of 29 April 2004;

(6) precautionary measures, such as the confiscation of works infringing copyright, may be authorised without the other party being heard only in appropriate cases, in particular when delay is liable to cause irreparable damage to the rightsholder or when there is a demonstrable risk of destruction of evidence; the applicant who seeks the confiscation of works infringing copyright must demonstrate the existence of specific circumstances justifying a waiver of the adversarial principle; by dismissing the application for withdrawal of the order of 20 January 2020, without investigating, as it was

required to do, whether Remy Martin justified particular circumstances characterising the need to waive the adversarial principle, the *cour d'appel* (Court of Appeal) deprived its decision of a legal basis with regard to Article L. 716-4-7 of the Intellectual Property Code, as it must be interpreted in the light of Directive 2004/48/EC of 29 April 2004 and Article 50 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);

(7) although Article 2 of Directive 2004/48/EC of 29 April 2004 reserves the possibility for Member States to provide for means other than those provided for by said directive, " in so far as those means may be more favourable for rightholders ", Member States are obliged, when they implement measures or procedures provided for by the directive, to transpose its provisions as faithfully as possible; when implementing the measures transposing the directive, it is up to the courts of the Member States not only to interpret their national law in a manner consistent with the directive, but also to ensure that they are not based on an interpretation thereof that would conflict with fundamental rights or with the other general principles of Community law, such as the principle of proportionality; it follows, therefore, from Article L. 716-4-9 of the Intellectual Property Code, interpreted in the light of Article 7 of Directive 2004/48/EC that a confiscation of works infringing copyright can be authorised, in accordance with the procedure for an order on petition, only in particular circumstances justifying waiver of the adversarial principle; that, by holding that the provision in Article 7 of the directive providing that, " Those measures shall be taken, if necessary without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the rightholder or where there is a demonstrable risk of evidence being destroyed.", would constitute a "provision of an optional and not mandatory nature" and would not meet the conditions for direct application, taking into account the possibility given to Member States by Article 2 of the directive to provide for more favourable treatment for rightholders, and that the "non-adversarial principle precautionary seizure provided for in national law is more favourable for holders of intellectual property rights", the Court of Appeal infringed Article L. 716-4-7 of the Intellectual Property Code and Articles 2 and 7 of Directive 2004/48/EC of 29 April 2004.

(8) in any event, the measures and procedures necessary for the enforcement of intellectual property rights are subject to the general requirements of Directive 2004/48/EC, whereby the procedures implemented must respect the rights of the defence and the principle of proportionality; moreover, under European Union law and when they are called upon to apply their national rules with a view to ordering such measures, national authorities are obliged to do so as far as is possible in the light of the text and purpose of Article 50 of the TRIPS Agreement; it follows, therefore, from Article L. 716-4-7 of the Intellectual Property Code, read in the light of Article 3 of Directive 2004/48/EC and Article 50 of the TRIPS Agreement, that a confiscation of works infringing copyright can be authorised, under the petition order procedure, only when there are specific circumstances justifying waiver of the adversarial principle; by noting, ineffectively, that Article 50(2) of the TRIPS Agreement "does not provide literally that non-adversarial principle interim measures may occur only in the two cases considered (risk of delay such as to cause an irreparable damage, demonstrable risk of destruction of evidence), considered only "in particular", where "Remy Martin had an interest, in this case, in having works infringing copyright confiscated, since the customs retention did not make it possible to establish the extent of the infringement, as it indicated in its petition, which made the requested measure appropriate", when it was up to the *cour d'appel* (Court of Appeal) to examine whether, in this case, circumstances justified waiver of the adversarial principle, the *cour d'appel* (Court of Appeal) infringed Article L. 716-4-7 of the Intellectual Property Code, such as it must be interpreted in accordance with Article 3 of Directive 2004/48/EC of 29 April 2004 and Article 50 of the TRIPS Agreement."

Court's response

7. Under the terms of Article L. 716-4-7(1) and (2) of the Intellectual Property Code, infringement may be proven by any means. Accordingly, any person having standing to bring an infringement action is entitled to have carried out, at any place and by any bailiff, assisted if necessary by experts appointed by the plaintiff, by virtue of an order made on request by the competent civil court, either a detailed description, with or without the taking of samples, or the actual seizure of the allegedly infringing products or services and any document relating thereto. The order may authorise the actual confiscation of any document relating to the allegedly infringing goods and services in the absence of the latter.

8. It follows from this text that the confiscation of works infringing copyright, a procedure that derogates ordinary law, is available to the owner of a trade mark right without the latter having to justify particular circumstances in order to benefit from said non-adversarial principle procedure, even when proceedings are in progress, regardless of the possibility of resorting to the adversarial procedure of the right of information provided for in article L. 716-4-9 of the same code.

9. Article R. 716-16(1) and (2) of the above-mentioned code provides:

"The seizure, whether descriptive or actual, provided for in Article L. 716-7 is ordered by the president of the *tribunal judiciaire* (Tribunal of First Instance) having jurisdiction to hear and determine the merits of the case. The president may authorise the bailiff to make any finding necessary to establish the origin, consistency and extent of the infringement."

10. Thus, Articles L. 716-4-7, L. 716-4-9 and R. 716-16 of the Intellectual Property Code, together, allow the confiscation of accounting or commercial documents that may establish the extent of the infringement and therefore of the damage suffered by the rightholder, without restricting said possibility in cases where legal proceedings have not yet been initiated.

11. The judgment maintains that the purpose of the confiscation of works infringing copyright is not only to prove the alleged infringement, but also to obtain, during the proceedings, proof of the extent of the infringement and of the damage, which is in accordance with Directive 2004/48/EC, intended to strengthen the rights of holders of intellectual property rights and ensure a high level of protection of intellectual property. It adds that Article 7 of said directive, which provides that precautionary measures, such as the confiscation of works infringing copyright, "Those measures shall be taken, if necessary without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the rightholder or where there is a demonstrable risk of evidence being destroyed.", is not only not mandatory and therefore does not fulfil the conditions for direct application, but has also not been transposed into national law, since it is an optional provision in the light of Article 2 of the directive, which leaves Member States the option of providing for rightholders.

12. The judgment further states that, because of the use of the term "in particular", Article 50(2) of the TRIPS Agreement, which provides that "The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.", does not limit the non-adversarial principle interim measures only to the two cases considered.

13. On the basis of these statements, findings and assessments, the *cour d'appel* (Court of Appeal), which did not have to carry out the ineffective investigations invoked by the first and sixth parts, since the court cannot refuse authorisation to carry out an order for the confiscation of works infringing copyright requested of it in the manner and with the justifications provided for by law, held that said order, provided for in Article L. 716-4-7 of the Intellectual Property Code, was in keeping with the objective of Directive No 2004/48/EC and was neither contrary to European law nor Article 50.2 of the TRIPS Agreement.

14. The plea is therefore unfounded.

15. And in the absence of reasonable doubt as to the interpretation of Article 3 of Directive 2004/48/EC, it is not necessary to refer the requests for preliminary ruling proposed by the company Bacchus Bollée to the Court of Justice of the European Union.

ON THESE GROUNDS, the Court:

DISMISSES the appeal;

Orders the company Bacchus Bollée to pay the costs;

pursuant to Article 700 of the Civil Procedure Code, dismisses Bacchus Bollée's claim and orders it to pay E. Remy Martin and C° the sum of EUR 3,000;

Thus decided by the Commercial, Financial and Economic Chamber of the *Cour de cassation* (Court of Cassation), and pronounced by the President in public hearing on the twenty-second day of the month of March of the year two thousand and twenty-three.

President : Mr Vigneau

Elder judge : Ms Darbois

Reporting Judge-referee : Ms Bessaud

Lawyer(s) : SARL Meier-Bourdeau, Lécuyer and Associés – SCP Thomas-Raquin, Le Guerer, Bouniol-Brochier

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Institution judiciaire

Translated rulings