

# International CMS webinar series on recent CJEU-decisions in the area of IP, Technology, Media and Communications

*Session 2: “Coty Germany” (C-580/13)*



## Welcome & Introduction



Speaking to you now:

**Dr. Frederik Leenen, CMS Germany (Berlin)**

## Agenda

- Legal Background, Facts & Question before the Court
- Key Findings
- Outcome & Relevance
- Impact on selected EU-countries  
(Austria, Belgium, France, Germany, the Netherlands, United Kingdom)
- Your questions

## Legal Background

### Article 8 of Directive 2004/48 - Right of Information

‘1. Member States shall ensure that, in the context of proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who: (...) (c) was found to be providing on a commercial scale services used in infringing activities; (...).

2. The information referred to in paragraph 1 shall, as appropriate, comprise: (a) the names and addresses of the producers, (...); (...).

3. Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which: (...) (e) govern the protection of confidentiality of information sources or the processing of personal data.

## Facts

- Coty Germany purchased a counterfeit product on eBay, for which it holds the exclusive Trademarks in Germany. For legal reasons it was not able to identify the seller.
- Coty Germany requested from Stadtsparkasse (a bank) the name and address of the holder of the bank account into which it had paid to.
- The Stadtsparkasse refused to provide Coty Germany with that information, invoking banking secrecy.

## Question before Court

Must Article 8(3)(e) of Directive 2004/48 be interpreted as precluding a national provision which, in a case such as that in the main proceedings, allows a banking institution to refuse, by invoking banking secrecy, to provide information pursuant to Article 8(1)(c) of that directive concerning the name and address of an account holder?

## Key findings

### **Key Finding 1: fair balance**

There is a requirement to ensure a fair balance between, on the one hand, the various fundamental rights, and, on the other, Article 8 of Directive 2004/48.

## Key findings (continued)

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

Article 52(1) of the Charter states, inter alia, that any limitation on the exercise of the rights and freedoms recognised must respect the essence of those rights and freedoms.

Thus, Article 8(1) of the Enforcement-Directive precludes a provision of national law which, taken in isolation, provides an unlimited and unconditional authorisation to invoke banking secrecy.



## Key findings (continued)

### **Key finding 3: other means**

It is for the referring court to determine whether there are any other means or other remedies which would allow the competent judicial authorities to order that the necessary information be provided.

This determination has to be in view of the specific circumstances of each case, including the specific features of each intellectual property right and, where appropriate, the intentional or unintentional character of the infringement.

## Outcome

A national provision may not allow a banking institution to invoke banking secrecy in an unlimited and unconditional manner in order to refuse to provide information concerning the name and address of an account holder.

## Relevance/Scope

- The enforcement directive **is harmonized law**.
- The Information Right applies to most IP rights. It can therefore be found not just be found in Trademark Law, but also in Patent Law, Design Law and Utility Model Law. The finding therefore potentially affects almost all piracy of products / cases of counterfeit.
- The case also might have implications for Copyright Law.

# Impact on selected EU countries

## Impact on selected EU countries - **AUSTRIA**



Speaking to you now:

**Egon Engin-Deniz, CMS Austria (Vienna)**

## Impact on selected EU countries - **AUSTRIA**

### **Key Finding 1: fair balance**

- In principle no fair balance requirement in Austria
- However, requirement of proportionality exists:
- On the one hand, the request for information must be proportionate to the seriousness of the infringement; on the other hand, no legal confidentiality obligations shall be violated.

## Impact on selected EU countries - **AUSTRIA**

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

- Banking secrecy in Austria is protected by a constitutional provision
- Exceptions of banking secrecy are made in case of:
  - Criminal proceedings with prior authorization of the Court or intentional tax offenses
  - Explicit and written approval of the bank's client
- Austrian government plans to loosen banking secrecy in 2016

## Impact on selected EU countries - **AUSTRIA**

### **Key finding 3: other means**

- Internet providers are merely obliged to issue its data if the crime committed is punished with more than two years of imprisonment
- Thus there are difficulties in the investigation of offenses subject to private prosecution (e.g. IP infringements)
- Austrian banking secrecy will also make claims of information based on civil law ineffective



## Impact on selected EU countries - **BELGIUM**



Speaking to you now:

**Tom Heremans, CMS Belgium (Brussels)**

## Impact on selected EU countries - **BELGIUM**

### **Key Finding 1: fair balance**

Belgium has a tradition of the fair balance between privacy rights and property rights.

- Supreme Court: video images that were recorded without proper information, to show that an employee stole goods, can be admitted as evidence.
- Supreme Court: idem in Antigone case regarding abuse of animals recorded on video by GAIA.

## Impact on selected EU countries - **BELGIUM**

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

There is no formal bank secrecy in Belgium.

A bank prefers to keep information about its clients secret, but there are no criminal sanctions in case a bank would disclose information, e.g. to tax authorities.

There will be no tort if a bank discloses information in particular circumstances where any other careful bank would also have disclosed the information

## Impact on selected EU countries - **BELGIUM**

### **Key finding 3: other means**

Application by the Brussels Court of First Instance in a domain name case, Belgian Anti-Piracy Federation v. DNS Belgium, 9 August 2013:

- If a domain name is used for a website where copyright infringements are committed, the domain name registry may be ordered to withdraw the domain name and close the website,
- But the domain name registry cannot be ordered to disclose bank details or other personal information of the domain name holder, because it is a not for profit organisation.

## Impact on selected EU countries - **FRANCE**



Speaking to you now:

**Anne-Laure Villedieu, CMS France (Paris)**

# Impact on selected EU countries - **FRANCE**

## **Key Finding 1: fair balance**

- No general fair balance principle under French law
- The information right is limited by the existence of legitimate impediments (“empêchements légitimes”)
- Case law (Tribunal de Grande Instance, 17 May 2013 n° 12/07606) recommends that the judge be particularly vigilant to the legitimate impediments which can justify the rejection of the request in order not to bring excessive harm to the defender’s interest, being underlined that at the stage of the examination of the request, the responsibility of the defender has not been established.

## Impact on selected EU countries - **FRANCE**

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

- Article L 511-33 of the Monetary and financial Code: bank secrecy cannot be opposed to the prudential Authorities, to the Bank de France and in criminal proceeding. Generally, bank secrecy cannot be opposed where the law provides that it shall not apply.
- Three different laws provide that the information right shall prevail : bank secrecy cannot be opposed to the creditor's of the client of the bank seizing the bank account; in case of divorce to determine the value of each partie's belongings; to the expert or judge designated to appreciate the situation of the debstor within the famework of bankruptcy.
- These texts are generally interpreted as assessing, a contrario, the principle that bank secrecy would prevail over any right of information unless a specif text explicitey rules it out.

## Impact on selected EU countries - **FRANCE**

### **Key finding 3: other means**

- Bank secrecy is regarded as almost absolute by French case law.
- The judge does not weight the importance of banking secrecy with the information right to determine if in a specific case the secrecy can be regarded as legitimate impediment: the formula of the Cour de Cassation, 13 June 1995, n° 93-16317 is very clear: “...*the professional secrecy obligation binding a bank constitutes a legitimate impediment opposable to the civil judge...*”
- A bank may solely be ordered to provide certain information when the request is made against it not as a third party but in its quality of party to the claim brought against it by the beneficiaries of the secret opposed.
- It is likely that the fair balance requirement will impact French case law and make banking secrecy more flexible when the IP owner’s information right appears particularly legitimate.



## Impact on selected EU countries - **GERMANY**



Speaking to you now:

**Dr. Frederik Leenen, CMS Germany (Berlin)**

## Impact on selected EU countries - **GERMANY**

### **Key Finding 1: fair balance**

- No general fair balance requirement under the German IP Information Right
- No Information Right against persons who would have a right to refuse to give evidence before civil law courts
- Majority's opinion: this includes the banking secrecy

## Impact on selected EU countries - **GERMANY**

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

- German Law provides for such unconditional authorization. Thus, the law may have to be amended or interpreted in a way that puts the banking secrecy to a full fair balance test.
- With a full fair balance requirement the case is likely to be decided in favor of Coty Germany as
  - the German Federal Court of Justice tended towards this result when he balanced the rights in its decision to refer to the CJEU
  - The Advocate General's opinion also supports this view

## Impact on selected EU countries - **GERMANY**

### **Key finding 3: other means**

- Civil proceedings can't be brought against an unidentified person
- Criminal proceedings, however, can
  - Banking secrecy has not to be respected by witnesses in criminal proceedings
  - but: witnesses only have to tell what they know/witnessed, they do not have to gather information
- Criminal proceedings likely to be ineffective
- Information Right against Internet Service Providers ineffective too

## Impact on selected EU countries - **the NETHERLANDS**



Speaking to you now:

**Hendrik Struik, CMS Netherlands (Utrecht)**

## Impact on selected EU countries - **the NETHERLANDS**

### **Key Finding 1: fair balance**

- No general fair balance requirement under Dutch Law
- Instead three exceptions in Dutch Law
  - no obligation if there would be a right to refuse to give evidence before civil law courts (including the banking secrecy)
  - no obligation if a proper administration of justice is also possible without the provision of the requested information
  - no obligation if the protection of the confidential information is not guaranteed

## Impact on selected EU countries - **the NETHERLANDS**

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

- Dutch banking regulations have such unconditional authorization, see Bankers' Oath:
  - *I will keep confidential that which has been entrusted to me.*
- Dutch legislation has to be amended

## Impact on selected EU countries - **the NETHERLANDS**

### **Key finding 3: other means**

- Civil and criminal proceedings cannot be brought against an unidentified person

### **Otherwise**

- ‘balance’: uncertainty in practice
- CJEU (pt 39): disclosure may depend on ‘intentional or unintentional character of the infringement’
  - secrecy can remain for non-intentional infringement?
  - right-owner must prove intention?



## Impact on selected EU countries - **UK**



Speaking to you now:

**Tom Scourfield, CMS United Kingdom (London)**

## Impact on selected EU countries - **UNITED KINGDOM**

### **Key Finding 1: fair balance**

- *Norwich Pharmacal v Customs and Excise Commissioners* [1974]  
AC 133 provided this right prior to Directive 2004/48
- A balance has been struck by the courts between Article 8 and other fundamental rights through case law on when Norwich Pharmacal orders can be awarded

## Impact on selected EU countries - **UNITED KINGDOM**

### **Key Finding 2: no unconditional authorization to invoke banking secrecy**

- Norwich Pharmacal orders demonstrate that the UK does not have an unconditional authorisation of banking secrecy
- Where it would not be possible to bring an action against a wrongdoer without the information sought, or where the bank has become involved, although innocently, in the wrongdoing, an action can be brought against the bank for the disclosure of the information required

## Impact on selected EU countries - **UNITED KINGDOM**

### **Key finding 3: other means**

- Norwich Pharmacal orders allow judicial authorities to order that the necessary information be provided so other means or remedies are not required
- Coty decision also acknowledges importance of data privacy and also for national courts to determine the correct balance. This could lead to individual member states balancing these rights differently, which may make life difficult for businesses operating across the whole EU.

# Your Questions

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