

# **ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS AROUND THE WORLD**

Legislation, Case law and Commentaries

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This chapter was written subject to the law stated as of 31 October 2019.

## 1. INTRODUCTION

Austria has a high-income economy focused on the service sector, and mid-sized manufacturing companies highly specialized in technology and innovation-driven fields. Correspondingly, effective protection and enforcement of intellectual property rights (IPRs) are central to economic development. Austrian law, authorities, and courts are generally up to this challenge and provide a solid IP enforcement framework.

Preliminary injunction (PI) proceedings are of particular importance for IPR enforcement in Austria. They may be initiated at any point in time since urgency is not a requirement for *inter partes* PI proceedings. Furthermore, there is no statutory balance of interest test. Therefore, once the applicant establishes infringement and validity, courts will generally grant an injunction. Austrian preliminary injunctions are thus a powerful tool of attack as part of an international strategy (for details see Section 3.V.).

A further characteristic of the Austrian system is its bifurcated nature regarding patents and Austrian trademarks (and only to a limited extent for registered designs). Only the Austrian Patent Office can make final decisions on the validity of a patent or a trademark. If the court considers a patent likely to be invalid, it has to suspend main infringement proceedings until the Patent Office reached a final decision on validity. In trademark proceedings, the court may assess the question of validity of a (national) trademark on its own, but it may also suspend proceedings. Only in preliminary injunction proceedings the court has to rule on validity (of a patent, a trademark or any other IPR) on its own and may not suspend proceedings (for further details see Section 4.XI. below).

However, the bifurcated nature of the system does not mean that courts lack the technical expertise for assessing the validity of a patent. Senates in patent cases include in all instances lay judges who are experts in the relevant field of technology. Regarding the technical aspects of validity and infringement decisions of Austrian courts are therefore generally of high quality.

## 2. GENERAL

### I. Legislation on IP enforcement

#### A. International regulations, treaties and conventions

Austria is a partner of the TRIPs Agreement. The Austrian IP statutes were already largely compliant with the TRIPs Agreement when it was adopted. However, in light of the TRIPs Agreement, Appeal Court case law held that preliminary injunctions must be available to secure evidence before the initiation of main proceedings, even before such a possibility was especially introduced by statute into Austrian law.<sup>1</sup>

The EU Directive 2004/48/EC on the Enforcement of IP Rights (Enforcement Directive) is of great importance. The legislator, however, took the view that Austrian law, already largely complied with measures required under the Enforcement Directive, in particular concerning Article 6 Enforcement Directive, which requires effective measures regarding the production of evidence. Nonetheless, some provisions were changed or clarified to avoid any doubts as to what rights are available. However, since Austrian provisions have to be interpreted in line with European law, the Enforcement Directive is an important basis for interpretation even where provisions were not changed. The Enforcement Directive will therefore be referred to throughout this chapter. Furthermore, scholars have some doubts<sup>2</sup> as to whether Austrian law is compliant with the Directive even today, in particular with regards to orders concerning the presentation of evidence (see Section 3.III. and I.V.).

Other relevant EU acts are the Trade Mark Directive (EU) 2015/2436, the Copyright Directive 2001/29/EC, the E-Commerce Directive 2000/31/EC (see Section 3.II.B.) and the Product Piracy Regulation (EU) 608/2013 (see Section 6).

Austria also ratified the Uniform Patent Court Agreement, the implementation of which is as of September 2019 suspended due to the German constitutional complaint.

#### B. Primary and secondary law

The intellectual property rights are all codified under the federal statutes governing Austria's respective IPRs. The relevant statutes are the *Patentgesetz 1970* (Patent Act), the *Halbleiterschutzgesetz 1988* (Semiconductor-Protection Act), the *Markenschutzgesetz 1970* (Trademark Act) and the *Urheberrechtsgesetz 1936* (Copyright Act). Each of these statutes contains specific provisions on enforcement; however, these rules are generally similar. The *Musterschutzgesetz* (Design Act) and the *Gebrauchsmustergesetz* (Utility Model Act) include no provisions on enforcement, as these statutes each apply the relevant provisions of the Patent Act by reference. Consequently, this chapter on Austria contains no references to these acts, and all statements on rights arising out of a patent infringement apply vice versa to these titles.

Concerning procedural law, the *Zivilprozessordnung 1895* (Civil Procedure Code) governs the main proceedings, and the *Exekutionsordnung 1895* (Enforcement Code) contains the relevant

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<sup>1</sup> OLG Wien 4 R 6/99b, MR 1999, 167 [Walter]; Ob 190/04d.

<sup>2</sup> Julia Schachter, Umsetzung der Enforcement-Directive in Österreich, *ecolex* 2006, 810

Sabine Agé/Christian Gassauer-Fleissner, Zu viel und zu wenig? Umsetzung der DurchsetzungsRL zur Beweisermittlung in Frankreich und Österreich, *ÖBI* 2017/51.

provisions for preliminary injunction proceedings as well as for the enforcement of judgments and other titles. With few exceptions, these laws apply equally to all IP rights.

### C. Important case law

Austria does not have a common law system. Generally, judicial decisions only interpret codified law within the meaning of the wording of the provisions. Furthermore, court decisions are not precedents in the sense that they are binding on questions of law for other courts when deciding subsequent cases. In principle, courts are not bound in any way by previous decisions when interpreting the law. In practice, however, lower courts will follow previous Supreme Court decisions and the Supreme Court will generally not change established case law without a significant reason.

Furthermore, Austrian courts are bound by decisions of the Court of Justice of the European Union regarding the interpretation of EU law and also by decisions of the European Court of Human Rights regarding the interpretation of the European Convention on Human Rights. The latter has not only the status of constitutional law in Austria.

One important decision worthy to mention in this context is *Micallef v. Malta*<sup>3</sup> by the European Court of Human Rights, in which the court declared the guarantee of a fair and public hearing of Article 6 European Convention on Human Rights applicable in preliminary injunction proceedings. This led to the consequence that, contrary to previous Austrian law, preliminary proceedings must in general be held *inter partes* (see below Section 3.V.C.), and a public oral hearing is necessary unless specific reasons make a hearing unnecessary (see below Section 3.V.E.).

## II. Jurisdiction and competence

### A. Competence of local courts

All cases relating to infringement of intellectual property rights, except for criminal proceedings, whether main proceedings or interlocutory (preliminary) proceedings, are heard within the civil court system. While cases involving copyright matters exclusively (and no other IPR) may be heard by any local court with local jurisdiction for commercial matters (*Handelsgericht*), the Commercial Court of Vienna (*Handelsgericht Wien*) has exclusive jurisdiction over all disputes concerning the infringement of patents utility models, trademarks, designs, protected plant varieties, and semiconductor rights.

Furthermore, Austria has a bifurcated system regarding patents and Austrian trademarks. Only the Austrian Patent Office can make final decisions on the validity of a patent or trademark, and with some restrictions also of registered designs (for details see Section 4.XI. below).

While there are no specialized courts for IP infringements, there are specialized senates at the Vienna Commercial Court, and the judges that handle such cases are regularly assigned IP matters in their respective area (e.g. trademark, design) and have attained a certain expertise in their respective area. Patent infringement cases are handled by panels of three judges, one of whom is a lay judge who is an expert in the relevant field of technology, typically a patent attorney. Other IP cases are heard by single judges, who may decide to seek the assistance of court-

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<sup>3</sup> App no. 17056/06 (ECHR, 15 October 2009)

appointed experts on certain technical or commercial questions, if required on a case-by-case basis.

Appeals are adjudicated by one of the four Higher Regional Courts (*Oberlandesgericht*) with local jurisdiction. This means that all appeals from the Vienna Commercial Court are always handled by the Higher Regional Court of Vienna. Further appeals to the Supreme Court (*Oberster Gerichtshof* or *OGH*) are possible in cases involving questions not previously adjudicated by the Supreme Court and whose relevance extends beyond the particular case. It should be noted that only decisions by the Supreme Court and some decisions by the Higher Regional Courts are publicly available in Austria.

### **B. Appellate review**

Both in main and in preliminary proceedings parties may appeal a decision by the Commercial Court to the competent Higher Regional Court, where a three-judge panel, (in patent cases including a technical lay judge) decides the case.

The appeal to the second instance is a full legal review; questions of fact may also be reviewed but in practice there is hardly ever an oral hearing or additional fact finding at the appellate stage. The reasons for an appeal include errors in law as well as in factual findings, i.e. an incorrect evaluation of evidence by the court. However, it is not possible to introduce new facts or evidence in the second instance proceedings.

An appeal against a second instance decision (again both in main and preliminary injunction proceedings) to the Austrian Supreme Court is possible if a fundamental issue of law of importance beyond the particular case is to be resolved. The deciding senates of the Supreme Court generally consist of five judges, in patent cases three professional judges and two technical lay judges.

The statutory deadline for an appeal (both to the second and the third instance) is four weeks in main and two weeks in preliminary proceedings, and cannot be extended. The appeal must already be wholly reasoned and contain all grounds of appeal. The opponent may file a brief in reply. A further round of briefs after the reply in appeal proceedings is not foreseen by law and very uncommon.

### **C. Position towards cross-border decisions**

Austrian courts will assume jurisdiction wherever an infringing act has taken place in Austria (under Article 5 of Council Regulation (EC) No 44/2001 of 22 December 2000), but will not adjudicate any acts that have taken place abroad. As such, sales and offers through the internet that are available in Austria will trigger the competence of Austrian courts, in line with case law of the Court of Justice of the European Union (CJEU).

Austrian law allows courts to base decisions on foreign law, and titles against Austrian entities issued by foreign courts are enforceable in Austria within the framework of the relevant international treaties and EU regulations, in particular the (recent) Brussels Ia Regulation.<sup>4</sup>

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<sup>4</sup> Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

In general, decisions by courts from a country that is not a party to an international treaty with Austria or an EU Member State are only enforceable if also Austrian decisions are enforceable in that country (principle of reciprocity). However, a domestic regulation must expressly establish reciprocity. Austrian courts are not authorised to assess reciprocal recognition on their own. In the absence of an international treaty and such a domestic regulation, foreign decisions are therefore not enforceable in Austria. Notably, this is the case for decisions from both the USA and China; judgments from these countries are not enforceable in Austria.

Concerning decisions from EU Member States, the Brussels Ia Regulation provides for automatic recognition and enforceability without the necessity of a special procedure. Only in very limited circumstances states can refuse recognition and enforceability (e.g. irreconcilability with an earlier Austrian judgment).

The procedure necessary for the enforcement of decisions from states that are not EU members is stipulated in Sections 406 to 416 Enforcement Code. It consists of the request of a leave for enforcement and then the request for an enforcement authorisation. Both may be applied for simultaneously at the district court at the seat or domicile of the opponent or the district court in which jurisdiction the assets which should be seized are located. The district court will then decide both requests together.

The competent district court will examine the several preconditions for enforcement before issuing a leave for enforcement, including if the foreign title is enforceable in the country of origin, if the procedural steps required were taken in the country of origin and if an international treaty or a domestic regulation stipulates the principle of reciprocity (see above). The court will decide only based on documents, without hearing the opponent first.

Both parties may appeal against a decision on the request for a leave for enforcement. The competent regional court will decide on the appeal in *inter partes* proceedings. Generally, an appeal may be filed within four weeks. If, however, the opponent's seat or residence is not in Austria and he or she was not previously heard, the deadline to file an appeal extends to eight weeks.

While the Austrian Supreme Court had not previously ruled out the enforcement of foreign preliminary injunctions issued without the defendant having been heard ('*ex parte* injunctions' or '*inaudita altera pars* injunctions'),<sup>5</sup> under Article 42 para. 2. of the new Brussels Ia Regulation, any provisional (including protective) measure (including *ex parte* judgments) may be enforced in all Member States, as long as the court rendering this decision has jurisdiction as to the substance of the matter and the judgment containing an *ex parte* measure is served to the defendant prior to enforcement.

On a related note, it may be helpful to know that judgments by foreign courts in parallel proceedings, although not binding, can be considered as evidence in Austrian infringement proceedings (see below section 3.V.A).

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<sup>5</sup> OGH 19.09.2012, 3 Ob 123/12b.

### **3. CIVIL AND ADMINISTRATIVE IP ENFORCEMENT**

#### **I. Persons entitled to apply for IP enforcement measures and remedies**

##### **A. Right holders**

The right holder is entitled to bring an infringement action. Under the applicable case law in trademark and patent cases, a new (derivative) right holder whose rights are not yet recorded in the public register may also bring an action for infringement, provided that the chain of title can be evidenced. There is no corresponding case law for design rights, but there is no apparent reason to treat such cases differently. For copyright law, it is a fundamental principle of Austrian law that the right of authorship itself cannot be divested (see Section B. below), but the author of a copyright may divest himself of the right to bring infringement actions, along with granting rights to the work.

##### **B. Licensees**

Until 2019, an exclusive patent or trademark licensee could bring an infringement action even without the consent of the trademark owner, unless otherwise agreed upon in the licence agreement. However, in compliance with the amended EU Trademark Directive 2015/2436, it is now stipulated in Section 14 (3) Trademark Act that the (exclusive or non-exclusive) licensee of a trademark can only sue with the consent of the trademark owner, whereby the owner of an exclusive license is already entitled to do so if the trademark owner has not himself filed an infringement action within a reasonable period of time after being expressly requested to do so.

This change regards to trademark law only. It will most likely not affect the right to bring an action of a patent licensee. As before, case law has established that the holder of an exclusive patent license may bring an action for patent infringement, even if the license agreement does not expressly confer this right to the exclusive licensee. The holder of a non-exclusive patent license can bring an action for infringement if the license agreement expressly provides for this right.

The same applies in copyright matters, with the particularity that the original author of the right may license all rights of use exclusively to a third party, but can never divest himself of his or her status as the original copyright author (Urheber) – as such, the original rights owner retains the right to institute infringement proceedings next to the exclusive licensee by default, unless he or she explicitly renounces this right.

License rights do not need to be registered, but must be evidenced if an action is lodged.

##### **C. Other eligible parties**

A mere distributor without a license cannot bring an infringement claim, since the rights to bring infringement actions cannot be conferred in isolation, without also granting a license to the third party at the same time.

However, collective rights-management bodies exist in the area of copyright law in Austria. They are generally entitled to institute infringement actions on behalf of authors, but this right itself is not derivative by law. Rather, it hinges upon the exclusive use right that is granted to them, i.e.

they may only enforce those rights that were conferred to them by the respective author. These bodies include AKM (authors, composers, music distributors), Austro Mechana (recording rights), Literar-mechana (literature authors), and VDFS (movie producers).

## II. Targeted infringements and defences

### A. Primary infringers

Anybody who sets an infringement act described in the relevant intellectual property law is regarded as an infringer (see below). Even though these infringement acts are necessarily different for every IP right, there are several common factors that will be described below.

Austrian tort law contains the general principle – which also applies in IP cases - that accomplices, instigators and assistants of the (direct) infringer are liable in the same way as the infringers (Contributory Infringement Section according to 1301 General Code of Civil Law, ABGB). However, contributory infringement requires that the contributory infringer consciously supports the acts of infringement. The contributory infringer must know about or knowingly accept the infringing acts. It is therefore necessary to prove the intent of the contributory infringer. Under certain circumstances, ignorance of the relevant facts may also be equated to knowledge, e.g. if the supporter consciously turns a blind eye to these facts.<sup>6</sup> ‘Conscious support’ is assumed where the contributor is aware of the factual circumstances giving rise to the violation of the law and fails to act upon this knowledge by removing the infringing content.<sup>7</sup>

Furthermore, the owner of a company may also be liable for infringements of IP rights if the infringement was committed in the operation of his or her company by employees or representatives (Section 81 para 1 Copyright Act, Section 54 para 1 Trademark Act and Section 152 para 1 Patent Act).

The responsible persons of a company (managing directors and members of the board for example) can also be held liable in certain circumstances. However, claims against boards of directors of larger companies may require additional evidence to hold individuals personally liable.

The relevant intellectual property laws also know various other forms of indirect infringement, which will be mentioned below and under Section 3.II.B below.

A further consistency across all IP rights is that it is not necessary to prove intent or negligence of the direct infringer to claim injunctive relief and removal or request the payment of a reasonable royalty from the infringer (for further details see Section 3.VI.).

#### a) Patent Act and Utility Model Act

Section 22 para 1 Austrian Patent Act (PA) prohibits the manufacture, putting into circulation and offering for sale and use of an invention protected by a patent and possessing or importing it for these purposes on a commercial scale in Austria.

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<sup>6</sup> OGH 22.01.2008 4 Ob 194/07v.

<sup>7</sup> OGH 29.01.2002 4 Ob 279/01k.

Any of these acts are considered acts of direct patent infringement.

Furthermore, according to Section 22 para 2 PA, if the patent protects a process, the patent protection extends to the products directly obtained by that process. This means that also the putting into circulation, offering for sale, etc of such a product infringes the patent.

The Austrian PA furthermore contains a special provision on indirect patent infringement, which is based on Article 26 of the European Community Patent Convention and thus is similar to the corresponding rules in several other European countries. It prohibits the offering for sale and supplying of means relating to an essential element of the invention to everybody who is not authorised to use the invention, if the supplier knows or if it is evident from the circumstances that these means are suitable and intended for putting that invention into effect (Section 22, para. 3-5 Austrian Patent Act). Although the provision is part of the PA for about ten years, there is so far no case law on this provision.

The provisions in the Utility Model Act (UMA) for direct infringement (Section 4 para 1 UMA), indirect infringement (Section 4a UMA) and protected processes (Section 4 para 1 UMA) are identical to the relevant provisions in the PA.

#### b) Design Act

According to Section 4 para 1 Design Act, a design right grants its holder the exclusive right to use it and to prevent third parties from using it without his or her consent. Such use includes, in particular, the manufacture, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or the possession of such a product for these purposes.

#### c) Trademark Act

According to Section 10 para 1 and 2 Trademark Act, a trademark gives the owner the exclusive right to prevent others in the course of trade from:

- using a sign identical to the mark for identical goods or services;
- using a sign identical or similar to the trademark for identical or similar goods or services if there exists a likelihood of confusion including the likelihood of association between the sign and the trademark;
- using a sign identical or similar mark for dissimilar goods or services if the trademark has a reputation in Austria and its use takes unfair advantage of or is detrimental to the distinctive character or the reputation of the trademark.

Trademarks only confer protection against the use of signs in the course of trade. The use of a sign in the private sphere is therefore not covered; e.g. if a natural person sells a trademark protected product via an online marketplace without this transaction taking place in the course of that person's regular commercial activity, the trademark proprietor may not invoke his or her rights.<sup>8</sup>

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<sup>8</sup> OGH 11.05.2012, 4 Ob 38/12k.

It is further necessary that the sign is used as a trademark. This is to be understood broadly. Section 10 Trademark Act lists as examples, *inter alia*, following acts:

- affixing the mark to goods, their packaging or to goods in regard of which a service is provided;
- offering, marketing or possessing goods under the mark;
- to import or export goods under the mark;
- to use the sign as a trade name or business name or as part thereof;
- to use the sign in business documents, announcements or advertising.

The danger-of-confusion analysis under Austrian law, in general, corresponds with the case law of the EUIPO, the European Court of Justice and the General Court of the European Union. It heavily depends on the details of the case and the following elements have to be taken into account: the recognition of the trademark on the market, the distinctive character of the trademark, the degree of similarity between the trademark and the sign and between the goods or services.

The similarity of signs – according to established court practice – depends on the overall impression evoked in the mind of the average person of the relevant public. Since trademarks are usually perceived as a whole, it is not permissible to dissect the sign. However, distinctive and dominant elements have greater significance. Similarity includes visual, phonetic and semantic similarity, whereas it may already be sufficient that likelihood of confusion exists in respect of only one of these elements.

In assessing the similarity of goods and services, all relevant factors should be taken into account; these include, *inter alia*, the nature of the goods, their purpose or whether or not they are complementary.<sup>9</sup>

#### d) Copyright

Copyright protects both the economic and moral rights of the creator of a work. The economic rights give the right holder an exclusive right to certain kinds of commercial exploitation of the work. Moral rights allow authors and creators to take specific actions to preserve the integrity of the work and their position as creator. Only the economic rights can be transferred to third parties (see above Section 3.I.B.).

Economic rights include:

- Right of reproduction of the work in all forms (Section 15 CA);
- Right of distribution of copies of the work (Section 16 CA);
- Renting and lending of the work; meaning the temporary transfer of use for commercial purposes or the temporary transfer of use for non-commercial purposes by an institution accessible to the public, e.g. a library (Section 16a CA);
- Broadcasting or other communication of the work to the public (Section 17 CA);
- Right to public performance of the work (Section 18 CA);
- Right to make the work available to the public by wire or wireless means in such a way that it is accessible to members of the public from places and at times of their choice (Section 18a CA).

Moral rights include:

- Right to claim authorship of a work (Section 20 CA);

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<sup>9</sup> Case C-39/97 *Canon v Metro-Goldwyn-Mayer* [1998] ECR I-05507, para 23.

- Right to object to any distortion or modification of a work (Section 21 CA).

The violation of any of these rights is considered an infringement of copyright.

## **B. Intermediaries**

Concerning intermediaries in the field of internet service providers (ISPs), Austria has adopted the EU-regime based on the E-Commerce-Directive regarding the privileges of ISPs in the E-Commerce-Act (E-Commerce-Gesetz). Under these principles, ISPs that host content provided by users are free of liability provided that (i) they did not know about the illegality of the content, (ii) the illegality was not obvious to the ISP and (iii) the ISP expediently undertakes all efforts to remove the illegal content as soon as he or she obtains the relevant knowledge.

At any rate, the privileges of ISPs under the Austrian E-Commerce-Act only relate to damages and further monetary claims – they do not free ISPs from any liability for cease-and-desist claims. Only concerning copyright infringements, the intermediary must be notified before an injunction claim can be filed (Section 81/1a CA). However, since case law clarified that even a notification delivered in the course of already-pending proceedings may suffice,<sup>10</sup> there is little difference between copyright infringements and the infringement of other IP rights, where there is no obligation to notify intermediaries before an injunction claim can be brought.

However, it is unclear if this exclusion of the injunction claim from the privileges of the E-Commerce-Act is compliant with EU law. Currently there is a pending preliminary ruling proceeding before European Court of Justice on this question.<sup>11</sup>

Intermediaries which do not fall under the E-Commerce-Act ('offline intermediaries') may be held liable as contributory infringers under general principles (see Section 3.II.B. immediately above).

## **C. Liability threshold**

As mentioned above under Section 3.II.A., the liability of direct infringers of IPRs for cease-and-desist claims is independent of any subjective element (such as negligence, knowing or willful infringement), while contributory infringement does require a certain subjective element.

## **D. Available defences**

The most common defences are contesting infringement and the validity of the relevant IP right.

Other common defences applicable to all IP rights are claiming an (implied) licence, invoking the statute of limitation, and violation of anti-trust laws. The latter, however, is rarely seen in practice; so far, there is no case law on FRAND issues in Austria. Moreover, the exhaustion of rights regarding products placed on the market in the European Economic Area with the consent of the right holder may be invoked.

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<sup>10</sup> OGH 21.10.2014, 4 Ob 140/14p.

<sup>11</sup> Case C-433/19 - Ellmes Property Services; OGH 28.05.2019, 4 Ob 74/19i.

In patent cases, common defences also include own prior use, that the alleged infringer only practised the prior art (Fromstein defence) and in pharmaceutical cases the 'Bolar' exemption (i.e. the protection for drug manufacturers when preparing their product for regulatory approval).

### III. Evidence

#### A. Presumptions

The general principle is that each party has to prove the facts which are beneficial to its side. However, Austrian law contains numerous provisions according to which certain facts are presumed. Nevertheless, the other party may still prove any assumption to be wrong. Only in certain cases, an assumption cannot be refuted.

In copyright law, assumptions of ownership are of particular importance since there is no register identifying the right holder. According to Section 12 CA, a person is presumed as author if he or she is designated as such in the usual manner on a published work or on the original of a visual work until the contrary is proven. Such designation may consist in the indication of the true name of the author or alias he or she is known to use or – in the case of visual works – in an artist's mark.

Further particularities apply in patent law: To transfer the ownership of a patent, the new owner must be registered in the patent register. Only after registration, the ownership rights are validly transferred with *erga omnes* effect. The patent register therefore creates more than a mere assumption of ownership since it necessarily shows the true owner of the patent. Nevertheless, according to case law, the new owner of a patent may bring infringement claims even before his ownership rights are registered in the patent register if he or she provides sufficient evidence for the contractual transfer.<sup>12</sup>

Rights to trademarks, on the other hand, are already validly transferred at the time the respective contract under civil law takes effect. The registration is merely of declaratory effect. However, courts will rely on the register and assume that the person registered as owner is the true trademark holder as long as there is no evidence to the contrary.

A further *ex lege* assumption exists in patent law: Concerning infringement, Section 155 PA stipulates that if a patent protects a process for the manufacture of a new product, any product of the same nature shall be deemed to have been manufactured by the patented process unless the full proof to the contrary is furnished. Mere doubts are not sufficient.<sup>13</sup>

Moreover, according to established case law, the validity of a patent is presumed in preliminary injunction proceedings by virtue of its grant.<sup>14</sup> Unless the opponent therefore provides *prima facie* evidence to the contrary, the court has to assume the validity of the patent. In contrast, in main proceedings, the court must assess if invalidity is likely once the defendant raises this defence, e.g. through a court-appointed expert (for further details see below 3.V.A.).<sup>15</sup>

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<sup>12</sup> RIS-Justiz RS0071464.

<sup>13</sup> OGH 08.07.2019, 4 Ob 71/19y.

<sup>14</sup> OGH 20.12.2018, 4 Ob 228/18k.

<sup>15</sup> OLG Wien 26.09.2018, 133 R 39/18k.

A further presumption applies to all IP rights: If infringement is found, the court may order the publication at the expense of the infringer, provided that the right holder can demonstrate a 'justified interest' in this publication. This interest is assumed in case the infringement was made public in some form, requiring a correction of the public perception.

## B. Production and discovery

In Austria, there is no procedure comparable to U.S.-style discovery. Nonetheless, numerous provisions exist, which allow a party to obtain evidence from the other party. These provisions may be divided between 'traditional' measures stipulated in the Civil Procedure Code and the possibility to obtain preliminary injunctions securing evidence which was introduced into the patent, trademark and copyright act to implement Article 7 Enforcement Directive. The main difference is that the former "general" measures show significant flaws when it comes to their enforcement (see further below). Contrary, the IP-specific rights are executed by the bailiff and can be further enforced like preliminary injunctions in general (see Section 3.III.C below). However, since the Enforcement Directive in its Article 6 also requires effective measures to secure evidence in the main proceedings, the lack of enforcement mechanisms in the main proceedings likely means that the Enforcement Directive is insufficiently implemented (see further below).

The "general" measures to obtain and preserve evidence stipulated in the Civil Procedure Code consist in the right to order a presentation of evidence (Sections 303-307 and 369 CPC) and the possibility of pre-trial questioning of witnesses or private experts or an on-site inspection by the court (Section 369 CPC).

Under Section 303 CPC, upon request of a party, a court may order that the opposing party present a certain document in its possession that is relevant to the case. The party must state the facts the document is supposed to support, produce a copy of the document or 'specify its content in detail', and provide *prima facie* evidence that the document is in possession of the opponent.<sup>16</sup> Such a request is possible at a pre-trial stage and without an oral hearing.

Under this standard, an obligation may be imposed on the opposing party to present certain 'documents'. For other physical objects to be inspected (*Augenscheinsgegenstände*), Section 369 CPC references the rules on the order of presentation of documents and stipulates that they should be applied by analogy. It remains unclear as to how the requirement of 'specifying [the content of the document] in detail' is applied in practice when it comes to objects other than documents, especially given the applicant's information deficit.

The main deficit of the traditional Austrian civil procedure rules in comparison to the requirements of Article 6 Enforcement Directive is that no particular sanction is foreseen in case the order is not followed and the evidence is not presented, other than the court being able draw its own conclusions (*i.e.* draw an adverse inference) from the fact that the opposing party does not comply with the order. It may be interesting to note that on the other hand, Austrian procedural law does not expressly provide for the inadmissibility of use of improperly obtained evidence either. In principle, evidence may be used even if it has been unlawfully obtained.

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<sup>16</sup> *Rechberger* ZPO3 § 303 Rz 6; *Kodek in Fasching/Konecny*2 § 303 ZPO Rz 22.

The argument of proponents of this provision is that the Enforcement Directive only requires that the courts must be able to issue orders concerning evidence, but not that the ordered presentation of evidence can actually be compelled. Moreover, the legislator justified the current state as compliant by making reference to the TRIPS Agreement, which previously already expressly provided for the same sanction (Article 43 (2) TRIPS).<sup>17</sup>

However, in practice, no sanction is foreseen if an evidence order is not complied with, thus essentially rendering such orders toothless. In addition, an opponent has the option to refuse an evidence order by alleging that the requested material is subject to trade secrets, while not having to provide full proof for this qualification (see Section 3.III.C. below).

In addition, the overall level of evidence required may be higher under Austrian procedural law than the 'presentation of reasonably available evidence sufficient to support his or her claims' as set forth by Article 6. As set forth above, under Section 303 CPC, the requesting party must present *prima facie* evidence (*bescheinigen*) that the information sought is 'likely' in the opponent's possession.

Moreover, the degree of specification of the content of documents sought to be submitted by the opponent may be higher under Austrian procedural law than under the Directive. As set forth above, under Section 303 CPC, the requesting party must either 'produce a copy of the document' (or object) or specify its content 'as exact and complete as possible', while Article 6 merely requires that the evidence be 'specified'. This requirement is aimed at preventing 'fishing expeditions', as has recently been confirmed by the Supreme Court (although not in the context of IPR infringements).

In summary, it is doubtful that Article 6. Enforcement Directive is presently fully implemented under current Austrian law, in particular with a view to measures available outside of preliminary injunctions.

### **C. Opposing party's obligation to cooperate and produce evidence**

As explained above, there is no procedure to enforce the measures to preserve and obtain evidence stipulated in the CPC, and the only sanction lies in the court drawing an adverse inference.

Furthermore, an opponent may even avoid this sanction by merely alleging that documents/objects sought are confidential, without having to provide full proof of this fact.

Specifically, Section 305 CPC stipulates the right to deny orders to present evidence in case certain types of confidential information would have to be disclosed. A denial of requests to present documents is justified, if the requested party alleges that the presentation would relate to private family matters (para 1), infringe upon an honorary duty (para 2), bring public disgrace to a party or a third party, or expose it to criminal prosecution (para 3), violate a recognized obligation to secrecy or any art- or trade-secrets (para 4), or in case there are 'other equivalent reasons justifying a refusal' (para 5).

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<sup>17</sup> see materials for BGBl. I Nr. 96/2006, RV 1423 XXII.GP, and for BGBl. I Nr. 81/2006, RV 1324 1423 XXII.GP.

However, even where confidential information is concerned an order to present evidence may not be refused under three circumstances listed in Section 304 ZPO:

- the ordered party itself referred to the evidence as evidence for its case,
- the ordered party has a general legal obligation under civil law to produce the evidence, OR
- the evidence is a 'common' object of both parties (e.g. a contract between both parties).

If none of these conditions applies, the opponent must not provide full proof that confidential information would be affected. It only needs to state them and, if doubted by the court, must provide *prima facie* evidence to make such confidentiality restrictions plausible (*bescheinigen*).<sup>18</sup> Whether or not a refusal to present evidence, based on the defence of confidential information, is justified must be decided in ad-hoc interim proceedings, following a motion by a party. Until recently Austrian law foresaw no possibility for an in-camera review, e.g. limiting access to the requested information to an expert, who would then report to the court.

However, at the beginning of 2019 comprehensive procedural measures protecting trade secrets during civil proceedings were introduced in Section 26h of the Austrian Unfair Competition Act (*Bundesgesetz gegen den unlauteren Wettbewerb*; hereinafter 'UCA'), in order to implement the EU Directive on Know-How and Trade Secrets ((EU) 2016/943; hereinafter 'TSD'). According to this provision, the court has to take procedural measures to prevent the disclosure of trade secrets, once enough information about the trade secrets has been disclosed to make its existence plausible. These measures include an in-camera review, whereby the trade secret is only disclosed to a court-appointed expert, which provides a report to the court. However, at the substantiated request of a party, the court may order the disclosure of the trade secret if this is necessary for the defence of the opponent, for a fair trial or for the enforcement of other legitimate interests.

Furthermore, the definition of trade secret of Article 2 TSD is adopted in Section 26b UCA, according to which a trade secret is information that is secret, of commercial value, and is subject to appropriate confidentiality measures.

However, the interaction between the procedural measures of Section 26h UCA and Sections 304 and 305 ZPO is not settled by case law yet. In particular, it is not certain whether the safeguards introduced in the UCA may be generally applied to proceedings where the trade secret is not the subject matter. Scholars disagree on this question, and it will be of great importance to see the first case law developing on this issue, in particular whether it may be applied to proceedings dealing with IP issues, where claims are not primarily based on trade secrets.

Arguably the procedural measures protecting trade secrets during civil proceedings under Section 26h UCA apply in two circumstances: First, if according to Section 304 CPC the opponent is ordered to present evidence despite the fact that it contains trade secrets, the opponent may use Section 26h UCA to prevent or limit the disclosure of his or her trade secrets. Second, if the disclosure of a trade secret can be prevented by using the measures of Section 26h UCA arguably the fact that this piece of evidence contains trade secrets no longer justifies the complete denial of an order to present a piece of evidence. The complete refusal to produce evidence according to Section 305 CPC could, therefore, only be used as a measure of last resort when Section 26h

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<sup>18</sup> *Rechberger ZPO*<sup>3</sup> § 305 Rz 3.

UCA cannot offer adequate protection. However, if courts will indeed apply Section 26h UCA in this way is in no way certain yet.

#### **D. Importance and value of experts**

Private or court-appointed experts may be used to clarify questions of fact and are of particular importance in cases of a technical nature. Questions of Austrian law cannot be the subject of expert opinions. However, especially regarding the validity of a patent and its infringement questions of fact and law are often intertwined and hard to separate.

Courts are not required to follow expert opinions, but especially court-appointed experts often have a great impact on the decision and even the second instance will seldom overturn the opinion of a court-appointed expert.

In the area of patent law, private expert opinions are of particular importance in preliminary injunction proceedings, since only readily available evidence is admitted (i.e. the court will not appoint an expert in preliminary proceedings). Patent attorneys are regularly engaged to draft expert opinions on questions of validity and/or infringement. In contrast, experts will usually be appointed by the court, and private expert opinions will be given lesser weight in main proceedings.

In main proceedings concerning patent infringement, the court may, in its discretion, appoint an expert both on the question of validity and infringement, usually a patent attorney. However, since Austria has a bifurcated system and only the Austrian Patent Office may take final decisions on validity, the infringement court will often suspend the proceedings until the decision of the Patent Office without appointing an expert on validity first.

In the area of trademark and copyright law, courts are often more confident in assessing factual questions on their own, and will only rely on expert opinions for extraordinary issues.

The court-appointed expert (in main proceedings only) is chosen by the court alone. However, the parties may make suggestions and submit comments. Potentially every person with sufficient expert knowledge can be appointed. In practice, nonetheless, the expert is usually chosen from a list of court-certified experts. In patent matters, these are typically patent attorneys.

After a court-appointed expert delivers his or her opinion, both parties generally have a chance to comment in writing. Furthermore, the expert will, in most cases, upon request be summoned for questioning by be questioned both by the court and the parties in an oral hearing. The court may also order the expert to answer supplementary questions in writing or during the hearing.

#### **E. Witness evidence**

During main proceedings, both parties and witnesses are usually questioned in one or more oral hearings. The court will generally hear all witnesses the parties have requested.

Witnesses are first questioned by the court and then by the parties. Both the court and the parties may ask additional follow-up questions. There is no strict cross-examination as in other jurisdictions.

In preliminary injunction proceedings, oral hearings are not necessary in cases of special urgency or if the case only depends on legal or technical questions.<sup>19</sup> This is often the case in preliminary injunction proceedings concerning the infringement of IP rights, especially patents, where oral hearings and subsequently the questioning of witnesses are therefore quite rare in practice. Nevertheless, witness testimony may be introduced by way of affidavits, which parties may submit as *prima facie* evidence together with their written briefs. Furthermore, the court may interview witnesses in preliminary proceedings outside a formal hearing with or without the counsellors being present, although this is also very rare.

The identity of a witness may be protected by excluding the public from oral hearings, which is, for example, possible if sensitive facts relating to trade secrets or family life are the subject of the hearing (Section 172 CPC). However, the parties may neither be excluded from an oral hearing, nor can the identity of a witness be kept secret from them.

#### **IV. Provisional measures for documenting and preserving evidence**

Outside main proceedings, a party may obtain evidence either through proceedings traditionally available under Austrian civil procedure for the preservation of evidence according to Sections 384-389 CPC, or through an IP-specific preliminary injunction for the preservation of evidence.

The securing of evidence according to Sections 384-389 CPC may be requested if the applicant can show that (i) a loss or destruction of evidence is imminent (e.g. in the case of perishable goods) (ii) or the current state of an object is to be determined on an urgent basis. However, this type of proceedings only allow for the questioning of witnesses, the on-site inspection to document the state of evidence or the commissioning of experts for said purposes. It is therefore not possible to demand that evidence be physically obtained (i.e. seized) under these proceedings.<sup>20</sup> Furthermore, if the opposing party refuses to allow an on-site inspection the only sanction is that the court may draw an adverse inference from that fact (see above Section 3.III.C.).

In comparison, preliminary injunctions for the securing evidence are larger in scope and effectiveness. Therefore, the proceedings according to Sections 384-389 CPC are in practice now largely superseded in IP cases by the possibility to obtain preliminary injunctions.

Even before the possibility to obtain a preliminary injunction securing evidence was expressly introduced in the various IPR statutes, Austrian case law held, in light of the TRIPS Agreement, that preliminary injunctions must be available to secure evidence in cases where the proceedings according to Sections 384 CPC-389 CPC fall short.<sup>21</sup> The legislator, however, considered this to be insufficient and saw the need to amend the substantial provisions relating to preliminary injunctions in the respective IPR statutes to comply with the Enforcement Directive and to avoid any doubts as to the availability of such measures. Consequently, Sections 151b Patent Act, 21

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<sup>19</sup> OGH 01.06.2010, 1 Ob 61/10t

<sup>20</sup> cf. *Rassi in Fasching/Konecny*<sup>3</sup> III, § 384 no. 20.

<sup>21</sup> OLG Wien 4 R 6/99b, MR 1999, 167 [Walter]; 1 Ob 190/04d.

Semiconductor Act, 56, 59/2 and 68g/1 Trademark Act were amended, and a new 87c Copyright Act was introduced. These sections, governing preliminary injunctions in each of the IPR acts, were specifically amended to explicitly include measures for the preservation of evidence. In particular, the new rules explicitly provide for the right to obtain evidence in another party's possession outside of ongoing proceedings.

Contrary to the provisions that apply to the right of information under Article 8 Enforcement Directive (e.g. Section 151a Patent Act), the language of these provisions does not explicitly require the showing of infringement. Rather, it establishes a new and independent substantive right to preserve evidence 'with regard to' the claims deriving from infringement. Case law has clarified that questions of infringement and the underlying right (here: patent) are not the subject of the evidence proceedings and need not be assessed by the court.<sup>22</sup>

However, the systematic drafting of preliminary injunctions to secure evidence in the respective IPR acts has left some uncertainty as to what further showings are required: First, it must be noted that preliminary injunctions to cease-and-desist and for corrective measures are generally privileged under the respective IPR acts, as they do not require a showing of irreparable harm or of the obstruction of enforcement – as would be the case for any other (not IP-related) preliminary injunction under civil law (Section 381 EA). However, this privilege was not extended to evidence preservation measures<sup>23</sup>, meaning that such requests still require a showing of either (i) an imminent danger that an eventual enforcement of the underlying claim might be obstructed or substantially complicated were it not for the issuance of the requested injunction, or (ii) a danger of irreparable harm.

This deficit has been criticised as a deficit under Austrian law<sup>24</sup>, since the standard described (enforcement obstruction/irreparable harm) may be stricter than what is required generally under Article 7 Enforcement Directive (presentation of 'reasonably available evidence to support his/her claims'). However, in its recent decision, the Supreme Court clarified that the *danger of evidence destruction or irreparable harm* (as recited under Section 151/4 Patent Act) is a requirement for an *ex parte* grant only, but not a substantive requirement for the granting of a preliminary injunction to preserve evidence per se.<sup>25</sup>

Nonetheless, it is a generally applicable principle that preliminary injunctions will not be granted if they would result in a non-reversible situation, i.e. create facts that are not amenable to monetary compensation. Thus, a court would not grant a request e.g. for the destruction of infringing items in preliminary proceedings.

The question of what evidence preservation measures a court may grant *in concreto* is not defined clearly by statute (contrary to, for example, dawn raids in the area of antitrust law). The only case law available in this regard is a recent Appeal Court case<sup>26</sup> and subsequent ruling by the Supreme Court.<sup>27</sup> While not informative on the specific measures granted, it can be read from these decisions that the first instance court ordered the seizure of certain chemical product samples

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<sup>22</sup> OLG Wien 22.02.2017, 34R129/16i; confirmed in this regard by the Supreme Court OGH 05.09.2017 4 Ob 83/17k; with regard to patent validity, the grant of a patent generally serves as *prima facie* evidence of validity in preliminary proceedings, until the defendant provides evidence to the contrary.

<sup>23</sup> see also *Guggenbichler in Ciresa* (Hrsg), Österreichisches Urheberrecht (13. Lfg 2010), § 87c UrhG, no. 17.

<sup>24</sup> cf. *Sabine Agé/Christian Gassauer-Fleissner*, Zu viel und zu wenig? Umsetzung der DurchsetzungsRL zur Beweisermittlung in Frankreich und Österreich, ÖBI 2017/51.

<sup>25</sup> RS0131690, OGH 05.09.2017 4 Ob 83/17k, pointing to the clear wording of Sec 151b/4 Patent Act.

<sup>26</sup> OLG Wien 22.02.2017, 34R129/16i.

<sup>27</sup> OGH 05.09.2017 4 Ob 83/17k.

and handed them to a court-appointed expert to determine the question of patent infringement. These measures were granted independent from and ahead of the initiation of infringement proceedings, and *ex parte*, without notice to the other party before its enforcement. A court will in such cases instruct a bailiff to carry out these measures on site, who may engage the support of local police.

Finally, some scholars have questioned whether a preliminary injunction to preserve evidence may be brought against uninvolved third parties in possession of evidence, i.e. those who cannot be named defendants in subsequent infringement proceedings.<sup>28</sup> However, an interpretation ruling out this option would be contrary to the structure of the Enforcement Directive, which explicitly provides for the protection of third party interests in Articles 9 and 10, but does not mention them under Article 7.

### A. Detailed description

The Enforcement Directive stipulates that measures to preserve evidence may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods.

In its non-binding introductory statements, the legislator emphasized the fact that it was still unclear under then-applicable case law whether all of the rights established under Article 7 Enforcement Directive could actually be obtained by means of a preliminary injunction, explicitly pointing to the seizure of counterfeit goods and related documentation. Hence, it is clear that the legislator's intent was for the newly introduced right to apply for a preliminary injunction 'to secure evidence' should be interpreted to include not just measures previously available under the CPC in main proceedings (in particular Section 384 CPC, see Section V.B. above), but also the description and the seizure evidence relevant to the respective infringement. While not explicitly confirmed by case law, the recent (and only) decisions on such evidence preservation measures<sup>29</sup>, courts appear to approve of this interpretation, since the opposing party's arguments against the seizure of allegedly patent-infringing product samples were rejected.

### B. Physical seizure

The applicable provisions of Austrian law do not explicitly recite the 'description', 'taking samples' or 'physical seizure' of counterfeit goods. Naturally, counterfeit goods in the possession of an opposing party may present essential means of evidence, so their preservation could be ordered by means of the cited evidence order measures. Depending on the nature of the case, this order may be limited to 'a detailed description', may include the taking of samples or the total seizure of such goods. There is no specification in the applicable statutes and no case law on the scope of such orders.

Furthermore, while there is no explicit case law, direct application of the Enforcement Directive should lead to preservation orders that also apply to 'materials and implements used, and the

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<sup>28</sup> König, *Einstweilige Verfügungen im Zivilverfahren*<sup>5</sup>, No. 10.79.

<sup>29</sup> OLG Wien 22.02.2017, 34R129/16i and OGH 05.09.2017 4 Ob 83/17k.

documents relating' to infringing goods, if appropriate, in a specific case and in a manner sufficiently proven by the applicant.

### C. Safeguards and defences

#### a) Opposing party's right to be heard

The granting of, *ex parte* preliminary injunctions in IPR matters is possible, but rather exceptional in Austria. In general, preliminary injunction proceedings are *inter partes*, and the opponent is granted a right to be heard, although this may be limited to written proceedings. In fact, there is hardly ever an oral hearing in preliminary proceedings in patent cases and only rarely in trademark cases. In the case of *ex parte* preliminary injunctions being granted, the opponent's right to be heard is limited to motion-to-review and appeal proceedings.

Furthermore, a party that applies a preliminary injunction due to infringement of an IPR – including for the preservation of evidence – may request that such preliminary injunction be granted without the other party being heard, if the applying party can show (by providing *prima facie* evidence) that either (i) any further delay would cause irreparable harm, or that (ii) there is a risk of evidence being destroyed.

If a preliminary injunction is issued *ex parte*, then the opposing party's right to review is not limited to appeal proceedings, as appeal proceedings are limited to legal questions and no new evidence may be presented. Rather the concerned party may file a motion to review (*Widerspruch*) within 14 days of the decision, and present its arguments and evidence at the same time. Filing a motion to review generally does not have a suspensive effect on the effectiveness of the PI, although such effect may be granted upon request in exceptional cases.

If a preliminary injunction is granted, the applicant is required to initiate main proceedings within a certain period of the final entry into force of the preliminary injunction (i.e. after all appeals have been exhausted with regard to the preliminary injunction itself). In practice, an application for a preliminary injunction is often combined with an action on the merits. The deadline to file a main action confirming a preliminary injunction is set by the court and generally ranges between 3-8 weeks. If this deadline is not complied with, the preliminary injunction will be revoked upon application and is then treated as if it was wrongly granted, which may have severe consequence in terms of liability. Main proceedings, or a change in facts, may also lead to the modification of the PI.

#### b) Confidential information

Even though Article 7 para 2 Enforcement Directive requires that during the preservation of evidence, the protection of confidential information is ensured, the Austrian statutes did not provide for an explicit protection of confidential information up until recently.

Since the measures for preserving evidence via a preliminary injunction, are independent of the measures available in main proceedings (under Sections 303-307 CPC), the carve-outs of the CPC for confidential information set forth in Section 3.III.B. above do not apply. The respective provisions in the IPR statutes dealing with preliminary injunctions do not contain any safeguards for

confidential information either. This is contrary to Article 7 para 2 Enforcement Directive, which requires the protection of confidential information. Therefore, the Austrian Supreme Court held that even though the confidential (trade secret) nature of evidence should not lead to the exclusion of such evidence from proceedings, the confidential information should be protected 'through procedural measures'. However, the Supreme Court did not provide any guidance as to how this protection is to be carried out in practice.<sup>30</sup> Now, after implementation of the Trade Secret Directive, Section 26h UCA contains detailed procedural measures protecting trade secrets. Even though case law has not yet confirmed if this provision is generally applicable outside processes dealing with the infringement of trade secrets (see Section 3.III.C), it at the very least provides guidance what kind of 'procedural measures' are possible. In particular, the in-camera review is suitable here, since the preservation of evidence will in many cases have to be executed by a court-appointed expert anyway.

#### c) Lodging of a security

The lodging of a security or adequate assurances, as required by Article 7/2 Enforcement Directive, is available for preliminary injunctions. The interests of the defendant are often safeguarded by the claimant placing a bond at court, the amount of which is entirely at the discretion of the court. In high profile cases, bonds exceeding the value of EUR 1 million have been imposed.

#### d) Compensation to the defendant for any injury caused by measures

If a preliminary injunction turns out to be 'unfounded', i.e. is granted and subsequently lifted again, whether on appeal or after main proceedings, then the applicant would be liable for all damages the opponent suffered under the unjustified preliminary injunction. Such damages include lost profits, as well as the full amount of legal fees associated with the defence against the preliminary injunction.

Lost profits are difficult to assess; the court has a relatively broad discretion margin to set such damages if they cannot be fully evidenced, e.g. by expert opinions from audit firms. Depending on the circumstances of the case, opponents may also claim compensation for frustrated marketing expenses, a recall of products and other damages caused by the preliminary injunction. In other words, damages may be higher than the lost profits, but the lost profits are typically the most important factor in such disputes.

### **D. Schutzschrift**

Austrian procedural law does not foresee the possibility of filing a brief in anticipation of infringement proceedings. German-type 'Schutzschrift' briefs are not admissible and have been regularly rejected by the courts in the past, both before<sup>31</sup> and after the Enforcement Directive was passed.<sup>32</sup>

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<sup>30</sup> RS0131689; OGH 05.09.2017 4 Ob 83/17k.

<sup>31</sup> OGH 12.03.1996, 4Ob11/96.

<sup>32</sup> As per certain first-instance decisions known to the author which are not published (only Supreme Court and certain 2nd instance decisions are published in Austria).

This may also be seen as one reason why Austrian courts are rather reluctant to grant preliminary injunctions without the other party being heard – as compared to foreign courts, e.g. in Germany.

## V. Injunctions and other precautionary measures

### A. Interlocutory injunction

#### a) Procedure

Interlocutory (i.e. preliminary) injunctions are common in Austrian IPR litigation. The relevant provisions in the IPR statutes are Sections 151b Patent Act, 56 Trademark Act and 87c Copyright Act.

Preliminary injunction proceedings are separate from main proceedings, but heard by the same court and unusually also by the same judges as the main proceedings. In practice, a preliminary injunction request is mostly filed together with a complaint initiating main proceedings, which are then stayed until the final decision in the preliminary injunction proceedings.

If the complaint is not filed together with the preliminary injunction request, the deadline to file a main action confirming a preliminary injunction is set by the court and generally ranges between three and twelve weeks. If the deadline to file a confirming main action is not met, the preliminary injunction will be lifted by the court.

If the injunction is not granted *ex parte*, the court will upon receipt of an application for a preliminary injunction send it to the opponent to allow the filing of a reply. The period stipulated in the discretion of the court for filing a reply is usually between seven and 21 days. The court may extend this period upon application by the opponent.

In practice, preliminary injunction proceedings concerning IPRs are for the most part led in writing only, since oral hearings are not necessary in preliminary proceedings in cases of special urgency or if the case only depends on legal or technical questions (see above Section 3.II.E). However, this is not set in stone and may be subject to change due to a number of young, newly appointed judges at the IPR senates of the Vienna Commercial Court in the course of the years 2018/2019.

The opponent therefore generally replies to a preliminary injunction request in written briefs. Depending on the circumstances of the case, the court may grant a second round of briefs, where the applicant can react to the brief of the opponent. Subsequently, the opponent can then file a final brief (the defendant always has the last word). Especially in complex patent cases, a second round of briefs is somewhat customary, but the court is not legally required to grant it.<sup>33</sup> Therefore, where the applicant expects to be challenged by the opponent on any particular point, it is advisable for the applicant to try to pre-emptively rebut the arguments of the opponent already in the request for a preliminary injunction. Theoretically, the court may also grant a third round of briefs, however, this is quite rare in practice.

In certain cases (e.g. patent expiration), preliminary injunctions may be granted for a certain period only. Otherwise preliminary injunctions remain in force until the termination of subsequent

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<sup>33</sup> OGH 25.10.2011, 9 ObA 44/11b.

main proceedings, unless they are lifted in opposition proceedings or appeal proceedings (still within the preliminary proceedings).

#### b) Requirements

The requirements for a preliminary injunction are identical to the requirements for the grant of a permanent injunction in main proceedings. The application therefore generally only has to provide evidence on infringement and the validity of the respective IPR.

Contrary to preliminary injunction requests in other (non-IPR related) areas, urgency is not a requirement for a preliminary injunction request in case of an IPR infringement, and neither is a showing of irreparable harm. Preliminary injunctions may be applied for at any time, even while main proceedings are ongoing.

For infringement, the applicant must either prove the risk of a first or a recurrent infringement. The latter requires that an infringement already taken place. If there is sufficient evidence for this, the risk of a repeated infringement is presumed. The opponent may, however, rebut this presumption by proving that due to exceptional circumstances, there is no risk of further infringement. The willingness to enter into settlement talks will on its own never eliminate the risk of repeated infringement. This may be achieved only if the opponent offers an enforceable injunction settlement without conditions and encompassing the entire injunction claim of the applicant.<sup>34</sup>

For the risk of first infringement, the applicant must prove that an infringement is imminent. Therefore, under special circumstances, mere preparatory actions can already justify an injunctive claim, if evidence shows the risk of an imminent infringement.<sup>35</sup> However, there is no presumption regarding the risk of first infringement, and consequently, the applicant must provide concrete evidence for special circumstances from which the risk of an imminent infringement can be deduced.<sup>36</sup>

The defendant may question the validity of the IPR in preliminary proceedings. In all cases the infringement court than has to assess validity on its own and may never suspend the proceedings until a final decision in invalidity proceedings. This is contrary to main proceedings concerning patents and trademarks: In patent matters, the court is obligated to suspend proceedings if it considers invalidity of the patent to be likely. In trademark matters, the suspension is optional.

While Supreme court case law states that validity of patents is presumed in preliminary injunction proceedings<sup>37</sup> and further case law from the Higher Regional Court of Vienna states that the validity of a patent can only be successfully challenged in preliminary injunction proceedings if 'serious doubts' about validity are raised by the opponent and the court is convinced that there is a 'high probability' that the patent is invalid, in practice the court (sitting in a panel of three judges, one of whom is a lay judge, a patent attorney in patent cases) will closely consider validity and infringement arguments on a case-by-case basis. This is contrary to the main proceedings, where the court must assess validity independently once the invalidity defence is raised (e.g. through a court-appointed expert).<sup>38</sup>

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<sup>34</sup> RIS-Justiz RS 0079899.

<sup>35</sup> OGH 31.5.1988, 4 Ob 28/88.

<sup>36</sup> OGH 12.7.1994, 4 Ob 89/94.

<sup>37</sup> OGH 20.12.2018, 4 Ob 228/18k.

<sup>38</sup> OLG Wien 26.09.2018, 133 R 39/18k.

Similarly, with regard to trademarks registered on the basis of their reputation (e.g. because of their descriptive nature), the registration creates the presumption of their validity in preliminary injunction proceedings.<sup>39</sup>

However, if a preliminary injunction request is based on a trademark older than the five year grace period, the applicant must – in all cases – provide *prima facie* evidence for the use of the trademarks within the last five years (Section 56 para 1 Trademark Act).

Note that there is no balance of convenience test for preliminary injunctions in IPR cases. This is only taken into account when assessing the possible order of a security (see below 3.V.F.). However, a balance of convenience test was recently introduced in the course of the implementation of the Trade Secret Directive for preliminary injunctions based on the infringement of trade secrets in Section 26j Unfair Competition Act.

Also, the sending of warning letters or other forms of notice are not a prerequisite for preliminary injunctions in Austria.

### c) Standard of proof and evidence

The standard of proof is lower in preliminary injunction proceedings than in main proceedings. The parties must only provide *prima facie* evidence to make the facts plausible (*bescheinigen*).<sup>40</sup> This means that the parties only have to show the predominant probability<sup>41</sup> of their respective positions and that only readily available evidence may be submitted. What exactly is meant by 'predominant probability' is not entirely clear, but in practice, it means a standard of proof which is slightly below the standard of proof in main proceedings.

In practice, private expert opinions are often used to support the allegations made by the applicant. Such private expert opinions are crucial in preliminary injunction proceedings, because only 'readily available' evidence is considered. To the contrary, such private opinions would not be given much weight in main proceedings, where regularly court-appointed experts are engaged.

Documentary evidence is crucial, given that preliminary injunction proceedings are usually in writing only.

Documentary evidence usually consists of technical evidence (such as analysis reports), private expert opinions, and affidavits by witnesses or experts (not parties<sup>42</sup>). Also, physical evidence (e.g. samples) may be submitted.

Furthermore, judgments by foreign courts in parallel proceedings, although not binding, may be submitted as evidence.<sup>43</sup> Foreign court opinions on technical questions are generally more persuasive than legal or procedural opinions, which may differ from country to country. If there is no Austrian case law on a specific question, German case law (Germany has a very similar IP system) is often referred to by the parties and is often considered by Austrian courts.

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<sup>39</sup> RIS-Justiz RS0079090, RS0066660, RS0079122.

<sup>40</sup> *Rechberger ZPO*<sup>3</sup> § 305 Rz 3.

<sup>41</sup> RIS-Justiz RS0040276.

<sup>42</sup> OGH 20.12.2011, 4 Ob 208/11h.

<sup>43</sup> RIS-Justiz RS0125405.

The questioning of witnesses in the course of an oral hearing is possible, but rare in practice (see above Section 3.III.E.).

All evidence should be submitted at the same time of filing the application for a preliminary injunction. No new evidence may be introduced once the first instance (preliminary) proceedings have been closed.

### **B. Blocking injunctions against intermediaries**

Austrian law does not provide for a specific provision for an injunction against ISPs. Under the general principles of Austrian civil law, any person aiding or abetting are liable in the same way as an infringer (Section 1301 of the General Code of Civil Law, ABGB), and may as such be the target of a preliminary injunction. Case law confirmed this approach, ordering that access providers block its customers from accessing certain websites containing copyright-infringing material under Section 81/1a Copyright Act. While intermediaries will only be held liable once they received notice about a specific infringement, the Supreme Court held that even the claims brought forward in the complaint itself are considered sufficient to constitute 'notice' about the designated infringing acts in this sense; therefore, any continued inaction on behalf of the host provider following the filing of the complaint may trigger liability.

See also Section 3.II.B. above.

### **C. *Ex parte* injunctions**

Although the Austrian Enforcement Act (EA) may have envisioned *ex parte* proceedings as the standard case historically, nowadays *inter partes* preliminary proceedings are much more common in IPR infringement cases. The reason for this is that the European Court of Human Rights declared that the guarantee of a fair and public hearing of Article 6 European Convention on Human Rights is also applicable in preliminary injunction proceedings. Following this, the Austrian Supreme Court ruled that preliminary injunction proceedings have to be *inter partes*, unless special circumstances justify *ex parte* proceedings.<sup>44</sup>

Following this case law, *ex parte* ('without notice') proceedings are possible if the applicant shows that an *ex parte* grant is necessary to prevent imminent irreparable harm or the destruction of evidence. In such cases, the opponent will be informed only once the preliminary injunction has been granted and is enforceable. *Ex parte* grants of preliminary injunctions are rather rare in IPR matters in Austria, and are mostly limited to clear-cut cases of infringement.

A defendant has the right both to oppose and to appeal such *ex parte* PIs, see Section VIII.J.

### **D. Injunctions in proceedings on the merits**

Every preliminary injunction based on IPRs must be confirmed in main proceedings on the merits, which the applicant has to initiate within a deadline set by the court (see below Section 3.V.F.).

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<sup>44</sup> OGH 2.12.2010, 2 Ob 140/10t.

Even though the requirements for an injunction are similar in preliminary and main proceedings, it is certainly possible that the outcome differs due to different evidence available as well as the standard of proof. While in preliminary proceedings, only readily available evidence is admissible (often giving high relevance to private expert opinions), evidence in main proceedings is more extensive and the court may appoint its own experts to draft expert reports on validity and infringement, which may lead to a different outcome. The results of preliminary proceedings should in no way preclude the outcome of main proceedings. However, as a matter of fact, the outcome of preliminary proceedings is often predictive of main proceedings, in particular when it comes to questions of law and where preliminary proceedings have run multiple instances.

A further significant difference is that if the court considers a patent likely to be invalid, it cannot rule on validity itself, but must suspend the proceedings until a final decision in the invalidity proceedings. Concerning national trademarks, the court may, in its discretion, decide to suspend proceedings.

Nonetheless, it should be noted that in IPR infringement matters, settlements are very frequently reached once there is a final decision in preliminary injunction proceedings, rather than litigating the entire subsequent main proceedings.

## **E. Specific preliminary measures**

### **a. Recurring penalty payment**

For all preliminary injunctions granted, and the opposing party does not comply with such order, monetary penalties are levied on the opponent of the requesting party. The law stipulates that the amount of such penalty may range up to EUR 100,000 (Section 359 EA). In IP matters with high amounts in dispute they are regularly requested on a daily basis for each day the order is not complied with, thus amounting to significant pressure to comply. Moreover, fines of imprisonment of up to one year are possible for non-compliance with a preliminary injunction.

### **b. Lodging of guarantees**

The option of making a continued infringement subject to the lodging of guarantees is generally available under the Austrian Enforcement Act (Section 391/1 EA). However, according to case law, this provision does not apply to injunction claims to cease and desist. Case law thus established that it may not be applied for cease and desist claims based on trademarks<sup>45</sup> and patents<sup>46</sup>. It follows that this must be applied for cease and desist claims on all IPR matters.<sup>47</sup>

Courts will either grant a preliminary injunction (potentially subject to a guarantee to be filed by the applicant) or deny the preliminary injunction request, but the possibility of a continuation of infringement subject to a guarantee by the defendant is not foreseen.

An exception to this are trade secrets, where due to the implementation of the Trade Secret Directive, courts are explicitly allowed to make the continuation of the alleged unlawful use (never

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<sup>45</sup> OGH 21.10.2003 4 Ob 201/03t.

<sup>46</sup> OGH 16.02.2011 17 Ob 5/11a.

<sup>47</sup> Compare RIS-Justiz RS0005609.

disclosure) of a trade secret subject to the provision of security (Section 26i para 4 Unfair Competition Act). If courts will make use of this provision in practice is not foreseeable yet.

### **c. Preventing entry into the channels of commerce and seizure**

Preliminary injunctions may be issued to secure claims for the destruction of infringing items and the means used for the production of infringing items. As a preliminary injunction must not lead to an irreversible situation, objects subject to a destruction order (implemented after the final decision in the main proceedings) are confiscated and stored in court or a warehouse under the control of the court. However, in practice, a preliminary injunction providing for a cease-and-desist order usually provides for sufficient relief and preliminary injunctions securing claims for destruction are rather rarely applied for.

Furthermore, according to the Supreme Court, the opponent cannot be required to recall products which he or she already sold the third parties without restrictions. Again, the Supreme Court held that granting such a request would create an irreversible situation, which is inadmissible in preliminary proceedings. Therefore, a recall request can be asserted in main proceedings only.<sup>48</sup>

### **d. Blocking of bank accounts and other assets**

Preliminary injunctions can also be issued to safeguard payment claims. The claimant must demonstrate that without the injunction, future payment claims would be jeopardised. The courts can then order the seizure and blocking of bank accounts to safeguard monetary assets by way of a preliminary injunction (Section 379 EA). The potential conflicts with reimbursement claims under insolvency law are unclear.

## **F. Safeguards and defences**

### **a) Initiation of main proceedings**

If a preliminary injunction is granted, the applicant is required to initiate main proceedings. In practice, an application for a preliminary injunction is often – but not always – combined with an action on the merits. The main proceedings are then stayed until a final decision is reached in preliminary injunction proceedings. If the preliminary injunction request is filed separately, the court will at the end of preliminary injunction proceedings set a deadline within which the main proceedings have to be initiated. This deadline is set in the discretion of the court, but in practice typically ranges between 3-8 weeks after the decision is made final (i.e. after all appeals have been exhausted concerning the preliminary injunction itself).

If the deadline for bringing a main action for confirmation is not complied with, the preliminary injunction will be revoked upon application and is then treated as if it was wrongly granted, which means that the applicant is liable for all damages to opponent suffered through the preliminary injunction even if the applicant subsequently is victorious in the proceedings on the merits

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<sup>48</sup> OGH 21.02.2017 4 Ob 141/16p *Subkutaneinjektionen*.

(Section 394 EA).<sup>49</sup> Main proceedings, or a material change in facts, may also lead – upon request to a modification of a granted PI.

#### b) Security

The interests of the defendant are often safeguarded by the claimant being ordered to place a security with the court (often in the form of a bank guarantee) for the potential damages of the opponent. The amount of this security is entirely at the discretion of the court, which will estimate the potential damage without making any special inquiries or stating the reasons for its decision. However, the parties may provide *prima facie* evidence concerning potential damages. In high profile cases, courts imposed bonds exceeding the value of EUR 1 million.

Furthermore, the court may, upon a change of circumstances, increase the amount of the bond after it was initially set to safeguard the defendant's interests.

#### c) Review

In the rare cases in which the court does not grant the opponent a right to file a reply and the injunction is issued *ex parte*, the opponent is entitled not only to file an appeal as a regular legal remedy but also to file an opposition (*Widerspruch*) within 14 days of the service of the decision. During the opposition proceedings an oral hearing is mandatory. In its course, the injunction is reviewed, and the defendant is allowed to introduce new evidence and arguments.

Independent of opposition proceedings, following the court's decision on an application for a preliminary injunction, the unsuccessful party can file an appeal with the Higher Regional Court of Vienna within 14 days of the service of the decision. In cases involving questions of law of significance beyond the case at issue, a further appeal can be filed to the Austrian Supreme Court. As a rule of thumb, appeal proceedings usually take between three and nine months per court instance. An appeal filed against a preliminary injunction granted does not automatically suspend its enforceability, although it is possible to request a suspension.

Upon request, preliminary injunctions may be lifted at any point if certain changes take place after the injunction has been issued (for example, if there is new case law or new evidence).

#### d) Damages for unfounded preliminary injunctions

If a preliminary injunction turns out to be 'unfounded', i.e. is granted and subsequently lifted again, whether on appeal or after main proceedings, the applicant is liable, irrespective of fault, for all damages the opponent suffered under the unjustified preliminary injunction. Such damages include lost profits, as well as the full amount of legal fees associated with the defence against the preliminary injunction, and are not limited to a certain amount or a bond.

Lost profits are difficult to assess; the court has a relatively broad discretion margin to set such damages if they cannot be fully evidenced, e.g. by expert opinions from audit firms. Depending on the circumstances of the case, opponents may also claim compensation for frustrated marketing expenses, a recall of products and other damages caused by the preliminary injunction.

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<sup>49</sup> Kodek in Burgstaller/Deixler-Hübner, Exekutionsordnung to § 394 EO para 26.

In other words, damages may be higher than the lost profits, but the lost profits are typically the most important factor in such disputes.

## VI. Damages

### A. Adequate compensation

Under the general principles of Austrian tort law, the complainant must prove an actual loss, a causal link between the behaviour of the defendant and the loss, a violation of law and that the defendant was at fault.

However, regarding the infringement of IP rights, the respective IPR acts contain significant modifications to these requirements. The legal provisions relating to damages for the infringement of patents (including SPCs), utility models, trademarks and designs are worded identically and the respective case law for one of these IP rights is largely applied to all other types. (For copyright, see below in this Section.)

Under these provisions, right holders have three options of claiming damages:

- a) reasonable royalty (*angemessenes Entgelt*)
- b) compensation of actual loss suffered by the right holder (*Schadenersatz*)
- c) surrender of infringer's profits (*Herausgabe des Gewinns*).

In principle, right holders are free to choose among these methods of claiming damages as alternatives, although options b) and c) are only available if negligence of the infringer is established (regardless of the degree of negligence).

Option a) may be claimed in all cases of infringement, regardless of negligence. Under option a) it is further not necessary to prove an actual loss of any kind, and logically it's also not required to establish a causal link between the behaviour of the defendant and any loss. The complainant therefore merely has to establish infringement. In addition, in cases of gross negligence or wilful infringement, right holders are also entitled to (alternatively) claim double the amount of the reasonable royalty as a lump sum. This option serves as an additional benefit to the right holder by not having to evidence its actual loss or the infringer's profits.

Option b) largely corresponds to damages under the general principles of Austrian tort law. Therefore, it is necessary to establish an actual loss, a causal link of the behaviour of the defendant and the actual loss and fault. Actual loss (*Schaden*) is composed of two elements: positive loss (*positiver Schaden*) and lost profits (*entgangener Gewinn*). Positive loss represents a reduction of existing assets, while lost profits lie in the obstruction of profits that would have been made under regular circumstances were it not for the infringing act. In practice, right holders hardly ever choose this option, because it would require them to open their books or otherwise grant insight into their financials. Under general Austrian damages principles, lost profits would only be compensated in cases of gross negligence, not slight negligence. Between business people (not consumers), lost profits are always included in the notion of 'actual loss'. However, under option

b), both positive loss and lost profits are always compensated as long as negligence is established, regardless of the degree of negligence.

Besides proof of negligence, option c) requires proof of a profit made by the infringer and of a causal link between the infringement and that profit. It is therefore not enough to prove that the infringer made a profit by selling a product that infringes an IPR.

The provisions for damages for copyright infringements, while worded differently, essentially apply the same system of options to claim damages, while incorporating some particularities of copyright law (e.g. infringer's profits are only available if the copyrighted work is distributed or copied, not if it is merely used without authority). Further, double the amount of the reasonable royalty may also be claimed in case of slight negligence.

While the three damages options outlined above may, in principle, be claimed in the alternative only, it is also possible to claim actual losses that exceed what may be recovered under the reasonable royalty option, if the right holder can provide evidence for such excess damages.

## **B. Quantification of damages**

The quantification of payment claims depends on the option chosen by the complainant (as set forth above). However, all three options require extensive evidence on the calculation of the amount. Rendering of accounts by the infringer may serve a basis for calculating the payment claim under the option of infringer's profits.

### **a) Reasonable royalty**

Under the principles established to calculate a hypothetical royalty, the royalty base must be what honest and reasonable parties would have agreed upon on the market.<sup>50</sup> The particularities of the case at hand must be considered, taking the general economic importance of the IP right into account. In trademark cases, a quota license is common, often applying a percentage of the total sales revenue. However, the question of whether or not the infringer made a profit from its sales is irrelevant for the calculation of the royalty base. Of course, some of the criteria will depend on the particular case and the type of IP right, e.g. for trademarks this concerns the type of use, whether the used sign is identical or altered and its effect on the original mark, the goods and services it is used for, etc. Where the use of the IP right by the infringer leads to a loss of market share of the right holder or to price cuts of the original product (e.g. infringement of a pharmaceutical patent), these considerations will have to be taken into account when calculating the royalty base.

### **b) Compensation of actual loss**

The common basis for calculating a compensation claim under the 'actual loss'-prong is the prerogative to put the right holder in the financial position he or she would be in save for the

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<sup>50</sup> OGH 12.07.2005, 4 Ob 36/05f.

infringement, applying the 'balance method' (Differenzmethode). For the calculation of infringer's profits and reasonable royalty, see Sections XII.C and E. below.

The burden of proof is upon the right holder, who has to evidence the infringer's negligence, causation by the infringer as well as the exact loss itself (i.e. positive loss and lost profits). Lost profits are defined as 'expected' profits, whose realisation would have to be expected under regular circumstances; it is not required that they would have been 'certain'. Under general principles of Austrian civil procedure, in order to avoid insurmountable difficulties of proof, Section 273 CPC allows the judge to set the amount of damages according to his or her own independent discretion. In practice, courts frequently make use of this option to estimate damages.

Additionally, in the area of trademark and copyright infringement, a recovery of immaterial damages is possible if warranted by the 'extraordinary circumstances of the case', i.e. in severe cases of infringement (Section 53/4 Trademark Act, Section 87/2 Copyright Act). This provision is more common in copyright cases as it is widely regarded as an instrument to recover damages for a personal insult of the rightsholder in cases of particularly audacious infringements – it is hard to extend such 'emotional' damage to trademark owners. In no way is this provision to be used to compensate for monetary losses which are merely hard to quantify under the methods set forth above.

In practice, there are few cases where plaintiffs choose the 'actual loss method', likely because it would require the right holder to disclose his or her financial information.

Furthermore, according to established case law, the calculation of damages under the 'actual loss' method may also be implemented by way of first evaluating a reasonable royalty which honest and reasonable parties would have agreed upon. The courts therefore may award the same amount under the 'actual loss' and the reasonable royalty option, which can be used regardless of negligence.<sup>51</sup>

The intention of equating 'actual loss' to 'reasonable royalty' is to serve as a benefit to alleviate the burden of proof on the right holder, who may find it difficult to establish actual losses through the balance method. In addition, if gross negligence is established, the right holder is entitled to double the amount of reasonable royalties as a lump sum.

### c) Surrender of infringer's profits

Under this option, the rightsholder may request the infringer to surrender the entire profits resulting from the use of the IP right. The infringer cannot ask for the entire sales revenue, only the net profit.

Case law providing details for the calculation of infringer's profits says that variable costs have to be deducted from turnover. A lump-sum deduction for overhead should be inadmissible, the actual variable production costs for the infringing items must be considered.<sup>52</sup>

In a recent decision, the Austrian Supreme Court further held that the infringer is not obliged to surrender the entire net profit, but only has to surrender the share of the profit which was caused by the IPR infringement. The right holder is only entitled to claim the profits stemming from the

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<sup>51</sup> OGH 22.09.2015, 4Ob3/15t

<sup>52</sup> OGH 20.01.2014, 4 Ob 182/13p.

use of the IPR in question. The case before the Supreme Court concerned the use of a design right for a torch, which according to the second instance had only a small influence on the decisions of the purchaser's to buy the specific torches. The complaint was therefore only entitled to 10 % of the net profits of the infringer.<sup>53</sup>

### **C. Alternative and punitive damages**

There are no punitive damages under Austrian law.

The option of an 'alternative lump sum' is provided under the right holder's choice of claiming a reasonable royalty instead of actual damages or the surrendering of infringer's profits, sparing the right holder the trouble of having to evidence these. However, also the hypothetical royalty is not a true 'lump sum' payment, because the calculation of the 'reasonable royalty' still requires extensive evidence on how this amount is to be calculated. As set forth above, the reasonable royalty is doubled in case of negligence.

### **D. Requirement of bad faith**

Bad faith, either in the form of negligence or intent, is required for the compensation under the options of the actual loss method and the surrender of the infringer's profits method. Furthermore, gross negligence or intent is required for the payment of double the amount of the reasonable royalty for IPR infringements, with the exception of copyright infringements where slight negligence is sufficient.

Therefore, if an infringer has not knowingly, or with reasonable grounds to know, engaged in infringement activity, the complainant may only claim the payment of the (single) amount of the reasonable royalty.

Negligence is defined as the disregard of due prudence. 'Slight negligence' is assumed if the behaviour involves a mistake that also a diligent person would occasionally make. In these cases, the possibility of damage is not easily foreseeable. 'Grossly negligence' always involves a mistake that a diligent person would never make.

The standard of care is principally objective. Every person above 14 years must exercise average care. Furthermore, under the heightened standard for experts of any kind, a person who exercises a profession or activity requiring expert knowledge is responsible for the abilities and standard of care that is typical for this profession (Section 1299 General Civil Code). The scope of application of this 'expert' liability is very broad and generally encompasses everybody who operates a business.

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<sup>53</sup> OGH 29.01.2019, 4 Ob 213/18d.

### **E. Preliminary damages**

Damages cannot be obtained in preliminary injunction proceedings. However, preliminary injunctions may be used to safeguard payment claims (see above Section 3.V.E.b.).

### **F. Other measures of compensation**

Besides the measures of compensation mentioned above, Austrian law foresees the additional option for the plaintiff to demand that the infringing items which are subject to a removal claim be transferred to the plaintiff instead of being destroyed in consideration for a minor compensation, which shall not exceed the manufacturing costs.

### **G. Recovery of expenses and legal costs**

The respective IPR acts contain no special provisions on cost reimbursement. Under general rules of civil procedure, the reimbursable costs depend on the value of the litigation, which is set by the plaintiff. The plaintiff attributes a specific value to the case for the purposes of calculating court fees and the fees that are reimbursable to the winning party. In most cases, this value is lower than the actual business value of the case. The defendant may challenge the value chosen by the plaintiff, but this does not occur often.

The losing party must reimburse the winning party's legal fees and costs on the basis of the fees defined by the Austrian Attorneys Tariff Act (RATG). In most cases, the actual cost of attorneys and other expenses in IP litigation exceeds the reimbursable cost under the RATG.

The losing party must also reimburse the winning party for certain necessary outlays, such as expenses for surveys, expert opinions or translations. What is considered 'necessary' for a party's claim is to be judged at the court's discretion. In general, the cost for private expert opinions is only considered 'necessary', and thus reimbursable, in preliminary injunction proceedings, since only 'readily available' evidence is admissible here. Contrarily, in main proceedings the court will appoint an expert if it considers it necessary; thus, the cost of private expert opinions will often not be reimbursable in main proceedings. A party's own costs, e.g. internal costs of fact finding, are generally not reimbursable under Austrian law.

The cost of expenses such as court-ordered expert fees are usually paid in advance in equal shares by the parties, and the winning party's share is then subject to reimbursement by the losing party.

The principle of equity is warranted by Section 43 CPC, stipulating that in cases of a party's partial success with its alleged claims, the losing party may be ordered to reimburse only part of the winning party's legal costs. The law does not provide for an exact calculation for the reimbursable share and leaves its final determination at the discretion of the court. Moreover, the court also has the option to order the losing party to reimburse the entirety of the winning party's legal costs, even in case of partial success, if it deems the share of non-successful claims to be small and negligible.

## VII. Other remedies

### A. Corrective measures

Based on a decision on the merits the complainant can require an injunction demanding the cessation of the infringing activity (see above 3.V.D), payment (see above), removal (see below), rendering of accounts and provision of information on the origin and the distribution network of the infringing products (see below Section 3.VIII) as well as the publication of the judgment (see Section 3.IX.B). This sums up all corrective measures available under Austrian law.

All the above measures can be enforced either via seizure by the bailiff or by recurring monetary penalties and in rare cases even imprisonment (see above Section 3.V.E.d).

### B. Recall, Removal from the channels of commerce and destruction

#### a) Content of the removal claim

The claim for removal from the channels of commerce and destruction (*Beseitigung*) is regulated in Sections 148 Patent Act, 52, 68f Trademark Act and 82 Copyright Act)

The IPR acts cited provide for the remedy of removal and destruction of infringing products, as well as their means of production (all materials that are exclusively or predominantly intended for the creation of such infringing articles). A request for a recall (*Rückrufanspruch*) is seen as a subset of the claim for correction (*Beseitigungsanspruch*), which also includes the claim for destruction (*Vernichtung*).

Under copyright law, corrective measures may be claimed against all owners of infringing items, regardless of negligence, i.e. including against third party purchasers. However, this means that such claims must also be directed against such owners, i.e. they must be named as a party to the proceedings.

In contrast, under patent and trademark law, corrective measures may only be claimed for goods which are under the control of the defendant. The plaintiff has to prove possession or control of the defendant over goods for which corrective measures are sought.<sup>54</sup> The respective provisions of the Patent Act and Trademark Act explicitly stipulate that corrective measures must not interfere with third party rights.

Thus, under patent and trademark law, a recall is only possible if the defendant still has control over products in the channels of commerce, e.g. through a title retention, but not once infringing products have been unconditionally purchased by third parties.<sup>55</sup> However, in a recent decision, the Supreme Court expressed that a recall could in principle be ordered by way of requiring the defendant to 'seriously demand' the return of infringing products from purchasers in exchange for a refund of the purchase price. However, the Supreme Court – citing the Enforcement Directive

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<sup>54</sup> OGH 14.07.2009, 17Ob12/09b *Transdermal-Pflaster*.

<sup>55</sup> OGH 14.07.2009, 17Ob12/09b *Transdermal-Pflaster*.

in its reasoning – held that a recall request can be asserted in main proceedings only, not in preliminary proceedings (see above Section 3.V.E.c).<sup>56</sup>

Instead of the destruction of the infringing products, the complainant may also demand the transfer of ownership (see above Section 3.VI.F).

b) Principle of proportionality While not expressly stated in the IPR Acts, the principle of proportionality is recognized and should be implemented through the direct application of the Enforcement Directive. It is implemented in practice by granting the defendant the possibility to request that the court may refrain from ordering the destruction, if the infringing state can be remedied by another, less destructive manner.

In trademark matters, the law expressly stipulates that the mere removal of the infringing sign from the goods concerned is generally not deemed to be a sufficient remedy, unless other measures would cause disproportionate hardship on the defendant (Section 52/5 Trademark Act).

#### c) Execution and cost

Destruction is to be carried out by the defendant and must be evidenced to the court thereafter. However, if the plaintiff is in possession of infringing objects and is able to carry out the corrective measure himself, he or she is entitled to do so at the expense of the infringer.<sup>57</sup>

If separable, the court should designate certain non-infringing parts of the infringing objects, which will then be separated and spared destruction.

In patent matters, the defendant may request that an expert be present when the destruction is undertaken, to ensure that the order is carried out accurately.

The statutes generally provide that all costs for destruction or recalls are to be carried out at the expense of the infringer. Austrian law does not foresee an option for these costs to be borne by anyone else.

### C. Declaratory judgments

Due to the bifurcated nature of the Austrian system regarding trademarks and patents, it is possible to file a declaratory non-infringement action at the Patent Office with respect to a certain embodiment. However, the practical relevance of these procedures is diminished following a criticised, but still standing, Supreme Court decision dating back to 2002<sup>58</sup> that states that such actions would not have a blocking effect (*lis pendens*) to infringement actions brought later, and a diverging outcome would not entitle a party to reopen infringement proceedings once they had been finally decided by a court. The risk of diverging outcomes is also reduced since the 2014 restructuring of Austrian courts, which foresaw that appeals to decisions of the Patent Office are heard by the same court which also hears all appeals of first instance patent and trademark infringement cases (namely the Higher Regional Court of Vienna).

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<sup>56</sup> OGH 21.02.2017 4 Ob 141/16p *Subkutaninjektionen*.

<sup>57</sup> *St. Korn in Kucsko/Handig* urheber.recht<sup>2</sup> § 82 no. 51.

<sup>58</sup> OGH 20.08.2002, 4 Ob 155/02a.

In addition – and exclusively regarding copyrights – parties may file a declaratory action with the Commercial Court Vienna based on the general provision of Civil Procedure Code, asking the court if a product infringes an IPR. However, the interaction between these two types of declaratory actions is not clarified by case law.

## VIII. Right of information

### A. Concept and requirements

Material claims allowing the request of information are stipulated in Sections 151a Patent Act, 55a Trademark Act and 87b/2 Copyright Act.

These provisions implement the right to information in the respective Austrian IPR acts mirror, almost exactly, the wording of letters (a) to (c) of Article 8.(1) Enforcement Directive. The scope of these statutes is limited to infringers and persons carrying out the acts recited in lit (a) to (c) ‘on a commercial scale’ (*gewerbsmäßig*), following the German version of the TRIPS Agreement in which this term was first used. The German legal term ‘*gewerbsmäßig*’ is defined in Section 1 para 2 Austrian Trade Regulations (*Gewerbeordnung*) as any self-employed activity which is regularly performed with intent to receive an income or to obtain any other commercial benefit, irrespective of the purpose to which such benefit is dedicated. In this way it is ensured that consumers or final (non-commercial) buyers do not fall under the scope of requests for information, as they are not part of the distribution network but rather fall at the end of the distribution line. This was explicitly settled in a landmark decision by the Austrian Supreme Court involving counterfeit paintings, in which the information of identification on the buyers of such paintings was denied.<sup>59</sup>

Third parties in possession of information may be targeted as well as the infringer itself.

Information requests may only be sought as a final remedy in infringement proceedings, and not as an independent motion outside of proceedings

Requests for information must also be ‘proportionate’ in the sense of Article 8.(1) Enforcement Directive. Austrian law implemented this by including an explicit exception in the wording of the material information right provisions, stating that a request may not be granted if it is ‘disproportionate to the severity of the infringement’. The relevance of this weighing of interests was emphasized in a recent Supreme Court decision concerning trademark infringement through parallel imports (which is also the only case law available on the subject of proportionality in this context). The Supreme Court held that an information request is to be denied as disproportionate if it relates to a single occurrence of infringement only and a disclosure could threaten to have anticompetitive effects.<sup>60</sup>

In addition, Section 87/3 of the Copyright Act, which is based on the Copyright Directive (Directive 2001/29/EC), provides for a separate right to request information from intermediaries. Under this title, an infringed person may require intermediaries to provide information as to the identity of an infringer (name, address) by submitting a written request which sufficiently evidences an

<sup>59</sup> OGH 12.05.2009 4 Ob 34/09t, SZ 2009/63 - Alfons Walde.

<sup>60</sup> OGH 17.11.2015 4 Ob 170/15a.

infringement. A request under this provision does not require a prior establishment of infringement by a court, contrary to the right to information under the titles set forth above. However, whether or not such request would require access-providers and host-providers to disclose the identity of owners of IP-addresses is still contested under legal scholars in Austria. While the Supreme Court, after a preliminary ruling by the European Court of Justice, clarified that access-providers qualify as 'intermediaries' in the sense of Article 8/3 Copyright Directive<sup>61</sup>, courts currently still consider that such information requests must be followed for static IP-addresses only, but not for the (practically more relevant) dynamic IP addresses of users.

Finally, Section 18/4 of the Austrian E-Commerce Act establishes an additional rule for information requests from host-providers (irrespective of IPR matters): Host providers have to submit the names and addresses of users who use the host provider's services for the storage of information, upon request by third parties, if they can show that they have an 'overwhelming justifiable interest' in such information and that it is required to pursue a legal claim.

### **B. Information that can be obtained**

The provisions of Austrian IPR acts specify in separate paragraphs what information can be sought (see Sections 151a/2 Patent Act, 55a/2 Trademark Act and 87b/2a Copyright Act). The information sought may include the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers, and information about the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

This extended scope of information is explicitly tied to a proportionality standard. Each of the provisions for this extended information contains a restriction that such information duties shall be extended 'where appropriate'. Information requests should not be used to illegitimately obtain information about competitor's business intelligence. The burden of proof that a claimant's request is excessive lies with the defendant.

### **C. Confidential information and personal data**

In addition to proportionality considerations, the respective provisions in IPR acts also expressly restricts information requests in case they conflict with statutory confidentiality obligations (cf. Sections 151a Patent Act, 55a Trademark Act and 87b/2 Copyright Act). There is no case law as to whether or not this also safeguards against confidential information which is not protected by statute. However, it is generally assumed that any excessive request that would lead to unjustified disclosure of competitive know-how or trade secrets should be denied based on the proportionality principle.

### **D. Misuse of information**

Protection against the misuse of information is implemented by tying all information requests to the proportionality principle (see Section 3.VIII.A. above). A request must not be granted if it is

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<sup>61</sup> OGH 11.05.2012 4 Ob 6/12d.

'disproportionate to the severity of the infringement'. This requires a diligent weighing of interests by the court, although the defendant bears the burden of proof to show that information could be misused and that a compelled disclosure would be disproportionate.

## **IX. Alternative measures**

### **A. Measures in cases of unintentional action and without negligence**

Subjective elements, such as negligence, are irrelevant for claims arising out of IPR infringements (e.g. injunctions and removal). Intent and negligence are only relevant for payment claims (see Section XII. below).

### **B. Publicity measures**

The provisions on the publication of judgments of the respective Austrian IPR acts are Sections 149 Patent Act, 55 Trademark Act, 85 and Copyright Act.

Along with its (final) judgment (in the main proceedings only, not in preliminary proceedings), the court may order the publication of all or certain parts of the judgment in one or more media (including the infringer's website) at the expense of the infringer, provided that the right holder can demonstrate a 'justified interest' in this publication(s). There are no binding guidelines as to where, in what media respectively, the publication needs to take place. This is left at the discretion of the court, but the qualification that the applicant must have 'a justified interest' in the publication is interpreted in a sense that the publication must be effective to counter any previous false information given to the public.<sup>62</sup> Thus, the extent of publication depends on the severity of the infringement. Where an infringement was widespread and publicly known, the publication claims granted are often broader. Measures typically include a statement on the defendant's website for a certain amount of time, as well as publications in print or online newspapers and other media. At any rate, publication shall take place at the expense of the defendant, irrespective of the media involved. The costs involved may thus depend on the respective rates asked by the media outlet in question. Upon request by the applicant, the court will determine the costs of publication and order the defendant to pay for them, in addition to any other costs

The content of the publication encompasses the verdict itself and may, upon request by the applicant, be supplemented by some explanatory notes, if necessary, to inform the recipients about its content.<sup>63</sup>

The authorisation to publish may be granted to the claimant or the court may order the defendant to carry out the publication.

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<sup>62</sup> see OGH 10.07.2007 17 Ob 11/07b, RS0079615.

<sup>63</sup> see OGH 24.04.2007 17 Ob 5/07w.

It should be noted that court decisions and court files are generally not public in Austria. Only Supreme Court decisions and certain appeal court decisions in patent and trademark cases are published online, and even for these decisions, the parties' names are redacted.

### **C. Other alternative measures**

There are no further alternative measures available under Austrian law.

### **X. Abuse and indemnification of the Defendant**

If a preliminary injunction turns out to be 'unfounded', i.e. is granted and subsequently lifted, whether on appeal or after main proceedings, the applicant is liable, irrespective of fault, for all damages the opponent suffered under the preliminary injunction (see above Section 3.V.F.).

### **XI. Administrative procedures**

There are no administrative proceedings as a true alternative to infringement proceedings under Austrian law.

Naturally, Austrian customs authorities will accept applications to enforce IPR rights under the Product Piracy Regulation (EU) No 608/2013, and are usually very helpful and effective in stopping counterfeit imports. Customs authorities are also open to receiving training by right holders to better recognize infringing goods (see below Section 6).

In addition, note that Austria is a bifurcation country. As such, all nullity actions regarding the validity of a patent or a trademark are heard before the Austrian Patent Office, while all infringement actions are heard by civil courts. Note that courts must always assess questions of validity on their own in preliminary proceedings, but may suspend main proceedings, if it deems validity unlikely, until a final determination of the Patent Office. More precisely, in trademark proceedings the court is generally held to assess the question of validity of a trademark on its own, but it may suspend proceedings until the Patent Office makes its final determination, but only if a nullity suit was filed before or during the court infringement proceedings. In patent (main) proceedings, the court should conduct a primary analysis of the patent's validity, but if it deems the patent likely to be invalid then the court must suspend proceedings until either (i) a final decision by the Patent Office, or (ii) the defendant fails to file a nullity request within 30 days of the suspension, in which case the court will continue proceedings assuming that the patent is valid.

### **XII. Industry self-regulation**

There are no established codes of conduct for the protection of intellectual property.

## **4. CRIMINAL IP PROCEDURES**

### **I. Criminal IP infringements**

All IPR acts foresee the possibility of criminal sanctions in addition to civil law claims (Sections 159 Patent Act, 60 Trademark Act, 91 Copyright Act). The criminal liability of the perpetrator, however, requires intent, which is usually hard to prove. The practical importance of criminal IPR infringement proceedings is therefore not significant.

Criminal courts have the jurisdiction to hear infringement proceedings. Criminal cases are exclusively heard before the Vienna Criminal Court and the Higher Regional Court of Vienna. Similar to contributory infringement in civil law, accomplices, instigators and assistants of the (direct) perpetrator are liable in the same way as the perpetrator (Section 12 Criminal Code).

### **II. Criminal investigations**

Proceedings are initiated and continued at the request of an infringed plaintiff only. Applying civil law standards, the infringed plaintiff would be the holder of the IPR and possibly also an exclusive licensee. The plaintiff is also responsible for gathering evidence before trial and even filing the indictment and arguing the case in court. The plaintiff therefore takes the role of the public prosecutor and to a certain extent also has the same rights. For example, the plaintiff may apply to the court for coercive measures to secure evidence (e.g. seizures), which then are carried out by the police.

Therefore, in cases of clear-cut infringements, criminal sanctions are sometimes requested to make use of 'dawn raid' *saisie-type* actions. Under a recent change of case law, the Supreme Court held that a right holder and applicant may no longer participate in such house searches under criminal law; instead, only the court (bailiff) assisted by the police is allowed to attend and carry out the search.<sup>64</sup> This makes such searches more difficult and less attractive and requires the applicant to specify the sought objects in great detail to enable the court to identify infringing products.

### **III. Penalties**

Criminal sanctions for natural persons include monetary penalties, which are based on the offender's daily personal income and can reach of up to 360 daily rates, and alternatively, in case of copyright infringements, imprisonment of up to six months. Furthermore, in case of infringement on a commercial scale penalties may include imprisonment of up to two months.

According to the Austrian Association Liability Act (*Verbandsverantwortlichkeitsgesetz*), legal persons may be sanctioned with monetary penalties if a decision-maker or an employee has committed a criminal offence and this offence can be attributed to the association.

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<sup>64</sup> OGH 23.08.2017, 15 Os 7/17v.

Furthermore, according to Section 20 Criminal Code, courts may declare assets forfeited which were acquired by committing a crime (i.e. infringing products).

#### **IV. Intervention and compensation of the civil party**

As described above under Section 4.II., the infringed plaintiff assumes the role of the public prosecutor. The plaintiff can furthermore assert private claims during the criminal proceedings. However, the criminal court will only decide the civil claims if the defendant is found guilty and if the results of the criminal proceedings are sufficient to judge the payment claims (this will rarely be the case regarding IPR infringements). Otherwise, the plaintiff will be referred to the civil courts. The civil court is then bound by the decision and the findings of the criminal court.<sup>65</sup>

#### **V. Initiative of IP right holder**

See Section 4.II.

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<sup>65</sup> OGH 17.10.1995, 1 Ob 612/95.

## **5. IP ENFORCEMENT THROUGH ARBITRATION AND ADR**

### **I. General**

Advantages of arbitration proceedings are the possibility to choose the language of the proceedings as well as the jurisdiction and the greater degree of confidentiality. Moreover, due to the near-universal recognition of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the enforcement of arbitration decision in non-EU countries can be easier than the enforcement of regular judgments.

### **II. Arbitrability**

The subject of arbitration proceedings may be every claim of a pecuniary nature, which may be decided by the ordinary civil courts. Additionally, claims which are not of a pecuniary nature may be decided by arbitration if they may be subject to a settlement (Section 582 CPC). Claims based on IPR infringements may therefore be subject of an arbitration proceeding. However, the declaration of invalidity of a patent, trademark or copyright cannot be the subject of arbitration proceedings (at least not with a formal *erga omnes* effect) because validity is a question of law which cannot be subject of a settlement, and additionally concerning patents and trademarks, validity is finally decided by the Patent Office.

### **III. Possible measures and remedies in arbitration and ADR**

Austrian provisions do not stipulate rules for the production of evidence in arbitration. The parties are therefore free to agree on rules on disclosure. However, even without such an agreement, arbitral tribunals seated in Austria may order the production of documents.

An arbitration tribunal may request the assistance of the court for measures which the arbitration tribunal is not competent to perform (Section 602 CPC). This, in particular, includes measures requiring coercive power, like the sanctioning of witnesses refusing to appear in court.

### **IV. Enforceability**

Austria ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards without reservations. Based on this convention and the Austrian Enforcement Act, Austrian courts generally recognise and enforce domestic or foreign arbitral decisions. In particular, courts generally do not review the merits of the arbitral tribunal decision.

A party wanting to enforce an arbitration decision must first apply for a declaration of enforcement. The applicant must provide the court with the original or a duly certified copy of the decision and the arbitration agreement. The party may then apply for enforcement authorisation, which will lead to the execution of the decision.

## **6. CUSTOMS AND BORDER MEASURES**

### **I. Suspension of release or detention by Customs Authorities**

Austrian customs authorities will accept applications to enforce IPR rights under the Product Piracy Regulation (EU) No 608/2013 (PPR). The PPR directly applies in the entire EU. Therefore, the legal basis of broader measures is largely identical within the EU.

IPRs covered by the Product Piracy Regulation include, among others, trademarks, designs, copyrights, related rights and patents. Besides the actual right holder also a (non-exclusive) licensee with a right to sue may file an application requesting the customs authorities of Austria to take action under the PPR.

The application must be filed with the competent Customs Office centre for PPR matters (Klagenfurt Villach), which then issues a decision on the application. The customs application must be completed using a form which is standardised throughout the EU. There are no official fees.

Once a customs application is granted, it is valid for a maximum of one year. It can, however, be extended an unlimited amount of times by submitting a standardised renewal form.

Austrian customs authorities are usually very helpful and effective in stopping counterfeit imports. They are also open to receiving training by right holders to better recognize infringing goods.

### **II. Application of border measures**

Based on a positive decision on an application requesting the customs authorities to take action the customs authorities may suspend the release or detain goods if they suspect that the goods infringe an IPR. The customs authorities then will notify both the declarant or holder of the goods suspected of infringement and the right holder of the decision (Article 18 PPR). The right holder of the decision then has a right to inspect the suspected goods (Article 19 PPR).

Suspected goods will be destroyed if the right holder demands the destruction within ten working days (or three in the case of perishable good) and the holder of the suspected goods does not object to the destruction within ten working days (or three in the case of perishable goods). If the holder of the suspected goods objects to the destruction and no agreement concerning the destruction can be reached, the holder of the decision must initiate criminal or civil proceedings to determine whether an IPR infringement has taken place. If the competent customs office in Klagenfurt Villach is not informed about the initiation of infringement proceedings within ten working days (or three working days in the case of perishable goods), the goods must be handed over by the customs authority to the holder of the goods. Except in the case of perishable goods, the customs authority may extend this deadline by a maximum of ten days.

### **III. Security or Equivalent Assurance**

Goods which were detained because of a suspected IPR infringement can be released before the end of proceedings determining whether an IPR has been infringed if the holder of the goods has provided a guarantee that is of an amount sufficient to protect the interest of the holder of the decision (Article 24 PPR).

### **IV. Notice of suspension or detention**

The customs authorities must notify the declarant or the holder of the goods of the suspension of the release of the goods or the detention of the goods within one working day of that suspension. The customs authorities must also notify the holder of the decision on the same day as, or promptly after, the declarant or the holder of the goods is notified (Article 24 para 3 PPR).

### **V. Duration of suspension or detention**

If the holder of the decision initiates proceedings to determine whether an IPR infringement accrued within the deadline mentioned above under Section 6.II and the holder of the goods does not provide a guarantee sufficient to protect the interest of the holder of the decision (see above Section 6.III.), the suspected goods will be held until the end of the infringement proceedings.

### **VI. Indemnification of the importer and of the owner of the goods**

If a suspension of goods is discontinued owing to an act or omission on the part of the holder of the decision or if the goods in question are subsequently found not to infringe an IPR, the holder of the decision is liable towards any holder of the goods or declarant, who has suffered a damage in that regard (Article 28 PPR).

### **VII. Right of inspection and information**

The customs authorities must inform the holder of the decision and the declarant or the holder of the goods of the actual or estimated quantity and the actual or presumed nature of the suspected goods, including available images thereof. The customs authorities must also, upon request, inform the holder of the decision of the names and addresses of the consignee, the consignor and the declarant or the holder of the goods, of the customs procedure and of the origin, provenance and destination of the suspected goods (Article 17 para 4 PPR).

Both the holder of the decision and the declarant or holder of the suspected goods may inspect the goods in question. The customs authorities may take samples that are representative of the goods. They may provide or send such samples to the holder of the decision, at his or her request and strictly for the purposes of analysis and to facilitate the subsequent procedure in relation to

counterfeit and pirated goods. The holder of the decision must, unless circumstances do not allow, return such samples to the customs authorities on completion of the analysis (Article 19 PPR).

### **VIII. Data Protection**

If the holder of the decision received information or samples referred to above under Section 6.VII., her or she may only use or disclose this information to prosecute the infringement claims (Article 21 PPR).

### **IX. Ex officio action**

Where the customs authorities suspect goods of infringing an IPR, which are not covered by a decision granting an application for customs authorities to take action, they may, except in the case of perishable goods, suspend the release of those goods or detain them. Before suspending the release of or detaining the suspected goods, the customs authorities may, request any person potentially entitled to submit an application concerning the alleged infringement of the IPR (i.e. the right holder) to provide them with any relevant information (Article 18 para 1 PPR).

The customs authorities must notify the declarant or the holder of the suspected goods of their detention within one working day. The customs authorities must notify persons entitled to submit an application concerning the alleged infringement, on the same day as, or promptly after, the declarant or the holder of the goods is notified (Article 18 para 2 PPR).

The person entitled to submit an application then must submit an application within four working days, otherwise the suspected goods will be released (Article 18 para 3 and Article 5 para 3 PPR).

### **X. Destruction or disposal of goods**

According to Article 23 PPR, goods suspected of infringing an IPR may be destroyed under customs control, without there being any need to determine whether an IPR has been infringed, where the following conditions are fulfilled:

(a) the holder of the decision has confirmed in writing, within ten working days, or three working days in the case of perishable goods, that, in his conviction, an IPR has been infringed and his agreement to the destruction of the goods;

(b) the declarant or the holder of the goods has objected, within ten working days, or three working days in the case of perishable goods, to the destruction of the good.

The destruction of the goods is carried out under customs control and under the responsibility of the holder of the decision. Samples may be taken by customs authorities prior to the destruction of the goods, which may be used as evidence in infringement proceedings (Article 23 para 2 PPR).

## **XI. *De minimis* imports and other exceptions**

Article 26 PPR stipulates a simplified procedure for so-called small consignment, which are postal or express courier consignments which contain three units or less or have a gross weight of less than two kilograms (Article 2 para 19 PPR). The main difference regarding small consignments is that the suspected goods may be destroyed even without the express consent of the holder of the decision.