

Germany: Preliminary injunctions - The infringer has to do more than just stop using

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In yet another decision, the German Federal Supreme Court (BGH) has ruled on whether an injunction also obliged an infringer to take active steps to stop the distribution of infringing products through resellers (decision of the BGH of 11 October 2017 in Case I ZB 96/16). The case follows a series of earlier decisions by the BGH interpreting cease and desist orders in a broad way (see for instance BGH of 29 September 2016 in Case I ZB 34/15 - Rescue-Tropfen - and of 19 November 2015 in Case I ZR 109/14 - Hot Sox).

The case at issue concerned unlawful parallel importation of medical devices. The District Court Frankfurt granted the preliminary injunction as requested, ordering the parallel importer to cease and desist from using the changed product packaging under attack and from distributing, putting on the marketplace and promoting products with said packaging.

The preliminary injunction was served on the parallel importer, who took measures for complying, including booking the product as quarantined in its own systems and reporting it as "out of distribution" to the so-called "Lauertaxe", a reference book for all pharmaceutical professions. The parallel importer, however, did not recall any products already delivered to third parties, nor did it inform its customers about the preliminary injunction.

Following service of the preliminary injunction, the trademark owner, by means of a test purchase with a pharmaceutical wholesaler, found out that the infringing product was still available, and requested the parallel importer to be fined for violation of the preliminary injunction. This was granted by the District Court Frankfurt (LG) but denied by the Higher Regional Court Frankfurt (OLG). It argued that the parallel importer had not violated the preliminary injunction, as it had not itself distributed the infringing products. The parallel importer was not required to recall products which it had delivered to customers before the preliminary injunction was served on it. The parallel importer was not liable for independent acts of third parties and it had not been obliged to do a recall but merely to cease further active infringement.

The trademark owner appealed this decision to the BGH, who allowed the appeal and remitted the case to the OLG for a final decision.

According to the BGH, the preliminary injunction required the parallel importer at least to request its resellers not to distribute the infringing products for the moment. The prohibition contained in a preliminary injunction obliges the infringer not only to cease and desist from own marketing activities, but also to actively take measures which prevent the redistribution of the infringing products. However, this obligation is limited to what is possible, necessary and reasonable. The preliminary injunction does not have to expressly mention these required actions, and which actions are required may also be decided in enforcement proceedings. The limitations of preliminary injunctions – namely their preliminary character – may be reflected by not demanding a recall, but by merely requiring the infringer to urge its resellers to provisionally refrain from distributing the infringing products.

The series of decisions interpreting cease and desist orders so extensively are heavily discussed in Germany. There are two main arguments against this. One is the lack of legal clarity for the infringer who does not know what exactly has to be done; after all, the cease and desist order in principle obliges the infringer to be passive (i.e. not to continue infringing) but not to take active steps. The second is that there are separate provisions in German IP laws setting specific requirements for product recalls, and a different set of enforcement provisions in the German Civil Procedure Code relating to active obligations, i.e. obligations to take positive action rather than to just cease doing something.

For now, the criticism has not made the BGH change its position. Parties to preliminary injunctions in Germany are therefore best advised to take this into account. This is true not only for the defendant but also for the plaintiff. To avoid a significant liability if the preliminary injunction is later lifted, the plaintiff may consider expressly limiting the request for preliminary injunctive relief to exclude any obligations to recall the products from third parties.