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Germany: Customs detention in the absence of trade mark infringement does not constitute unfair competition

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The Regional Court of Munich was asked to decide on the question if an application for action by a right holder, based on the [Customs Enforcement Regulation No. 608/2013](#) (“Customs Enforcement Regulation”), constitutes a dishonest obstruction of a competitor’s business under German unfair competition law. The court rejected the claim arguing that the provisions of the Customs Enforcement Regulation should not be circumvented by national unfair competition law ([judgment of 30 July 2018, 33 O 7422/17](#)).

The defendant manufactures and distributes motor vehicles and scale model cars under its trade mark BMW. The plaintiff imports remote-controlled scale model cars from China into the EU. The Dutch customs detained scale model cars of the plaintiff, bearing the designation “BMW Z4 GTS”. The reason for the detention was an application for action by the defendant based on Art. 5 of the Customs Enforcement Regulation. The Customs Enforcement Regulation empowers EU customs authorities to detain goods which are suspected of infringing intellectual property rights (such as trade marks) conferred by EU or national IP laws and which are under customs control or customs supervision. The defendant’s application for action did not specifically target the plaintiff but was potentially directed against all importers of scale model cars bearing the BMW logo. The defendant, within 10 days after the detention of the goods, agreed that the model cars should be released.

The plaintiff nevertheless raised a damage claim against the defendant and asked the defendant to cease and desist from applying for customs action without excluding the plaintiff’s subject scale model cars from such application. The plaintiff argued that the CJEU in [Opel/Autec \(case C-48/05\)](#) and the German Federal Supreme Court in [Opel Blitz II \(I ZR 88/08\)](#) had allegedly clarified that the manufacture and distribution of scale model cars bearing the trade marks of the original car manufacturers hardly ever constitute a trade mark infringement. Accordingly, the defendant’s application for customs action would constitute an unlawful obstruction of the plaintiff’s business.

Under German law, obstructive competitive practices ([section 4 No. 4 German Unfair Competition Act](#)) require an impairment of the opportunity for the competitor to develop in the competitive environment. As such an impairment is inherent in any competition, there must be further indications to assume an obstruction. For example,

if it specifically pursues the objectives of obstructing the competitor in its development, thereby displacing it, or if the impeded competitor can no longer appropriately perform on the market through his own efforts. Applying these principles, the court rejected the action for the following reasons:

- The Customs Enforcement Regulation must be considered as an exhaustive concluding system which shall not be diluted by national unfair competition law;
- the defendant's customs application was not limited to the plaintiff but potentially affected third parties and even licensees of the defendant likewise;
- the defendant had agreed to release the subject scale cars within the 10-days-deadline provided by Art. 23(1)(a) of the Customs Enforcement Regulation;
- the Customs Enforcement Regulation solely contains procedural rules for customs authorities and does not set out any criteria for ascertaining the existence of a trade mark infringement, which must be assessed by the competent court but not by the customs authorities;
- the question if the distribution and import of scale model cars infringes prior trade mark rights cannot be answered abstractly without assessing the individual circumstances of each particular case;
- at the time of filing the application for action with the customs, the defendant does not possess detailed information on the particular importer and the subject goods.

Further, the court rejected the damage claim based on Art. 28 of the Customs Enforcement Regulation and sections 149, 150 of the [German Trade Marks Act](#), because the defendant had released the scale cars within 10 days upon notification by the customs.

The decision of the Munich court, which is well reasoned and supports the position of right owners, is not binding on other courts. Whether it is shared by other courts, and whether it holds if an appeal is filed, is yet to be seen.

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