

Transatlantic "Hide and Seek": Proving Infringement of Intellectual Property Rights through Pre-Trial Proceedings for Taking Evidence in the United States and the European Union

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Efficient IP enforcement proceedings are of little interest if one is not able to submit the necessary evidence pertaining to how, to what extent and as to who may be the infringer. The article discusses procedures for taking pre-trial evidence of IP infringements in the United States and compares these with the procedure created thereto by the European Commission in the IP Enforcement Directive. Consequently the US system is compared with the national procedures of several EU Member States that have different legal traditions in that respect.

IP enforcement proceedings that are efficient, cost effective and yield predictable results, preferably within the shortest possible time frame, are ideal for any IP-practitioner. A number of articles have been written on how to achieve the above. This article aims at going one step further (or rather back). Efficient enforcement proceedings are indeed of little interest if one is not able to submit the necessary evidence pertaining to how, to what extent and as to who may be the infringer. Many IP practitioners know how to obtain this information in their jurisdiction. However, only few know if and how this is possible abroad, particularly in another continent. This article therefore discusses how, prior to initiating enforcement proceedings, evidence of IP infringements can be obtained on both sides of the Atlantic. First, pre-trial discovery proceedings in the United States are discussed. These are then compared with art.7 of

European Directive 2004/48 concerning the enforcement of intellectual property rights (IP Enforcement Directive). Finally the US system is compared with the system in place in three EU Member States with quite different legal traditions in this respect: the United Kingdom, Germany and Belgium.

United States

"Whilst these procedures can strike Europeans (and others) with a mixture of fear and horror, they are procedures very well adapted to rooting out an infringement of a patent hidden in the factory or laboratory processes of the defendant in the secrecy of its own premises."¹

Under US law, not publicly available evidence of the infringement of intellectual property rights is generally obtained through pre-trial discovery. It is also possible to obtain a temporary restraining order to take evidence of IP infringement (r.65(b) of the Federal Rules of Civil Procedure (FRCP). However, this procedure is rarely used and will therefore not be further discussed.

In essence, discovery is the compelled exchange of information between the parties who are (or about to become) involved in legal proceedings (art.26(b)(1) FRCP). The goal of pre-trial discovery is to avoid surprises and for all parties to arrive at trial with as much information as possible. Not surprisingly, many cases settle immediately after or during discovery, as a result of the evidence discovered during these proceedings. A settlement indeed eliminates the expense and risks of a trial.

Different discovery techniques can be used when dealing with a prospective party to a litigation, or even third parties (subpoenas of, e.g., governmental agencies, business relations of a party in the litigation, a former employee, etc.):

- "Document requests" refer to the requests made by a party seeking (paper or electronic) documents and other real objects (e.g. samples) from the opposing side, or even third parties. Document requests are generally the main method for obtaining information from another party.
- "Interrogatories" are (written) questions that a party requires the attorneys of the opposing side to answer. Although the scope of interrogatories is as broad as other discovery techniques, the number of questions is limited by the FRCP to 25 and by local rules to even less. This is why interrogatories are used primarily for key issues.

¹ Hon. J. Allsop, *FICPI Conference Report* (Venice: 2004), p.8.

samples, etc.) and not to evidence based on declarations of witnesses, such as depositions in the United States. Another important difference with discovery is that a party seeking application of the national counterpart of art.7 always has to pass via the competent court. This can be done as an ex parte request, in order to maintain the element of surprise. For a court to grant certain measures, the requesting party has to prove that it holds prima facie (i.e. apparently) valid intellectual property rights and has to present reasonable evidence of the infringement of these rights. At the request of any party showing a valid legal interest, the court may review the measures it granted. To avoid abuse of these ex parte proceedings, the court can order the requesting party to pay an adequate security bond for possible damages, which can be claimed by any party showing a valid legal interest.

The implementation of art.7 did not have the same impact on the legal systems of all EU Member States. Indeed, the laws of several Member States, including those discussed below, already had a longstanding tradition of evidence gathering provisions. Moreover, the IP Enforcement Directive is only an attempt to create a minimum standard, rather than a single regime. When and how the court will grant certain requests can therefore vary widely. The same goes for the costs of art.7 proceedings, although contrary to what is often the case with discovery, they are not perceived as favouring the wealthier party to a litigation.

The differences in the national implementation of art.7 are illustrated below by comparing the national rules in the United Kingdom, Germany and Belgium. All of these three EU Member States already had quite different evidence finding proceedings in place prior to the implementation of art.7. Their national post-art.7 rules share many features, but also clearly carry the mark of different legal traditions.

United Kingdom

“It has to be remembered by all concerned that we do not have in this country an inquisitorial procedure for civil litigation. Our procedure is accusatorial. Those who make charges must state right at the beginning what they are and what facts they are based on. They must not use Anton Piller orders as a means of finding out what sort of charges they can make.”³

As is to be expected from a common law jurisdiction, art.7 of the IP Enforcement Directive did not have a significant impact on English law, where disclosure, the UK counterpart of discovery, and other measures were already available and frequently used.

Although under English law the “classic” way of obtaining evidence from another party is through disclosure during court proceedings, a prospective applicant (the applicant) can seek an order for specific

disclosure of documents before proceedings have started. The conditions for such “pre-action disclosure” are set out in r.31.16 of the Civil Procedure Rules (CPR).

Before a pre-action disclosure order will be granted, the prospective applicant must:

- support the request by evidence so as to convince the court that the applicant has an arguable case on the merits;
- convince the court that that both the applicant and the party targeted by the pre-action disclosure are likely to become involved in the court proceedings that will follow such pre-action disclosure. This does not imply that that proceedings will likely be issued. The pre-action disclosure may yield no results or may lead to a settlement. This condition merely implies that the persons involved would likely be parties if subsequent proceedings were issued.

An order for pre-action disclosure can only be made if the documents the applicant wants disclosed would be included in the applicant’s obligation to give standard disclosure if proceedings were started. In addition, the applicant must demonstrate that pre-action disclosure is to be preferred over standard disclosure, because:

- pre-action disclosure will help dispose fairly of the anticipated proceedings;
- pre-action disclosure will enable the dispute to be resolved without resorting to proceedings; and
- pre-action disclosure will save costs.

These conditions are not easily fulfilled, which explains why an order for pre-action disclosure is hard to obtain. If the court finds the arguments of the applicant convincing, it will hand down a court order in which the documents or classes of documents which the applicant must disclose are specified, as well as the time and place for disclosure and inspection. Therefore, to increase not only the likelihood of the court agreeing to order pre-action disclosure, but also that it provides access to the right information, the applicant should ensure that the request is customised, well argued and focused as much as possible on key documents.

If the court order is enforced and the targeted party fails to comply with it, then the breaching party may be held in contempt of court. Contempt is punishable by the entry of judgment against the party in contempt and by fines and/or imprisonment.

A *Norwich Pharmacal* order (NPO) is another option offered under English law. It is generally used when the strict requirements of r.31.16 for pre-action disclosure cannot be satisfied (e.g. if the targeted party possesses relevant information but will not become involved in the court proceedings that will follow the pre-action

³ *Irish Family Planning Association v Youth Defence* [2004] IESC 11 (Hon. J. Denham).

- “Requests for admissions” relate to a technique in which a party requests that other parties admit or deny certain statements. Unlike interrogatories, these requests are not limited in number.
- “Depositions” are examinations of witnesses under oath, conducted by the parties. In principle, the attorney of the party requesting the deposition will depose the witness, whereas the attorney from the opposing side will “defend” the witness. Such a defence can consist of objections to certain questions or, if needed, advising the witness not to answer the question (for instance, if answering would imply disclosure of attorney-client work product information).
- A very specific technique is e-discovery: the compelled communication of information stored in electronic format. This electronic information is considered different from paper information because of not only its form, but also its content (e.g. metadata). The FRCP therefore contains specific e-discovery rules.

Some EU practitioners may not be aware of this, but discovery also allows a party to enter the premises for purposes of inspection of certain equipment (r.34 FRCP). Parties generally agree (otherwise the court issues an order stating) that such an inspection is limited to instances where a direct, onsite inspection is needed, e.g., to (dis)prove a certain claim. For confidentiality and other reasons, onsite inspections are generally attended by specific individuals (e.g. outside counsel) and not by the party requesting the inspection.

Contrary to European evidence finding proceedings, pre-trial discovery is carried out without court intervention. Parties simply apply the rules provided in the FRCP, as well as any other applicable state laws. Only when an incident rises between parties will the court get involved in the proceedings.

In view of the foregoing, it should be clear that the scope of discovery can be very large and the process itself is time consuming and expensive. Indeed, the use of discovery is sometimes criticised as favouring the wealthier party to a litigation, who could for instance make document requests that are expensive and time-consuming for the other side to fulfil. Discovery also poses serious threats with respect to confidentiality of certain business information, such as R & D information, trade secrets, etc. Therefore parties generally try to agree on what will and will not be part of the discovery proceedings. If parties fail to reach such an agreement, as for instance when a party is specifically targeting such information in the framework of a “fishing expedition”, the court will settle the impasse. The court may limit the rights of a party seeking discovery and may

also limit the number of depositions and interrogatories or the length of depositions. The court may also issue a protective order to limit the timing of the discovery, and the access to information by certain individuals under certain conditions and/or under certain circumstances.

Parties involved in discovery proceedings generally have an interest to comply with the discovery process, in particular if the court has issued certain (protective) orders. Indeed, failure to do so may result in procedural disadvantages once the pre-trial phase comes to an end and the case is taken to court (e.g. dismissal of an action, presumption that certain facts are established and even ruling against the non-complying party). In addition, a party failing to comply with a protective or other court order may be held in contempt and be fined or imprisoned.

Finally, it should be noted that in order to obtain discovery, the moving party must possess an intellectual property right or other right that is enforceable in the United States. “Enforceable” is not equivalent to “registered”. Therefore an applicant having common law rights to a trade mark or an unregistered copyright may also make a discovery claim.

The IP Enforcement Directive

“Evidence is an element of paramount importance for establishing the infringement of intellectual property rights. [It is therefore] appropriate to ensure that effective means of presenting, obtaining and preserving evidence are available.”²

Even though the IP Enforcement Directive dates back to April 30, 2004, in most EU Member States this Directive has only been in force for a few years. Indeed, most EU Member States took several years to implement the Enforcement Directive into their national legislation. Non-EU practitioners should understand that an EU Directive is not directly applicable in the EU Member States. The latter have to implement the rules of the directive into their respective national legal systems, which often requires substantial modifications to existing national laws. Another important aspect of EU Directives is that they “harmonise” legislation in the EU by setting minimum standards. Member States can therefore go further than what is provided for in a directive and raise the level of protection offered by the directive. This explains why the Enforcement Directive explains in Consideration 10 that it strives to “approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the internal market”. As will become clear later in this article, there is indeed a significant difference between “approximating” and “standardising.”

Article 7 of the IP Enforcement Directive deals with evidence gathering proceedings before and even during infringement proceedings. Contrary to the discovery proceedings, art. 7 in principle only relates to certain types of “physical” evidence (documents, computer data,

² IP Enforcement Directive, Consideration 20.

Proof of this experience must be submitted to the court together with the request of the applicant for the search and seizure order.

- To ensure that the targeted party truly understands what is about to occur, the supervising solicitor is obligated to explain to the targeted party the meaning and effect of the order in everyday language.
- The order must be served prior to its execution during a weekday between the hours of 9.30am and 5.30pm, unless the court order provides for an explicit exception. This provision allows the targeted party the possibility to verify what grounds have been invoked to execute the search and seizure and, if necessary, to seek legal advice.

In addition to the actual order, the supervising solicitor should also supply the following documents to the targeted party:

- the evidence filed by the applicant at court in support of the application;
- a note of any allegation of fact made orally by the applicant to the court where such allegation is not contained in the affidavits or draft affidavits read by the judge; and
- a copy of the skeleton argument produced to the court by the applicant’s counsel.

The purpose of the foregoing is to allow the legal adviser of the targeted party the opportunity to examine these documents and look for errors, omissions or instances in which it is possible that the applicant has not fulfilled its duty of full and frank disclosure.

Further safeguards include the following:

- If the applicant knows that the targeted party is a woman living alone, then the “search party” must at least include one woman among its members.
- The order must list the documents and types of documents and items that can be seized. If the applicant seizes more than what is allowed by the order, the applicant may become liable to pay damages for excessive execution of the order.
- If after the supervising solicitor’s explanation of the effect of the order, the targeted party claims that various items are privileged, the supervising solicitor will assess, acting as an independent legal expert, if the materials are indeed privileged.

If the targeted party wishes to avoid being held in contempt of court, it should comply with the order. It is possible for a targeted party to refuse the supervising

solicitor access and to make an urgent application to the court, but if this fails the targeted party will most likely eventually still be in contempt of court.

In addition to considering whether a breach of the duty of full and frank disclosure has taken place, the targeted party can also seize the court and argue for the variation or discharge of the order in the event that the order was obtained for an improper purpose. A variation or discharge can also be ordered by the court if, based on the facts and/or evidence presented by the targeted party, it appears that the applicant does not have a sufficiently strong prima facie case to warrant the granting of a search order. Varying or discharging the search and seizure order is always up to the court’s discretion. Depending on the circumstances of the case it is possible that in practice they are no more than an empty gesture and that a damages claim in the subsequent proceedings is far more appropriate to undo the effects of the search and seizure.

Germany

“At first glance the German provision bears significant resemblance to the Anton-Pillar-Order (or Search-Order) and the French ‘saisie contrefaçon’. However, due to peculiarities of the German law — especially the law of practice — Sec.140c PatG is far from being without controversy.”⁵

Already before the implementation of the IP Enforcement Directive in German law, German courts already applied a legal tool for taking evidence (s.485 German Code of Civil Proceedings), if need be combined with a preliminary injunction to grant access to spaces generally not open to the public (s.809 of the German Civil Code). This approach weighed heavily on the implementation of art.7 of the IP Enforcement Directive in Germany. Only minor modifications to the existing system were made.

Section 485 of the Code of Civil Proceedings (Zivilprozessordnung—ZPO) deals with the “independent evidence-taking procedure” (“*selbständiges Beweisverfahren*”), which can take place pre-trial. An order for evidence taking based on s.485 ZPO is only requested if the alleged infringement is “public”. In other words, if the object that has to be examined can be found in a public place and all features, relevant to the question of infringement, are visible. The plaintiff files a request with the court for the appointment of a neutral expert, who has to inspect the object suspected of infringing the intellectual property rights of the plaintiff. Even though the expert is considered to be neutral (which gives great credibility to the expert’s findings), it is generally the applicant that suggests one or more candidate-experts. Most of these experts are independent patent attorneys or persons with specific technical expertise.

⁵ S.Glatzel and N.Smirra, “The implementation of Arts 6 and 7 (2004/48/EG) through Sec.140c of the German Patent Act”, *ip-notiz.de*, February 13, 2009.

disclosure). NPOs are commonly used to identify the proper defendant to an action or to obtain information to plead a claim.

The requirements for an NPO order have been summarised in *Mitsui & Co v Nexen Petroleum UK Ltd*⁴:

- Whether an NPO is granted is entirely up to the discretion of the court. Therefore, even if the basic requirements are fulfilled, there may nonetheless be public interest reasons for refusing the NPO. This will typically occur when the court finds that the applicant could obtain the required information in another way, for example through pre-action disclosure or even through consultation of publicly available information.
- The targeted party must also be likely to have relevant documents or information.
- The targeted party must also be “involved” in the wrongdoing, whether innocently or not.
- The “mere witness” rule cannot be infringed. This rule is based upon the principle that until trial, a witness can refuse to answer questions and to disclose documents. The “mere witness” rule implies that one cannot bring proceedings against an innocent third party purely for the purpose of obtaining information to be used in proceedings against another party. When convincing a court to grant an NPO, one of the trickiest points is whether the targeted party will be qualified as a mere witness or as someone who became involved in and facilitated another’s wrongdoing.
- An NPO cannot be granted merely to satisfy the applicant’s curiosity. It must be required in the interest of justice. The applicant must therefore have a real and unsatisfied claim against the unknown wrongdoer which cannot be brought unless the party targeted by the NPO reveals the wrongdoer’s identity.

The applicant has an onerous duty to give full and frank disclosure of all material facts, especially if the application is made without notice. The applicant will be required to give certain undertakings to the court, including an undertaking in damages.

The CPR do not expressly prescribe the procedure for seeking an NPO and there is some uncertainty as to the appropriate procedure. If the application is sought before substantive proceedings against the alleged wrongdoer have begun, the procedure in CPR 8 is followed, or, if the application is likely to be uncontested, an application is made under CPR 23.

In accordance with the general rule under CPR 31, the information disclosed can only be used for the purpose of the proceedings in which it was disclosed (CPR 31.22). If the applicant subsequently wishes to use the information for another purpose, the applicant must obtain consent from the owner of the information or make a further application to the court to request permission.

UK law also provides for search and seizure orders, which were formerly known as *Anton Piller* orders. This type of order entitles “supervising solicitors” to enter a potential infringer’s premises without notice and seize documents and samples of infringing goods.

There are three basic requirements that must be satisfied before a court may grant a search order, which are:

1. There must be an extremely strong prima facie case on the merits;
2. The activities of the targeted person or company must cause very serious potential or actual harm to the interests of the applicant, in particular if the order was not granted;
3. There must be clear evidence that the targeted person or company possesses key incriminating documents or objects and that there is a real possibility that such material may be destroyed if it is not seized by surprise.

Even if these strict conditions are all fulfilled, the granting of a search and seizure order remains entirely up to the discretion of the court. If a search and seizure order is handed down, the targeted party must grant access to its premises to the supervising solicitor (see below), generally accompanied by the applicant’s solicitor and a limited number of other persons (police officers, technicians, etc.).

The search and seizure order is not a civil search warrant. Even if police are present, forced entry into the premises remains prohibited. If one refuses to grant access, the applicant can bring contempt proceedings which can result in imprisonment. Moreover, as is the case in the United States, the refusal of a party to comply with the order can be taken into account during the infringement proceedings as evidence.

Because of the invasive nature of a search and seizure, several safeguards are incorporated in the order itself; these include for instance:

- The execution of the order, the actual search and seizure, must be supervised by a named solicitor other than a member of the law firm acting for the applicant. This “supervising solicitor” must be an experienced solicitor with familiarity with the workings of search and seizure orders.

⁴ *Mitsui & Co v Nexen Petroleum UK Ltd* [2005] EWHC 625 (Ch); [2005] 3 All E.R. 511.

mechanism of actual seizure, to safeguard the rights of the right holder and avoid an aggravation of his damage while awaiting the decision on the merits.⁶

Prior to the implementation of the IP Enforcement Directive in the different Member States, the "*saisie-contrefaçon*" in Belgium (and France) was probably the most advanced and liberal system in the EU of gathering evidence that intellectual property rights were being infringed. When implementing art.7 of the IP enforcement Directive, the Belgian legislator therefore kept the existing system in place. The need to implement the IP Enforcement Directive was used to integrate the very extensive case law that had developed over the years into art. 1369bis1-10 of the Belgian Judicial Code. of the Belgian Judicial Code. Nonetheless, owing to the popularity of the counterfeit search and seizure and the litigation it entails, five years after their implementation it is clear that the new provisions leave plenty of questions unanswered. The foregoing, in combination with the large discretionary power of the courts, makes it clear that when filing a request for counterfeit search and seizure, one cannot only rely on arts 1369bis1 et seq. of the Belgian Judicial Code, but one must also take a large amount of case law into account.

The *saisie-contrefaçon* was and remains an *ex parte* procedure specifically tailored to proving infringement of intellectual property rights. To maintain the element of surprise, the targeted party is neither notified of the existence of the request nor of the issuance of a court decision.

The procedure can be used for two purposes. First, the *saisie-contrefaçon* can be used to prove and document the existence, extent and/or origin of an infringement of intellectual property rights. This is known as a descriptive seizure (*saisie-description*), involving the appointment by (the president of) the competent court of an independent expert who is authorised to gather any information regarding the alleged infringement. As in Germany, this expert is quite often suggested by the applicant and is generally an independent patent attorney, or a person with specific technical expertise.

In addition to the descriptive seizure, the court can also order an effective seizure (*saisie réelle*) and can thereby block the further use of allegedly infringing goods. It should be noted that in the framework of counterfeit search and seizures the effective seizure is a corollary of the descriptive seizure and can never be obtained independently. The effective seizure is limited to the infringing products which are present during the seizure, and does not constitute an injunction order.

To decide whether a descriptive seizure order should be granted, the court will only verify whether the applicant invokes an intellectual property right that is *prima facie* valid and if there exists a (potential) *prima facie* violation thereof. A well-reasoned potential infringement argumentation and/or an opinion of a technical expert concluding to (potential) infringement

is generally more than sufficient to obtain the authorisation to execute a descriptive seizure. The burden of proof here is so light, that some case law and doctrine state that a descriptive seizure cannot be refused once the applicant jumps the hurdle of a *prima facie* valid intellectual property right.

The court has much wider discretion with regard to effective seizure measures. Although the assessment of the *prima facie* validity of the invoked intellectual property right is the same as that for a descriptive seizure, here the applicant must show that the infringement cannot be reasonably contested. Article 1369bis1, §5 of the Judicial Code moreover compels the court to balance the interests of the applicant against those of the targeted party and those of the public in general (e.g. public health considerations).

The court appointed expert will request a bailiff to serve the seizure order prior to the actual execution of the seizure. The bailiff remains present to note down any issues that may arise during the execution of the seizure. If the expert expects that the targeted party will refuse access to their premises or computer infrastructure or might even become violent, he is entitled to request assistance of locksmiths, IT-specialists and the police. To anticipate a refusal to comply with the court order, the applicant will generally request the court to sanction non-compliance with the ordered measures with substantial penalty payments (*dwangsom* or *astreinte*).

Depending on what has been explicitly authorised by the court, the expert can copy documents and data, make photos, videos, take samples and even physically seize infringing goods or materials used in the production and/or distribution of these goods. Quite often the applicant will also request the court to instruct the expert to examine the accounting data of the targeted party. These data, which are generally included in the expert report, can then be used in the proceedings on the merits to calculate damages.

Article 1369bis6 of the Judicial Code explicitly states that the expert, during the execution of the seizure and when drafting his report, has to safeguard the interests of the targeted party, in particular with respect to the protection of confidential information. To further avoid issues with confidential information, art.1369bis4 provides that the court has to specifically indicate why (a representative of) the applicant is allowed to participate in the expert investigation. In practice it is rare that the applicant participates. Counsel for the applicant is generally entitled to do so to facilitate the work of the expert if the matter is technically or factually complex. Contrary to the proceedings in Germany for instance, these participants are not sworn to secrecy. Unlike the expert they also do not have to take the interest of the targeted party into account. In certain cases the presence of (the representative of) the applicant during a counterfeit search and seizure therefore poses a serious threat to the protection of confidential information. They can indeed

⁶ Belgian Parliament, DOC 51 2944/01, p.9.

If the object is not public, for instance because it is stored in the warehouse of the alleged infringer, the independent evidence taking procedure will be combined with a request for preliminary injunction based on s.809 of the German Civil Code (*Bürgerliches Gesetzbuch—BGB*). The injunction will obligate the targeted party to tolerate the inspection by the neutral expert, even if this requires the expert to enter private areas used by the targeted party. To ensure that the targeted party will comply with the injunction, the applicant can request the court to sanction the injunction with penalty payments (*Zwangsgeld*).

Whether applying for measures under s.485 ZPO or under s.809 BGB, the applicant has to explain to the court on which facts the alleged infringement is based. There is no fixed rule pertaining to what type and how much information needs to be communicated to the court and by what type of proof this information needs to be backed. However, the applicant should identify the allegedly infringing goods that need to be examined and the place where they are. For a successful request based on s.485 ZPO, the applicant must explain in the request filed with the court that it is likely that the means of evidence will get lost or its use will become difficult if the product is not timely examined by the expert. These conditions will be generally fulfilled if the product is only publicly accessible/available for a limited time, e.g. during a trade fair, or if the applicant can show that the product's characteristics will be altered, e.g. it will be made with a new production process. Under s.485 ZPO the applicant could also prove to the court that the applicant has a rightful interest in having the product examined by an expert, for instance if the findings of the expert could confirm that the intellectual property rights of the applicant are being infringed, which allows for the initiation of infringement proceedings. If a preliminary injunction is also requested (s.809 BGB), the applicant has to demonstrate to the court that the applicant's intellectual property rights are *prima facie* being infringed. Section 809 BGB further requires that the targeted party is the possessor of the object to inspect. Under s.809 BGB, the court is also obligated to balance the interests of the plaintiff against those of the targeted party. The applicant therefore should explain in the request that the inspection is essential to establish the infringement. This is the case when such proof could otherwise only be produced with great difficulty or even not at all. Also, the court should be convinced that there is indeed a high degree of probability of an infringement. On the other hand, the applicant should convince the court that the inspection is not abused as a "fishing expedition".

The neutral expert is entitled to make photos, videos, etc., to determine the features of the object. Unlike other European systems, German evidence taking proceedings do not allow the expert to take samples or to physically seize the infringing goods. Also it is not possible to seize the materials used in the production and/or distribution of these goods and the documents relating thereto. The examination by the expert is restricted to the infringing

object. The expert should not investigate the possible damage caused by the alleged infringement. The expert cannot therefore inspect or copy information regarding costs, revenues, profit and information pertaining to customers of the targeted party.

To avoid issues with trade secrets, confidential know-how, etc., the court rarely authorises the applicant to participate in the expert investigation. The applicant's counsel is generally entitled to do so. If the object to be inspected is not publicly available, the court will generally issue orders to the lawyer/patent attorney of the applicant to keep all information obtained during the inspection by the expert secret. By swearing the applicant's counsel to secrecy, the applicant will not gain access to possible confidential information.

After inspection, the expert is obligated to draft a report with a detailed written description of the object. To further protect the (possible) legitimate interest of the targeted party to keep certain aspects of its business secret from the applicant, the report of the expert is first "presented" only to the targeted party for confidentiality comments. What generally happens is that the attorneys for all parties discuss the findings of the expert and possible privilege issues with the court in a non-public hearing. The court then decides if there are indeed justified secrecy concerns and whether all information mentioned in the report strictly relates to the inspected object, or if there is other information contained therein. If no justifiable secret interest is involved, or once certain modifications have been made, the court transmits the report to the applicant.

To comply with the provisions of the IP Enforcement Directive, German courts can make the execution of the order subject to the prior payment of a security bond by the applicant, although this is rare. Once the investigation has been executed, the targeted company can file a petition to have the court compel the applicant to initiate infringement proceedings before a deadline set by the court. If at some point after the investigation it becomes clear that the applicant was not entitled to execute the court order, the targeted party is entitled to claim damages in separate proceedings.

If the targeted party disagrees with the granted order, it can file an appeal. This is possible prior to the actual execution of the order. However, in most cases it will only occur after the inspection by the expert took place and the discussion in appeal will only be relevant with respect to the reimbursement of attorney fees and other legal costs. Indeed, if on the basis of the expert report it became clear that there was no infringement, all costs would have to be borne by the applicant.

Belgium

"The counterfeit search and seizure therefore serves a double purpose: its main purpose, expressed in the compulsory phase of the description, offers the right holder the possibility to obtain proof of the existence and the extent of the counterfeit, whereas its additional purpose strives, through an optional

obtain direct access to information that may not be related to the issue for which the seizure was requested or that may not even be mentioned in the expert report.

Drafting a report is the next task of the court appointed expert. In the report, the expert should describe what is discovered during the investigation. This report should be purely descriptive and should not include any opinion as to the (in-) validity of the involved rights or the (non-) infringement thereof committed by the prospective defendant in the proceedings on the merits. Contrary to the proceedings in Germany, in Belgium the report is not first sent to the targeted party. The expert simply files the report with the court and at the same time sends a copy to the applicant and the targeted party. However, if during the execution of the seizure an incident rises, for instance with respect to the extent of the seizure authorisation, any party can address the issue with the court in an informal manner (art.1368bis8). This option, however, is only rarely used. In fact, in conflict situations the targeted party will often already have initiated third-party opposition proceedings against the court order. These proceedings are quite informal and are handled by the court as summary proceedings. Therefore, in theory unlawfully authorised seizure measures can rather quickly be revoked.

Since the conditions for a (descriptive) seizure are rather easy to fulfil and since the court can only decide on the basis of a unilateral communication of the facts, the risk for “fishing expeditions” is significant. Therefore the court may require the applicant to deposit a security bond before executing the seizure.

To further reduce the risk of fishing expeditions, the applicant is obligated to initiate infringement proceedings on the merits if the applicant wishes to maintain the effects and results of the seizure. Such proceedings generally have to be initiated within one month after the filing of the expert report. If no proceedings on the merits are initiated within that time, the expert report ceases to be of any value or effect and the applicant can be held liable for damages by the targeted party.

Conclusion

Stating that pre-trial discovery is the US-equivalent of the evidence finding proceedings under art.7 of the IP Enforcement Directive (or vice versa), may stretch things too far. The same goes for stating that there is a uniform system in place in the EU. As is made clear in Table 1, there are indeed significant differences within the EU, generally caused by the legal traditions in place in Member States prior to the implementation of art.7. However, these differences become less significant when the system under art.7 is compared with US pre-trial discovery.

Discovery is for instance undertaken by the parties and only when a dispute arises will the court intervene. Proceedings based on art.7 are, however, all undertaken by the court, more precisely by court appointed officials (supervising solicitor, court appointed expert, etc.). Since discovery proceedings are inter partes, unlike proceedings based on art.7, the element of surprise does not really come into play and parties to discovery proceedings can be truly prepared. Article 7 based proceedings also focus on “physical” evidence and do not allow for targeted parties being interviewed, unlike depositions.

Table 1: Differences in pre-trial discovery

	Name	Court order	Ex parte	Key person	Samples	Refusal to comply	to Appeal/limitation	Result
<i>US</i>	Pre-trial discovery	No	No	Parties	Yes	Contempt	Protective order	Documents + statements.
<i>EU</i>	Article 7	Yes	Yes	Not specified	Possible	Not specified	Review possible	Report + Seizing goods
<i>UK</i>	Search and seizure	Yes	Yes	Supervising solicitor	Yes	Contempt	Urgent application	Report + Limited seizing of goods
<i>DE</i>	Selbst. Beweis-fahren	Yes	Yes	Court expert	No	Penalty payment	Comments on report	Report
<i>BE</i>	Saisie-contrefaçon	Yes	Yes	Court expert	Yes	Penalty payment	Incident and/or opposition	Report + Seizing goods

Despite the above-mentioned differences, there are also quite a number of similarities between the systems. Both in the United States and in the EU, the competent courts can impose measures to protect the interests of the targeted party, in particular with respect to privileged and confidential information. Compliance with court orders

is ensured through the risk of being held in contempt of court or forfeiting penalty payments. More importantly, once mastered and given the necessary planning and preparation, both systems are equally fit to provide evidence of the infringement of IP rights.