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Question B:

Should there be legal restrictions on the ability of persons who claim, without sufficient justification, to hold IP rights that have been infringed to bring, or to threaten to bring, legal proceedings based on such claims against their competitors or others?

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Questions to National Reporters

Scope of Legal Protection

1. Please provide a brief overview of the main types of IP right in your jurisdiction, including whether these are - either harmonised by international treaty or - “national” and not widely replicated in other jurisdictions. Where are these rights defined?

Intellectual property rights are granted by statute. Such can be classified as technical rights (e.g. patents, utility models, semiconductors) trademarks, designs, copyrights on literary, scientific, artistic work and computer programs. Further protection is given in a broad sense by the Austrian “ Act against Unfair Competition (“UWG”), where e.g. designations of enterprises, geographic indications and trade secrets are specifically regulated.

Therefore, very generally speaking, one can differentiate between “IP right/right in the field of IP”/legal protection in trade”¹ and “IP rights“².

In a recent decision concerning the exclusive jurisdiction of the Commercial Court of Vienna³ in IP matters the Austrian Supreme Court⁴ decided that “IP rights” are only such that are specifically mentioned in Art 51 para 2 lit 9 of the Austrian “General Code of Jurisdiction”⁵.

Only “lawsuits arising out of such legal relationships which relate to the protection and the use of inventions⁶, designs, utility-models and trade marks, in so far not other legal provisions apply” have - due to it’s exclusive jurisdiction on this matters in “ip law litigation” - to be brought before the Commercial Court of Vienna.

The broader term “IP right/ right in the field of IP” furthermore includes any legal provisions in the field of intellectual and industrial property such as copyright, unfair competition, rights concerning names, firms and trade names of enterprises according to the provisions of the Austrian “Act on Entrepreneurs” (“Unternehmensgesetzbuch”/“UGB”), the “Act on Registration of Firms” (“FirmenbuchG”), different Acts on Corporations and the “General Civil Code” (“ABGB”)⁷.

2. What are the main infringing acts in respect of these IP types?

The use of protected rights, the use of identical or similar signs, confusion, unfair business practices, misleading and aggressive advertising, the “passing off” of an enterprise, bribing of management and/or employees, the infringement of trades secrets and misuse of entrusted documents seem to be the most important to mention.

¹ in German: “gewerblicher Rechtsschutz”

² in German: “gewerbliche Schutzrechte”

³ According to Art 53 JN for “IP rights“ only

⁴ ASC as of January 29 2019, 4 Ob239/18b

⁵ in German: “Jurisdiktionsnorm”/JN

⁶ As defined in the Patent Act

⁷ Esp. see Art 43 “protection of name” – in general in this report EU legislation and cases are not separately mentioned; the Austrian law tries to fully harmonize EU legislation.

The respective remedies are specifically mentioned in the IP-law statutes⁸. Further protection is given by the UWG.

3. Who may bring an action for infringement – is it limited to the IP owner or may others bring claims, e.g. a licensee?

The IP owner⁹, which is e.g. according to Patent Law the patent owner and the exclusive licensee of a patent (Art 147, 22 Austrian “Patent Act”, “PatG”¹⁰).

The licensee of trade mark owner must have the approval of the trade mark owner to file an application for infringement of the trade mark beforehand or in case of an exclusive license must have beforehand in vain expressly requested in a reasonable period of time from the trade mark owner to file a complaint of infringement (Art 14 para 3 Austrian “Act on Trademarks”, “MarkSchG”¹¹).

Restrictions and remedies under IP laws

4. What are the main restrictions on obtaining or exercising rights in respect of these IP types that form part of the IP laws themselves (rather than other areas of law such as antitrust law)? For example (but don’t feel constrained by these examples if other situations are relevant):

a. Restrictions on obtaining the right

Due to exceptions (e.g. Art 1 para 3, Art 2 PatG, Art 4 ff MarkSchG, Art 2a, 2b Austrian “Design Act”, “MuSchG”).

One can add that “IP-grapping”, especially in the field of marks, design, logos etc is seen from time to time. It will not be successful especially in case a “grapper” tries to jump on such a designation which itself is seen to be descriptive or in common use¹².

b. Restrictions on asserting the right generally, or against particular categories of person

e.g. use requirement of trade marks (§ 33a MarkSchG), novelty of invention (§§1 para 1 and 3 PatG); use by a “younger” trade mark by the proprietor of an earlier registered trade mark during a time period of five successive years (Art 58).

In general, exclusive claims of third parties cannot be claimed by competitors as being “unfair in competition”. In case such an infringement gives an unjustified advantage in competition over others who obey to such exclusive contractual rights, e.g. trademark license agreements, also third parties may “under particular circumstances” claim injunctive relief against the infringer¹³.

⁸ For English translations of Austrian IP Codes as of 2010 see <https://www.patentamt.at/en/downloads/legislation/>

⁹ IP rights may be licensed partly or completely to third parties also under certain limitations e.g. approval of the patent owner or transfer with the business of the licensee without such according to Art 38 Patent Act.

¹⁰ For English translations of Austrian IP Codes as of 2010 see <https://www.patentamt.at/en/downloads/legislation/>

¹¹ according to the Amendment BGBl I 91/2018;

¹² see e.g. a recent case “Black Friday”, OLG Wien 133R 126/18d;

¹³ Frauenberger in Wiebe/Kodek UWG², § 1 RDZ 978f; OLG Wien 133R98/17k, Austria Zeichen ÖBl 2019, 94 ff;

c. Compulsory licensing provisions

see Art 36ff of the Austrian Patent Act (as a “non exclusive” right) and under 6.

d. Exhaustion of rights under IP or general property laws, as against a licensee, their customer or others (however the legal principle is described, e.g. it may be called implied licence)

In general, the ability of an IP-holder to prevent the use of its IP is exhausted once the products have been sold in an EU market with her/his consent; see e.g. Art 10b MarkSchG.

5. What remedies are available under IP laws to someone who is a recipient of unjustified claims – e.g. a right to sue for making unjustified threats?

The prerequisite to act against such infringements is the existence of “registered” IP ¹⁴ and non-registered¹⁵ IP rights on the side of the recipient. Such have to entitle the recipient as owner to sue for injunction, removal, publication of the judgement, reasonable compensation, damages, disgorgement of profit, rendering of accounts as well as disclosure of origin of source and channels of commerce based on the specific acts for such IP rights and in general by the Act against Unfair Competition (“UWG”)¹⁶.

In Trade Mark law the general cancellation prerequisites based on priority may apply (Art 29ff). Such rights maybe registered or not registered but must have been used.

The most known provision in trademark law is Art 34 of the Austrian Trade Mark Act that anyone may request cancellation of the trade mark if the applicant acted in bad faith when he/she filed the application for registration.

As basic principle one can state that the IP owner will have to revert to the courts to get respective protection in case of infringement whereas the “alleged infringer” will in case of registered rights have to go forward to try to file for nullity with the respective authorities (the Austrian Patent Office).

Are these remedies different in the case of:

a. A primary infringer such as a manufacturer or importer

b. Others in the supply chain, e.g. a retailer or customer

According to Art 30a MarkSchG the proprietor of foreign registrations or acquired rights by use may request the cancelation of an identical or similar trade mark filed later for the same or similar goods or services if it’s proprietor has a status of agent.

c. The lawyer or other adviser of the person making the claim?

For lawyers as “licensed attorneys at law” also the stringent provisions of the “Disciplinary Act” apply on top of claims based on civil law and laws on (unfair⁹ competition.

Restrictions and remedies under competition laws

6. Do you think that competition law policy-makers understand IP? Are they sympathetic or suspicious toward it? Do they recognise the importance of IP enforcement to national and international economies? Do they consider that IP rights are superior or subordinate to competition policy considerations?

¹⁴ - patent, utility model, trade mark, geographical indications, design, registered firm names, domains)

¹⁵ - e.g. trade secrets according to Art 26aff UWG, copyrights, other signs of enterprises or printed material, names, “packaging”-

¹⁶ See report under 9;

See under 4 b: The Court of Justice of the European Union (ECJ) confirmed that IP rights can be enforced without limitations. Therefore there exists no general rule that an IP owner should before asserting her/his rights against possible infringers undertake a “balance of interest” test first.

The obligations especially with standard essential patents (SEP) to grant compulsory licenses on fair, reasonable and non-discriminatory terms (FRAND) are acknowledged (see also under 4 c above).

For trade secrets Art 26 d para 2 and 3 UWG¹⁷ explicitly mention circumstances where trade secrets might be legally acquired, used and published without the consent of the trade secret (IP)-holder.

According to Art 14 para 1 UWG in certain cases of unfair competition¹⁸ a suit for a cease-and-desist order may - not only - be filed by any entrepreneur who manufactures or markets goods or services of the same or a similar kind (“competitor”) but also by “associations to promote the economic interests of entrepreneurs”¹⁹, furthermore by the Federal Chamber of Labour, the Federal Economic Chamber, the Presidential Conference of the Austrian Chambers of Agriculture, the Austrian Trade Union Federation or by the **Federal Competition Authority**²⁰ (Bundeswettbewerbsbehörde, “BWB”).

The BWB is mainly active in the field of “pure competition law” (ban on cartels, prohibition of abuse of dominant position and merger controls) but has as recently as November 2018 filed on its web-page also the enclosed “Guidance for fair conduct in business”²¹.

7. Do you think that the law in your jurisdiction strikes the right balance between safeguarding the rights of IP holders (on the one hand) and maintaining free competition (on the other hand)? Please support your answer with reference to relevant case law if possible.

Austria is a small EU member state. Therefore, fewer case law exists. On the other hand, the structure of litigation and the instrument of the filing of preliminary injunctive relief together with the respective court claims, mainly on seize and desist can qualify for a “test” run (see also under 6 para 1 above).

8. What are the main restrictions on exercising IP rights under applicable competition laws (including antitrust and unfair competition, where relevant)? Is there any difference in the way in which competition laws treat the exercise of rights by an IP holder in a court as compared to when they intervene (e.g. by way of complaint or submission), before a regulatory body?

Between exclusive IP rights and the competition law rules on misuse - of a dominant position - a “principle relation of tension” exists. The use of an exclusive IP right itself does not constitute

¹⁷ - harmonizing the provisions of the EU Directive 2016/943/EU into Austrian “national“ law

¹⁸ - set forth in Sections 1, 1a 2, 2a, 9c -

¹⁹ most well-known association to represent interests which are affected by the offence in Austria is the “Schutzverband gegen unlauteren Wettbewerb” representing members from different sections of economic chambers and trade.

²⁰ In the cases of aggressive or misleading commercial practices a suit for a cease-and-desist order may furthermore be filed by the “Verein für Konsumenteninformation”.

²¹ https://www.bwb.gv.at/en/news/detail/news/bwb_published_a_guidance_for_fair_conduct_in_business/

a misuse of a dominant position even if it is arising from such an enterprise; only in certain unusual circumstances such could be the case (esp. infringement against Art 102 TEC)²².

The unjustified assertion or filing of claims of a “dominant undertaking in the sense of Art 4 of the Austrian “Cartel Act” (“KartG”) could be seen as an abuse according to Art 5 KartG²³ and therefore could constitute an “unfair trade practice” and an infringement against Art 1 of the UWG.

The main “playing”-field therefore is the UWG.

Regulatory authorities²⁴ might only be involved insofar as specific regulatory provisions are violated and such are seen to constitute a “surplus” over other offenses under civil law and “thinkable” criminal law provisions.

9. What remedies are available under competition laws for the recipient of an unjustified claim of IP infringement against the maker of the claim? Are these remedies different in the case of:

The right to cease and desist against someone who pretends to be an IP right owner is mainly based on provisions of the law against **unfair competition** (“UWG”²⁵).

²² see inter alia Weiser, page 548 Art 147 Austrian Patent Act with further citations

²³ For competition related laws in English see

https://www.bwb.gv.at/fileadmin/user_upload/PDFs/PDFs3/2- Federal_Cartel_Act_final.pdf;

²⁴ e.g Finanzmarktaufsicht, E-Control, RTR Rundfunk und Telekom Regulierungs-GmbH, SCG-Schienencontrol GmbH and „disciplinary“ penal for liberal professions and some specific regulated in “liberal” professions and trade

²⁵ Such can mainly be based on Art 1 para 1 and Art 7 UWG. Such read as follows:

Section 1.

(1) Anyone who in the course of business

1. resorts to an unfair commercial practice or another unfair practise which is likely to distort not only insignificantly [=materially] the competition to the detriment of enterprises or
2. uses an unfair commercial practise contrary to the requirements of professional diligence and [which] is with regard to the respective product suitable to materially distort the economic behaviour of the average consumer whom it reaches or to whom it is addressed, may be sued for a cease-and-desist order and in case of fault for payment of damages.

Disparagement of an Enterprise

Section 7.

(1) Any party who for competitive purposes alleges or disseminates facts about the enterprise of another, about the person of the owner or manager of the enterprise or about the goods or services of another which may be detrimental to the business of the enterprise or the credit standing of its owner shall be liable [to pay] damages to the injured [party] unless such facts are demonstrably true. The injured [party] may file a claim to cease and desist from alleging or disseminating the facts. The injured [party] may furthermore demand retraction and publication of the retraction.

(2) Where confidential information is concerned and the disclosing or receiving party has a legitimate interest in such information, any claim to cease and desist shall be permissible only when the facts have been alleged or disseminated contrary to the truth. Any claim for payment of damages may be asserted only when the disclosing party knew or was bound to know the untruthfulness of the facts.

In general, one has to constitute that even an acquisition of e.g. a trademark against “bonus mores” cannot justify a claim of competitors to cease and desist the use of such a sign. Furthermore, as prerequisites a further claim based on IP laws or the law on unfair competition has to be found. The question of an acquisition “against bonus mores” can be relevant on the other hand in case the acquirer him/herself in case of defense of his/her use claims to have (IP) rights of his/her own²⁶.

Therefore, the prerequisite for such a claim of the recipient of a warning letter or respective notice of an IP rights claimant is the acting against “bonus mores”, e.g. in case of allegations against his own better knowledge or in case of bad faith trade mark registration (Art 34 MarkSchG).

With regard to names and signs, especially in the internet and social medias (mainly “domains”) one has to mention that such non registered signs are - contrary to firm names (Art 18 para 2 UGB) and trade marks (Art 4 para 1 lit 8 MSchG) - not protected against confusion by specific regulations. Therefore such are protected from “domain grapping” and similar attacks by the broad scope of the rules on unfair competition, mainly Art 1 UWG²⁷.

One can say that claims of “unjustified” IP rights holders are only given in such cases where according to appearance “the aim to create damage is put so much in the foreground that other aims of legal claims remain completely in the background”; leading Austrian decision-“Ophthalmoskop”.²⁸

a. A primary infringer such as a manufacturer or importer

b. Others in the supply chain, e.g. a retailer or customer

see e.g. Art 18 of the Act against Unfair Competition²⁹,

c. The lawyer or other adviser of the person making the claim?

a,b and c:

In our opinion no. For lawyers in the meaning of “licensed attorneys at law”³⁰ (“Rechtsanwälte”), also the stringent provisions of the “Disciplinary Act” (“DSt”) apply on top of claims based on civil law and unfair competition laws.

Restrictions and remedies under other branches of law

26 RS0131234;

²⁷ inter alia see Engin-Deniz, MSchG, ² 1192 ff; see also “ip” grapping under 4 b above;

²⁸ See inter alia Weiser, PatG, citing EJC C-170/13 Huawei, and Austrian Supreme Court RS0121544, leading decision as of Nov 21 2006, 4Ob184/06x – Ophthalmoskop- “Claims the warning party versus the (hypothetical) first infringer without justification a claim of infringement (“Schutzrechtsverletzung”) by the opponent of the notice or by a third party, such a claim (of the opponent) can be justified according to Art 1 “UWG” as well as Art 7 “UWG”. The recipient of the notice may - based on Art 1 “UWG” - claim for injunctive relief, in case the such a claim of acting against “bonus mores” is given. The third party can go forward with claims according to Art 7 “UWG” . Both claims do not interfere with each other.

²⁹ The owner of an enterprise may be sued for a cease-and-desist order for an action which is illegal under Sections 1, 1a, 2, 2a, 7, 9, 9a, 9c, 10 (1), 11 (2) and 12 [UWG] even if the action was performed by another person at the place of business of the owner's enterprise. The owner shall in such cases be liable for damages if the action was known or bound to be known to him.

³⁰ not indoor counsel only employed by enterprises and not being enrolled in the list of attorneys

10. Are there any legal restrictions on exercising IP rights under other branches of law, not mentioned above (e.g. tort/delict, consumer protection)?

The Guidelines of the BWB especially mention in “b2b situations” the “Local Supply Act” (NahversorgungsG, “NVG”) which might be applied in addition to the UWG, certain surprising contract clauses (Art 864a of the ABGB), general provisions of unlawfulness and unconscionability (Art 879 ABGB) and the UGB (Art 459); all mainly somehow related to contract law provisions and possible tort claims arising therefrom.

11. What remedies are available under these other branches of law for the recipient of an unjustified claim of IP infringement against the maker of the claim? Are these remedies different in the case of

All such remedies of infringed competitors and presumably others will have to be grounded on the relatively broad scope of the Law on Unfair Competition (“UWG”).

a. A primary infringer such as a manufacturer or importer

b. Others in the supply chain, e.g. a retailer or customer

c. The lawyer or other adviser of the person making the claim?

a,b and c:

In our opinion no; see 9 above

Current and future policy

12. In general, do existing laws and procedures in the area of IP claims provide a “level playing field” for, respectively: (a) large claimants with significant market power, (b) SMEs, universities and other claimants who do not have significant market power, (c) large defendants, and (d) SMEs, universities and other defendants who do not have significant market power? Are there any major policy changes that could be made to level the playing field?

See the answers above under 4b, 6, 8 and 9.

13. Is there a significant market problem

in your jurisdiction with people making unjustified claims of IP infringement? Alternatively, is there a significant problem that IP owners are inhibited in the legitimate assertion of IP rights? Generally, is there a problem of bullying behaviour by claimants or defendants (which is a separate issue from making unjustified claims)? Are the laws mentioned above a significant factor in such problems? Can you identify any other causes or contributory factors of those problems?

First question: no

Second question:

The main problems we see lay more in the field of world wide intentional misuse and reproduction of goods (counterfeiting products) and offers of “fraudful services” (e.g. registration in address books by fake entrepreneurs).

Here in Austria we face in case such products have entered the market by different sources and means a relatively difficult legal situation (see under 14).

14. In your jurisdiction, are there any areas of existing law, mentioned above, that you think work particularly well or badly, or which should be reformed? Please consider both whether the laws work well or badly from a policy perspective and from a technical perspective in relation to the detailed provisions of those laws. Has the law been applied uniformly or has there been significant divergence in judicial decisions and/or patchy enforcement? In principle, should any of the laws in your jurisdiction be used as a model for other jurisdictions?

With regard to 13 second Q:

For a long period of time a reform of the respective provisions of the Act on Penal Procedure to enhance the possibility of “real” IP-right holders (mainly trademark and copyright owners) to have possibilities to act more stringently and more successfully in such cases of “counterfeiting” abroad and misuse in Austria by sale or offers of services is requested³¹.

In case of litigation the provisions with regard to the payment of costs (including the fees of attorneys of the other side) in unfair competition proceedings together with specific tort claims for unjustified preliminary injunctions and the possibility to claim retainers and bonds for possible future damages give a reasonable ground for deterring “bully claimants for fake IP-rights”.

15. Should the laws of any other jurisdiction on unjustified IP claims be adopted in your jurisdiction?

As Austria is part of the EU and member of the EPC, WIPO, TRIPS and respective international treaties there seems no need for further adoption of any other jurisdiction.

16. Given that much IP litigation is international, in the sense of involving actors in different jurisdictions, or claims made in several jurisdictions:

a. Do differences between the law in different jurisdictions cause problems in the legitimate enforcement of IP rights?

Yes, see e.g. under 13. and 14. But also 7. above

b. Please identify any areas where the law in relation to unjustified IP claims is harmonised between your jurisdiction and other jurisdiction(s). Do these areas of harmonisation work well? Is there scope for extending these areas of law to other types of IP or other jurisdictions, and is such an extension desirable?

The Act on Unfair Competition (“UWG”) as well as the IP laws and competition law provisions, especially the Austrian Cartel Act are harmonized (see e.g. Art 45 UWG).

c. Are there any areas where rulings in other countries have affected, or have the potential to affect, the ability of national authorities to intervene in conduct which is contrary to national public policies (e.g. antitrust, consumer protection, IP)?

See above under 16b.

17. Are there any other legal or policy initiatives, not mentioned above, that would facilitate the legitimate enforcement of IP rights while restricting the unjustified assertion of IP rights?

³¹ Also one of the issues under study by the “Austrian Commission on Competition”, “Wettbewerbskommission”, “Task Force Product Piratry and Cooperation with the BWB”, see <http://www.oev.or.at/?story=646>,