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Malaga Court of Appeal requires first-instance court to specify bases to establish civil liability of convicted individual

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On 6 June 2022, the Malaga Court of Appeal upheld an appeal filed by two trademark owners against a first-instance sentence issued by Trial Court 5 of Malaga.

Facts

The judgments concerned the seizure by the Malaga local police of more than 5,000 counterfeit garments, which were being sold wholesale by the defendant in a warehouse open to the public located in the Guadalhorce industrial park, Malaga.

The first-instance judgment ordered the convicted individual to compensate the trademark owners for an amount to be determined during the execution phase of the sentence as civil liability. The trademark owners had requested that even though the compensation amounts they had requested during the trial hearing session had not been directly agreed upon, the bases for calculating the compensation for damages should at least have been set in the first-instance judgment.

In the absence of a pronouncement on this matter as part of the sentence issued by Trial Court 5 of Malaga, which simply referred the determination of civil liability to the execution phase of the judgment, the two trademark holders requested a clarification of the judgment in light of what they understood to be an omission with respect to what they had requested during the trial hearing session.

Trial Court 5 of Malaga, however, considered that there was no need for any clarification of the sentence, understanding that what the trademark owners had requested corresponded to the execution phase of the sentence.

Decision

The trademark owners thus filed an appeal, which has just been upheld by the Malaga Court of Appeal. The Malaga Court of Appeal ordered in its judgment "to return the proceedings to the Trial Court so that the sentence is completed by determining the specific criteria based on which the civil liability should be calculated".

To reach this conclusion, the Malaga Court of Appeal highlighted the clarity with which article 115 of the Criminal Code establishes that first-instance judgments must specify, in a reasoned manner, the bases on which the compensation amounts in matters of civil liability as part of criminal proceedings must be calculated. Otherwise, what may be deduced de facto is that there has been no damage whatsoever and that, therefore, the sentence must be of acquittal from a civil perspective.

The Malaga Court of Appeal also emphasised that setting these bases in the first-instance judgment is especially important in IP crimes, given that there are different criteria for calculating civil liability in this type of crime (in this case, according to article 43 of the Trademark Act 17/2001). Such criteria are linked to the evidentiary process that is carried out during the trial hearing session and therefore must already be reflected in the first-instance sentence, since the criteria in question may be the subject of appeal.

The Malaga Court of Appeal also reaffirmed, citing abundant case law of the Constitutional Court and the Supreme Court, the possibility of exercising civil liability within the framework of criminal proceedings for the sake of procedural economy – governed by the dispositive and congruence of civil principles – and also that the damages must be proven by the party claiming them.

The Malaga Court of Appeal also dismissed the appeal filed by the convicted individual, who, based on the principles of presumption of innocence and *in dubio pro reo*, claimed to be unaware of some of the infringed trademarks and that the seized garments might be counterfeits, even those that reproduced brands that he knew.

The Malaga Court of Appeal maintained that it was not credible that an industry trader such as the defendant did not know the high prices of the original brands that he was trading with, which were very different from those for which he bought and resold the seized products.

The defendant also contested the expert report that confirmed the counterfeit character of the products, which was ratified during the trial hearing by the expert who issued it, on the ground that it did not meet the requirements set out in article 478 of the Criminal Procedural Code. The Malaga Court of Appeal referred to this contestation as "hollow" as it was not supported by any counter-expert opinion, and proceeded to list the requirements of the aforementioned article, holding that the contested opinion met them perfectly.

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