



Malaga Court of Appeal requires first-instance court to specify bases to establish defendant's civil liability in counterfeit clothing case

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- Following the seizure of counterfeit garments by the police, the trial court simply referred the determination of civil liability to the execution phase of the judgment
- The Court of Appeal ordered “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”
- Setting these bases in the first-instance judgment is especially important in IP crimes

In a judgment issued on 6 June 2022, the Malaga Court of Appeal has upheld the appeal filed by two trademark owners against the first-instance sentence issued by the Trial Court No 5 of Malaga.

Background

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

Both trademark owners considered that the first-instance judgment, despite ordering the convicted individual to compensate them for an amount to be determined during the execution phase of the sentence as civil liability, had omitted a key statement requested during the plenary session - namely, if the compensation amounts requested by the trademark owners during the trial hearing session were not directly agreed upon, the bases for calculating 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 the trial court, 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 duly requested during the trial hearing session.

The trial court, however, considered that there was no need for any clarification of the sentence, understanding that what was requested by the trademark owners corresponded to the execution phase of the sentence.

Appeal decision

The trademark holders filed an appeal, which was upheld by the Malaga Court of Appeal, with the court ordering "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 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 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 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 these types of crime (in this case, according to Article 43 of the Trademark Act 17/2001). These criteria are linked to the evidentiary process that is carried out during the trial hearing session and, for that reason, must already be reflected in the first-instance sentence, since the criteria in question need to be the subject of appeal.

The 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 civil principles - and also that the damages must be proven by the party claiming them.

The 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 Court of Appeal maintained, on the contrary, 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.

As to the contestation of 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 supposedly did not meet the requirements set forth by Article 478 of the Criminal Procedural Code, the Court of Appeal referred to such contestation as "hollow" as it was not supported by any counter-expert opinion, and proceeded to list the requirements of that article, finding that they were perfectly met in the contested expert opinion.

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