

FOCUS IP

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ANTI-COUNTERFEITING MEASURES: VALIDITY OF THE CUMULATION OF CRIMINAL FINES AND CIVIL DAMAGES APPLIED WITH PROPORTIONALITY



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- **French Supreme Court, Criminal Chamber, 27 May 2025, Case No. 23-86.955**

IMPACT : *In the criminal courts, the judge may impose a criminal fine coupled with the confiscation of the profits and civil damages to the benefit of intellectual property rights holder who is a civil party to the proceedings. This is intended to compensate them for any harm suffered, and does not necessarily result in a disproportionate penalty.*

The Court of Cassation thus upholds, in principle, sentences of up to 3 years' imprisonment, a €400,000 fine, and over €600,000 in civil damages for quantities involving 315 counterfeit handbags.

➤ **The facts**

Three individuals and a company were prosecuted for organizing a network for the manufacture and sale of luxury handbags infringing both trademark and copyright. A total of 315 counterfeit crocodile leather bags were identified.

The offences charged notably include the possession, sale, import, and export, as part of an organized group, of goods bearing a counterfeit trademark, as well as the unlawful reproduction of copyrighted artworks.

On October 4, 2023, the Paris Court of Appeal sentenced the defendants to penalties of up to 3 years' imprisonment (including 1 year suspended) and a €400,000 fine (including €200,000 suspended), as well as the confiscation of the profits made (€70,000).

They were also held jointly liable for the payment of damages in the following amounts:

- €601,020 for the profits derived from the counterfeiting ;
- €24,040 for the loss of royalties suffered by the rights holder.

An appeal was lodged before the Supreme Court by the defendants, which resulted in the quashing of the judgment, but confirmed the principle of the cumulative imposition of sanctions.

➤ **The rights holder's option between civil and criminal proceedings**

The French Intellectual Property Code contains specific provisions prescribing prison sentences and fines, which may be up to 7 years' imprisonment and €750,000 when the offences are committed by an organized group or via an online public communication network (Articles L.716-9 et seq. of the Code of Intellectual Property).

Rights holders therefore have the option to initiate proceedings either before the civil courts or the criminal courts. They generally opt for the civil jurisdiction, which is regarded as more favourable in terms of damages granted and, depending on the nature of the infringement, sometimes better at figuring out the reality of the counterfeiting.

➤ ***The aggregation of damages and criminal fines***

In this case, the plaintiffs claimed that the Court of Appeal failed to ensure that the combination of damages, which they described as punitive, and the criminal fine complied with the principle of proportionality set out in the Charter of Fundamental Rights of the European Union¹.

However, the Court dismissed the argument, justifying the amount of damages awarded by Articles L. 331-1-3 and L. 716-4-10 of the Code of Intellectual Property, which expressly provides that the prejudice must be assessed by taking into account *“in particular the profits made by the infringer or the counterfeiter, including savings on intellectual, material, and promotional investments generated by the counterfeiting”*

The Court therefore concluded that these amounts *“are solely intended to ensure effective, proportionate, and dissuasive compensation for the harm caused by the offences (...) based on objective economic criteria,*

while taking into account the costs incurred by the rights holder.” As such, no punitive character may be ascribed to them.

These damages may therefore be combined, without any disproportion, with criminal fines, which remain subject to the principle of proportionality set out in the Charter of Fundamental Rights of the European Union.

It may also be recalled that Directive 2004/48 on the enforcement of intellectual property rights likewise establishes a principle of proportionality with regard to remedial measures.

➤ ***Joint and several liability for acts not personally attributed***

The defendants also criticized the Court of Appeal for having held them jointly liable without establishing a causal link between the acts personally attributed to them and the harm suffered by the civil parties.

However, the Supreme Court held that joint and several liability was justified by the connection and indivisibility of the offences respectively attributed to them, and found that *“the fact that each of the co-perpetrators did not obtain the same benefits from the offences, between which a connection was sovereignly established, is not such as to break the causal link between the fault of each of them and the harm suffered by the civil party.”*

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¹ Articles 49.3 and 50 of the Charter of Fundamental Rights of the European Union