

# The Enforcement Directive 2004/48/EC

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# Introduction

- Counterfeiting or the infringements of IP in general is a growing international phenomenon
- Counterfeiting poses various problems to right holders, consumers, administrations and the society at large

# Overview EC initiatives: three levels

- Domestic EU territory: Internal Market initiatives
- External EU borders: Customs initiatives
  - Council Regulation (EC) No 1383/2003 on customs action against (suspected) counterfeited and pirated goods (OJ of 2.8.2003, L 196, p. 7)
- Third countries: inter alia Trade initiatives
  - Strategy for the enforcement of Intellectual Property rights in third countries (10 November 2004)

# Internal Market initiatives

- Directive 2004/48/EC on the enforcement of intellectual property rights (OJ of 2.6.2004, L 157, p. 45)
  - harmonisation of (basically) civil law measures, procedures and remedies
- Proposals on criminal sanctions to combat intellectual property offences
  - presented by the Commission on 12 July 2005

# “Enforcement Directive” 2004/48/EC

- Legislative background
  - Presentation proposal Commission 30 January 2003; formal adoption 29 April 2004
  - Transposition deadline 29 April 2006
- Complements substantive IP provisions
- “TRIPS plus” and “best practices”
- Enforcement issues subject to ECJ review!

# Enforcement Directive (cont.)

- Member States must comply by 29 April 2006
  - All MS will have to make amendments in their internal laws
  - European Commission organised an informal meeting with the MS in order to exchange experiences and provide assistance on transposition

# “Enforcement Directive” (cont.)

- Scope: application to infringement of all IPRs (horizontal approach)
  - « IPR rights as provided for by Community law and/or by the law of the MS concerned »
  - Commission published a list of IP rights covered (statement 2005/295/EC, OJ 2005 of 13.4.2005, L 94, p. 37)

# “Enforcement Directive” (cont.)

- Contains provisions *inter alia* on:
  - General obligations
  - Evidence and preserving evidence
  - Right of information
  - Provisional and precautionary measures
  - Corrective measures
  - Damages and Legal costs
  - Publication of judicial decisions



# “General obligations”

- Measures, procedures and remedies shall
  - be fair and equitable
  - not be unnecessary complicated or costly
  - not entail unreasonable time-limits or unwarranted delays
  - be effective, proportionate and dissuasive
  - be applied in such a manner as to avoid barriers to legitimate trade and to provide for safeguards against their abuse
- Measures, procedures and remedies
  - should take due account of specific characteristics of each case
  - including the specific feature of each IPR
  - and, where appropriate, the intentional or unintentional character of the infringement

# “Evidence”

- Production evidence in control of opposing party
- Communication of banking, financial or commercial documents under control of opposing party (‘commercial scale’ infringement)
- Provisional measures to *preserve* relevant evidence
  - Measures may include description/samples/seizure
  - *Inaudita altera parte*
  - Safeguards (security, revocation timelimit, compensation, witness ID preservation)

# “Right of information”

- To trace origin and distribution networks
- In the context of infringement proceedings, order by competent judicial authorities
- On basis of « justified and proportionate request of the claimant »
- Judge may address order to:
  - the infringer and/or
  - any other person who, for commercial purposes, is involved in the infringement (including intermediaries)
- Type of info :
  - names, addresses
  - quantities, prices
- Safeguards :
  - rules on use of info in civil/criminal proceedings
  - self-incrimination
  - personal data

# “Provisional measures”

- Interlocutory (Art 9)
  - prevent impending or continuation of infringement
  - precautionary seizure of movable and immovable property of alleged infringer
  - *inaudita altera parte* (with safeguards)
  - can be served on intermediary whose services are being used by 3rd party to infringe a right
- After decision on merits (Art 11)
  - where provided for by national law, fines for non-compliance
  - can be served on intermediary whose services are being used by 3rd party to infringe a right

# “Corrective measures”

- Measures:
  - Recall from the channels of commerce
  - Definitive removal from the channels of commerce
  - Destruction
- Object: infringed goods and/or materials and implements principally used in creation or manufacture of these goods
- At infringer's expenses, unless particular reasons are invoked for not doing so
- MS may provide for alternative measures if (Article 12):
  - above would cause disproportionate harm
  - pecuniary compensation appears reasonably satisfactory
  - Infringer acted unintentionally and without negligence

# “Damages and legal costs”

## DAMAGES....

- Infringement « knowingly or with reasonable grounds to know»
- « Damages appropriate to the actual prejudice suffered by (right holder) as a result of the infringement »

## Judicial authorities set the damages and take into account:

- all appropriate aspects such as
  - negative economic consequences (incl. lost profits, unfair profits made by infringer)
  - other than economic factors (incl. moral prejudice)
- OR
- lump sum on basis of elements such as ‘at least’ amount of royalties or fees

BUT ALSO ‘Unknowingly’ – recovery of profits or payment of damages

## • ...PLUS

« reasonable and proportionate legal costs and other expenses incurred by the successful party (...) unless equity does not allow this » (Art 14)

# “Publication of decisions”

- Compulsory regime
- Judicial authorities may order appropriate measures for the dissemination of the information concerning the decision
- At request applicant and at expense infringer

# Criminal sanctions?

- Article 20 Commission Proposal for Enforcement Directive: « serious infringements » should be treated as a criminal offence subject to certain criminal sanctions
- Interinstitutional debate on criminal sanctions in first pillar (case C-176/03, Commission v. Council; favourable ECJ judgment for Commission of 13 September 2005)
- Finally, no compulsory criminal sanctions in Directive but MS « may apply other appropriate sanctions »
- Commission announced « further measures » in this field: two measures presented on 12 July 2005



# Proposals on criminal measures ensuring IP enforcement

- Criminal offence: all intentional IP infringements on a commercial scale
- Including attempting/aiding/abetting and inciting such offences
- List of penalties (prison, fine, seizure, closure..)
- Minimum level of penalties:
  - (a) “maximum sentence of at least four years’ imprisonment” if organised crime or health/safety risk
  - (b) fines “maximum of at least EUR 100 000” or, if situation under (a), EUR 300 000

# Concluding remarks

- EU takes fight against counterfeiting seriously: joint responsibility of EU, Member States and civil society
- Enforcement Directive constitutes appropriate balance among all interests involved
- DG MARKT D/2 (Industrial Property)
  - [http://europa.eu.int/comm/internal\\_market/en/indprop/piracy/index.htm](http://europa.eu.int/comm/internal_market/en/indprop/piracy/index.htm)

