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EUROPEAN EXPERIENCES IN THE ADMINISTRATION OF
INTELLECTUAL PROPERTY ENFORCEMENT PROCEDURES

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1. Intellectual property in the European Union

The European Union has paid much attention to intellectual property issues, for a number of reasons. One of them is the wish to create a high level of protection in order to support the European industry and another one is to ensure what is called a “level playing field” in the 25 member countries.

One of the pillars in any efficient intellectual property system consists of well working enforcement procedures. This has been found to be somewhat insufficient in Europe. In particular France is depending on a good protection for its luxury industries, and the media and entertainment industries suffered much from piracy of their products, and so did also the computer industry.

It is true that the enforcement procedures worked very differently and with various degrees of efficiency in the different European countries. Of course the member countries of the Union were bound by the TRIPS Agreement but nevertheless the situation was not satisfactory. The European Commission proposed then that the procedures in the European Union countries should be streamlined and harmonised through a Directive. A Directive is a legal act which obliges the member states to amend their legislation in a certain area in accordance with a certain standard set in the Directive at issue.

That Directive was finally adopted in Spring 2004. The text of the Directive illustrates fairly well which the problems were in the Union and which measures were considered to be necessary to remedy the situation.

Some parts of the Directive are reproduced below in order to show to judges which elements have been dealt with at a Union level in Europe.

2. The Enforcement Directive

2.1 Extracts from the Preamble

The following part of this presentation contains an extract from the preamble of the Directive, to show somewhat of the political considerations which lie behind the adoption of the Directive.

- “(1) The achievement of the Internal Market entails eliminating restrictions on freedom of movement and distortions of competition, while creating an environment conducive to innovation and investment. In this context, the protection of intellectual property is an essential element for the success of the Internal Market. The protection of intellectual property is important not only for promoting innovation and creativity, but also for developing employment and improving competitiveness.
- (2) The protection of intellectual property must allow the inventor or creator to derive a legitimate profit from his invention or creation. It must also allow the widest possible dissemination of works, ideas and new know-how. At the same time, the protection of intellectual property must not hamper freedom of expression or the free movement of information, or the protection of personal data, including on the Internet.

- (3) However, without effective means of enforcing intellectual property, innovation and creativity are discouraged and investment diminished. It is therefore necessary to ensure that the substantive law on intellectual property, which is nowadays largely part of the *acquis communautaire*, is applied effectively in the Community. In this respect, the means of enforcing intellectual property rights are of paramount importance for the success of the single market.
- (4) At international level, all Member States, as well as the Community itself as regards matters within its competence, are bound by the Agreement on Trade-Related Aspects of Intellectual Property (the "TRIPS Agreement"), approved, as part of the multilateral negotiations of the Uruguay Round, by Council Decision 94/800/EC¹ concluded in the framework of the World Trade

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- (17) The persons entitled to request application of these measures and procedures should be not only the right holders but also persons who have a direct interest and legal standing in so far as permitted by and in accordance with the applicable law, which may include professional organisations in charge of the management of those rights or for the defence of the collective and individual interests for which they are responsible.
- 18) Since copyright exists from the creation of a work and does not require formal registration, it is appropriate to adopt the rule in Article 15 of the Berne Convention, which establishes the presumption whereby the author of a literary or artistic work is regarded as such if his name appears on the work. A similar presumption should be applied to the owners of related rights since often it is the holder of a related right, such as a phonogram producer, who will seek to defend rights and engage in fighting acts of piracy.
- (19) Given that evidence is an element of paramount importance for establishing the infringement of intellectual property rights, it is appropriate to ensure that effective means of presenting, obtaining and protecting evidence are available. The procedures must have regard to the rights of the defence and must provide the necessary guarantees including the protection of confidential information. For infringements carried out on a commercial scale it is also important that the courts may order access, where appropriate, to banking, financial or commercial documents under the control of the alleged infringer.
- (21) Other measures designed to ensure a high level of protection exist in certain countries and must be made available in all the Member States. This is the case with the right of information, which allows precise information to be obtained on the origin of the infringing goods or services, the distribution channels and the identity of the third parties involved in the infringement.
- (22) It is also essential to provide for provisional measures allowing for the immediate termination of the infringement without awaiting a decision on the substance of the case, while observing the rights of the defence, ensuring the proportionality of the provisional measures as appropriate to the characteristics of the case in question and providing the guarantees needed to cover the costs and the injury caused to the defendant by an unjustified request. Such measures are particularly justified when any delay would cause irreparable prejudice to the holder of an intellectual property right.
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- (22a) Without prejudice to any other measures and remedies available, rightholders should have the possibility of applying for an injunction against an intermediary whose services are being used by a third party to infringe the rightholder's industrial property right. The conditions and modalities relating to such injunctions should be left to the national law of the Member States. As far as infringements of copyright and related rights are concerned, a comprehensive level of harmonisation is already provided for in Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society. The provision of Article 8, paragraph 3 of Directive 2001/29/EC should therefore not be affected by this Directive.
- (23) Depending on the particular case, and if justified by circumstances, the measures and procedures to be provided for should include prohibitory measures aimed at preventing further infringements of intellectual property rights. Moreover there should be corrective measures, where appropriate at the expense of the infringer, such as the recall, the removal definitively from the channels of commerce, or destruction of the infringing goods and in appropriate cases the materials and implements principally used in the creation or manufacture of these goods. These corrective measures should take account of the interests of third parties including, in particular, consumers and private parties acting in good faith.
- (23a) Member States should have the option of providing, in cases where an infringement has been carried out unintentionally and without negligence and where the corrective measures or injunctions provided for by this Directive would be disproportionate, for the possibility, in appropriate cases, of pecuniary compensation being awarded to the injured party as an alternative measure. However, where the commercial use of counterfeit goods or the supply of services would constitute an infringement of law other than intellectual property law or would be likely to harm consumers, such use or supply should remain prohibited.
- (24) With a view to compensating for the prejudice suffered as a result of an infringement committed by an infringer who has engaged in an activity in the knowledge, or with reasonable grounds for knowing, that it would give rise to such an infringement, the amount of damages awarded to the right holder should take account of all appropriate aspects, such as loss of earnings incurred by the right holder, or unfair profits made by the infringer and, where appropriate, any moral prejudice caused to the right holder. As an alternative, for example where it would be difficult to determine the amount of the actual prejudice suffered, the amount of the damages might be derived from elements such as the royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question (the aim being not to introduce an obligation to provide for punitive damages but to allow for compensation based on an objective criterion while taking account of the expenses incurred by the right holder, such as the costs of identification and research).
- (24a) To act as a supplementary deterrent to future infringers and contribute to the awareness of the public at large, it is useful to publicise judgments in intellectual property infringement cases
- (25) In addition to the civil and administrative measures and procedures provided for under this Directive, criminal sanctions also constitute, in appropriate cases, a means of ensuring the enforcement of intellectual property rights.
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- (27) Industry must take an active part in the fight against piracy and counterfeiting. The development of codes of conduct in the circles directly affected is a supplementary means of bolstering the regulatory framework. The Member States, in collaboration with the Commission, should encourage the development of codes of conduct in general. Monitoring of the manufacture of optical discs, particularly by means of an identification code embedded in discs produced on the territory of the Community, helps to limit infringements of intellectual property in this sector which suffers from piracy on a large scale. However, these technical protection measures must not be misused with a view to protecting markets and preventing parallel imports.

2.2 Extracts from the text of the Directive

Article 1

Subject-matter

This Directive concerns the measures and procedures necessary to ensure the enforcement of intellectual property rights. For the purposes of this Directive, the term "intellectual property rights" includes industrial property rights.

Article 2

Scope

1. Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for right holders, the measures and procedures provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.

3. This Directive shall not affect:

- (b) Member States' international obligations and notably the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement"), including those relating to criminal procedures and penalties;
- (c) any national provisions in Member States relating to criminal procedures or penalties in respect of infringement of intellectual property rights

Article 3

General obligation

Member States shall provide for the measures, procedures and remedies needed to ensure the enforcement of the intellectual property rights covered by this Directive. These measures, procedures and remedies shall be fair and equitable, and shall not be unnecessarily complicated or costly, nor entail unreasonable time-limits or unwarranted delays.

The measures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

Article 5

Persons entitled to apply for the application of the measures and procedures

Member States shall recognise as persons entitled to seek application of the measures and procedures referred to in this Chapter:

- the holders of intellectual property rights in accordance with the provisions of the applicable law,
- all other persons authorised to use those rights, in particular licensees, in so far as permitted by and in accordance with the provisions of the applicable law,
- intellectual property collective rights management bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the applicable law,
- professional defence bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the applicable law.

Article 6

Presumption of authorship or ownership

For the purposes of applying the measures and procedures provided for in this Directive,

- (a) in order that the author of a literary or artistic work, in the absence of proof to the contrary, be regarded as such, and consequently be entitled to institute infringement proceedings, it shall be sufficient for his name to appear on the work in the usual manner;
- (b) the provision under (a) shall apply *mutatis mutandis* to the holders of rights related to copyright with regard to their protected subject matter.

Article 7

Evidence

1. Member States shall ensure that, on application by a party which has presented reasonably available evidence sufficient to support its claims, and has, in substantiating those claims, specified evidence which lies in the control of the opposing party, the competent judicial authorities may order that such evidence be produced by the opposing party, subject to the protection of confidential information. For the purposes of this paragraph, Member States may provide that a reasonable sample of a substantial number of copies of a work or any other protected object be considered by the competent judicial authorities to constitute reasonable evidence.
2. Under the same conditions, in the case of an infringement carried out on a commercial scale, Member States shall take such measures as are necessary to enable the competent judicial authorities to order, where appropriate, on application by a party, the

communication of banking, financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.

Article 8

Measures for protecting evidence

1. Member States shall ensure that even before the commencement of proceedings on the merits of the case the competent judicial authorities may, on application by a party who has presented reasonably available evidence to support his claims that his intellectual property right has been infringed or is about to be infringed, order prompt and effective provisional measures to preserve relevant evidence in regard to the alleged infringement, subject to the protection of confidential information. Such measures may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods and the documents relating thereto. These measures shall be taken, if necessary without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

Where evidence-protection measures have been adopted without the other party having been heard, the affected parties shall be given notice immediately after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the affected parties with a view to deciding, within a reasonable period after the notification of the measures, whether the measures shall be modified, revoked or confirmed.

2. Member States shall ensure that the evidence-protection measures may be subject to the applicant's lodging of an adequate security or equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant as provided for in paragraph 4.
3. Member States shall ensure that the evidence-protection measures shall be revoked or otherwise cease to have effect upon request by the defendant, without prejudice to the damages which may be claimed, if the applicant has not instituted legal proceedings leading to a decision on the merits of the case before the competent judicial authority within a reasonable period, to be determined by the judicial authority ordering the measures when the law of a Member State so permits or, in the absence of such determination, within a period not to exceed 20 working days or 31 calendar days, whichever is the longer.
4. Where the evidence-protection measures have been revoked, or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of any intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant with appropriate compensation for any injury caused by these measures.
5. Member States may take measures to protect witnesses' identity.

Article 9

Right of information

1. Member States shall ensure that, in the context of proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who:
 - (a) was found in possession of the infringing goods on a commercial scale;
 - (b) was found to be using the infringing services on a commercial scale;
 - (ba) was found to be providing on a commercial scale services used in infringing activities; or
 - (c) was indicated by the person referred to in point (a), (b) or (ba) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

2. The information referred to in paragraph 1 shall, as appropriate, comprise:
 - (a) the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers;
 - (b) information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

3. Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which:
 - (a) grant the right holder rights to receive fuller information;
 - (b) govern the use in civil or criminal proceedings of the information communicated pursuant to this Article;
 - (c) govern responsibility for misuse of the right of information;
 - (d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit to his own participation or that of his close relatives in an infringement of an intellectual property right ; or
 - (e) govern the protection of confidentiality of information sources or the treatment of personal data.

Article 10**Provisional measures**

1. Member States shall ensure that the judicial authorities may, at the request of the applicant:

- (a) issue against the alleged infringer an interlocutory injunction intended to prevent any impending infringement of an intellectual property right, or to forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment where provided for by national law, the continuation of the alleged infringements of that right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the right holder; an interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right ; injunctions against intermediaries whose services are used by a third party to infringe a copyright or a related right are covered by Directive 2001/29/EC ;
 - (b) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into or movement within the channels of commerce.
- 1a. In cases of infringement committed on a commercial scale, the Member States shall ensure that, if the injured party demonstrates circumstances likely to endanger the recovery of damages, the judicial authorities may order the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of his bank accounts and other assets. To this end, the competent authorities may order the communication of bank, financial or commercial documents, or appropriate access to the relevant information.
 - 1b. The judicial authorities shall, in respect of the measures referred to in paragraphs 1 and 1a, have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed, or that such infringement is imminent.
 2. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 1a may, in appropriate cases, be taken without the defendant having been heard, in particular when any delay would cause irreparable prejudice to the right holder. In the event of this happening, the parties shall be so informed without delay after the execution of the measures at the latest.

A review, including the right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable time after notification of the measures, whether these measures shall be modified, revoked or confirmed.
 3. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 1a shall be revoked, or otherwise cease to have effect, upon request by the defendant, if the applicant does not institute proceedings leading to a decision on the merits of the case before the competent judicial authority within a reasonable period to be determined by the judicial authority ordering the measures where the Member State's law so permits or, in the absence of such determination, within a period not to exceed 20 working days or 31 calendar days, whichever is the longer.
 4. The competent judicial authorities may make the provisional measures referred to in paragraphs 1 and 1a subject to the lodging by the applicant of adequate security or equivalent assurance intended to ensure any compensation of the prejudice suffered by the defendant as provided for in paragraph 5.

5. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant with appropriate compensation for any injury caused by these measures.
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Article 12
Corrective measures

Without prejudice to any damages due to the right holder by reason of the infringement, and without compensation of any sort, Member States shall ensure that the competent judicial authorities may order, at the request of the applicant, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual property right and, in appropriate cases, with regard to materials and implements principally used in the creation or manufacture of these goods. Such measures shall include:

- (a) recall from the channels of commerce,
- (b) definitive removal from the channels of commerce or
- (c) destruction.

The judicial authorities shall order that these measures shall be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.

In considering a request for corrective measures, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.

Article 15
Injunctions

Member States shall ensure that, when a judicial decision has been taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance.

Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.

Article 16
Alternative measures

Member States may provide that, in appropriate cases and at the request of the person liable to be subjected to the measures provided for in this Section, the competent judicial authorities may order pecuniary compensation to be paid to the injured party instead of applying the above measures if that person has acted unintentionally and without negligence, if execution

of the measures in question would cause him disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory.

Article 17

Damages

1. Member States shall ensure that the competent judicial authorities, on application by the injured party, shall order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the right holder damages appropriate to the actual prejudice suffered by him as a result of the infringement.

When the judicial authorities set the damages :

- a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the right holder by the infringement ;
- b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

3. In cases where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages which may be pre-established.

Article 18

Legal costs

Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall as a general rule be borne by the unsuccessful party, unless equity does not allow this.

Article 19

Publication of judicial decisions

Member States shall ensure that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision, including displaying the decision and publishing it in full or in part.

Member States may provide for other additional publicity measures which are appropriate to the particular circumstances, including prominent advertising.

Article 20

Sanctions by Member States

Without prejudice to the civil and administrative measures and procedures laid down by this Directive, Member States may apply other appropriate sanctions in cases where intellectual property rights have been infringed.

Article 22

Codes of conduct

1. Member States shall encourage:
 - (a) the development by trade or professional associations or organisations of codes of conduct at Community level aimed at contributing towards the enforcement of the intellectual property rights referred to in Article 2, particularly by recommending the use on optical discs of a source code enabling the identification of the origin of their manufacture;
 - (b) the submission to the Commission of draft codes of conduct at national and Community level and of any evaluations of the application of these codes of conduct.

2.3 The enforcement situation in Europe

The fact that it was necessary to adopt a Directive on enforcement is evidence that the situation in this respect is not satisfactory. Generally speaking, the rate of piracy or counterfeiting in Europe is not alarmingly high but it is said that the enforcement is somewhat weak in certain parts of the Union. As there is a free circulation of goods in the whole of the Union, weak enforcement means that pirated/counterfeit goods could then circulate freely from the country where enforcement is not satisfactory. This is an important reason why the Directive was adopted, aiming at improving the situation.

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