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REPORT ON SOME ASPECTS OF ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS IN SERBIA AND MONTENEGRO[*]

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[*] The views and opinions expressed in this paper are those of the author and not necessarily those of the World Intellectual Property Organization (WIPO) or its Member States.

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1. Introduction

Serbia and Montenegro is a unique state union where the competences in the field of IPR are divided between the State Union and its member states: Serbia on one hand and Montenegro on the other. Among the very few fields where the State Union has the legislative and administrative power is IP protection: Substantive IP laws are adopted by the State Union Parliament, and the IP Office administering intellectual property is a State Union agency. However, complete penal legislation (criminal law and infractions law), as well as legislation regulating the system of judiciary, public prosecution, administrative inspections, police and customs is on the level of State Union member states.

Such a crosscutting division of competences makes the legal foundation of IP protection in Serbia and Montenegro rather complicated and the law enforcement less effective than it should be. Consequently, for the IP Office (being a State Union agency) it is not simple to follow the developments and present a clear and accurate picture of the enforcement (which is regulated and carried out by the organs of State Union member states).

Nevertheless, the following table attempts to show the legal situation in Serbia and Montenegro:

	State Union	Serbia	Montenegro
In place	Substantive laws on IP (enabling civil courts to act)	Revised criminal code (enabling public prosecution and criminal courts to act) Border measures (enabling customs authorities to act)	Border measures (enabling customs authorities to act) Law authorizing inspections to enforce IP protection
Still in procedure for adoption		Law authorizing inspections to enforce IP protection	Revised criminal code

2. Some thoughts on legislation

2.1. IPR legislation

2.1.1. Civil enforcement

Substantive laws on IP, which constitute legal ground for civil courts to act in cases of infringement of IPR, are compliant with TRIPS requirements. Furthermore, there are some novel provisions which, in my opinion, have significantly contributed to the more efficient enforcement: Firstly, in the field of copyright and related rights a general presumption of ownership has been introduced:

If the plaintiff's name is stated on the copy or other form of materialization of author's work, or subject matter of related right, he will be considered the holder of copyright to that work or related right to that subject matter of protection, until proven otherwise.

This rebutable presumption of ownership has become instrumental for quite a number of pending litigations, where the plaintiffs, especially owners of copyright on software, had problems to prove their status as successors in title of the actual (co)authors of the work. The evident shift of burden of proof of ownership has caused negative reaction among some lawyers, because it is putting in question the general rules of burden of proof in civil litigation. However, practical effects of the said provision have justified its existence, leaving little space for further criticism.

Secondly, in all fields of IP, the rules concerning indemnification of a right owner have been made stricter:

If the infringement was done intentionally or by gross negligence, the plaintiff may, instead of indemnity for material damage, claim from the defendant up to threefold amount of customary remuneration that would have been paid had the concrete protected subject matter been used lawfully.

This provision has obvious elements of punitive damage, which is an instrument unfamiliar to traditional civil law in continental Europe. Its integration in the IP laws of Serbia and Montenegro was followed by well founded objections emphasizing the divide between civil law sanctions (serving to compensate damage) and criminal law sanctions (aiming to punish unlawful behavior). Nevertheless, the said provision has exhibited quite good results in practice, helping courts to overcome their traditional cautiousness and continence in determining the amount of damage exceeding the sum which can be established on the bases of documentary evidence.

2.1.2. Criminal enforcement

One of the important obstacles for more efficient criminal enforcement of copyright and related rights in Serbia and Montenegro was the rule according to which criminal offences in this field could be prosecuted only upon private action of injured party. Since the position of a private prosecutor does not allow him/her to conduct efficient procedure for collecting evidence, the fact was that copyright owners were completely discouraged to seek protection before criminal courts.

Situation in Serbia has changed since the adoption of the revised Criminal Code in 2005, which provides for *ex officio* public prosecution of criminal offences in all fields of IP. Such an approach, drastically improving the position of right owners, has resulted in visible growth of prosecutions and criminal cases.

For the time being, Montenegro still applies the old principle of private prosecution, but the Draft of the Revised Criminal Code of Montenegro provides for *ex officio* public prosecution.

2.1.3. Administrative enforcement

In combating the relatively primitive (but widespread) forms of piracy in the field of copyright, related rights, trade marks, geographical indications and design, the experience has shown that administrative protection has the potential to be the most efficient and most appreciated among the right holders.

Therefore it is essential to have legislation which authorizes various administrative organs (especially inspectorates and customs) to act both *ex officio* and upon request in cases of violation of IPR.

As far as customs are concerned, in Serbia (2003) as well as in Montenegro (2002) a breakthrough was made by adopting regulations providing for border measures according to TRIPS standards.

Montenegro has also made a major step forward by adopting a special law on enforcement of IP protection, which is in effect as of January 1, 2006. More than anything else, the recent beginning of application of this piece of legislation has made the anti-piracy scene in Montenegro different than before.

Similar piece of legislation is still not adopted in Serbia, but the appropriate Draft law is already in parliamentary procedure for adoption.

2.2. Related legislation

Enforcement of IPR should, wherever possible, also rely on laws regulating matters different from but related to IP.

Excellent example of such an approach is the adoption and beginning of implementation of the Law on Broadcasting both in Serbia and in Montenegro. In both of the countries the grant of a broadcasting license is made conditional upon prior regulation of copyright and related rights matters between the broadcaster and the existing organizations for the collective management of these rights. Furthermore, the grave and repeated violations of copyright and related rights by the licensed broadcaster may provoke the Broadcasting Agency to take different measures (warning, fining) including the revocation of license.

These pieces of legislation have assisted very much in establishing a greater level of order in the field of collective management of copyright and related rights, which would not have been possible by relying only on litigation and criminal prosecution.

Another example comes from Serbia where the new Law on Advertising was adopted in 2005: Advertiser must present to the broadcaster or publisher the document containing consent of persons and legal entities whose goodwill is referred to in the advertisement. Such an obligation can prove instrumental for prevention of trade mark or trade name infringements.

3. Some data on effects of criminal and administrative enforcement of IPR in Serbia

3.1. Police report on anti piracy activity

	Year	Number of criminal charges	Number of criminal offences	Number of persons		Number of temporarily seized pirated articles	Number of temporarily seized instruments and tools
				suspects	detained		
	2002	136	151	142	1	716931	40
	2003	257	281	258	0	107413	126
	2004	750	915	707	0	418290	728
	2005	1205	1535	1201	23	353823	1736
	2006 (I-III)	203	233	197	2	38460	41
	total	2551	3115	2505	26	1634917	2671

3.2. Report of the public prosecutor in Belgrade

Available statistics show that out of the raising total number of criminal charges, only 50% lead to indictments. Out of the total number of indictments around 70% lead to verdicts, 90% of which are suspended sentences.

The small percentage of unsuspended sentences, all of which are fines, may be indicative for the penal policy in Serbia and Montenegro, still reflecting the attitude that violations of IPR do not cause significant harm to the society.

3.3. Report of the Serbian Customs Authority

	Applications for IP protection			Suspension of customs procedures					
				Upon request of right holder			ex officio		
Year	Total	Accepted	Rejected	Total	Goods detained	Goods released	Total	Goods detained	Goods released
2004	17	11	6	24	21	3	0	0	0
2005	57	55	2	213	149	64	92	54	38

Goods ready to be destroyed:

Type of goods	Quantity of goods		Type of goods	Quantity of goods	
Sports shoes	27.981	pairs	Suits	67	pieces
Training suits	12.074	pieces	Boots	16	pairs
Sweat shirts	2.539	pieces	Mobile phone batteries	3.324	pieces
Jackets	68	pieces	Mobile phone displays	170	pieces
T-shirts	1.756	pieces	Mobile phone covers	2.636	pieces
Jerseys	619	pieces	Mobile phone keypads	1.686	pieces
Socks	9.996	pairs	Mobile phone chargers	799	pieces
Caps	7	pieces	Car chargers	400	pieces
Football balls	170	pieces	Data cables	45	pieces
Jeans	26	pieces	Mobile phones cases/pouches	683	pieces
Shorts	50	pieces	Hands free headsets with microphone	45	pieces
Belts	564	pieces	Fuel filters	475	pieces
Labels	39.497	pieces	Oil filters	500	pieces
Shoes	88	pairs	Batteries	3.600	sets

4. Major problems in enforcement of IPR

4.1. Insufficient sensitivity of the government for the IP matters

Experience in countries which have produced positive results in the protection of IPR have shown that without a well conceived and officially adopted national strategy on IP as tool for economic and social development, the prospects for progress in this matter are very limited.

The awareness of the governments of the State Union, Serbia and Montenegro of the importance of IPR originates mostly from the contacts and negotiations with international organizations and foreign political and economic representatives. Current negotiations with the European Union for the conclusion of the Agreement on Stabilization and Association, on one hand, and with the World Trade Organization for the accession to WTO, on the other hand, have a significant impact on harmonization of laws and different actions aiming to improve the enforcement of IPR. However, there is still no political vision or determination of the governments to set up a systematic and institutional approach to solving problems in IPR protection or, at least, to support such an approach.

Some of the reasons for such an unsatisfactory situation are related to the fact that in the State Union there is no place for national undertakings, since only the member states Serbia and Montenegro have the capacity to act nationally. This very fact excludes the IP Office of the State Union from playing any significant role in initiating or designing a national strategy on IP, although the IP Office is the only institution in the country that has the expertise for such a task. At the same time the governments of Serbia and Montenegro are for several years occupied with major political issues such as the status of Kosovo and referendum on independence in Montenegro. Consequently, one can hardly expect some radical improvements before the major political problems get resolved. Most of other problems to be addressed in this paper are a simple product the ongoing political crisis. Addressing them now does not mean inventing the wheel, but preparing ourselves for the period after the crisis.

4.2. Lack of specialization of courts in IP matters

In Serbia and Montenegro a great number of courts are competent to act in IP matters in different instances. This is a great obstacle for quicker improvement of efficiency of the judiciary. Since IP cases require a specific legal knowledge, many training activities were financed and carried out by international, foreign and domestic organizations and experts. These activities simply did not produce a satisfactory result because of the inability of the organizer to identify a limited number of judges who are involved in IPR cases and who can be expected to stay involved in IPR cases in near future.

In order to achieve positive results in training (like it happened with the customs where a relatively small group of officials dealing with IP was successfully trained), some specialization of judiciary in the field of IP seems to be a must. For quite some time there are experts' proposals for concentration of territorial competence of courts in IP matters to only 2 to 4 courts in the country. However, the governments are still indifferent to this issue, making the job of training judges very expensive and inefficient.

4.3. Insufficient public awareness

Like in most other areas of public interest, ignorance is the core enemy of the progress. Although the issue of IPR is today more frequently addressed in the media than before, the fact is that the culture of IPR is far from developed in Serbia and Montenegro. In order to become more aware of IPR and its significance, in my opinion, the public needs to be faced with a critical mass of domiciled right holders demonstrating the effectiveness of IPR as an economic tool that creates jobs, new products, generates fiscal income, elevates the quality of life. Therefore, the promotion of the economic utilization of IPR should have priority over the promotion of the message that violators of IPR can end up in prison for up to five years.

What is needed is a synchronized action carried out and supported by the governments, IP Office and industry to point out the economic potential of IPR, and the prohibition of their violation as a consequence thereof. It seems that the actual noise over the IPR is more about the calling for or promotion of repressive measures against the violators, which is probably the reason why this noise still does not concern much the general public.

For the time being the IP Office of Serbia and Montenegro is the only institution which understands and accepts the public awareness raising activity as its genuine mission. However, in accomplishing this mission, the Office is very limited by its humble administrative capacity.

Concrete actions of the Office are:

- Responding to invitations to take part in events (seminars, exhibitions, fairs etc.) organized by others (local chambers of commerce, companies, professional associations, universities etc.) devoted to or tackling the matter of IP;
- Hosting a social event on the International IP Day each year. On this occasion a contest in writing essays on IP related themes is organized in the chosen secondary school, and awards are delivered. This activity is usually covered by the media, which is one of the rare opportunities for the Office to pass some general message to the public;

- Traditionally, once a year the Office hands over the WIPO Award for the Best Invention. Last year, the Office also handed over the WIPO Creativity Award – the event which was fitted into an evening show on national TV.

However, measured by results, there is no reason for satisfaction. All the mentioned activities are in their quality and quantity below the level of what is needed.

Conclusions

1. The effectiveness of enforcement of IPR is proportionate to the attention paid by the government to this matter. If the government is not committed to the objective of efficient enforcement, there is little use of addressing for that purpose the state organizations like courts, inspectorates, customs, police, and intellectual property office.
2. The objective of achieving effective enforcement of IPR should be a part of a broader national strategy on IP as a tool for economic and social development, and made therewith a part of the national political program. Such a strategy should *inter alia* establish a clear institutional division and specialization of work in this field.
3. Enforcement of IPR strongly depends on the quality of legislation. Pragmatic legislative solutions are welcome, as well as those approaches where IP is indirectly protected by laws regulating matters different from but related to IP, such as Law on Broadcasting, Law on Advertising etc.
4. The central role of transmission and coordination of the activities concerning enforcement of IPR should belong to the national IP Office. Practically, the IP Office should act in this respect as:
    a. a link between the government and the state organizations like courts, inspectorates, customs, police, and
    b. co-ordinator of among the state organizations like courts, inspectorates, customs, police.
5. The IP Office should be attributed an appropriate legal and financial status, enabling it to act relatively independently and professionally.
6. Specialization of courts is essential for raising effectiveness of IPR enforcement.
7. Training in IPR enforcement is effective only if it is carried out after the institutionally established division and specialization of work in this field.

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