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GOVERNMENT OF THE
COMMONWEALTH OF DOMINICA



UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

WIPO NATIONAL WORKSHOP ON THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS FOR POLICE AND CUSTOMS OFFICIALS



organized by
the World Intellectual Property Organization (WIPO)
in cooperation with
the United States Agency for International Development (USAID)
and
the Government of the Commonwealth of Dominica

Roseau, July 27, 2006

ENFORCEMENT OF IP: PUBLIC AND PRIVATE PERSPECTIVES:
(A) THE ROLE OF LAW ENFORCEMENT AGENCIES (INCLUDING THE CUSTOMS
DEPARTMENT, THE POLICE, THE PROSECUTION AND THE JUDICIARY

*Document prepared by Honorable Judge Louis T. C. Harms,
Supreme Court of Appeal, Johannesburg, South Africa*



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***Role of Courts and
Enforcement Agencies
enforcing IP Rights***

Hon LTC Harms
2006



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Questions

- Why do we protect IP?
- Why do we criminalize counterfeiting and piracy?
- Why do we have special training sessions?
- Interdependence.
- Different roles.



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More questions

- How do we rate honesty?
- How do we rate fraud or theft?

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




Why protect IP?

'Suffice it to say that IP is the commercial application of imaginative thought to solving technical or artistic challenge. It is not the product itself, but the special idea behind it, the way the idea is expressed, and the distinctive way it is named and described.'

(Dr Kamil Idris.)




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Right to copy

- Human and animal behaviour is based on copying.
 - Basic right to copy.
- Limitations on that right:
 - Human rights element
 - Public policy element.




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Purpose of protection

- 'The general purpose of protection is to encourage those who may wish to create, finance or exploit such products to translate intent into act, particularly where they might otherwise not act at all, or act less often or less well, without the carrot of protection.'
- Prof David Vaver.




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IP CREATES WEALTH

- IBM earns \$1billion p/a through licensing it IP rights.
- Microsoft files 3 000 patents per year.
- More than 50% of foreign currency earning of the US is through IP.
- Why can this not apply to the rest of the world?



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Relationship between wealth of a country and registered patents




- In 1960 the per capita income in Ghana was the same as that in Korea. In 1990 the ratio was 1:6.
- In 1997, 33 patents applications were granted in Ghana, 25 000 in Korea.
- In 1995, 98,7% of US patents were from Western Europe, Japan and the newly industrialised countries and from North America.
- From the rest of the world it was 1,3%.
- Estimated that China will in 10 years' time overtake the USA.

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Why?

- Why can this not apply to the rest of the world?
- Why should the developing world export cheap labour only?
- Why do we not create and export knowledge?

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


Counterfeiting and Piracy

- Criminal and civil sanctions
- Applies to
 - Trademarks (counterfeiting)
 - Copyright (piracy)





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Counterfeiting is not about Rolex watches

- Counterfeiting affects the ordinary person on the street.
- Luxury goods is but an aspect.



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Scope

- 79% - (60% world wide) – of respondents in a survey in SA were subject to asset misappropriation.
- 30% (19%) of companies were victims of piracy/counterfeiting.
- 21% (14%) were subject to bribery/corruption.



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Cost of counterfeiting

- Nintendo lost \$720m in sales.
- Cost to companies \$200billion pa.
- 42% of software is illegal.
- Sony has 350 persons permanently involved in tracking counterfeiting goods.



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Side-effects

- Crime syndicates
- Loss of tax/customs/excise
- Makes true products more expensive
- Loss of consumer confidence.



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House of Lords

- “The phenomenon of counterfeiting and piracy of IPR is a serious international problem, with confirmed links to other forms of organized crime.
- Counterfeiting and piracy have been shown to cause multi- billion dollar losses annually to right holders and industry, and have had, in some instances, devastating consequences on public health and safety.



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Stop the rot

- Effect of whistle-blowing: 60% of crimes are detected as result of whistle blowing or tip-off.
- If public educated/believes that counterfeiting wrong, the problem will be solved.


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Educate through enforcement

Enforcement must be:

- Consistent.
- Effective.
- A deterrent.
- A proper deterrent.





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Enforcement agency

- Is it willing and able to act?
- Does it have the necessary resources?
- Can it act speedily?
- What are its priorities?



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Enforcement agency

- Does it have powers of search and seizure?
- Will the prosecutorial staff act?
- Is the prosecution qualified to prosecute such cases?
- Are there specialist commercial criminal courts?


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Advantages of criminal proceedings

- Speed???
- prosecution does not have to prove title
- deterrent effect of a criminal sanction
- personal criminal liability
- saving of costs.


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Disadvantages

- lack of discovery procedures
- inability to compromise or settle
- lack of IP expertise of the judiciary in criminal courts
- lack of effective compensation
- burden of proof
- The missing complainant.

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Interdependence

- The judiciary is dependent on the police and customs officials.
- The police and customs officials depend on the judiciary.


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Role of the judiciary in the enforcement of rights

- IP rights have no special status
- Fair hearing before an independent tribunal
- Relative wealth of parties
- Relative residence/citizenship
- Case management


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Role of judiciary in IP enforcement


- WIPO: responses [from member states] were clear that the judiciary should be fully aware of
 - the seriousness of IP crimes and
 - how to deal with offenders, and
 - also with the infringing goods and
 - implements used in manufacturing.

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- IP litigation 'presents a significant direct link between judicial system performance and economic development.

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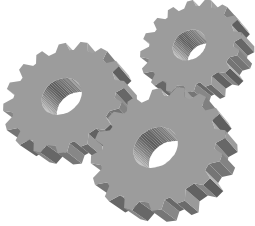

- 'Just as a donkey will not chase after a carrot on a stick unless he is allowed to catch it once in a while, innovators will not invest in inventing, development, implementing and marketing new technology unless they believe the patent promise to be real.
- 'This is not a moral tussle between the good and the bad, the small and the large. It is a fight over profits by competitors.'

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Why is IP difficult?

- Lack of training
- Technophobia?
- Technical evidence
- Interpretation
- Value judgments





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Role of judiciary in relation to search orders

- A warrant may
 - be issued in chambers
 - by any judge or a magistrate
 - who has jurisdiction
- and will be issued only if it appears
 - from information on oath or affirmation
 - that there are reasonable grounds for believing that an act of dealing in counterfeit goods has taken or is taking place or is likely to take place.

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Validity of warrant

A warrant remains in force until—

- it has been executed; or
- it is cancelled; or
- the expiry; or
- the purpose for which the warrant was issued, no longer exists.


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Search

- Entry and search must be conducted with strict regard to decency and order, including—
 - a person's right to, respect for and protection of dignity;
 - the right of a person to freedom and security of person; and
 - the right of a person to personal privacy.


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Reconsideration

- Person prejudiced by a seizure may for a determination that the seized goods are not counterfeit goods and for their return.
- Court may grant or refuse the relief applied for and make such order as it deems just and appropriate in the circumstances, including payment of damages and costs.
- Court may order the complainant to furnish security in respect of the goods.

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Orders in relation to seized goods

In any civil or criminal proceedings relating to counterfeit goods, a court may order—

- that goods found to be counterfeit goods, be delivered up to the owner of the IP right, irrespective of the outcome of the proceedings;
- that the complainant pay damages to the person from whom those goods were seized and pays that person's costs;
- that the accused or defendant discloses the source of the counterfeit goods.

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Limitations

If a court has ordered the delivery up of counterfeit goods they —

- may not be released into the channels of commerce upon the mere removal of e.g. the unlawfully applied trademark;
- may not be exported in an unaltered state, Unless court, on good cause shown, ordered otherwise.

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Duty to act

If a proper complaint has been laid an inspector **must** take appropriate steps, if reasonably satisfied that the —

- person who laid the complaint, was entitled to do so; and
- goods are prima facie are protected goods; and
- IP right prima facie subsists; and
- suspicion on which the complaint is based, appears to be reasonable in the circumstances.

- Without a complaint, and if so satisfied, the inspector may *mero motu* take any appropriate steps.

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Obtain a court warrant

Inspector must then obtain a court warrant to

- enter premises or vehicle in order to inspect any relevant goods and seize any suspected counterfeit goods,
- seize suspected counterfeit goods
- cause them to be detained,
- remove them for the purposes of detention;
- collect evidence;
- conduct a search; and
- take whatever steps reasonably necessary to terminate the dealing in counterfeit goods.

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Duties of inspector following seizure of goods

An inspector must—

- seal, identify and categorise the goods
- prepare an inventory;
- furnish the inventory to accused;
- remove goods to a counterfeit goods depot for safe storage, or,
- seal off or seal and lock up those goods or place them under guard at the place where they were found; and
- give written notice to interested parties.


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Role of custom officials

- The owner of an IP right may apply to the Commissioner for Customs and Excise to seize and detain all goods—
 - which are counterfeit goods;
 - and which are imported into or enter the country during a period specified.

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Duty to consider

The Commissioner must consider and deal with the application without delay, and must grant the application if satisfied on reasonable grounds—

- that the goods are prima facie protected goods;
- that the IPR prima facie subsists; and
- that the applicant prima facie is the owner of that IPR.


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Seizure

- When an application has been granted and, all counterfeit goods may be seized and detained by the customs authorities.
- The customs authorities will not be obliged to act unless the owner of the intellectual property right furnishes *security* to indemnify the customs authorities and to cover any expenses that may be incurred in effecting the seizure and detention of the goods.

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Limitation of liability

The customs authorities are not liable for—

- any failure to detect or seize stipulated goods;
- the inadvertent release of any such goods; or
- any action taken in good faith in respect of such goods.

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Orders following conviction

The court having convicted a person may

- declare the goods to be forfeited to the State or
- order that
 - the goods
 - their packaging,
 - any tools used in
 - manufacturing, production or making of counterfeit goods or
 - for the unlawful application of any IP right,

be destroyed.

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And the consumer?

- Any person who submits any counterfeit goods purchased may be entitled to receive payment of a sum of money equivalent to three times the amount of that price.
- Subject to conditions

