COUNCIL OF THE EUROPEAN UNION

Interinstitutional File: 2003/0024 (COD)

Brussels, 26 January 2004

5657/04

LIMITE

PI 8
CODEC 105

WORKING DOCUMENT

From: United Kingdom delegation
to: Working Party on Intellectual Property

No. prev. doc.: 5475/04 PI 6 CODEC 76
No. Cion prop.: 6777/03 PI 19 CULT 17 CODEC 204

Subject: Proposal for a directive of the European Parliament and of the Council on measures and procedures to ensure the enforcement of intellectual property rights - Suggestions for drafting amendments to 16289/03

Article 3

General obligation

1. This Directive applies to administrative and civil procedures only. Member States shall provide for the proportionate measures, procedures and remedies needed to ensure the enforcement of the intellectual property rights covered by this Directive.

2. 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.
Justification

The new first sentence has been suggested by the Legal Affairs Committee of the EP (LAC) and is helpful in clarifying the scope of this Directive. Here and elsewhere “sanctions” has been replaced by “remedies” as sanctions suggest criminal matters.

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 alleges that his intellectual property right has been infringed or is about to be infringed and that it is necessary to preserve relevant evidence, authorise in any place either the detailed description, with or without the taking of samples, or the physical seizure or delivery up of relevant evidence in regard to the alleged infringement subject to the protection of confidential information. These measures shall be taken by order issued on application, if necessary without the other party having been heard, in particular where there is a demonstrable risk that evidence may be 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 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 or a third party as provided for in paragraph 4.
3. Member States shall ensure that the evidence protection measures shall be revoked […], 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 interval, which shall be specified by the judicial authority ordering the measures when the law of a Member State permits or, in the absence of such specification, within an interval not exceeding 20 working days or 31 calendar days if longer.

4. Where the evidence protection measures have been revoked, or where they lapse owing 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 be empowered to order the applicant, at the defendant’s request, to provide the defendant with adequate compensation for any loss caused by the measures. The judicial authorities shall also be empowered, at the request of a non-infringing third party, to order compensation to that third party for any loss incurred as a result of the measures.

Justification

This article is about the protection of evidence so it is important that para 1 only permits an order relating to evidence relevant to the alleged infringement. This may include infringing goods, documents relating to their production and so on, but these items are not always relevant evidence. Also, para 1 should permit the possibility of delivery up to the applicant as an alternative to actual seizure. This last change is also relevant to Article 10 where seizure should not be the only option.

Paras 2 and 3 need to apply to evidence protection measures of any type and not just those permitting seizure. Para 3 should be broad enough to cover revocation of the measures even where the defendant has not so requested. This also applies to the equivalent provision in Article 10.

Paras 2 and 4 should be broad enough to permit compensation to a third party affected by these measures and the term “injury” may be too narrow regarding the effect on either the defendant or the third party which is deserving of compensation. This also applies to the equivalent provision in Article 10.
Article 10

Provisional measures

1. 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, if provided for by national law, subject to a recurring fine], the continuation of the alleged infringements of an intellectual property right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the right holder (b) authorise the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their introduction into or movement within channels of commerce.

The judicial authorities shall be empowered 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.

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 authorise the precautionary seizure or blocking of the movable and immovable property of the alleged infringer, including the blocking of his bank accounts and other assets […]

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 or when giving notice may give rise to a significant risk that potentially infringing material or relevant evidence might be destroyed, hidden or otherwise disposed of. 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 at the request of the defendant in order to decide, within a reasonable time after notification of the measures, whether they are to be amended, revoked or confirmed.

3. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 1a shall be revoked [...] 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 which orders these measures where the Member State's legislation so permits or, failing such determination, within a period not exceeding 20 working days or 31 calendar days if the latter period is longer.

4. The competent judicial authorities may make the injunction or the seizure or blocking 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 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 an intellectual property right, the judicial authorities must be empowered to order the applicant, at the request of the defendant, to provide the defendant with adequate compensation for any loss caused by these measures. The judicial authorities shall also be empowered, at the request of a non-infringing third party, to order compensation to that third party for any loss incurred as a result of the measures.

**Justification**

*It is inappropriate for this Article to apply to “intermediaries”. The scope of this term is potentially very wide and so the effect of this measure is not clear. More specific provision should be provided when this is shown to be necessary, such as that in Article 8.3 of Directive 2001/29/EC, when it is possible to assess the affect and thus the fairness or otherwise of such a provision. This applies to Article 15 too where the references to intermediaries have also been deleted.*
Para 1 needs to provide the flexibility for Member States to determine for themselves how an interlocutory injunction is served so the para should just refer to the judicial authorities being able to issue an injunction. This applies to Article 15 too.

The communication of bank etc documents is already covered by Article 7().

Para 2 should also permit the provisional orders to be applied for without the defendant having been heard when there is a risk that to do otherwise might lead to destruction etc of the evidence etc.

Article 15

Injunctions

1. 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 an injunction against the infringer […] aimed at prohibiting the continuation of the infringement. [If provided for by national law, non-compliance with an injunction shall be punishable by a fine accompanied, where applicable, by a recurring fine, with a view to ensuring compliance.]

2. Deleted (merged with paragraph 1)

Justification

As for 10.
Article 17

Damages

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

The damages, which shall be of a non – punitive nature, may take into account all appropriate aspects, such as the foreseeable negative economic consequences which the injured party has suffered, including lost profits and any royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question, or any unfair profits made by the infringer, and may include elements other than economic factors.

2. Deleted.

3. Member States may lay down that the judicial authorities may order the recovery of profits and/or the payment of damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Justification

The level of damages must be determined by the judicial authorities of Member States. The judicial authorities must retain discretion to take into account all the circumstances of the individual case in assessing damages.
Article 18
Legal costs

Deletion or the following:

“Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party in the legal action shall as general rule be paid by the unsuccessful party but that the court can make any other order.”

Article 20
Criminal law provisions

Deletion

Article 24
Exchange of information and correspondents

Deletion

Justification

Provisions in this Article are relevant to enforcement under the criminal law and so not appropriate for this Directive. Administrative authorities do not keep records of this information where the infringement has been subject to a civil action only.
Article 25

Implementation

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by ... [twenty four months after the date of adoption of this Directive] at the latest. They shall forthwith inform the Commission thereof.

When Member States adopt these measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. Member States shall communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Justification

An easier life for all concerned