



**JOINT PLENARY MEETING
EU OBSERVATORY ON COUNTERFEITING & PIRACY
MADRID**

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The legal Sub-Group

The work of the LEGAL SUB-GROUP -
Preliminary findings of the evaluation of
the implementation of the Enforcement
Directive

The Legal Sub-Group of Observatory

Commission officials from DG's Markt and other relevant DG's. Group is led by the Enforcement Unit of DG Markt:

- Corinna Ullrich
- Benoît Lory
- Zuzana Heckova
- Chiara Santangelo
- Jenny Nikander

Commission provides the secretariat and lot of leg work

NB! This presentation does not necessarily represent the views of the European Commission

The Practicioners

Experienced IP practitioners:

- Emmanuelle Hoffman-Attias
- Ronald Brohm
- Allen Dixon
- Prof. Cesare Galli
- Charlotte Lund-Thomsen
- Jo Oliver
- Lisa Peets
- Olivia Regnier
- Ted Shapiro
- Ann-Charlotte Söderlund
- Olivier Vrins

Members are engaged in national and multi-territorial advocacy, enforcement, litigation, research, and instruction, on a day to day basis on behalf of a wide-range of stakeholders in the IP sector (Law firms, In-house, Academia, Trade Associations,)

Methodology

- Group has met 8 times since inception last fall
 - Monthly meetings – transparency
- Informal sessions facilitated by the Commission
- Exchange of views
 - Reports on developments
 - War stories
- Division of labour
- Drafting questionnaires – templates
- Liaison with national experts
- Compiling responses
- Formulating summaries
- Preparing Analyses, Recommendations and Best Practices
- Work reflects views of the subcom as practitioners in this increasingly complex area

Done so far

- Comprehensive Review of national implementation of the Directive 2004/48/EC (IPRED) –*almost finished*
- Filed a response to DG TAXUD consultation on Council Regulation (EC) No 1383/2003 (“Border Measures Regulation”) - *Formulated by members of the subcom in their own names*

Future work

- Completion of the Enforcement Directive Review
- Criminal Sanctions proposal (discussion with DG JLS already held)
- Transshipment, transit and other suspensive procedures (with other relevant Commission services)
- Interface of IPRs and Data Protection

Future work, cont'd

- Cross-border Injunctions
- Cross-border Recognition of Judgements
- Cross-border taking of evidences
- Criminal IPR Enforcement
- IPR infringements and transport intermediaries

Review of the Enforcement Directive

1. Comprehensive analysis of the main provisions

- Damages
- Corrective Measures
- Evidence/Right to Information
- Injunctions

Review, cont'd

2. Questionnaires for national experts on national implementation

- Practical aspects
- Caselaw
- Identifying strengths and weaknesses

Review, cont'd

3. Table of responses for each topic

Particularly helpful for identifying:

- Discrepancies
- Shortcomings
- Best practices

Review, cont'd

4. Summary of responses for each topic
 - Outlining the identified discrepancies, shortcomings and best practices

Review, cont'd

5. Analysis, Recommendations and Best practices for each topic

Check out current work on:

http://ec.europa.eu/internal_market/iprenforcement/observatory/index_en.htm

Result

Our Findings on the implementation of Damages, Corrective Measures and evidence & right to information

Civil damages

- Damages are a primary (often most important) remedy for IPR infringements.
 - Compensation and Deterrence
 - IPRED requires MS's to provide compensation for full universe of harms -
 - i.e. compensation for "all appropriate aspects" which the RH has suffered, unfair profits made by the infringer, compensation for non-economic harms and reasonable costs
- National implementation: regimes often fail to compensate RHs for the totality of their losses
- Economic incentive to infringe — even where the RH “wins”

Damages, cont'd

Best Practices include Measures...

- aimed at ensuring that RHs are able to recover the *totality* of the losses sustained as a result of an infringement.
- that enable RHs to recover their actual costs of investigating, taking legal action against, and rectifying an IPR infringement.
- designed to ensure that infringers do not retain any economic benefit from their infringing activities.

Damages, cont'd

Recommendations – Member States should:

- *ensure that all elements of economic consequences to RH are compensated, regardless of infringement on a commercial scale.*
- *Provide lump-sum damages as an alternative to lost profits*
- *provide that a “predetermined” calculation method for determining lump-sum --at a minimum in copyright and trademark cases.*

Damages, cont'd

Recommendations – Member States should:

- Provide all costs reasonably incurred by the RH should be compensated
- implement rules for awarding damages and costs in IPR cases that ensure that no economic benefit of an infringement remains with the infringer
- defendants' mere objection to the rights owner's evidence of damage should not be sufficient, without substantiation of such objection through the presentation of evidence, to defeat the rights owner's prima facie showing of damage. Indeed, damages shown by the rights owner by prima facie evidence should be presumed to be correct absent an affirmative showing from the defendant that such damages exceed the harm suffered.

Corrective measures (1)

- IPRED aims to establish measures to correct, prevent and deter further infringements: **Recall, definitive removal and/or destruction.**
- National Implementation: Almost all MS's provide these remedies but there are very little jurisprudence/experience on recall/removal. In many MS's, the distinction between recall and definitive removal seems to be rather unclear.
- Unclear who bears costs for destruction? Whither proportionality and 2ndary use?

Corrective measures, cont'd

Best Practices

- recall may be issued as a preliminary measure
- Infringer charged with destruction or bailliff ensures custody and destruction

Corrective measures (2)

Recommendations:

- Destruction (including at an early stage) of infringing goods is general principle with very few exceptions to this rule. Clarity as to proportionality
- Obligatory Definitive removal/market recall – better definitions – exceptions and secondary use only in special cases
- Costs for storage and destruction borne by the infringer. Financial warranty
- Good faith should not be normally considered a valid defence for the infringer for not paying the costs of destruction
- Costs of destruction should be ordered against all the parties implicated in the infringing activity, including intermediaries.

Evidence and right of information

Incomplete but very preliminary findings:

Evidence and measures to preserve evidence

- Production of evidence : all member States allow for the disclosure of evidence (banking, financial or commercial documents). However, a number of them limit disclosure to commercial scale infringements.
- Preservation of evidence: most MS also provide measures for preserving evidence such as search orders, temporary injunctions and seizure orders. In some countries, search orders are more difficult to obtain than seizure orders. Finally, search or seizure of computers is subject to limitations in some MS.

Evidence and right of information

Incomplete but preliminary findings:

- Hearsay evidence: not allowed in the large majority of Member States
- Right of information: the right exists in all MS. However, there are some discrepancies in the application. In particular, the criterion of “commercial scale” is applied and interpreted in different manners, not always in conformity with the directive. ISPs are considered as intermediaries in most MS. However, many problems are reported in the application of the provision due to conflicts with data protection and data retention rules.

Evidence and right of information

Incomplete but very preliminary *recommendations*:

- *Disclosure of evidence beyond commercial scale infringements*
- *Harmonise conditions for obtaining seizure and search orders/update provisions relating to search and seizure of computers*
- *Clarify the relation between the right of information and data protection/data retention rules*

THANK YOU!