PHARE 2006 PROJECT FICHE

1 BASIC INFORMATION

1.1 CRIS Number: HR2006/018-113/4/1
1.2 Title: Strengthening the Enforcement of Intellectual Property Rights
1.3 Sector: 33110
1.4 Location: Croatia
1.5. Duration: 24 months

2 OBJECTIVES

2.1 Overall Objective
To assure that the level of protection of intellectual, industrial and commercial property rights are in line with the EU standards, meeting thus the internal market requirements.

2.2 Project purpose
To strengthen the administrative capacity of SIPO, MoJ, MoI, MoF-CA and SI to effectively enforce intellectual, industrial and commercial property rights.

2.3 Accession Partnership (AP) and NPIEU priority
According to the Accession Partnership, the short-term and medium-term priorities in the IPR field are:

Short-term priorities

Improve enforcement of intellectual, industrial and commercial property rights notably by strengthening administrative capacity, including in law enforcement agencies and the judiciary (intellectual property law section - page 9).

Medium-term priorities

Complete alignment in the field of intellectual and industrial property rights and strengthen enforcement in the fight against piracy and counterfeiting (intellectual property law section - page. 15).

Continue strengthening the enforcement of IPR and reducing levels of piracy and counterfeiting (intellectual property law section - page. 15).

According to Chapter 7 on international property law of the EC 2005 Progress Report on Croatia ‘progress essentially concerned the incorporation of international instruments on industrial property, and the development of the implementation structures. The legislative framework is already broadly in line with the acquis on both copyright and related rights and industrial property rights, following comprehensive reforms in 2003. Some further amendments will nevertheless be needed. Efforts should focus on strengthening the
enforcement of intellectual and industrial property rights, concerning both the fight against piracy and counterfeiting. This will necessitate resources as well as particular attention and determination, including appropriate backing at political level. (Chapter 7 on intellectual property law - page 57).

Section 3.7. on Intellectual property rights of the National Programme for the Integration of the Republic of Croatia into the European Union 2006 outlines the following issues:

a) Medium-Term Priorities in Harmonizing Legislation

Based on the medium-term priorities from the Accession Partnership in the period to 2008, the further alignment of the legislation in the field of the intellectual property rights will be completed, as well as other laws concerning the enforcement in line with the Directive 2004/48/EC. The law ratifying the European Patent Convention will be passed, as well as the subsequent amendments to the Patent Act.

b) Stabilisation and Association Agreement (SAA) Implementation Plan


Section 4.7 Strengthening the Capacity Building encompasses SIPO and enforcement bodies (Custom administrations, Ministry of Justice, Ministry of Interior Affairs and State inspectorate). The aim is to continue the permanent education of the staff and to establish the intensive cooperation between the enforcement bodies.

2.4 Contribution to National Development Plan (and/or Structural Funds Development Plan/SDP)

Not applicable

2.5 Cross Border Impact

Not applicable

3 DESCRIPTION

3.1 Background and justification

3.1.1 Country background

By means of the Notification on Succession, Croatia became a member to the World Intellectual Property Organization (WIPO) as well as a party to treaty and conventions administered by WIPO to which former Yugoslavia was party.
In 2000, Croatia became a member to World Trade Organization and met all the obligations contained in the provisions of the Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS).

In 1991, the National Patent Office was established in Croatia. In 1996, the Office acquired additional responsibilities, such as copyrights and related rights, and was renamed as the State Intellectual Property Office (SIPO). SIPO is the governmental body responsible for granting rights in patents, trade marks, industrial designs, geographical indications, topographies of semiconductors, and for legal issues of copyright and related rights, as well as for the development of the national IPR system (drafting legislation, international agreements). It is also responsible for international cooperation issues and providing information, products and services (including training) related to intellectual property rights.

In 2005, the Government of Croatia designated SIPO as the institution responsible for the EU negotiation process related to the Chapter 7 on Intellectual Property Rights.

**SIPO** organisational structure is as follows: the total number of employees is 113 located in 7 Departments headed by Assistants DG. The Director General is the Head of the Office. The office of the DG consists of 5 employees including Deputy DG, the Patent Dept. has 30 employees, the Distinctive Signs Dept. has 24 employees, the Copyright and Related Rights Dept. has 2 employees, the Information Technology and Documentation Department has 21 employees, the Information and Domestic Cooperation Dept. of 14 employees, the IP Development Dept. has 5 employees and the General Affairs and Finance Section has 11 employees. In 2005, SIPO has employed one Assistant DG, one Deputy DG, four experts and 7 junior clerks.

In the Croatian **Judiciary** there is no specialized courts dealing with the IPR issues. The intellectual property rights are under the jurisdiction of the Administrative Court, Misdemeanour Courts, Municipal Courts, four Commercial Courts (Zagreb, Osijek, Rijeka, Split), High Commercial Court and the Supreme Court. Although in the past, judges have attended several seminars on IPR matters, the number of judges professional and skilled in IPR is still very low.

The **Ministry of the Interior**, in order to strengthen the IPR enforcement and the fight against piracy and counterfeiting, has established the Department for the Economic Crime and Corruption with the purpose of dealing with the prevention of crimes in the economic sector and fight against piracy.

The **Customs Administration** HQs has recently established a specialised section responsible for IPR enforcement. The Section comprises three customs officers. Furthermore, the Customs Administration has assigned several qualified and experienced customs officers responsible for IPR enforcement to twelve Customs Offices throughout the country.

Applying the Croatian Customs Code and the Regulation on the Implementation of Border Measures in Respect of the Goods Infringing Intellectual Property Rights, the Customs Administration has developed and implemented measures to be applied to the goods infringing intellectual property rights.
The State Inspectorate is an independent state administration body held accountable directly to the Government of Croatia. In the area of intellectual property rights, in accordance with the provision of Article 3 of the State Inspectorate Act, the State Inspectorate supervises the application of laws and other acts regulating the trade and reproduction of musical and cinematographic works recorded on sound and picture carriers, computer programs and books; the protection of industrial design, trademarks and the use of geographical indications for products and services; traffic of products manufactured according to invention. Within the State Inspectorate the Intellectual Property Department dealing with the inspection of the application and enforcement of the laws and other regulations governing the protection of intellectual property has been established. It encompasses 4 employees including the head of the Department. Also, in headquarters of Regional Units Zagreb the Department for supervision of Technical legislation and intellectual property rights is established. Supervision of intellectual property rights protection is performed by market inspectors and high market inspectors from above mentioned Department, from the Department from supervision in field of traffic of goods, crafts and services which are allocated in headquarters of Regional Units Zagreb and in other four Regional Units (Rijeka, Split, Varazdin and Osijek), as well as by market inspectors from 38 Branch Offices of State Inspectorate. Competences for proceeding in supervisions on intellectual property rights protection have 358 market inspectors.

3.1.2. Current state of affairs in the sector

**IPR legislation enforcement**

The main priority to be reached by Croatia in the IPR field, in view of EU accession, is to ensure that the level of protection of intellectual, industrial and commercial property rights is in line with the EU standards and requirements. IPR legislation enforcement is a responsibility of the Judiciary, the Police, the Customs Administration (border issues) and the State Inspectorate. The institutional and administrative capacity of these institutions is weak and need to be strengthened considerably. Coordination mechanism among the above institution is on ad hoc basis and not institutionalised. Public awareness of IPR issues is very low and the enforcement bodies recognize the need to increase significantly public awareness on IPR matters and to have a functioning information sharing system to perform their duties efficiently. The establishment/strengthening of an inter-ministerial committee on IPR is considered to be a needed measure to enhance coordination. A reliable and effective information system, public awareness campaign and a specific institutional and capacity building support are also needed to improve the institutional and administrative capacity of the concerned institutions, resulting in a more effective enforcement of intellectual, industrial and commercial property rights. As far as the legal framework is concerned, there is the need to assure that the IPR legislation is verified/assessed and if necessary harmonized with Directive 2004/48/EU on the Enforcement of the Intellectual Property Rights.

In order to address the needed reform in the IPR field, the Government of Croatia prepared and fully endorsed the “National Strategy for the Development of Intellectual Property System of the Republic of the Republic of Croatia 2005 – 2010” with the aim to achieve the following goals:
- To guarantee (in the short-term) that the level of protection of intellectual property rights is similar to that existing in the European Community, and to permanently maintain and harmonize that level of protection in accordance with all the international obligations and agreements concluded by the Republic of Croatia in this field.

- To ensure (in the medium-term) the improvement of the use of intellectual property as a power tool for economic growth and an actuator of scientific, cultural and overall social progress up to reaching the average level of such use in the EU or (within a long-term) the level of such use in the leading EU countries.

In order to address the identified problems in this sector this project aims to:

- Strengthen the institutional capacity vis-à-vis cooperation, coordination and enforcement mechanism among the bodies responsible for implementing IPR legislation.
- Assess and if needed draft the legal/regulatory framework on IPR to be in line with EU requirements.
- Strengthen the administrative capacity of the enforcement bodies responsible for implementing IPR legislation.
- Strengthen the functioning of the IPR Information centre and the administrative capacity of SIPO staff dealing with public awareness of IPR issues.

### 3.1.3 Involvement of the Stakeholders and Civil Society in the programming process

All project stakeholders have been actively involved in the preparation of this project fiche under the guidance of SIPO that is the main beneficiary institution.

Civil Society Organizations were actively involved in the CARDS 2001 Project ‘Intellectual Property Rights in Croatia – Copyrights and related rights’ and the lessons learned from this project have been used during the programming process.

Since the enforcement is under the responsibility of the state administration, no civil societies organizations are included in the preparation of this project. By establishing the IP Information centre, the information of the importance of the IPR will be accessible to the public (to the natural persons, NGOs, SMEs etc.)

### 3.2 Sectoral rationale

Not applicable

### 3.3 Results

The results to be achieved by the project are as follows.

1. Cooperation/coordination/enforcement mechanism among the bodies responsible for implementing the IPR protection measures established/strengthened
2. Legal/regulatory framework in line with EU requirements drafted/endorsed.

3. Improved administrative capacity of the enforcement bodies responsible for implementing the IPR protection measures

4. IPR Information centre established and fully operational, including improved administrative capacity of SIPO staff dealing with public awareness of IPR issues.

3.4. Activities (including means)

COMPONENT 1: INSTITUTION BUILDING

Contract: 1 – Twinning
- Assess all the main institutions/agencies in Croatia responsible for enforcement of IPR.
- Prepare an institution building/strategy plan outlining the different options for enhancing coordination/cooperation mechanisms
- Support the setting up/functioning of inter-ministerial committee and/or working groups on IPR
- Prepare recommendations to establish an information system which would link all the relevant data (available in different institutions) necessary for efficient enforcement of IPR by the relevant bodies
- Prepare and deliver specific training courses
- Organize study visits, workshops, seminars
- Carry out a feasibility study on the needs for the storage for the seized goods infringing the IPR

Contract: 2 – Supply
- Procure, install, test the equipment for the beneficiary institutions

COMPONENT 2: LEGAL/REGULATORY FRAMEWORK

Contract: 1 – Twinning
- Carry out a gap needs analysis (legal / institutional) of the Directive 2004/48/EC on the enforcement
- Prepare recommendations for changes/amendments to the legal and regulatory framework
- Support to draft laws and by-laws

COMPONENT 3: CAPACITY BUILDING

Contract: 1 – Twinning
- Carry out a TNA and elaborate a training strategy
- Develop a customized training program and training packages for the enforcement bodies in areas related to IPR
- Select a core group of local trainers to become ToT
- Deliver training to ToT and key staff
- Organize workshop, seminars, study tours

COMPONENT 4: IPR INFORMATION CENTRE

**Contract: 1 – Twinning**
- Assess the existing functions of the SIPO IPR information system
- Prepare and deliver specific training to IPR information centre staff to increase public awareness of the importance of the IPR
- Upgrade the software for the linked IPR information system
- Prepare and deliver specific training on the software upgraded/developed

**Contract: 2 – Supply**
- Procure, install and test the software for the trademark information system

**Resident Twinning Adviser**
- University degree in management, public/business administration, law or similar relevant discipline
- Preferably 10 years significant experience in the project management, including IPR projects or programmes and at least 5 years specific work experience on IPR issues.
- Previous experience with EU twinning projects on IPR would be an advantage.
- Excellent communication skills, with fluency in written and spoken English language, including excellent report-writing English language.
- Knowledge of Croatian language would be an advantage.
- Computer literate.

**Pool of Short-Term experts**
- University-level degree in a relevant subject.
- Minimum 5 years relevant work experience including IPR issues, legal drafting,
- organization and delivery of training courses, workshops, seminars, IT issues, public awareness.
- Previous work experience with EU twinning projects on IPR issues would be an advantage.
- Good interpersonal and communication skills, as well as the ability to work in a large team;
- Good command of written and spoken English.
Knowledge of Croatian language would be an advantage.

3.5 **Linked activities**

**CARDS 2003 Project ‘Strengthening the Intellectual Property Implementation System’** (budget of € 1 million). The project started in September 2005 and is in its inception phase. The project will end in July 2007. The specific objectives of this project are: (a) to improve SIPO’s capacity for granting of industrial property rights and processing of industrial property right applications, (b) support SIPO’s IT and
information systems to improve the administration and granting procedures, and (c) to improve the capacity of IP professionals to support business and individuals to prepare and file applications.

**CARDS 2002 Regional Programme – ‘Industrial and Intellectual Property Rights’ Project** (budget of € 2.25 million) The project started in September 2003 and will end by December 2006. It has provided assistance primarily in terms of seminars and workshops dealing with TRIPs Agreement issues. Representatives from SIPO, MoI, Attorney General Office, judges, benefited from the workshops and seminars.

**CARDS 2001 Project ‘Intellectual Property’** (budget of € 1.8 mil). The project started in June 2003 and finished in September 2005. The project focused on three components, namely legal harmonization, institutional/capacity building, policy formulation/strategy on IPR issues. The supply component of the project amounting to cca 500.000 € was implemented in SIPO and the rest of 350.000 € was re-allocated into the:

**CARDS 2001 Project ‘Intellectual Property Rights in Croatia – Copyrights and related rights’** (budget of € 350.000) The project focused on three components, namely support to the Copyright Department in SIPO, implementation of the blank-tape-levy and training in the field of copyright.

3.6 **Lessons learned**

The lessons learned from ongoing and previous projects in the IPR field outlined the need of the following requirements for a smooth project implementation:

- **Full support and commitment of SIPO.** SIPO as main beneficiary institution will be the principal driving force for the successful project implementation.

- **Strong managerial role of SIPO PIU.** This is required due to the wide number of stakeholders involved in this project, and to the need to have an interdisciplinary approach in consideration of the different activities undertaken by the project, namely, institutional building, law/by-law drafting, capacity building/training, public awareness.

4 **INSTITUTIONAL FRAMEWORK**

SIPO as the main beneficiary institution of this project will have a crucial role in the coordination of all the institutions responsible for the enforcement of IPR legislation. Mr. Željko Topić, SPO and Director General of SIPO, will be responsible for all project components implemented in SIPO.

The responsible Directorates/Departments of MoI, MoF-CA, SI for the **supply contract** are:

**MoI:** Directorate of Crime Police, Department for the Economic Crime and Corruption, Mr. Ognjen Haramina, the Head of Section for Computer Crime and Intellectual Property Protection

**MoF-CA:** Ms. Ana Hrastović, Assistant Minister and SPO

**SI:** Mr.Kruno Kovačević, Chief Inspector
A Project Steering Committee (SC), consisting of SIPO, MoJ, MoI, MoF-CA, SI, the Central Financing and Contracting Unit (CFCU) and representatives of the European Commission Delegation to Croatia, will be established upon project start.

Prior to project start SIPO will establish a functioning PIU with members from all beneficiary institutions to assure smooth project coordination and implementation through the project cycle and to monitor on a regular basis the progress of the project.

SIPO will be responsible also for the provision of the necessary resources/office space/equipment to the contractor.

5 DETAILED BUDGET

<table>
<thead>
<tr>
<th>€</th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National Public Funds (*)</td>
<td>Other Sources (**)</td>
<td></td>
</tr>
<tr>
<td>Year 2006 – Investment support jointly co-funded</td>
<td>472.500</td>
<td>157.500</td>
<td>157.500</td>
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<tr>
<td>Supply Contract</td>
<td>472.500</td>
<td>157.500</td>
<td>157.500</td>
</tr>
<tr>
<td>Investment support – sub-total</td>
<td>472.500</td>
<td>157.500</td>
<td>157.500</td>
</tr>
<tr>
<td>% of total public funds</td>
<td>max 75 %</td>
<td>min 25 %</td>
<td></td>
</tr>
<tr>
<td>Year 2006 Institution Building support</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Agreement</td>
<td>1.000.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IB support</td>
<td>1.000.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total project 2006</td>
<td>1.472.500</td>
<td>157.500</td>
<td></td>
</tr>
</tbody>
</table>

1. All **investment** sub-projects supported by PHARE must receive co-financing from **national public funds**. Minimum requirement for co-financing from national public funds is 25% of the combined PHARE and national contributions to the overall investment support.

2. Many Institution building projects will also have a degree of co-financing – this should be quantified and included wherever possible.
3. Expenditure related to equipment (regulatory infrastructure or ESC-related) and to Technical Assistance supporting investment (e.g. pre feasibility study / supervision of works / technical specifications) should be considered as Investment support in the project fiche.

4. All co-financing must be provided on a joint basis. Parallel co-financing will, in a principle, not be accepted. Exceptions to this rule have to be agreed with the Commission in advance.

5. All co-financing should be clearly quantified, also the degree of certainty of such co financing (i.e. for National Public Funds: is it already earmarked in local or national budget, for FIs Loans, private funds: are they already approved/ under appraisal, etc.).

6. Where parallel co financing is accepted and justified per exception to the normal rule it should be provided in monetary form. If this is not possible there should be clear criteria set out for the valuation of any non-monetary contributions (that should be quantified in the table).

7. If twinning is involved, clearly state the expected budget of the twinning covenant.

8. The financial engineering of the project should be closely monitored against actual delivery during implementation and against the objectives that were set in the project fiche so that corrective actions may be taken where required.

6 IMPLEMENTATION ARRANGEMENTS

6.1 Implementing Agency

The Central Financing and Contracting Unit (CFCU) at the Ministry of Finance is responsible for the tendering, contracting and disbursement of all the project’s components in line with DIS principles and the PRAG.

Programme Authorising Officer
Mrs Vladimira Ivandić
Assistant Minister
Ministry of Finance
Katanciceva 5
10000 Zagreb
Croatia

Senior Programme Officer
Dr. Željko Topić
Director General
State Intellectual Property Office
Ulica grada Vukovara 78
10000 Zagreb
Croatia

6.2. Twinning

Twinning National Contact Point
Mrs Ivana Kovačević
Ministry of Finance, Administrative Office
Katančićeva 5
10000 Croatia
6.3. **Non-standard aspects**

The Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions (the PRAG) will be strictly followed.

6.4 **Contracts**

Twinning Agreement €1.000.000  
Supply Contract € 630.000 (including 25% cofinancing)

7 **IMPLEMENTATION SCHEDULE**

7.1 Start of tendering/call for proposals: 4Q/2006  
7.2 Start of Project Activity: 2Q/2007  
7.3 Project Completion: 2Q/2009. The estimated completion of the supply contract is in 2Q/08.

8 **EQUAL OPPORTUNITY**

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Specifically in relation to the issue of equality between men and women, Croatia’s population (2001 census) constitutes 51,87% women and 48,13% men, with those in active employment based on Labour Force Survey Statistics conducted in accordance with ILO methodology, for the second half of 2002 divided 45,31% women and 54,69% men.

All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports.

9 **ENVIRONMENT**

Not applicable

10 **RATES OF RETURN**

Not applicable

11 **INVESTMENT CRITERIA (APPLICABLE TO ALL INVESTMENTS)**

Not applicable
12 CONDITIONALITY AND SEQUENCING

Pre-conditions

SIPO has to establish a functioning PIU prior to project start.
SIPO has to ensure the necessary office space for the IPR Information Centre.

Assumptions

- Enforcement of IPR remains one of the priorities in the enforcement bodies.
- Croatian Government support project activities and provide the necessary human, material and financial resources during and beyond the end of project support.
- Croatian Parliament enact the laws and by-laws
- Good implementation capacity of PIU
- Good cooperation between the SIPO and the main stakeholders.
- Continuation of collecting data and exchange of information on application procedures, ex-officio seizures, prosecutions, court decisions etc.
- Trained staff remains in service

Sequencing

The twinning assistance will:

Strengthen the institutional capacity vis-à-vis cooperation, coordination and enforcement mechanism among the bodies responsible for implementing IPR legislation (Component 1).
Assess and if needed draft the legal and regulatory framework on IPR to be in line with EU requirements (Component 2).
Strengthen the administrative capacity of the enforcement bodies responsible for implementing IPR legislation (Component 3).
Strengthen the functioning of the IPR Information centre and the administrative capacity of SIPO staff dealing with public awareness of IPR issues (Component 4).
ANNEXES TO THE PROJECT FICHE

Annex 1 – Log frame
Annex 2 – Detailed implementation chart
Annex 3 – Contracting and Disbursement Schedule
Annex 4 – Reference List of Legislation
Annex 5 – List of Relevant Strategic Plans and Study
Annex 6 – Needs Assessment/Justifications from line ministries
# Annex 1: Log frame

**Strengthening the Enforcement of Intellectual Property Rights**

- **Programme name and number**: PHARE 2006
- **Contracting period expires**: 30.11.2008
- **Disbursement period expires**: 30.11.2009
- **Total budget**: 1.630.000 €
- **Phare budget**: 1.472.500 €

## Overall objective

To assure that the level of protection of intellectual, industrial and commercial property rights is in line with the EU standards, meeting thus the internal market requirements.

- **Objectively verifiable indicators**: 
  - Increased No. of cases of IPR infringement processed by relevant enforcement bodies (Customs – MFCA, Police – MIA, State Attorneys and Courts – MJ, State Inspectorate)
  - Increased No. of applications for protection of industrial property in Croatia
  - Reduction of the levels of piracy and counterfeiting

- **Sources of Verification**: 
  - Reports of the Government of Croatia, EU Institutions/Agencies and International Organizations
  - Statistics of relevant enforcement bodies (MoF-CA, Police - MoI, State Attorney Office and Court Authorities - MoJ, SI)
  - SIPO statistics

## Project purpose

To strengthen the administrative capacity of SIPO, MoJ, MoI, MoF-CA and SI to effectively enforce intellectual, industrial and commercial property rights.

- **Objectively verifiable indicators**: 
  - Increased No. of successfully processed cases of IPR infringement
  - Increased No. of granted industrial property in Croatia
  - Increased quantities of seized counterfeited goods
  - Increased amount of fees collected by collective societies
  - Increased income from IPR transactions in relevant sectors and number of new employments
  - Reduction of the levels of piracy and counterfeiting
  - Improved public perception of the importance of IPR, and of the benefits from IPR protection and enforcement on economic development.

- **Sources of Verification**: 
  - Reports of EU Institutions/Agencies and International Organizations
  - SIPO statistics
  - Enforcement bodies periodical and annual reports
  - Project reports
  - Records of collective societies and other interested parties (market operators)
  - Business records of companies in relevant sectors
  - M&E reports
  - Specific ex ante and ex post survey

## Results

1. Cooperation/coordination/enforcement mechanism among the bodies responsible for implementing the IPR protection measures established/strengthened.

- **Objectively verifiable indicators**: 
  - No. of institution building strategy and training programmes developed and carried out
  - No. of Committee and or WG established

- **Sources of Verification**: 

- **Assumptions**: 
  - Enforcement of IPR remains one of the priorities in the enforcement bodies
  - Continuing cooperation between the SIPO and enforcement bodies
  - Continuing of collecting data and exchange of information on application procedures, ex-officio seizures, prosecutions, court decisions etc.
2. Legal and regulatory framework drafted/endorsed in line with EU requirements.

3. Improved administrative capacity of the enforcement bodies responsible for implementing the IPR protection measures.

4. IPR Information centre established and fully operational, including improved administrative capacity of SIPO staff dealing with public awareness of IPR issues.

Result 1
- No of trainees trained
- No. of capacity building events organised
- Study on the impact of the industries based on IPR to the national economy
- Feasibility study of the needs for the storage for the seized goods infringing the IPR
- No. of IT hardware, software and equipment purchased, installed, operational

Result 2
- No. of gap need analysis report and recommendations drafted
- No. of amendments laws & by-laws drafted/adopted
- No. of TNA and training strategy & programmes developed and carried out
- No. of ToT
- No of trainees
- No. of capacity building events organised
- Number of cases of IPR infringement processed in the enforcement bodies

Result 3
- Information and public awareness strategic plan and campaign prepared
- Database information system prepared
- Web page further developed and updated
- No of brochures, materials and assessment reports prepared
- No. of IT hardware, software and equipment purchased, installed, operational
- No. of training material developed
- No. of trainees trained
- No. of linked institutions
- No. of users of IPR system
- No. of media coverage on IPR issues

Result 4
- Information and public awareness strategic plan and campaign prepared
- Database information system prepared
- Web page further developed and updated
- No of brochures, materials and assessment reports prepared
- No. of IT hardware, software and equipment purchased, installed, operational
- No. of training material developed
- No. of trainees trained
- No. of linked institutions
- No. of users of IPR system
- No. of media coverage on IPR issues

Activities | Specification of inputs: | Specification of costs: | Assumptions |
---|---|---|---|
Component 1: Institution Building | 1 Twinning Agreement for components 1,2,3,4 | Twinning Agreement: 1.000.000 € | - Croatian Government supports project activities and provides the necessary human, material and financial resources during and beyond the end of project support.
Component 2: Legal/Regulatory Framework | 1 Supply Contract for components 1 and 4 | Supply Contract: 630.000 € Including 25% co-financing | - Good cooperation between the main stakeholders
Component 3: Capacity Building | | | - Trained staff remain in service
Component 4: IPR information centre | | | - Good implementation capacity of PIU
Preconditions
SIPO has to establish a functioning PIU prior to project start.

SIPO has to ensure the necessary office space for the IPR Information Centre.

ANNEX 2: Indicative Implementation Chart by quarters

Strengthen the Enforcement of Intellectual Property Rights

<table>
<thead>
<tr>
<th>Strengthen the Enforcement of Intellectual Property Rights</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract N.1 – IB</td>
<td>IV</td>
<td>I I I</td>
<td>III</td>
<td>I I I</td>
<td>I I</td>
</tr>
<tr>
<td>Contract 2 – Supply</td>
<td>IV</td>
<td>I I</td>
<td>I I</td>
<td>I I</td>
<td>I</td>
</tr>
</tbody>
</table>

Annex 3 – Contracting and Disbursement Schedule (PHARE funding only)

<table>
<thead>
<tr>
<th>Strengthen the Enforcement of Intellectual Property Rights</th>
<th>Cumulative contracting schedule by quarters in EUR (provisional)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tr>
<td>Contract N.1 - IB</td>
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</tr>
<tr>
<td>CUMULATIVE TOTAL (EUR):</td>
<td></td>
<td>1 MEUR</td>
<td>1,4725 MEUR</td>
<td>1,4725 MEUR</td>
<td>1,4725 MEUR</td>
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</table>

<table>
<thead>
<tr>
<th>Strengthen the Enforcement of Intellectual Property Rights</th>
<th>Cumulative disbursement schedule by quarters in EUR (provisional)</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1 – IB</td>
<td></td>
<td>300.000</td>
<td>600.000</td>
<td>600.000</td>
</tr>
<tr>
<td>Contract 2 – Supply</td>
<td></td>
<td>-400.000</td>
<td>472.500</td>
<td>472.500</td>
</tr>
<tr>
<td>CUMULATIVE TOTAL (EUR):</td>
<td></td>
<td>300.000</td>
<td>1.000.000</td>
<td>1.072.500</td>
</tr>
</tbody>
</table>
Annex 4 – Reference List of Legislation

1. Patent Law, OG 173/03 of 31 October 2003
2. Trademarks Law, OG 173/03 of 31 October 2003
3. Law on Geographical Indications and Designations of Origin of Products and Services, OG 173/03 of 31 October 2003
4. Law on the Protection of the Topographies of Semiconductor Products, OG 173/03 of 31 October 2003
5. Industrial Designs Law, OG 173/03 of 31 October 2003
6. Copyright and Related Rights Law, OG 167/03 of 22 October 2003
7. Law Amending the Law on Administrative Fees in the Field of Intellectual Property, OG 160/04 of 15 November 2004;
8. Law on Representation in the Area of Industrial Property Rights, OG 54/05 of 27 April 2005
9. The amendments to the patent Law, OG 87/05 of 18 July 2005
10. Patent Regulations, OG 72/04 of 1 June 2004
11. Trademark Regulations, OG 72/04 of 1 June 2004
12. Regulations on Geographical Indications and Designations of Origin, OG 72/04 of 1 June 2004
13. Regulations on the Protection of Topographies of Semiconductor Products, OG 72/04 of 1 June 2004
14. Regulations on Industrial Designs, OG 72/04 of 1 June 2004
15. Regulations on the Professional Criteria and Procedures for Granting Authorizations for Performing Collective Management of Rights and on Remunerations for the work Done by the Council of Experts, OG 72/04 of 1 June 2004
16. Regulation Amending the Regulation on Special Procedural Charges and Charges for the Information Services Provided by SIPO, OG 187/04 of 29 December 2004

Documents available on www.dziv.hr

Annex 5 – List of Relevant Strategic Plans and Studies

2. SIPO Information Plan 2005 – 2010 (SIPO internal document)
Annex 6 – Needs Assessment/Justifications for the procurement of supply for the Ministry of Interior (MoI), Customs Administration (CA), State Inspectorate (SI), and State Intellectual Property Office (SIPO)

According to the strategic and policy documents of the EC (‘Accession Partnership’, ‘EC 2005 Progress Report on Croatia’) and the Government of Croatia (‘National Programme for the Integration of the Republic of Croatia into the European Union 2006) one of the main priorities is to strengthen the enforcement of intellectual and industrial property rights, concerning both the fight against piracy and counterfeiting.

The Ministry of the Interior, State Inspectorate, Customs Administration, and the State Intellectual Property Office are among the main Croatian institutions responsible for the enforcement of intellectual and property rights. These institutions currently lack the necessary equipment (such as portable forensic workhorse, portable computers & printers, digital cameras and an updated software for the IPR information system) for effectively enforcing IPR.

The paragrapthes belows describe the main problems currently faced by the institutions responsible for IPR enforcement and the benefits that will be received from the purchase of the requested equipment.

Ministry of Interior

The Ministry of Interior requested 21 portable forensic workhorse (comprising hardware and software components) as per the preliminary technical specifications herewith attached.

The portable forensic workhorse are needed by the MoI for copying the suspect' hard-disc records (full image) and for the subsequent analysis to find the evidence relating to the commitment of criminal acts prosecuted ex officio, (infringement of intellectual property rights, child pornography, unauthorised access to computers and other). Considering that the criminal investigations are conducted in all 20 police administrations throughout the country, it is necessary to procure 20 portable forensic workhorse, plus one additional portable forensic workhorse to be used by the Law Enforcement Authority, i.e. Sector for Computer Crime and for the Protection of Intellectual Property. The equipment to be procured is portable and may be used on the sites for the purpose of the copying, and the subsequent analysis of the records shall be performed at the police administrations. The records are secured by digital signature, featuring a guarantee that the copied records may not be subsequently altered, cancelled or otherwise to have impact on the authenticity of thus procured evidence. The equipment is composed of hardware and software, including the tools used for the search of evidence on the computers (may be applied for any existing operational systems in use), and by using such tools the evidence is procured and secured so that it is identical to the procedures in the majority of the EU Member States, the USA and other countries, enabling Croatian authorities to use them not only in the proceedings before the courts in Croatia, but also in courts of other countries. This is particularly relevant given that the most of such illegal operations involve parties from different countries.

It should be stressed that in 2005 the MoI has already purchased four portable forensic workhorse (from the company “Forensic Computers” represented in Croatia by the firm “PROLINE” d.o.o.) which have proven to be very useful for the collection of evidences to
enforce IPR and fight piracy and counterfeiting. In order to collect and analyse evidences uniformly throughout the country, the MoI needs to procure additional portable forensic workhorse with the same technical specifications of the one recently purchased.

The requested portable forensic workhorse have been chosen in consultation with the National High-Tech Computer Unit (NTHCU) of London, given the fact that they use the same equipment (purchased from the same producer - Forensic Computers), and that the cooperation agreement established between the Croatian MoI and the NHTCU would allow to the MoI’s officers to be trained at very minimum costs. Indeed, the portable forensic workhorse are sophisticated equipment and specific training for the officers who will use these equipments is needed. It should be stressed that the MoI has recently requested a technical opinion from the NHTCU to justify the purchase of the requested portable forensic workhorse.

The components embedded in the equipment (hardware and software) could be procured separately, but in this case the equipment might not be as efficient as the final product delivered by the company Forensic Computers. It is certain that the total price of the equipment in such conditions would be significantly higher, given significant rebate this company offers for the procurement of the equipment for judicial bodies, and the technical characteristics of the equipment in such case are much better than those procured for the individual users to be used for other purposes.

Based on the above considerations, it is suggested to procure the portable forensic workhorse from the same supplier. The change of supplier would involve that the MoI will have to acquire equipment with different technical characteristics which would result in incompatibility and disproportionate technical difficulties in operation and maintenance.

Negotiated procedure (direct agreement) is considered to be the most appropriate solution for this particular procurement as indicated in the new “Practical Guide to contract procedures for EC external actions” which outlines (in section 4.2.4.1) that the supply contracts may be awarded by negotiated procedure on the basis of one or several tenders in the following cases:

'for additional deliveries by the original supplier intended either as a partial replacement of normal supplies or installations or as the extension of existing supplies or installations, where a change of supplier would oblige the Contracting Authority to acquire equipment having different technical characteristics which would result in either incompatibility or disproportionate technical difficulties in operation and maintenance'

Technical Specifications of the portable forensic workhorse are herewith annexed and will be further elaborated and submitted with the final project fiche.
Customs Administration

The Customs Administration consists of 12 main Custom Offices throughout the country, including 108 custom branch offices and 119 customs sectors, of which 147 border crossings, 51 internal trade offices and 30 for cross-border trade. According to the Croatian Customs Code and the Regulation on the implementation of border measures in respect of the goods infringing intellectual property rights, the Customs Administration is responsible for enforcing the measures to the goods infringing IPR.

The type of customs operations, especially the ones related to cross-border trade, involve a high volume of movements of goods in the many entry border points of the country.

The Customs Administration needs to equip 108 customs branch offices with digital cameras to allow them to effectively and efficiently collect and share evidences and enforce IPR. It should be outlined that all customs offices are interconnected with a central IT system of the customs administration enabling them to share the recordings through the network, and that the digital cameras will facilitate considerably the collection and dissemination of IPR information, resulting in an improvement of the IPR enforcement.

Currently, the Customs Administration did not receive EC assistance in the field of IPR and there is not overlapping with other CARDS/PHARE projects.

State Inspectorate

The State Inspectorate supervises the application of laws and other acts regulating the trade and reproduction of musical and cinematographic works recorded on sound and picture carriers, and computer programs; the protection of industrial design, trademarks and the use of geographical indications for products and services; the manufacture, offering for sale, sale, use, import and storing of invention-based products, i.e., products created based on a patent-protected procedure without the approval of the patent holder. Within the State Inspectorate the Intellectual Property Department dealing with the inspection of the application and enforcement of the laws and other regulations governing the protection of intellectual property was recently established. It encompasses 4 employees including the head of the Department. Also in headquarters of Regional Units Zagreb Department for supervision of Technical legislation and intellectual property rights is established. Supervision of intellectual property rights protection perform market inspectors and high market inspectors from above mentioned Department and also from Department from supervision in field of traffic of goods, crafts and services which are allocated in headquarters of Regional Units Zagreb and also in other four Regional Units (Rijeka, Split, Varaždin and Osijek) and market inspectors from 38 Branch Offices of State Inspectorate. Regarding administrative capacity, State Inspectorate has 358 market inspectors appointed in Regional Units and Branch Offices which are competent for supervision in the field of IPR protection.

State Inspectorate inspectors are responsible to overlook business premises, products, devices, work equipment, business documentation, registers, documents, treaties, identifications and other business documentation, documents which can be used to determine identity of a person who is the subject of control, to take dispositions, to temporarily seize documentation and goods which infringe IPR, to take samples of products. According to Article 33o the State Inspectorate Act,
inspectors must prepare a report for each inspection supervision. The report has to be signed by a responsible person of subject of control in object in which supervision was performing.

Currently, inspectors are not equipped with portable computers (and printers) and digital cameras and need to carry out the inspections without the support of IT equipment, resulting in inefficient performances and waste of time because the reports have to be written by hand. Also inspectors have to re-typed a minutes when they filing a misdemeanor complaint to the Misdemeanor Courts.

Portable computers (and printers) are needed to allow the inspectors to access SIPO website and check the trademark registry, to write inspection reports directly on an electronic format, increasing thus efficiency.

Digital cameras are needed to allow the inspectors to collect evidences on IPR infringements and share this information with the other IPR enforcement institutions.

SIPO

The software (trademark search tools) that SIPO is currently using for its IPR centre is obsolete - this was also confirmed by the EU expert of the CARDS 2001 project that supported SIPO. The software was purchased in early nineties from the Austrian Office, as their in-house developed software for their own needs, not as a commercial product, and therefore tailored primarily for use in German/Austrian language. Apparently some minor adaptations to the software had been introduced by SIPO at the time, according to SIPO’s IT capacities at that time, which was at the very beginning of the SIPO (itself formally established 31.12.1991). There has been no development or update of the software since then, although there has been major changes in both trademark classification (now 45 classes instead 42 at the time) and the IT technology - IT has largely advanced from MS-DOS platform on which the current software is based to MS-Windows based platform. SIPO’s IT department has provisionally added in a certain way the new 3 classes, but it is clear that a new software tool is needed, especially to be in line with the SIPO information strategy which is based on strong orientation on developing information services.

Two options has been considered: either an update of the present trademark search tools licensed from Austrian PTO or the possibility to purchase a brand new standard search tool from another provider. It has been concluded by the CARDS expert that by continuing with an updated version of the Austrian Search tool SIPO will still suffer from having a tool developed and maintained mainly for the Austrian Office and for the German/Austrian Language. Additional concern is that it is not a commercial product and no standard customer support and updates would be provided.

By choosing a more open and standardized search tool from a commercial provider, SIPO will have the advantage of the continuous development that will ensured from the provider’s side. While investigating the market, SIPO has found that there is at least one commercial software available (e.g. used in EU countries such as Benelux, Estonia, Hungary, Ireland, Sweden, and wider - Norway, South Africa, etc.). The software that would fulfil present and future needs of SIPO for the trademarks search should have the following key features:
- Search on different databases with the same searching interface (national marks, IR (WIPO9, CTM (OHIM), INN (WHO), Art 6ter (UN), Company names etc.)
- Searching of figurative trademarks at least based on the Vienna Classification and preferably suitable figurative coding which could enable further hierarchical search
- Implemented logic to order search results by decreasing similarity
- Implemented logic for analyzing all aspects of verbal similarity, fully adaptable to Croatian language and alphabet
- Possibility to be adapted to manage, on top of Croatian language, verbal analysis in at least major foreign languages (English, French, German, Spanish) and various alphabets
- Preferably further features that could provide adjusting of the similarity level for different search requirements.

More detailed technical specifications will be elaborated and submitted with the final project fiche.

Preliminary Technical Specifications on the portable forensic workhorse for the Ministry of Interior

HARDWARE

UFVVPK-M  4 Brand: Forensic-Computers.com Ultimate VVrite Protection Kit (Mobile)
One Tableau T3U FireWire800 SATA Bridge
One 8" SATA Cable One 39" SATA Cable
One SATA 15 pin to Female Molex Power Cable
One Tableau T14 (Black) FireVVire to READ ONLY IDE Bridge
One Tableau T14 (Yellow) FireVVire to READ VWRITE IDE Bridge
Two 2.5 Notebook Adapters Two Tableau T2 Power Switches
One Tableau T4 FireWire800+USB2.0 SCSI Bridge
One 68-pin 8" SCSI ribbon cable One 68-pin to SCA-80 Adapter
One 68-pin to 50-pin SCSI Adapter
One 50-pin one position SCSI ribbon cable
One P9 to P9 FireVVire Cable One P9 to P6 FireVVire Cable
One P9 to P4 FireVVire Cable One P6 to P6 FireWire Cables
One P6 to P4 FireWire Cable
One Mini Type B to USB Cable Two Tableau TP-1 Power Bricks (Auto sensing)
Two 5-pin DIN to Molex Power Adapter Cables
Two Female to Female Molex Power Cables
One Addonics Mini DigiDrive READ ONLY 7-in-1 Flash Media Reader (seven different popular digital media - CF-I, CF-II, Smart Media™, Memory Stick™, Memory Stick Pro™, Micro Drive™, Multimedia Card™ and Secure Digital Card™) One soft side bag

Linux-M-10  4  OS UPGRADE Linux (Mandrake 10.1) (Dual Boot)
MEM-UP1  4  MEMORY UPGRADE Add 1GB DDR400 dual channel (2GB System Total)
CPU -UP 1  4  Intel Pentium 4 3.2GHz CPU (500MHz FSB, IM cache)
HD- UP3  4  Add Two 200GB VVestern Digital Hard Drives
SCSI - OS  4  SCSI OS HDD One 36 GB Seagate SCSI ULTRA 320 HDD Setup as OS DRIVE Mounted in Vantec Vortex Cooler
SCSI-C 4  Add 3 SCSI Cable Set: HP-68 to SCSI-1; HP68 to HP50 and HP68 to HP68 (ali six foot in length)
VIDEO256 4  VIDEO CARD 256 MB DDR A
DVD DL 4  Combo Dual Layer DVD -R/-RW/+R/+RW Burner 24X CD-RVV
SCSI CARD 4  ADAPTEC 29320 SCSI Controller Card

SOFTWARE
AD-UFTK 4  AccessData Ultimate Forensic ToolKit
EN-V4 4  Guidance Software EnCase Forensic Ver 4 (LE/Govt)
P-FR 4  Paraben Forensic Replicator
P-FS 4  Paraben Forensic Sorter
P-EM-K 4  Paraben E-Mail Examiner
P-N-EM-X 4  Paraben Network E-Mail Examiner
P-TS 4  Paraben Text Searcher
P-CAC 4  Paraben Čaše Agent Companion
P-PDAS 4  Paraben PDA Seizure Toolbox
P-CST 4  Paraben Čeli Seizure Toolbox
P-DCE 4  Paraben Decryption Collection Enterprise
P-NA 4  NetAnalysis (LE Pricing)

Part Nbr  Quantity  Description
PFW-IV 4  Brand: Forensic-Computers.com Model: Portable Forensic Workhorse IV (5-Bay)
1. ČAŠE (Developed and Engineered by Forensic-Computers.com)
   ATX Aluminum 5-Bay Chassis vwith ABS Plastic Shell (Black) 108 Key Keyboard with integrated GlidePoint Touchpad (Black) Integrated speakers
2. Motherboard :Asus Motherboard vwith SOOMHz Front Side Bus
   Avvard BIOS Intel 848 Chipset (handles hyper threading with MS XP)
   USB 2.0 (4 ports), ATA- 133 (two channels), Serial ATA (two channels) and Serial ATA (RAID 0, 1)
3. PROCESSOR: Intel Pentium 4 2,6 GHz CPU (533 Mhz FSB vwith 512 L2 cache) Intel CPU Heat Sink and Cooling fan
4. HDD Vvvestern digital IDE ATA/100
5. NEC 15" LCD Panel vwith high contrast and brightness (1024 X768)
6. Matrox G-450 32 MB
7. 550 Watt, 115VAC/230VAC Manually Ssvvitched Povver Supply
8. 1GB DDR 333 Memory
9. Adaptec 29160 SCSI Controller Card
10. Adaptec FireConnect 8300 Controller (FireVVire 800/400)
11. Forensic FireVVi re to IDE READ Only Module (attached to CRU IDE - Bay 5)
12. Gigabit PCI LAN Controller (10/100/1000)
13. On-board 6-channel 5.1 surround sound output, stereo microphone input
14. MS Windows XP Professional
15. Norton SystemWorks 2003 Professional (OEM)
16. QuickView Plus Version 8
17. Combo Dual Layer DVD -R/-RW/+R/+RW Burner 24X CD-RVV
   Bay 1 - Vantec Vortec Cooler with 36GB SCSI Ultra320 System Drive
   Bay 2 - CRU Data Port V Plus IDE (for Target Drive) Bay 3 – Combo
   DVD Burner Bay 4 - CRU DataPort V Plus SATA (for Target Drive)
   Bay 5 - CRU Data Port V Plus IDE with Forensic FireVVi re READ
   ONLY Module
   EXTERNAL PORTS IDE ATA-133 (40-pin, 80-wire) port HP-68 to
   SCSI-1 50-pin adapter and SCSI 50-pin ribbon cable Molex power
   connector
   Kit Bag * Spare Screvv Set (Case/CRU)
   Two 2.5" to 3.5" IDE notebook adapters 30" IDE ATA/133 Ribbon
   Cable * 4 foot 5V/12V Powver Cable 31-piece Security Screvvdriver
   Set * Craftsman 10-in-l Screwdriver
   12-in-l Flash Media Reader (External USB 2.0)
   Soft-sided wheeled travel bag with telescoping handle (for travel by
   auto) Pelican 1660 Transport Čaše (for air travel) Microsoft Optical
   Intellimouse
   VL — 1   L   One Year Warranty

Note: For the purpose of compatibility of technical characteristics of computers with the ordered upgrade, the following devices have been upgraded:

1. Video graphic card 256 MB AGP 8x- instead of G450 32
2. Combo dual layer DVD dual side recorder - instead of a single side
3. Adaptec A29320 SCSI Controller Card - Instead of A29160 SCSI controller