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Committee on Legal Affairs and the Internal Market

PROVISIONAL
2003/0024(COD)

17 September 2003

*****I**

DRAFT REPORT

on the proposal for a directive of the European Parliament and of the Council
on measures and procedures to ensure the enforcement of intellectual property
rights
(COM(2003) 46 – C5-0055/2003 – 2003/0024(COD))

Committee on Legal Affairs and the Internal Market

Rapporteur: Janelly Fourtou

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 30 January 2003 the Commission submitted to Parliament, pursuant to Articles 251(2) and 95 of the EC Treaty, the proposal for a directive of the European Parliament and of the Council on measures and procedures to ensure the enforcement of intellectual property rights (COM(2003) 46 – 2003/0024(COD)).

At the sitting of 10 March 2003 the President of Parliament announced that he had referred the proposal to the Committee on Legal Affairs and the Internal Market as the committee responsible and the Committee on Industry, External Trade, Research and Energy for its opinion (C5-0055/2003).

The Committee on Legal Affairs and the Internal Market had appointed Janelly Fourtou rapporteur at its meeting of 20 February 2003.

The committee considered the Commission proposal and draft report at its meeting(s) of

At the latter/last meeting it adopted the draft legislative resolution by ... votes to ..., with ... abstention(s)/unanimously.

The following were present for the vote ... (chair(wo)man/acting chair(wo)man), ... (vice-chair(wo)man), ... (vice-chair(wo)man), Janelly Fourtou (rapporteur), ..., ... (for ...), ... (for ... pursuant to Rule 153(2)), ... and

(The opinion(s) of the Committee on ... (and the Committee on ...) is (are) attached.) (The Committee on ... decided on ... not to deliver an opinion.)

The report was tabled on

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a directive of the European Parliament and of the Council on measures and procedures to ensure the enforcement of intellectual property rights (COM(2003) 46 – C5-0055/2003 – 2003/0024(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2003) 46)¹,
 - having regard to Articles 251(2) and 95 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0055/2003),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs and the Internal Market and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0000/2003),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 10

(10) The objective of this Directive is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market. ***This protection is essential against infringements carried out on for commercial purposes or which cause significant harm to the right holder, apart from minor and isolated infringements.***

(10) The objective of this Directive is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market. ***Member States should apply sanction mechanisms in a graduated manner. The relevant courts are also required to take due account of the specific nature of each case, taking account in particular of the intentional or unintentional character of the infringement.***

¹ OJ C ... / Not yet published in OJ..

Justification

The purpose of the measures in the proposed directive is the legal protection of intellectual property rights. They should ideally apply to any infringement of those rights. But Member States must have the opportunity of deciding to apply sanction mechanisms in a graduated manner. And we need to specify that the national courts should take due account of the specific nature of each case.

Amendment 2

Recital 13

(13) It is necessary to define the scope of this Directive as widely as possible in order to encompass all the intellectual property rights covered by Community provisions in this field and by the resulting national provisions, while excluding certain activities which do not involve intellectual property in the strict sense. Nevertheless, that requirement does not affect the possibility, on the part of those Member States which so wish, to extend, for internal purposes, the provisions of this Directive to include acts involving unfair competition or similar activities.

(13) It is necessary to define the scope of this Directive as widely as possible in order to encompass all the intellectual property rights covered by Community provisions in this field and by the resulting national provisions, while excluding ***patents and*** certain activities which do not involve intellectual property in the strict sense. Nevertheless, that requirement does not affect the possibility, on the part of those Member States which so wish, to extend, for internal purposes, the provisions of this Directive to include acts involving unfair competition or similar activities.

Justification

Patents need excluding from the directive's scope in view of their special nature.

Amendment 3

Recital 27

(27) Industry must take an active part in the fight against piracy and counterfeiting. The development of codes of conduct in the circles directly affected is a supplementary means of bolstering the regulatory framework. The Member States, in collaboration with the Commission, should encourage the development of codes of conduct in general. ***Monitoring of the manufacture of optical discs, particularly by means of an identification code embedded in discs produced on the***

(27) Industry must take an active part in the fight against piracy and counterfeiting. The development of codes of conduct in the circles directly affected is a supplementary means of bolstering the regulatory framework. The Member States, in collaboration with the Commission, should encourage the development of codes of conduct in general.

territory of the Community, helps to limit infringements of intellectual property in this sector which suffers from piracy on a large scale. However, these technical protection measures must not be misused with a view to protecting markets and preventing parallel imports.

Justification

See amendments to Articles 22 and 22a.

Amendment 4
Recital 27 a (new)

(27a) Member States should ensure that professional manufacturers of optical discs, including master discs containing or capable of containing elements protected by intellectual property rights, affix on each such disc a standard code that is common to the whole industry, giving details of the establishment in which the disc was produced or manufactured. Measures of this kind will help to reduce the serious problem of piracy. But such measures must not be misused with the aim of partitioning markets and affecting trade between Member States.

Justification

See amendments to Articles 22 and 22a.

Amendment 5
Article 2

1. Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for right holders, the measures provided for by this Directive shall apply to any infringement of the rights deriving from Community and European acts on the

1. Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for right holders, the measures provided for by this Directive shall apply to any infringement of the rights deriving from Community and European acts on the

protection of intellectual property, as listed in the Annex, and from the provisions adopted by the Member States in order to comply with those acts *when the infringement is committed for commercial purposes or causes significant harm to the right holder*.

2. This Directive shall be without prejudice to the particular provisions on the enforcement of rights contained in Community legislation concerning copyright and notably those found in Directive 2001/29/EC.

3. This Directive shall not affect :

a) the Community provisions governing the substantive law on intellectual property, Directive 95/46/EC, Directive 1999/93/EC or Directive 2000/31/EC;

b) Member States' international obligations and notably the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement").

protection of intellectual property, as listed in the Annex, and from the provisions adopted by the Member States in order to comply with those acts.

2. This Directive shall be without prejudice to the particular provisions on the enforcement of rights contained in Community legislation concerning copyright and notably those found in Directive 2001/29/EC.

3. This Directive shall not affect :

a) the Community provisions governing the substantive law on intellectual property, Directive 95/46/EC, Directive 1999/93/EC or Directive 2000/31/EC, *particularly Articles 12, 13 and 14 of the latter on the service provider's liability for 'mere conduit', 'caching' and 'hosting'*;

b) Member States' international obligations and notably the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement").

Justification

To ensure that the directive complies with the provisions of the TRIPS Agreement and emphasis that Community law on service-providers' liability remains fully applicable in the field of electronic trading.

Amendment 6 Article 3

Member States shall provide for the *proportionate* measures and procedures needed to ensure the enforcement of the intellectual property rights covered by this Directive.

These measures and procedures shall *be such as to remove* from those responsible for an infringement of an intellectual-property right the economic benefits of that

Member States shall provide for the measures and procedures needed to ensure the enforcement of the intellectual property rights covered by this Directive.

These measures and procedures shall *provide for effective and proportionate means, appropriate to the infringement and deterring further infringements, in*

infringement. They shall be fair and equitable, and shall not be unnecessarily complicated or costly, nor entail unreasonable time-limits or unwarranted delays.

These measures and procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade.

particular by removing from those responsible for an infringement of an intellectual-property right the economic benefits of that infringement. They shall be fair and equitable, and shall not be unnecessarily complicated or costly, nor entail unreasonable time-limits or unwarranted delays.

These measures and procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade.

Any penalty must be effective, proportionate and deterrent, and take account of the intentional or unintentional character of the infringement.

Justification

For the directive to succeed the measures must have a clearly deterrent effect on counterfeiters and pirates. At the same time there is a need to ensure the procedure is based on the principle of proportionality.

Amendment 7
Article 3 a (new)
Subheading

Provisions of civil and administrative law, and relating to the law of evidence

Justification

To make the structure of the text more transparent.

Amendment 8
Article 4

Member States shall ensure that any infringement of an intellectual property right covered by Article 2 is punishable by penalties. These penalties must be effective, proportionate and deterrent.

deleted

Justification

See amendment to Article 3.

Amendment 9
Article 5

1. Member States shall recognise as persons entitled to apply for application of the measures referred to in this Chapter the holders of intellectual property rights, as well as all other persons authorised *to use those rights in accordance with the applicable law, or their representatives.*

2. Member States shall confer upon rights management *or professional defence* bodies, wherever they represent *intellectual property right holders or other persons authorised to use these rights according to the applicable law*, an entitlement to seek application of the measures and procedures referred to in *this Chapter, including the authority to initiate legal proceedings for the defence of those rights or of the collective or individual interests for which they are responsible.*

Such entitlement shall be accorded to *any* properly constituted rights management *body or professional defence body*, regardless of the Member State in which *it* is established

The first and second subparagraphs shall be without prejudice to the applicable rules on the representation of parties in court proceedings.

(This amendment applies throughout the legislative text. If it is adopted it will require corresponding technical adjustments throughout.)

Justification

It needs to be clear that only right-holders, exclusive licence-holders and sub-licence-holders

1. Member States shall recognise as persons entitled to apply for application of the measures referred to in this Chapter the holders of intellectual property rights, *exclusive licence-holders and sub-licence holders*, as well as all other persons authorised *by the holders of the rights concerned to initiate proceedings for infringement of the rights covered by the Directive.*

2. Member States shall confer upon rights management bodies *or professional organisations*, wherever they represent *the persons referred to in paragraph 1*, an entitlement to seek application of the measures and procedures referred to in *the Directive, when such bodies or organisations have been authorised to do so by the persons concerned.*

Such entitlement shall be accorded to properly constituted rights management *bodies or professional organisations*, regardless of the Member State in which *they are* established.

and their legitimate representatives should be authorised to initiate legal proceedings if intellectual property rights are infringed.

Moreover, organisations which are not explicitly mandated by the right-holders concerned to take action should not be authorised initiate proceedings. The opportunity for professional organisations to take legal action must not of course prevent right-holders from initiating proceedings on their own behalf.

Amendment 10
Article 6

1. Until proved otherwise, copyright shall be presumed to exist for any work or any other object protected in accordance with the Berne Convention.

Until proved otherwise, authorship of a work shall be presumed to be ***vested in*** the person whose name, ***presented as being that of the author***, is featured on copies of the work, or ***whose authorship is referred to on a copy of the work*** by way of a statement, label or other ***mark***.

2. Until proved otherwise, the author or copyright-holder of a work shall be presumed to be the person ***or entity*** whose name is featured on copies of the work ***or any other protected object, or on packaging connected with it, or appears in relation with the work or other protected object, in particular*** by way of a ***written or electronic*** statement, label or ***any other indication***.

Justification

Simple presumption of the existence of rights is an essential way to enable right-holders to take action against infringers. Presumption must not of course prevent the defendant from producing evidence capable of overturning the presumption.

The amendment incorporates the presumption of author's rights set out in Article 15 of the Berne Convention.

There is also a need to stipulate that presumption should apply to works transferred on line in the form of digital files and works and processed phonograms in special packaging.

Amendment 11
Article 7, paragraph 2

2. In order to identify and prosecute the real beneficiaries of the infringement, Member States shall take such measures as are necessary to enable the responsible authorities to order the communication ***or***

2. In order to identify and prosecute the real beneficiaries of the infringement, Member States shall take such measures as are necessary to enable the responsible authorities to order the communication of

seizure of banking, financial or commercial documents, subject to the protection of confidential information.

banking, financial or commercial documents, subject to the protection of confidential information.

Justification

Seizure of banking, financial or commercial documents should rather form part of the investigation stage of a given criminal procedure.

Amendment 12

Article 7, paragraph 3 (new)

3. Member States shall make provision to ensure that, when a substantial number of copies of a work or any other protected object is seized or is the subject of a complaint for infringement of rights, the evidence established on the basis of a reasonable sampling of such copies or objects shall permit the presumption, until proved otherwise, that all such copies of articles:

(a) contain certain works or other protected objects,

(b) comprise certain characteristics or specifications, or

(c) infringe a right.

Justification

When seizures concern a substantial quantity of counterfeit articles (as frequently occurs) it becomes very expensive and arduous for the right-holders to prove that each of the seized articles infringes their right. The right-holders and courts have to examine hundreds of thousands of articles when it is obvious from inspecting part of the seizure that all of it has been counterfeited or pirated.

The proposed legal presumption would allow a reasonable sampling for a large number of seized goods while authorising proof of the contrary. The legislation and case-law of some Member States (such as Greece or Finland) already recognise the sampling of counterfeit goods. And Council Regulation No 3295/94 on customs action against counterfeiting already permits sampling by customs officers to speed up the procedure (Article 6).

Amendment 13

Article 8

1 Member States shall lay down that, ***where there is a demonstrable risk that evidence may be destroyed even before the commencement of proceedings on the merits of the case***, the judicial authorities may, in the event of an actual or imminent infringement of an intellectual property right, authorise in any place either the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the documents relating thereto. These measures shall be taken by order issued on application, if necessary without the other party having been heard.

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 lay down that physical seizure may be subject to the applicant's lodging of an adequate guarantee intended to ensure compensation for any prejudice suffered by the defendant if the proceedings instituted against him are subsequently judged to be unfounded.

3. Member States shall lay down that, if the applicant has not instituted legal proceedings leading to a decision on the merits of the case within ***31 calendar days of the seizure***, the seizure shall be null and void, without prejudice to the damages which may be claimed.

1. Member States shall lay down that, the judicial authorities may, in the event of an actual or imminent infringement of an intellectual property right, authorise in any place either the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and ***all relevant evidence relating to the alleged infringement***. ***Such evidence shall comprise***, in appropriate cases, ***the equipment and materials used in the production and/or distribution of the infringing goods and all the documents relating thereto***. These measures shall be taken by order issued on application, if necessary without the other party having been heard.

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 lay down that physical seizure may be subject to the applicant's lodging of an adequate guarantee ***or provision by the applicant of an equivalent assurance*** intended to ensure compensation for any prejudice suffered by the defendant if the proceedings instituted against him are subsequently judged to be unfounded.

3. Member States shall lay down that, if the applicant has not instituted legal proceedings leading to a decision on the merits of the case within ***a reasonable period***, the seizure shall be null and void, without prejudice to the damages which may be claimed. ***Such a period shall be determined by the appropriate judicial authority when national law so permits or, in the absence of such determination, a period of no more than 20 working days,***

or 31 calendar days if that is longer, from the date of notifying the defendant of the measure.

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 of any intellectual property right, the judicial authorities shall have be empowered to order the applicant, at the defendant's request, to provide the defendant with adequate compensation for any injury caused by the measures.

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 of any intellectual property right, the judicial authorities shall have be empowered to order the applicant, at the defendant's request, to provide the defendant with adequate compensation for any injury caused by the measures.

4. Member States may take measures to protect witnesses' identity.

Justification

Provision of a banker's guarantee or similar assurance should also suffice to allow the applicant to show that he has the means to indemnify the defendant.

The period within which the applicant must initiate proceedings must be laid down by the appropriate national court, and the period of 20/31 days imposed only in the absence of such a ruling. This is compatible with Article 50(6) of the Trips Agreement.

Applicants frequently depend on evidence provided by members of the public concerning suspected infringements of intellectual property rights. The effective administration of justice requires such informers to be able to provide evidence without incurring any social, economic or personal risk of affecting their employment. So it must be possible to produce evidence to a court without requiring the identity of the witness concerned to be provided to the court or, at least, to the infringer/defendant. That is not creating any new rule for such evidence. The aim is just to allow the court to know the source of the evidence and take a view on its provenance. Such a procedure already exists under Irish law.

A measure such as this will not in any way adversely affect the defendant. It is up to the court to consider the evidence to decide if sound arguments have been produced in favour of issuing a search order. Execution of the order will provide the evidence on which to base an action for the alleged infringement of intellectual property rights. If the evidence is established, an action will follow; if none is provided, it will not (and the defendant will be protected in accordance with Article 8(3)).

Amendment 14 Article 9

1. Member States shall lay down that, in ***order to deal*** with proceedings ***involving***

1. Member States shall lay down that, in ***connection*** with proceedings ***for an***

an infringement of an intellectual property right, or in response to a request for provisional or precautionary measures, the judicial authorities shall order, at the request of the right holder, unless particular reasons are invoked for not doing so, any person to provide information on the origin of the goods or services which are thought to infringe an intellectual property right and on the networks for their distribution or provision, respectively, if that person:

- (a) was found in possession, **for commercial purposes**, of the infringing goods;
- (b) was found to be using the infringing services **for commercial purposes**; or
- (c) was indicated by the person referred to in point (a) or (b) as being **at the origin** of the goods or services or as being a link in the network for distributing those goods or providing those services.

2. The information referred to in paragraph 1 shall comprise:

- (a) the names and addresses of the producers, distributors, suppliers and other previous holders of the product or service, as well as the intended wholesalers and retailers;
- (b) information on the quantities produced, delivered, received or ordered, as well as the price obtained for the goods or services in question.

3. Paragraphs 1 and 2 shall apply without prejudice to other provisions which:

- (a) grant the right holder rights to receive fuller information;
- (b) govern the use in civil **or criminal** proceedings of the information communicated pursuant to this Article;

alleged infringement of an intellectual property right, or in response to a request for provisional or precautionary measures, the judicial authorities shall order, at the request of the right holder, unless particular reasons are invoked for not doing so, any person to provide information on the origin of the goods or services which are thought to infringe an intellectual property right and on the networks for their distribution or provision, respectively, if that person:

- (a) was found in possession of the infringing goods;
- (b) was found to be using the infringing services; or
- (c) was indicated by the person referred to in point (a) or (b) as being **involved in the manufacture or provision** of the goods or services or as being a link in the network for distributing those goods or providing those services.

2. The information referred to in paragraph 1 shall comprise:

- (a) the names and addresses of the producers, distributors, suppliers and other previous holders of the product or service, as well as the intended wholesalers and retailers;
- (b) information on the quantities produced, delivered, received or ordered, as well as the price obtained for the goods or services in question.

3. Paragraphs 1 and 2 shall apply without prejudice to other provisions which:

- (a) grant the right holder rights to receive fuller information;
- (b) govern the use in civil proceedings of the information communicated pursuant to this Article **without prejudice to the case-law and provisions on the confidentiality of information sources**;

(c) govern responsibility for misuse of the right of information;

(d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit to ***the existence of*** an infringement of an intellectual property right.

4. Apart from the cases referred to in paragraph 1, Member States shall lay down that, when the responsible authorities are in possession of the information referred to in paragraph 2, they may so inform the right holder, provided the latter is known, while complying with the rules on the protection of confidential information, in order to allow the right holder to institute proceedings leading to a decision on the merits of the case or to obtain provisional or precautionary measures.

(c) govern responsibility for misuse of the right of information;

(d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit to ***their participation in*** an infringement of an intellectual property right;

(da) govern the protection of natural persons with regard to the treatment of data of a personal nature.

4. Apart from the cases referred to in paragraph 1, Member States shall lay down that, when the responsible authorities are in possession of the information referred to in paragraph 2, they may so inform the right holder, provided the latter is known, while complying with the rules on the protection of confidential information, in order to allow the right holder to institute proceedings leading to a decision on the merits of the case or to obtain provisional or precautionary measures.

Justification

The ability of right-holders to obtain information on the origin and distribution networks of litigious goods should not be limited to cases where the infringer acts for commercial purposes. Such a limitation would deprive right-holders and, as a result, the authorities responsible for enforcing the law, of a useful opportunity to obtain fuller information on piracy operations.

Amendment 15

Article 10, paragraphs 3 and 4

3. Member States shall lay down that a prohibitory measure ***shall*** be revoked if the applicant ***does*** not ***institute*** proceedings leading to a decision on the merits of the case within ***thirty-one calendar days from the day on which the right holder became aware of the facts on which it is based.***

3. Member States shall lay down that ***the defendant may call for*** a prohibitory measure ***to*** be revoked if the applicant ***has*** not ***instituted*** proceedings leading to a decision on the merits of the case within ***a reasonable period, to be determined by the appropriate judicial authority ordering the measure in the Member States where that is permitted or, in the absence of such determination, within a period of no more than 20 working days, or 31 calendar days***

if that is longer, from the date of notifying the defendant of the measure.

4. The judicial authorities may make the prohibition subject to the lodging by the applicant of adequate **guarantees** intended to ensure any compensation of the prejudice suffered by the defendant if the proceedings on the merits are subsequently judged to be unfounded.

4. The judicial authorities may make the prohibition subject to the lodging by the applicant of **an adequate guarantee or provision of an equivalent assurance** intended to ensure any compensation of the prejudice suffered by the defendant if the proceedings on the merits are subsequently judged to be unfounded.

Justification

See justification to the amendment to Article 8.

Amendment 16
Article 11, paragraph 2

2. The judicial authorities may make the measures provided for in paragraph 1 subject to the lodging by the applicant of **guarantees adequate** to ensure possible compensation for the prejudice suffered by the defendant if the proceedings on the merits are subsequently judged to be unfounded.

2. The judicial authorities may make the measures provided for in paragraph 1 subject to the lodging by the applicant of **an adequate guarantee or provision of an equivalent assurance** to ensure possible compensation for the prejudice suffered by the defendant if the proceedings on the merits are subsequently judged to be unfounded.

Justification

See justification to the amendment to Article 8.

Amendment 17
Article 13

Member States shall lay down that the judicial authorities may order that the goods which have been found to infringe an intellectual property right, as well as the materials and implements used primarily for the creation or the manufacture of the goods in question, be disposed of outside the channels of commerce, without any compensation being due.

Member States shall lay down that the judicial authorities may order that the goods which have been found to infringe an intellectual property right, as well as the materials and implements used primarily for the creation or the manufacture of the goods in question, be disposed of outside the channels of commerce, without any compensation being due. **Member States shall lay down that the competent national authorities may in appropriate**

cases order the total or partial, definitive or temporary, closure of the establishment or store primarily used for committing the infringement in question.

Justification

Self-evident.

Amendment 18

Article 14

Member States shall lay down that the judicial authorities may order the destruction of the goods which have been found to infringe an intellectual property right, without there being any entitlement to compensation.

Member States shall lay down that the judicial authorities may order the destruction *at the infringer's expense* of the goods which have been found to infringe an intellectual property right, *and of the materials and instruments primarily used to create or manufacture the goods in question*, without there being any entitlement to compensation.

Justification

Self-evident.

Amendment 19

Article 17

1. Member States shall lay down that the judicial authorities shall order an infringer to pay the *right holder* adequate damages in reparation of the damage incurred by the latter as a result of *his* intellectual property right being infringed through the infringer having engaged in an activity *in the knowledge, or with reasonable grounds for knowing, that it would give* rise to such an infringement.

To this end, the competent authorities shall award, at the request of the prejudiced party:

(a) *either damages set at double the*

1. Member States shall lay down that the judicial authorities shall order an infringer to pay the *person legally entitled to act under Article 5* adequate damages in reparation of the damage incurred by the latter as a result of *the* intellectual property right being infringed through the infringer having engaged in an activity *giving* rise to such an infringement.

To this end, the competent authorities shall award, at the request of the prejudiced party, *depending on the gravity and intentional or unintentional nature of the infringement*:

(a) *either damages corresponding to*

royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question;

(b) or compensatory damages corresponding to the actual prejudice (including lost profits) suffered by the right holder as a result of the infringement.

In appropriate cases, Member States shall lay down that the prejudice suffered can also be deemed to include elements other than economic factors, such as the moral prejudice caused to the right holder by the infringement.

2. In the case provided for in paragraph 1, point *(b)*, Member States *may provide* for the recovery, for the benefit of the right holder, of all the profits made by the infringer which are attributable to that infringement and which are not taken into account when calculating the compensatory damages.

For calculating the amount of the profits made by the infringer, the right holder is bound to provide evidence only with regard to the amount of the gross income achieved by the infringer, with the latter being bound to provide evidence of his deductible expenses and profits attributable to factors other than the protected object.

the actual prejudice (including lost profits) suffered by the right-holder as a result of the infringement;

(b) or damages set at double the royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question;

(c) or pre-established damages, provided that they are proportionate to the gravity of the infringement and sufficiently deterrent.

Member States shall lay down that the prejudice suffered can also be deemed to include elements other than economic factors, such as the moral prejudice caused to the right holder by the infringement.

In the case provided for in paragraph 1, point *(a)*, Member States *shall provide* for the recovery, for the benefit of the right holder, of all the profits made by the infringer which are attributable to that infringement and which are not taken into account when calculating the compensatory damages.

For calculating the amount of the profits made by the infringer, the right holder is bound to provide evidence only with regard to the amount of the gross income achieved by the infringer, with the latter being bound to provide evidence of his deductible expenses and profits attributable to factors other than the protected object.

Justification

The purpose of this amendment is to make the provision's structure more coherent and allow the courts to award pre-established damages when the exact extent of the infringement is hard to assess.

Amendment 20
Article 18

Member States shall lay down that the legal costs, lawyer's fees and any other expenses incurred by the successful party shall be borne by the other party, unless equity *or the economic situation of the other party* does not allow this. The responsible authorities shall determine the sum to be paid.

Member States shall lay down that the legal costs *and, where appropriate,* lawyer's fees and any other expenses incurred by the successful party shall be borne by the other party, unless equity does not allow this. The responsible authorities shall determine the sum to be paid.

Justification

Takes account of Article 45(2) of the Trips Agreement and the particularities of the procedural law of various Member States.

Amendment 21 Article 19

1. Member States shall lay down that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the right holder and at the expense of the infringer, that the decision be displayed and published in full or in part in the *newspapers* designated by the right holder.

2. Member States may also provide for other publicity measures which are appropriate to the particular circumstances.

1. Member States shall lay down that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the right holder and at the expense of the infringer, that the decision be displayed and published in full or in part in the *media* designated by the right holder, *in compliance with the rules on the protection of natural persons with regard to the treatment of data of a personal nature.*

2. Member States may also provide for other publicity measures which are appropriate to the particular circumstances.

Justification

Self-evident.

Amendment 22 Article 20

Criminal law provisions

1. Member States shall ensure that all serious infringements of an intellectual property right, as well as attempts at, participation in and

Criminal law provisions

Without prejudice to the civil and/or administrative measures and procedures laid down by the Directive, Member States shall take the measures needed to ensure

instigation of such infringements, are treated as a criminal offence,. An infringement is considered serious if it is intentional and committed for commercial purposes.

2. Where natural persons are concerned, Member States shall provide for criminal sanctions, including imprisonment.

3. As regards natural and legal persons, the Member States shall provide for the following sanctions:

- (a) fines;*
- (b) confiscation of the goods, instruments and products stemming from the offences referred to in paragraph 1, or of goods whose value corresponds to those products.*

In appropriate cases, Member States shall also provide for the following sanctions:

- (a) destruction of the goods infringing an intellectual property right;*
- (b) total or partial permanent or temporary closure of the establishment used primarily to commit the infringement;*
- (c) a permanent or temporary ban on engaging in commercial activities;*
- (d) placing under judicial supervision;*
- (e) judicial winding-up;*
- (f) a ban on access to public assistance or subsidies;*
- (g) publication of judicial decisions.*

4. For the purposes of this Chapter, the term “legal person” shall be understood to mean any legal entity having such status under the applicable national law, except for States or any other public bodies acting in the exercise of their prerogative of public power, as well as public international organisations.

that any infringement or attempted infringement of intellectual property rights of a serious and intentional nature can be punishable by criminal sanctions.

Self-explanatory.

Amendment 23
Article 21

Legal protection of technical devices

1. Without prejudice to particular provisions applicable in the field of copyright, related rights and the sui generis right of the creator of a database, Member States shall provide for appropriate legal protection against the manufacture, import, distribution and use of illegal technical devices.

2. For the purposes of this Chapter,

(a) “technical device” means any technology, device or component which, in the normal course of its functioning, is designed for the manufacture of authentic goods and the incorporation therein of elements which are manifestly identifiable by customers and consumers and which make it easier to recognise the goods as being authentic.

(b) “illegal technical device” means any technical device which is designed to circumvent a technical device which permits the manufacture of goods infringing industrial property rights and incorporating the manifestly identifiable elements described in point (a).

Legal protection of technical devices

1. For the purposes of this Article, “technical device” means any technology, device or component designed to be applied to tangible products protected by an intellectual property right to facilitate the detection of counterfeit goods. “Illicit technical device” means any technology, device or component which misleads, is designed to deceive or is likely to mislead any person as to the authenticity of the tangible products concerned.

2. Member States shall provide for appropriate legal protection against:

(a) the manufacture, import, distribution, sale, hire, advertising for sale or hire, possession and use of illicit technical devices;

(b) the import or distribution of tangible products to which illicit technical devices have been applied or whose technical devices have been removed, tampered with or disabled;

(c) the application, on products that infringe intellectual property rights, of technical devices designed from the outset to be used by right-holders on authentic products;

(d) the act of removing, tampering with or disabling technical devices or circumventing them.

3. *This Article shall apply to the technical devices applied to tangible products in the sense of physical objects, including their packaging, and not to digital goods. This Article shall be without prejudice to the provisions applicable in the area of copyright, associated rights and the sui generis rights of the manufacturer of a database.*

4. *Right-holders shall remain free to use technical devices within the meaning of this Article.*

Justification

To give this provision a more coherent structure.

Amendment 24 Article 22

1. Member States shall encourage:
 - (a) the development by trade or professional associations or organisations of codes of conduct at Community level aimed at contributing towards the enforcement of the intellectual property rights referred to in Article 2;
 - (b) *the establishment, by optical disc manufacturers and the professional organisations concerned, of codes of conduct aimed at helping manufacturers to combat infringements of intellectual property, particularly by recommending the use on optical discs of a source code enabling the identification of the origin of their manufacture;***
 - (c) the submission to the Commission of draft codes of conduct at national and Community level and of any evaluations of the application of these codes of conduct.
2. The codes of conduct must be in accordance with Community law and notably the rules on competition and

1. Member States shall encourage:
 - (a) the development by trade or professional associations or organisations, ***with the participation of consumer associations and access suppliers,*** of codes of conduct at Community level aimed at contributing towards the enforcement of the intellectual property rights referred to in Article 2;
 - deleted***
 - (b) the submission to the Commission of draft codes of conduct at national and Community level and of any evaluations of the application of these codes of conduct.
2. The codes of conduct must be in accordance with Community law and notably the rules on competition and

protection of personal data.

protection of personal data.

Justification

See amendment to Article 22a.

Amendment 25
Article 22 a (new)

Article 22a

***Required inclusion of identification codes
for optical discs***

1. Member States shall provide for the professional manufacturers of optical discs containing, or capable of containing, elements protected by intellectual property rights, including master discs, to affix to such discs standardised codes common to the whole industry giving details of the establishment in which the master discs or copies of such discs were manufactured.

2. The Member States and Commission shall also encourage the manufacturers of optical discs and the professional organisations concerned to adopt codes of conduct as laid down in Article 22, to help such manufacturers of optical discs to combat infringements of intellectual property rights.

Justification

The use of identification codes based on standards developed by the industry is a pro-active and economical way of fighting the pirating of optical discs at source. But such codes will not have the desired effect if they are applied on a voluntary basis. It is worth pointing out that Parliament called, in its resolution of 4 May 2000 on the Green Paper 'Combating Counterfeiting and Piracy in the Single Market', for the introduction of a requirement to use such codes on all optical discs produced or manufactured in the European Union.

Amendment 26
Article 24, paragraph 1

1. Each Member State shall designate one or more correspondents (referred to

1. Each Member State shall designate one or more correspondents, ***including***

hereinafter as “the national correspondents”) for any question relating to the implementation of the measures provided for by this Directive. It shall communicate the details of the correspondent(s) to the other Member States and to the Commission.

where appropriate one or more customs representatives (referred to hereinafter as “the national correspondents”) for any question relating to the implementation of the measures provided for by this Directive. It shall communicate the details of the correspondent(s) to the other Member States and to the Commission.

Justification

The interest of participation by the national customs is self-evident.

Amendment 27
Annex, last indent

Convention on the Grant of European Patents (Convention on the European Patent) of 5 October 1973. *deleted*

Justification

There is a need to exclude patents from the scope of the Directive in view of their special nature.

EXPLANATORY STATEMENT

Commission proposal

When Parliament unanimously adopted its report on the Green Paper 'Combating Counterfeiting and Piracy in the Single Market' we drew attention to the economic and social cost of the phenomenon and its dangerous aspects for public health and innovation.

The situation has worsened over the past three years and today all the industries may be said to be affected, even current consumer goods, in alarming proportions and increasingly as a result of organised crime.

According to European customs figures, seizures of illicit products rose by 39 % between 2000 and 2001, and the counterfeiting of food products alone rose during this period by 75 %. In the case of pirated CDs, their number has increased by 15 300 % since 1999. In the Netherlands counterfeit pharmaceuticals have begun appearing on pharmacy shelves.

The software industry estimates the level of piracy at 35 %, the audiovisual industry at 25 %, the toy industry is facing counterfeiting of 12 % and about 40 % of CDs, cassettes and other recorded music are counterfeits.

The proposal's aim is to standardise national laws on the methods of enforcing intellectual property rights and define a general framework for exchanging information between the relevant national authorities.

The proposal covers infringements of all intellectual property rights (both copyright and industrial property rights, trademarks, designs and models) that have been harmonised within the EU.

According to the Commission it will safeguard identical conditions for right-holders throughout the EU, tighten up measures against infringers and thus act as a deterrent against counterfeiters and pirates. It is intended to supplement the recent proposal for a regulation to facilitate the seizure by customs of counterfeit goods originating outside the Community, on which Parliament has not been consulted.

The proposal is based on the good practice already identified in the Member States' laws that have proved the most effective. The measures that Member States are asked to take include orders to end the sale of counterfeit or pirated goods, and empowering the legal authorities to obtain evidence and require infringers to compensate right-holders. Member States must also ensure that any serious infringements of intellectual property rights are classified as criminal offences punishable by criminal penalties.

The Commission considers that it is crucial to take firm action against the 'major' offenders, and so the proposal only concerns infringements committed for commercial purposes or doing considerable damage to right-holders.

In the Commission's view the approach that the proposal takes goes beyond the Agreement on Trade-Related Aspects of Intellectual Property Rights, or 'Trips Agreement'. This

agreement provides for minimal provisions that must apply to all EU Member States to enforce intellectual property rights.

The rapporteur's approach

Having heard the interest groups concerned – the telecommunications industry, access suppliers, manufacturers of pharmaceuticals and vehicle spares, several consumer organisations, the music and software industries, publishing, journalism and so on – the rapporteur has endeavoured to take account of their legitimate concerns, with due regard for the inevitable political, practical and legal constraints and its primary aim, to provide the greatest possible protection from acts of counterfeiting and piracy.

So it would be more appropriate to widen the scope, in accordance with the Trips Agreement, to include protection of the legitimate interests of right-holders, while maintaining the directive's highly dissuasive character in the case of counterfeiting and piracy in the proper sense of the word.

Perhaps it needs saying that the directive will not apply only to piracy and counterfeiting but to any infringement of intellectual property rights. For this reason the rapporteur has tabled some amendments to ensure that the penalties and provisional measures will be applied in a graduated and proportionate way, taking into account whether or not the infringement was deliberate, so as to prompt judges to use their powers of assessment when facing cases of infringement that are not properly acts of counterfeiting or piracy. The provision on damages and compensation has been adjusted in the same spirit.

On the matter of patents the rapporteur proposes excluding them from the directive's scope, since the European Patent Convention is the sole text in force at present and the question of patent protection is such a complex and delicate issue that it deserves a specific text, perhaps following adoption of the text on the Community patent.

Bearing in mind the concerns of the telecommunications and access supply industries and in the interest of legal certainty the rapporteur believes it is worth spelling out explicitly that the directive does not affect the provisions concerning Directive 2000/31/EC, particularly those relating to the liability of service-providers.

As to the provisions of civil and administrative law and relating to the law of evidence, these have been partially amended so as not to overly disrupt national law and, more especially, with the aim of preventing effective procedures for combating infringements of intellectual property rights from disappearing from the scene.

Changes have also been made to the wording with the aim of protecting the confidentiality of journalists' sources and the treatment of personal data.

After much thought the rapporteur has decided, in view of the present legal uncertainty – pending the Court of Justice ruling on a text on environmental liability – and the reluctance of Member States, to propose a minimalist provision on criminal penalties in the hope that recent and forthcoming developments on this issue will eventually make it possible to introduce them, either in this directive or, if necessary, by means of a framework decision under the Third Pillar.

The rapporteur is also proposing amendments on establishing a code of conduct, so as to involve consumers and Internet access providers in its wording, as working together is the best way of reaching solutions.

Finally, there is a need for the industry to have the means to deal with the many infringements of intellectual property rights to which it is subject. So effective technical devices are needed, complying with market rules and providing the necessary consumer information.

The rapporteur hopes that her balanced approach will receive the Committee's full attention. She will of course be pursuing her talks with the shadow rapporteurs, draftspeople, interested Members, the Commission and the Italian Presidency to reach the speediest and most acceptable conclusion possible.