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*****I** **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 meetings of 29 April 2003, 22 May 2003, 1 and 20 October 2003 and 4 and 27 November 2003 .

At the last meeting it adopted the draft legislative resolution by 28 votes to 0, with 3 abstentions.

The following were present for the vote Giuseppe Gargani, (chairman), Bill Miller, (vice-chairman), Janelly Fourtou, (rapporteur), Uma Maija Aaltonen, Paolo Bartolozzi, Ward Beysen, Isabelle Caullery (for Brian Crowley), Willy C.E.H. De Clercq (for Diana Wallis), Gianfranco Dell'Alba (for Alexandre Varaut pursuant to Rule 153(2)), Bert Doorn, Raina A. Mercedes Echerer, Francesco Fiori, Marie-Françoise Garaud, Evelyne Gebhardt, Fiorella Ghilardotti, Robert Goebbels, Malcolm Harbour, Stephen Hughes, Christopher Huhne, Wilfried Kuckelkorn, Carlos Lage (for Carlos Candal pursuant to Rule 153(2)), Kurt Lechner, Klaus-Heiner Lehne, Sir Neil MacCormick, Toine Manders, Hans-Peter Mayer (for José María Gil-Robles Gil-Delgado), Arlene McCarthy, Manuel Medina Ortega, Angelika Niebler (for Lord Inglewood), Marcelino Oreja Arburúa (for Rainer Wieland), Anne-Marie Schaffner, Peter William Skinner, Hannes Swoboda, Marianne L.P. Thyssen, Ieke van den Burg (for François Zimeray pursuant to Rule 153(2)), Joachim Wuermeling, Matti Wuori, Stefano Zappalà and Jürgen Zimmerling.

The opinion of the Committee on Industry, External Trade, Research and Energy is attached.

The report was tabled on 5 December 2003.

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 (A5-0468/2003),
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 Title

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on measures and procedures to ensure the enforcement of intellectual property rights

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on measures and procedures to ensure the enforcement of intellectual ***and industrial*** property rights

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

¹ Not yet published in OJ.

Justification

The term ‘intellectual property’ does not include industrial property, which covers such areas as trademarks.

Amendment 2 Recital -1 (new)

(-1) In June 2003, the European Parliament adopted a written declaration calling for strong, harmonised civil sanctions for any intellectual property infringement, tough criminal penalties for commercial-scale counterfeiting and increased action to make consumers aware that piracy and counterfeiting are not victimless crimes.

Amendment 3 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.***

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 4 Recital 12

(12) This Directive shall not affect the

(12) This Directive shall not affect the

application of the rules of competition, and in particular Articles 81 and 82 of the Treaty.

application of the rules of competition, and in particular Articles 81 and 82 of the Treaty. **Furthermore, the measures provided for in this Directive must not be used to prevent competition.**

Justification

It must be made clear that the enforcement of intellectual property rights will not be used as a pretext to exclude competitors from the market. This would damage competition within the European Union and also bring the justified enforcement of intellectual property rights into disrepute. Amendment 5

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 **and industrial** 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. **The Commission will review, in accordance with the provisions of Article 23 of this Directive, how this Directive can be amended to include those activities, such as misleading or parasitic copying.** 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.

Furthermore, the proposed directive ignores actions requested by several business sectors in response to the Green Paper on the fight against counterfeiting and piracy (COM(98) 569 final).

Amendment 6
Recital 21

(21) Other measures designed to ensure a high level of protection exist in certain countries and must be made available in all the Member States. This is the case with the right of information, which allows precise information to be obtained on the origin of the infringing goods, the distribution channels and the identity of the third parties involved in the infringement, as well as the publication of judicial decisions on infringements of intellectual property, which makes it possible to inform the public and deter third parties from committing such infringements.

(21) Other measures designed to ensure a high level of protection exist in certain countries and must be made available in all the Member States. This is the case with the right of information, which allows precise information to be obtained on the origin of the infringing goods, the distribution channels and the identity of the third parties involved in the infringement, as well as the publication of judicial decisions on infringements of intellectual property, which makes it possible to inform the public and deter third parties from committing such infringements. ***However, this should not constitute a general obligation to monitor third parties.***

Justification

To establish consistency with Directive 2000/31/EC and emphasise that the extent of the duty of vigilance in favour of third parties remains clearly limited.

Amendment 7 Recital 21 a (new)

(21a) After the accession of the candidate countries there will be a new European border, which has to be closed for import of illegal goods and production methods to protect the entire Internal Market. The European Commission should encourage and provide funds for border controls and improvement of enforcement of intellectual property rights in those countries.

Amendment 8 Recital 23 a (new)

(23a) This Directive creates no other liability for information society services and intermediaries than is provided for in Directive 2000/31/EC.

Amendment 9
Recital 26

(26) Protection *measures* make a major contribution towards combating infringements of intellectual property. Appropriate legal protection of security and *authentication* devices which protect against copying, manipulation or neutralisation is therefore necessary in the field of industrial property, and already exists in the field of copyright. Moreover, these protection measures targeting the abuse of technical devices to infringe intellectual property rights are in line with Article 6 of the Convention on Cybercrime adopted by the Council of Europe in Budapest on 23 November 2001.

(26) ***Technical*** protection ***devices*** make a major contribution towards combating infringements of intellectual property. ***Their purpose is to protect original products from imitation or counterfeiting or make imitated or counterfeit products easier to identify. They also make it possible to monitor the distribution chain with regard to certain goods or batches, without requiring monitoring to be introduced within the distribution chain, so as to obtain information on a certain attitude to use on the part of the good's end consumer.*** Appropriate legal protection of security and *authentication* devices which protect against copying, manipulation or neutralisation is therefore necessary in the field of industrial property, and already exists in the field of copyright. ***There are many types of technical protection device. There are apparent security elements (holograms, watermarks, guilloches, metameric colour combinations, optical variable ink, microscript) and hidden security elements (reagent colours, luminescence, photochromic and thermochromic colours, fluorescence, hidden information technology, melier fibres, nano-markers, molecular structures, laser markings) or combinations of these, which can be both a component of the product itself and of primary and secondary packaging materials. Apparent security elements may contain visible information that does not have to be readable but becomes readable only with the right-holder's aids. Where the laws of the Community or Member States prescribe the labelling of certain products for purposes other than those laid down here, the technical protection devices must not be combined with them.***

Technical protection devices must not be used in order to seal off markets from one another. For this reason it is not unlawful

for third parties to use technical protection devices when such use is necessary to maintain legitimate competition. In particular, legitimate parallel trading in the Community must not be monitored by the use of technical protection devices. This also applies to the hindering or complete exclusion of trading in spare parts by designing appliances for which such spare parts are intended in such a way that they will only accept the spare parts of the appliance's manufacturer.

Moreover, these protection measures targeting the abuse of technical devices to infringe intellectual property rights are in line with Article 6 of the Convention on Cybercrime adopted by the Council of Europe in Budapest on 23 November 2001.

Justification

First of all we distinguish 'technical protection devices' from the technical protection measures under Directive 2001/29/EC. Then we describe the functions they perform. As a matter of principle, monitoring the distribution chain for a given product is admissible. Technical protection devices do not enjoy protection where their purpose is also to monitor the end-consumer's attitude to use. This could for instance include the radio frequency identification method (RFID) in which microchips transmitting radio waves are incorporated in products but are undecodable, to make it possible to obtain user behaviour information after a product is acquired. Here we need to ensure that such a purpose is inadmissible per se and as such should be de-activated on purchase or capable of being de-activated by the end-consumer after purchase.

Amendment 10 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 territory of 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. Monitoring of the manufacture of optical discs, particularly by means of an identification code embedded in discs produced on the 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.

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 *implemented in such a way as to create barriers to the single market, to facilitate anti-competitive behaviour or* with a view to protecting markets and preventing parallel imports.

Amendment 11
Recital 27 a (new)

(27a) The Member States will ensure that the manufacturers of optical storage discs, including master discs that contain or are capable of containing components protected by intellectual property rights, affix on all such discs a uniformly standardised code for the entire branch of the industry, clearly indicating the place of manufacture of the storage disc concerned. Optical storage discs are CDs, CD-ROMs and DVDs, and any medium developed in future that is manufactured by means of an optical storage procedure. 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 12
Article 1

This Directive concerns the measures necessary to ensure the enforcement of intellectual property rights.

This Directive concerns the measures necessary to ensure the enforcement of intellectual *and industrial* property rights.

Justification

The term 'intellectual property' does not include industrial property, which covers such areas as trademarks. Amendment 13

Article 2, paragraph 1

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**.

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 acts on the protection of intellectual property and from the provisions adopted by the Member States in order to comply with those acts. **Member States shall ensure in this connection that the judicial authorities take due account of the specific characteristics of each individual case in choosing penalties and the modalities thereof.**

Amendment 14

Article 2, paragraph 2

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.

2. This Directive shall be without prejudice to the particular provisions on the enforcement of rights **and exceptions** contained in Community legislation concerning copyright and notably those found in Directive 2001/29/EC, **particularly Articles 2 to 5 and 8 of that Directive**.

Amendment 15

Article 2, paragraph 3

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;

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, **in general, and the provisions of Articles 12 to 15 of Directive 2000/31/EC in particular**;

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

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

(c) the Community provisions regarding the reverse engineering of products for interoperability, Directive 91/250/EEC.

Amendment 16
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 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.

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 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 ***and must be in line with rules on competition law.***

Procedures within the meaning of this Directive shall be administrative and court procedures (administrative and civil procedures).

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 17
Subheading (to be added after Article 3)

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

Justification

To make the structure of the text more transparent.

Amendment 18
Article 4

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

Justification

See amendment to Article 3.

Amendment 19
Article 5, paragraph 1

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.***

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.***

(This amendment applies throughout the text. Adopting it will necessitate

corresponding changes throughout.)

Justification

It needs to be clear that only right-holders, exclusive licence-holders and sub-licence-holders 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 20 Article 5, paragraph 2

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.

2. Member States shall confer upon rights management or professional defence bodies ***or associations of right holders***, wherever they represent ***the persons referred to in paragraph 1*** according to the applicable law, an entitlement to seek application of the measures and procedures referred to in this ***Directive, in so far as such bodies have been authorised to do so by the persons concerned.***

The entitlement to institute legal proceedings shall be governed by the procedural law of the Member State concerned.

Justification

There is a need to clarify the point that only right-holders, exclusive licensees and sub-licensees and their lawful representatives are entitled to initiate legal proceedings in the event of infringement of intellectual property rights.

Bodies that are not expressly authorised by the relevant right-holders of intellectual property rights to seek the application of measures should not be entitled to bring court actions. Obviously the fact that professional bodies are not entitled to initiate proceedings must not be allowed to prevent right-holders from taking action on their own behalf. As regards their entitlement to take action it should be made clear that the Member State's procedural law will apply.

Amendment 21
Article 6, paragraphs 1 (new) and 2

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***.

1. Until proved otherwise, the existence of copyright or related rights shall be presumed for any work or any other object which is protected under the Berne Convention.

2. Until proved otherwise, authorship of a work or copyright or a related right shall be presumed to be vested in the person or entity whose name is featured on copies of the work or on any other protected object, or on its packaging, or which features in relation to the work or another protected object, notably by way of a written or electronic statement, label or any other indication.

Justification

The presumption should be extended to related rights.

Amendment 22
Article 6, paragraph 3 (new)

3. Where either ownership of the copyright or related rights in question, or the existence of such copyright or related rights, is reasonably disputed, or where the applicant provides evidence of the existence and ownership of the copyright or related rights in question, such evidence and a written statement to this effect may be issued, and such statement shall be deemed to have legal force unless evidence is

produced to the contrary.

Amendment 23
Article 6, paragraph 4 (new)

4. If and in so far as reproduced items in intangible form are offered for sale, information in electronic form establishing ownership of a right shall be deemed equivalent. This shall in particular apply with regard to information for the enforcement of rights under Article 7 of Directive 2001/29/EC.

Amendment 24
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 seizure*** of banking, financial or commercial documents, ***subject to the*** protection of confidential information.

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 ***the alleged infringer's*** banking, financial or commercial documents, ***in so far as such documents are necessary to substantiate the claims being made. The*** protection of confidential information ***shall be guaranteed.***

Justification

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

Amendment 25
Article 7, paragraph 2 a (new)

2a. The judicial authorities shall make the measures provided for in paragraph 1 subject to guarantees by the applicant

adequate to ensure possible compensation for the prejudice suffered by the defendant if the proceedings are subsequently judged to be unfounded.

Justification

Measures ordered on the basis of paragraphs 1 (and 2) of Article 7 can be costly to the entities or individuals addressed by the order. If the order is based on claims that later prove to be unfounded, it is only reasonable that the entities targeted by the order are indemnified for the loss that they have suffered as a result. The effectiveness of the measures made available by paragraphs 1 (and 2) would not be reduced by this amendment. If the party is convinced of the validity of its claims, it should not be deterred from making use of the measures provided for in paragraphs 1 (or 2): if that party prevails on its claims, it will simply be returned the sum it deposited as a guarantee with interest and it will suffer no loss. By contrast, the addition of the proposed amendment would be effective in discouraging spurious claims, as parties knowing they are unlikely to prevail but wanting to abuse the process provided for in Article 7 for different ends (e.g., perhaps simply disruption of the other party's ordinary course of business) are less likely to do so if they risk losing a guarantee.

Amendment 26

Article 7, paragraph 2 b (new)

2b. 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 27

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

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 **presentation of an adequate certified letter of guarantee or provision by the applicant of an equivalent assurance**

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.

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.

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.

3a. 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 28
Article 8 a (new)

Article 8a

Protection of confidential information

The legal examination as to whether evidence that must be produced or may be seized under this Directive is subject to confidentiality protection shall be carried out in accordance with the material and procedural provisions of the Member States, taking account of the relevant provisions of Community law and the case-law of the Court of Justice.

Amendment 29
Article 9

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

1. Member States shall lay down that, in ***connection*** with proceedings ***for an alleged*** infringement of an intellectual property right, or in response to a request for provisional or precautionary measures, the judicial authorities shall order, ***in response to a justified and proportionate request submitted by the applicant***, 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

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;

infringing goods;

(b) was found to be using the infringing services *or was providing services used in infringing activities to the extent that such information is available to the person providing or using such services, taking into account the applicable data protection rules*; 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.

2a. A person referred to in paragraph 1, after the initiation of investigations, must not communicate with his suppliers or other potential infringers down the supply chain with a view to hampering the ongoing investigations.

2b. Member States shall establish appropriate penalties for persons who find themselves in the circumstances described in paragraph 1 but refuse to provide information or fail to do so fully.

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-*

(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.

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 ***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;

(db) exempt members of the liberal professions in the fields of legal advice, tax advice and auditing, and their employees, from the requirement to supply information where these professions receive information from their clients in the context of independent legal advice or in representing their client in court proceedings.

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.

4a. The Member States shall not impose on service providers within the meaning of Articles 12, 13 and 14 of Directive 2000/31/EC any general requirement to monitor the information transmitted or stored by them or to actively search for information indicating an illegal activity. The Member States may require information society service providers to inform the competent authorities without delay of presumed illegal activities or information on the part of the users of its

services, or require them to transmit to the competent authorities on demand information whereby the users of their services, which whom they have concluded agreements on storing information, may be identified.

Amendment 30
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.*

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.

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 *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.

Amendment 31
Article 10, paragraph 5

5. Where the provisional measures have been revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have be empowered to order the applicant, at the request of the defendant, to provide the defendant adequate

5. Where the provisional measures have been revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have be empowered to order the applicant, at the request of the defendant, to provide the defendant adequate *damages*

compensation for any *injury* caused by these measures.

for any *loss of rightful profits* caused by these measures.

Amendment 32
Article 10 a (new)

Article 10a

The Commission shall examine what measures, if any, should be adopted to counter the problem of products constituting parasitic copies (look-alikes), of trademark and design-protected products, which do not infringe any intellectual or industrial property rights but which mislead consumers and could endanger public health.

Amendment 33
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 34
Article 12

Without prejudice to the damages due to the right holder by reason of the infringement, Member States shall lay

In appropriate cases the national judge shall order the recall, at the right holder's request and at the infringer's expense, of the

down that the judicial authorities may order the recall, at the infringer's expense *in appropriate cases*, of the goods which have been found to infringe an intellectual property right.

goods which have been found to infringe an intellectual property right.

The recall of goods may only be enforced against third parties operating in the course of trade.

Where such goods infringing an intellectual property right have been purchased in good faith, recall of such goods may only be enforced if it is not wholly disproportionate.

The enforcement of the recall of goods may also take place by means of an interim measure.

Amendment 35
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.

By way of derogation from Article 14, 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, *subject to the consultation and prior agreement of the right holder, who may set the conditions for the disposal of the goods.*

Expenses for the transport and storage of these goods, including costs incurred as a result of interim measures, shall be borne by the infringer.

This measure shall not be available against a consumer acting in good faith.

Amendment 36
Article 14

Destruction of goods

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.

Destruction of goods *and equipment*

Member States shall lay down that the judicial authorities may order the destruction, *at the counterfeiter's expense*, of the goods which have been found to infringe an intellectual property right, *as well of as materials or implements used in the production or manufacture of such goods*, without there being any entitlement to compensation.

Where appropriate, the competent courts may also order the destruction of the technical devices used to commit the infringement. The cost of destruction of goods and technical devices shall, where appropriate, be borne by the infringer.

This measure shall not be available against private owners.

Amendment 37
Article 15

1. Member States shall lay down that, when a judicial decision has been taken finding an infringement of an intellectual property right, the judicial authorities may serve the infringer with an injunction aimed at prohibiting the continuation of the infringement. *Non-compliance with an injunction shall be punishable by a fine accompanied, where applicable, by a recurring fine, with a view to ensuring compliance.*

2. Member States shall ensure that right holders are able to apply for an injunction to be addressed to intermediaries whose services are used by third parties to infringe an intellectual property right.

1. Member States shall lay down that, when a judicial decision has been taken finding an infringement of an intellectual property right, the judicial authorities may serve the infringer with an injunction aimed at prohibiting the continuation of the infringement.

2. The measures referred to in Articles 10 and 15 shall be available against intermediaries where the conditions set out there are met and where this Article does not provide otherwise.

3. However, in respect of intermediary service providers Articles 12 to 15 of Directive 2000/31/EC shall apply.

4. Non-compliance with an injunction shall be punishable by a fine accompanied,

where applicable, by a recurring fine, with a view to ensuring compliance.

Amendment 38
Article 17, paragraphs 1 and 2

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 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

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 ***by the infringer.***

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

(a) either damages ***corresponding to the actual prejudice (including lost profits) suffered by the right holder as a result of infringement;***

or, depending on the gravity and intentional or unintentional nature of the infringement:

(b) either 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.

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 (a)***, 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 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 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.

Amendment 39
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 40
Article 19, paragraph 1

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

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.

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.*

Amendment 41
Article 19, paragraph 2

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

2. Member States may provide for other *additional* publicity measures which are appropriate to the particular circumstances, *including prominent advertising in the national press, at the expense of the infringer.*

Amendment 42
Article 19 a (new)

Article 19a

Member States should encourage awareness campaigns with a view to educating the public on the risks and problems associated with piracy and counterfeiting, as well as on the rights and obligations linked to online content usage and infringement.

Justification

Member States should encourage awareness campaigns with a view to educating the public on the risks and problems associated with piracy and counterfeiting as well as on the rights and obligations linked to online content usage and infringement.

Amendment 43
Article 20

1. Member States shall ensure that all serious infringements of an intellectual property right, as well as attempts at, participation in and instigation of such infringements, are treated as a criminal

Without prejudice to the civil and administrative measures and procedures laid down by this Directive, Member States shall apply appropriate sanctions in cases where intellectual property rights

offence. An infringement is considered serious if it is intentional and committed for commercial purposes.

have been infringed.

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.

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).

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 45

Article 21

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***

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 ***infringement*** of technical devices ***which the person concerned carries out in the knowledge, or with reasonable grounds to know, that he or she is pursuing that objective.***

2. ***The Member States shall provide for appropriate legal protection against the manufacture, import, distribution, sale, rental, advertising with a view to sale and rental or possession for commercial purposes of devices, products or components or the provision of services which:***

(a) ***are promoted, advertised or marketed for the purpose of circumvention of, or***

(b) ***have only a limited commercially significant purpose or use other than to circumvent, or***

incorporating the manifestly identifiable elements described in point (a).

(c) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of,

any technical protective measures.

3. For the purposes of this Chapter,

(a) "technical device" means any technology, device or component which is used to apply apparent or hidden security or authentication elements or combinations thereof to a tangible or intangible product or its packaging, whereby the security or authentication elements which are applied to the product, otherwise associated with it or incorporated into it also constitute a technical device;

(b) "infringement of a technical device" means:

- circumvention, i.e. technical violation by means of a technical device,

- a technical device which deceives as to the authenticity of a product, but without infringing the technical device itself,

- the removal of technical devices, or other action making them unusable, in order to commit an infringement of a commercial property right,

- the counterfeiting or imitation of a technical device and the use thereof in connection with products which infringe a commercial property right, in order to hide that fact,

- the use of genuine technical devices in connection with products which infringe a commercial property right, in order to hide that fact,

- information in any form about possible ways of disabling technical devices, except in cases where this happens for the purpose of scientific research.

Justification

This article should be aligned more closely with Article 6 of Directive 2001/29/EC. In addition, it is the security and authentication elements themselves which need protection, and not just the devices for applying them. All security and authentication elements are protected, irrespective of whether they are visible or concealed elements, or combinations of the two. It cannot depend on whether they are visible to consumers, since this would restrict the scope of protection too much. The definition of 'infringement of a technical device' is necessary in order to cover all conceivable forms of 'circumvention'.

Amendment 46 Article 21, paragraph 3 a (new)

3a. Where technical devices have the purpose or effect of restricting or eliminating legal competition, they shall not enjoy the protection laid down in this Article. If the use of technical devices by third parties is necessary in order to maintain legal competition, such use shall then not be deemed illegal.

Justification

Technical devices fundamentally lend themselves to impairing or even completely eliminating legal commercial competition. Consequently, they may only be protected if they do not impair legal competition.

Amendment 47 Article 22, paragraph 1

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

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;

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.

(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.

Justification

See amendment to Article 22a.

Amendment 48

Article 22, paragraph 1, point b a (new)

(ba) the use of a European database open to the public, for the exchange of information, both to assist enforcement authorities as well as to provide the consumers with information on the description and location of production, trade and producers of pirated and counterfeited products and goods, unless particular privacy reasons are invoked for not doing so.

Justification

The use of a database with the description and location of counterfeited material will facilitate the enforcement and traceability of infringements on intellectual property rights.

Amendment 49

Article 22 a (new)

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. 'Optical storage discs' within the meaning of this Article are media on to which information is placed only at the time of manufacture, so that the information cannot be changed and cannot be over-written by the user. The use of codes for re-writable optical storage discs shall remain unaffected, and shall not enjoy the protection afforded by paragraph 3 of this Article.

3. 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.

4. Article 21 shall apply by analogy.

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 50

Article 23, paragraph 1

1. **Three** years after the date laid down in Article 26(1), each Member State shall submit to the Commission a report informing it of the situation with regard to

1. **Two** years after the date laid down in Article 26(1), each Member State shall submit to the Commission a report informing it of the situation with regard to

implementation of this Directive.

On the basis of those reports, the Commission shall draw up a report on the application of this Directive, including an assessment of the effectiveness of the measures taken by the various competent bodies and instances, as well as an evaluation of its impact on innovation and the development of the information society.

That report shall then be transmitted to the European Parliament, the Council and the European Economic and Social Committee. It shall be accompanied, if necessary, by proposals for amendments to this Directive.

implementation of this Directive.

On the basis of those reports, the Commission shall draw up a report on the application of this Directive, including an assessment of the effectiveness of the measures taken by the various competent bodies and instances, as well as an evaluation of its impact on innovation and the development of the information society.

The report shall be accompanied by statistics giving details of the number of cases of imitation and product piracy, broken down by protection right and industrial sector, in the internal market. Following the initial submission thereof, statistics shall be drawn up and published every year.

That report shall then be transmitted to the European Parliament, the Council and the European Economic and Social Committee. It shall be accompanied, if necessary, by proposals for amendments to this Directive.

Justification

There are no figures concerning the phenomenon of imitation and product piracy in the internal market. The figures given in this proposal are based solely on estimates by interested parties in industry and on seizures by customs authorities at the Union's external borders. These enable only very limited conclusions to be reached about the actual problem in the internal market, especially since there are also goods entering the internal market which are not intended for it at all. There is therefore an urgent need, in cooperation with the Member States and the industrial sectors concerned, to set up a system for collecting reliable data on imitation and product piracy in the internal market.

Amendment 51

Article 24, paragraph 1

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

1. Each Member State shall designate one or more correspondents, ***including 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 52
Annex

This annex deleted.

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, draftsperson, interested Members, the Commission and the Italian Presidency to reach the speediest and most acceptable conclusion possible.

2 October 2003

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Legal Affairs and the Internal Market

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

Draftsman: Luis Berenguer Fuster

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Luis Berenguer Fuster draftsman at its meeting of 20 March 2003.

It considered the draft opinion at its meetings of 10 June and 2 October 2003.

At the latter meeting it adopted the following amendments by 37 votes to 0, with 1 abstention.

The following were present for the vote: Peter Michael Mombaur, chairman; Yves Piétrasanta, vice-chairman; Luis Berenguer Fuster, draftsman; Sir Robert Atkins, Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Willy C.E.H. De Clercq, Harlem Désir, Carlo Fatuzzo (for Guido Bodrato), Concepció Ferrer, Francesco Fiori (for Bashir Khanbhai), Christos Folias (for Angelika Niebler), Norbert Glante, Michel Hansenne, Werner Langen, Rolf Linkohr, Caroline Lucas, Eryl Margaret McNally, Erika Mann, Marjo Matikainen-Kallström, Ana Clara Maria Miranda de Lage, Bill Newton Dunn (for Colette Flesch), Seán Ó Neachtain, Reino Paasilinna, Paolo Pastorelli, Elly Plooi-j-van Gorsel, John Purvis, Godelieve Quisthoudt-Rowohl, Imelda Mary Read, Mechtild Rothe, Christian Foldberg Røvsing, Paul Rübig, Konrad K. Schwaiger, Esko Olavi Seppänen, W.G. van Velzen, Myrsini Zorba and Olga Zrihen Zaari.

SHORT JUSTIFICATION

I. Introduction

The aim of this proposal for a directive is to harmonise the Member States' laws, regulations and administrative provisions on methods of protecting intellectual property rights and ensuring that these rights enjoy an equivalent level of protection throughout the internal market. It also draws up a general framework for the exchange of information between the competent national authorities. The directive seeks to prevent the disparities between the national systems of penalties from hampering the proper functioning of the internal market.

The directive is also intended to ensure that all those involved in the infringement are pronounced responsible according to the internal law of the Member States, and that the Member States are obliged to provide for penalties in appropriate cases. As the Commission itself states, the directive is intended to complete the internal market in the field of intellectual property (enforcing substantive law, promoting freedom of movement and ensuring fair competition, etc.), as well as meeting the needs of a modern economy and protecting society (promoting innovation and business competitiveness, preservation and development of the cultural sector, preventing tax losses and market destabilisation, etc.).

II. Draftsman's position

Although the proposal for a directive partly addresses the problems described above, there are various aspects which need improvement, in particular:

- it should be made clear that infringements of intellectual property rights must constitute an act of counterfeiting;
- with regard to the scope of the directive (Article 2), the concept of 'commercial purposes' must be clearly defined, removing the reference to quantification of harm, which could impair the holder's rights;
- the requirement to provide information must be backed up by appropriate sanctions (Article 9);
- in the difficult field of provisional measures (Article 10), there is a need to specify clearly the requirements for the adoption of provisional measures, define the mechanisms needed to prevent abuse of intellectual property rights (particularly as regards patent rights) and prevent provisional measures from being used to expel competitors from the market;
- there is also a need to firm up some of the provisions on reimbursement of expenses (Articles 13 and 14), add a provision to remove the good faith exemption for owners of counterfeit goods and include among the penalties the destruction of illegal technical equipment used for counterfeiting purposes (Article 20).

AMENDMENTS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Legal Affairs and the Internal Market, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

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 must be able to decide in a graduated manner on the imposition of the individual penalty mechanisms. The judicial authorities must also take due account of the specific characteristics of each individual case.***

Justification

The measures set out in the proposal for a directive are intended to provide judicial protection for intellectual property rights. They should apply in principle to any infringement of these rights. However, Member States must be able to take decisions in a graduated manner above individual penalty mechanisms. It must be also be made clear that the national courts must take due account of the specific characteristics of individual cases.

Amendment 2

Recital 12

(12) This Directive shall not affect the application of the rules of competition, and in particular Articles 81 and 82 of the Treaty.

(12) This Directive shall not affect the application of the rules of competition, and in particular Articles 81 and 82 of the Treaty. ***Furthermore, the measures provided for in this Directive must not be used to prevent competition.***

Justification

It must be made clear that the enforcement of intellectual property rights will not be used as a

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pretext to exclude competitors from the market. This would damage competition within the European Union and also bring the justified enforcement of intellectual property rights into disrepute.

Amendment 3
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, ***and also to improve the availability of appropriate instruments to combat counterfeiting and piracy***, 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.

Justification

It is important to emphasise here the crucial importance of improving the availability of existing instruments for combating counterfeiting and piracy.

Amendment 4
Recital 13 a (new)

(13 a) The aim of this directive is to prosecute piracy and counterfeiting, but penalties and compensation should only apply in settling intellectual property disputes where infringements entail deliberate and fraudulent acts.

Justification

The amendment takes up the idea by the rapporteur to keep the focus of the Directive on combating counterfeiting and piracy, but not to intervene in other disputes involving intellectual property rights.

Amendment 5

Article 1

This Directive concerns the measures necessary to ensure the enforcement of intellectual property rights.

This Directive concerns the measures necessary to ensure the enforcement of intellectual property rights *in the event of acts of counterfeiting and piracy.*

Justification

It must be made clear that the aim of this directive is to combat counterfeiting and piracy, not to intervene in other disputes concerning intellectual property rights.

Amendment 6 Article 2, paragraph 1

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.

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 harm to the right holder, **provided that the infringement in question constitutes an act of counterfeiting.**

Member States shall ensure in this connection that the judicial authorities take due account of the specific characteristics of each individual case in choosing penalties and the modalities thereof.

Justification

Attempting to quantify the harm done may give rise to differing interpretations and at the same time impair the holder's rights. See also the justification to Amendment 1.

Amendment 7
Article 2, paragraph 1a (new)

1a. For the purposes of this directive, counterfeiting shall be deemed to exist when an intellectual property right is deliberately and fraudulently infringed.

Justification

It must be made clear that the aim of this directive is to combat counterfeiting and piracy, not to intervene in other disputes concerning intellectual property rights.

Amendment 8
Article 2, paragraph 1b (new)

1b. For the purposes of this directive, anyone in possession of such quantities or varieties of counterfeit goods that their possession cannot reasonably be explained on other grounds shall be assumed to have commercial purposes.

Justification

The aim is to establish a 'iuris tantum' presumption of commercial purposes. Anyone who has in his possession significant quantities and varieties of counterfeit goods must be presumed to have commercial purposes.

Amendment 9
Article 2, paragraph 3

3. This Directive shall not affect:

3. This Directive shall not in any way affect Directive 2000/31/EC, and in particular the provisions in Articles 12 to 14 of the Directive. Thus, for the purpose of the present Directive, intermediary service providers whose role is limited to the activities specified in Articles 12 to 14 of Directive 2000/31/EC shall not be considered as infringers, or participants in

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").

an infringement.

3 a. This Directive shall not affect:

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

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

Justification

The amendment clarifies the relationship between the present Directive and the E-Commerce Directive. The E-Commerce Directive's provisions on intermediary liability are the result of detailed and lengthy discussions and a careful compromise that should not be reopened.

Amendment 10 Article 3, paragraph 2

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 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 shall *provide for means which are proportional and in keeping with the infringement in question and act as a deterrent in respect of future infringements*. They shall be fair and equitable, and shall not be unnecessarily complicated or costly, nor entail unreasonable time-limits or unwarranted delays.

Justification

If the directive is to prove successful, it is important that the measures provided should have a clearly deterrent effect on counterfeiters and perpetrators of piracy. At the same time, it is necessary to ensure an approach based on the principle of proportionality.

Amendment 11 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

This deletion follows on from the proposed amendment to Article 3.

Amendment 12
Article 5, paragraph 1

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**.

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

Justification

The current text allows all persons entitled to use IP rights to apply for measures. This should be limited to the owner of an intellectual property right.

Amendment 13
Article 7, paragraph 1

1. Member States shall lay down that, where a **party** has presented **reasonably accessible evidence** sufficient to support its claims, and has, **in substantiating those claims, cited evidence which is to be found under the control of the opposing party**, the judicial authorities may order that **such** evidence be produced by the opposing party, **subject to** the protection of confidential information.

1. Member States shall lay down that, where a **claimant alleging infringement of intellectual property rights covered by this Directive** has presented **to a court which, in the court's view, is** sufficient to support its claims and has **specified evidence relevant to substantiation of its claims which lies in the control of the infringer**, the judicial authorities may, **in appropriate cases and in proportionate manner**, order that **this** evidence be produced by the opposing party, **provided that** the protection of confidential information **is assured**.

Justification

In order to reach a high level of legal certainty and a minimum of false allegations, the standard of proof has to be high, because disproportionate evidence production would become a burden on intermediaries.

Amendment 14
Article 9, paragraph 1

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

Member States shall lay down that, in order to deal with proceedings involving an infringement of an intellectual property right, or in response to a request for provisional or precautionary measures, the judicial authorities **may** order, **in response to a justified and proportionate request submitted by the applicant**, unless particular reasons are invoked for not doing so, any person to provide **available** information **in accordance with applicable judicial procedures** 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:

Justification

Whether a request to obtain evidence is proportionate and justified, in particular in terms of the invasion of an individual's privacy, the damage caused to the rightsholder and the value of evidence to any legal proceedings the rightsholder intends to pursue, is for the courts and recognised public authorities to determine.

Amendment 15
Article 9, paragraph 2a (new)

2a. Member States shall establish appropriate penalties for persons who find themselves in the circumstances described in paragraph 1 but refuse to provide information or fail to do so fully.

Justification

The obligation to provide information needs to be backed up by penalties for failure to comply, since an obligation not subject to penalties is merely a moral obligation.

Amendment 16
Article 9, paragraph 3(d)

(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.

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

Justification

Some countries have a right to non-self incrimination, which also applies to administrative cases and legal persons.

Amendment 17
Article 10, paragraph 1, second paragraph

The judicial authorities shall be empowered to require the applicant to provide any reasonably available evidence in order to ***satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or, that such infringement is imminent.***

The judicial authorities shall be empowered to require the applicant to provide any reasonably available evidence in order to ***establish that a right in need of protection appears to exist, that an infringement has been committed or is imminent and that there is a danger of damage being caused that will be difficult to repair if a measure is not adopted immediately.***

Justification

The requirements for the adoption of provisional measures must be clearly spelled out: 'fumus boni iuris' (where appropriate, 'fumus delicti comissi') and 'periculum in mora'.

Amendment 18
Article 10, paragraph 1a (new)

1a. In the case of provisional measures based on an infringement of patent rights, provisional measures may not be adopted unless an expert assessment has been undertaken clearly showing, if only circumstantially, an apparent infringement.

Justification

For infringements of patent rights, stricter procedures are required, even for provisional measures, and must entail full guarantees.

Amendment 19

Article 10, paragraph 2, first subparagraph

2. Member States shall lay down that the provisional measures referred to in paragraph 1 may in ***appropriate*** cases be taken without the defendant having been heard, in particular when any delay would cause irreparable prejudice to the right holder. In the event of this happening, the defendant shall be so informed without delay after the execution of the measures.

2. Member States shall lay down that the provisional measures referred to in paragraph 1 may in ***exceptional*** cases be taken without the defendant having been heard, in particular when any delay would cause irreparable prejudice to the right holder. In the event of this happening, the defendant shall be so informed without delay after the execution of the measures.

Justification

As regards injunctions (10.1), these measures should not be used routinely, and the burden of proof should therefore be reinforced for the right holder who is allegedly the victim of an infringement. Article 3 of the proposal for a directive provides that the general principles of intellectual property law ‘must avoid the creation of barriers to legitimate trade’; we believe that injunctions must not be used as a means of removing awkward competitors from the market or to hamper legitimate competition. Unless this article is amended, the applicant will be able to obtain an injunction easily on the basis of minimal or un-corroborated evidence. The result (for the applicant) is a cheap, simple and commercially extremely valuable means of immediately blocking legitimate competition, without having recourse to an actual lawsuit.

As regards the amendment which reduces the time for the review (10.2), it must be borne in mind that an injunction is an extremely serious measure and thus should only be granted where there exists a presumption that the applicant will rapidly institute legal proceedings on the merits of the case. Finally, the guarantee clauses (10.4) intended to protect innocent people from abusive litigation should be strengthened as much as possible.

Amendment 20
Article 10, paragraph 3

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 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 **prohibitory measure was agreed.**

Justification

As regards injunctions (10.1), these measures should not be used routinely, and the burden of proof should therefore be reinforced for the right holder who is allegedly the victim of an infringement. Article 3 of the proposal for a directive provides that the general principles of intellectual property law 'must avoid the creation of barriers to legitimate trade'; we believe that injunctions must not be used as a means of removing awkward competitors from the market or to hamper legitimate competition. Unless this article is amended, the applicant will be able to obtain an injunction easily on the basis of minimal or un-corroborated evidence. The result (for the applicant) is a cheap, simple and commercially extremely valuable means of immediately blocking legitimate competition, without having recourse to an actual lawsuit.

As regards the amendment which reduces the time for the review (10.2), it must be borne in mind that an injunction is an extremely serious measure and thus should only be granted where there exists a presumption that the applicant will rapidly institute legal proceedings on the merits of the case. Finally, the guarantee clauses (10.4) intended to protect innocent people from abusive litigation should be strengthened as much as possible.

Amendment 21
Article 10, paragraph 5, paragraph 1a (new)

The laws of the Member States shall provide for the possibility of increasing this compensation up to double the amount of the damage caused, if the competent court believes that the application was improper. In any case, an application shall be deemed improper if the applicant has had similar complaints repeatedly rejected within the territory of the Union.

Justification

Efforts to strengthen the procedures available to intellectual property rights holders must be accompanied by other measures to prevent improper use of that right.

Amendment 22

Article 10, paragraph 5a (new)

5a. The Member States shall draw up appropriate laws to prevent provisional measures from being used improperly or unfairly to expel competitors or other affected economic operators from the market or make it difficult for them to operate.

In any case, the Member States shall make provision for cases where the adoption of provisional measures may be suspended at the request of a court or competent authority, if there is reliable evidence that the provisional measure was requested for anti-competitive or unfair purposes.

Justification

Experience has shown that intellectual rights protection procedures are sometimes used for anti-competitive purposes.

Amendment 23

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. ***They shall also adopt measures to ensure that expenditure on the transport and storage of goods, including those produced as a result of provisional measures, is borne by the***

infringer.

Justification

It must be made clear that all expenditure occasioned by the transport and storage of goods should be borne by the infringer, otherwise the right holder would be unjustifiably penalised.

Amendment 24

Article 14

Destruction of goods

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.

Destruction of goods **and technical appliances**

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.

Where appropriate, the judicial authorities shall also have the option of ordering the destruction of the technical equipment used to commit the infringement.

Expenditure arising from the destruction of the goods and the technical equipment shall be borne, where appropriate, by the infringer.

Justification

In the interests of complete protection from counterfeiting and piracy, the technical appliances used should also be destroyed, where appropriate. Steps must be taken to ensure that the costs of these measures are borne by the infringer of an intellectual property right.

Amendment 25
Article 14a (new)

Article 14a

Exclusion of good faith exemption

The Member States shall provide that the owners of counterfeit goods which have had to be withdrawn from circulation or destroyed pursuant to the two previous

articles may not claim exemption on grounds that they acquired the goods in good faith.

Justification

Anyone acquiring counterfeit goods is at fault for failing to take full precautions and, although he may not be held responsible, he may not prevent the destruction or withdrawal from circulation of the goods on grounds of good faith.

Amendment 26

Article 17, paragraph 1, second paragraph, letter (b)

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

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

Justification

The principle of doubling the damages should be included in both paragraphs.

Amendment 27

Article 20, paragraph 3, second paragraph, letter (b)

(b) total or partial permanent or temporary closure of the establishment used **primarily** to commit the infringement;

(b) total or partial permanent or temporary closure of the establishment used, **or at which counterfeit goods were repeatedly sold** to commit the infringement;

Justification

The word 'primarily' should be deleted since it leaves the way open for discussion of which was the main establishment in cases where there were several. The provision should relate to the establishment where the counterfeit goods are sold.

Amendment 28

Article 20, paragraph 3, second paragraph, letter (b a) (new)

(b a) destruction of technical equipment used primarily to commit an infringement.

Justification

In the interests of full protection against counterfeiting and piracy, the technical appliances

used should also be destroyed where appropriate.