

New EU Directive on IP Enforcement

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The New Directive

This spring, the new [European Union Directive on the Enforcement of Intellectual Property Rights](#) (IPR) (2004/48/EC) was published. The Directive imposes a general obligation to set minimum enforcement standards (measures, procedures and remedies) for all IPR infringements across the EU, and accordingly should facilitate IP litigation.

All Member States of the newly expanded EU must comply with its provisions by 30 April 2006.

Objective

The Directive acknowledges that the protection of IP is "an essential element for the success of the Internal Market" and is "important... for promoting innovation and creativity" and "for developing employment and improving competitiveness." It notes that the present disparities between the enforcement systems of different Member States "are prejudicial to the proper functioning of the... [EU] Market" and make equivalent IPR protection throughout the European Community "impossible."

The Directive accordingly aims at harmonizing these systems "to ensure a high, equivalent... homogeneous level of protection" throughout the EU. These provisions are intended to benefit not only rights holders, but also authorised users (e.g., licensees), IP collective rights management bodies and professional defense bodies (where permitted under national law).

Key Provisions

The Directive contains only civil procedures, measures and remedies. A proposal to harmonize criminal proceedings and penalties was refused by other European legislative institutions. The Directive refers to and combines procedures that have already been partially implemented with some success and practiced in some of the Member States. Under the Directive, Member States shall ensure the implementation of the following procedures, measures and remedies:

- Access to Evidence – Rights holders may request that the opposing party hand-over relevant evidence in its control. For commercial-scale infringement, such evidence includes banking, financial and commercial documentation.
- Preservation of Evidence – Court orders are available to preserve or seize relevant

evidence. Such evidence includes detailed descriptions, samples or infringing goods.

- Right to Information – Rights holders may seek court orders to disclose information on the origin and distribution networks of alleged infringing goods/services. Such orders may be granted not only against the infringer and/or any person found in the possession of infringing goods, but also against others involved in the manufacture and distribution of alleged infringing goods or the provision of alleged infringing services.
- Precautionary Measures – Interlocutory injunctions are available, as well as court orders to seize or deliver-up alleged infringing goods, to seize movable and immovable property (including the blocking of bank accounts and other assets) and to disclose bank, financial or commercial documentation.
- Corrective Measures – Court orders are available to recall, destroy or remove infringing goods from channels of commerce, at the expense of the infringer.
- Injunctions – Rights holders may seek an injunction upon a finding of infringement.
- Damages – Rights holders may obtain compensation for damages where a defendant infringed knowingly or with reason to know of a possible infringement. The damages should account for the actual prejudice suffered by the claimant as a result of the infringing activities and non-economic factors.
- Publicity Measures – Successful claimants may demand the displaying or prominent advertising of a decision of infringement, at the expense of the infringer.

Implementation

The European Commission has stated that, at present, no Member State has legislation enacting the full extent of the Directive. It is expected that the UK can implement these provisions with less dramatic alteration than elsewhere. Germany will have to change parts of its Civil Procedure Law and specific intellectual property laws to comply with the new rules. The new Member States will need to significantly alter their laws.

Discussion

The Directive's provisions have been the subject of public controversy. The Directive is seen as good news for parties interested in preventing counterfeiting and piracy across the newly expanded EU. Counterfeited and/or pirated products are estimated to amount to 5–10% of automobile spare-part supplies, 10% of music media, 16% of film media and 22% of shoes and clothing. Annual losses in the cultural sector (including the music and film industries) are said to amount to 4.5 billion euros. In Germany alone, it is estimated that a 10% reduction of product piracy will generate 40,000 new jobs in the IT industry and generate tax revenues of 4.1 billion euros.

Critics claim that the Directive will benefit big music and film companies and dominant players on the software market, but hamper smaller software companies, artists and the communication industry (operators and ISPs), with the latter facing oppressive disclosure obligations and information requests.

After implementation of the Directive into national laws, US companies seeking to enforce their IP rights in Europe may rely on a system that will be much more consistent with US laws. In particular,

the evidence-related provisions and the Right to Information are similar to discovery rules in the United States. Also, the Precautionary Measures, Corrective Measures and Injunctions provisions are consistent with US rules regarding preliminary and permanent injunctions.