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UNICE COMMENTS ON THE EUROPEAN COMMISSION'S AMENDED PROPOSAL FOR A DIRECTIVE ON CRIMINAL MEASURES AIMED AT ENSURING THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

1. INTRODUCTION

Ensuring strong and effective enforcement of intellectual property rights is a key priority for UNICE.

In recent years, the alarming growth of counterfeiting and piracy has been posing a critical challenge to the interests of European companies. This is having a large impact on consumer and product safety, the integrity and value of intellectual property, the ability to create and maintain employment opportunities, and on innovation in general.

UNICE has consistently supported all measures from the European institutions aimed at providing strong and effective enforcement of intellectual property rights.

The disparities between the national systems for implementation in the Member States render the fight against counterfeiting and piracy more difficult. This is why UNICE welcomed adoption of the EU enforcement directive in 2004 as a step in the right direction towards an adequate system of enforcement of intellectual property rights.

UNICE welcomes in principle the Commission amended proposal, as part of the Commission's overall strategy to strengthen and improve the fight against counterfeiting and piracy.

UNICE has been in favour of further alignment of criminal law provisions in the EU to send a strong deterrent message against counterfeiters.

2. SPECIFIC COMMENTS

UNICE would like to highlight some specific issues, in particular what constitutes a criminal offence in Article 3 of the proposal.

Article 3 obliges Member States to consider all intentional infringements of an intellectual property right on a commercial scale as a criminal offence.

This wording is in UNICE's view ambiguous and too broad and it does not provide sufficient legal clarity. The scope of the directive should be clearly defined in alignment to Article 61 of the TRIPs Agreement to focus on trademark counterfeiting or copyright piracy, to which the Explanatory Memorandum of the proposal refers. Article 61 leaves it to Contracting States to introduce criminal measures for other kinds of intellectual

property infringements. However, the wording used in the Commission proposal could lead to a situation where intellectual property infringements that are essentially of a civil nature and take place between competitive enterprises would be criminalised.

It is not considered appropriate that EU-wide criminal sanctions should be introduced for patent infringement disputes as well as for disputes related to utility models and supplementary protection certificates.

Several patent infringements are intentional and of a commercial scale. If a commercial undertaking manufactures goods similar in character to those made by a competitor that holds a patent, and receives advice that its goods probably do not fall within the scope of the patent or that the patent is likely to be invalid, but nevertheless there is a risk that they could be found to infringe, then the undertaking, in today's conditions, is likely to continue manufacture and leave it to the competitor to test the situation by negotiation or bringing an action. This situation occurs frequently and similar situations may arise in respect of other intellectual property rights as well.

Furthermore it is perfectly possible for a party to believe in good faith that it is operating outside the valid scope of a patent claim and still be found to infringe by a court subsequently. Under the Commission's proposal, if the risk materialises, or even if it does not, the continued manufacture may well be regarded as intentional infringement, or an attempt to infringe, and consequently criminal. Many of those "borderline" infringements may lead to technological improvements in the patent field. Introducing criminal sanctions is likely to have a chilling effect on competitive risk-taking and innovation in general.

There should be no place for the criminal law in the resolution of disputes concerning the scope and validity of intellectual property rights and the intentions of the parties in relation to them.

As regards copyright, rights in designs, related rights and data base rights, it should be for Member States to determine the scope of criminal offences which they wish to impose, consistent with the TRIPS provisions.

Moreover, UNICE considers it useful during the examination of the proposal to clarify the composition of the proposed joint investigation teams in article 7 and whether fixing minimum penalties and fines in articles 4 and 5 is linked with facilitating the setting up of those teams.

In addition, UNICE welcomes the clarification that Member States with more stringent provisions related to criminal enforcement should be allowed to maintain them.

3. CONCLUSION

UNICE supports in effect the Commission proposals to align the criminal framework in the Member States in order to send a strong political signal of EU's willingness to effectively combat counterfeiting and piracy.

However, the directive should clearly focus on trademark counterfeiting and copyright piracy and not include patent infringements or other IPR infringements in its scope.

UNICE is looking forward to cooperating closely with the European Parliament and the Council during the legislative process in order to adopt a legal framework that will correspond to the needs of right holders in their fight against counterfeiting and piracy.

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