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Subject : Proposal for a Directive of the European Parliament and of the Council on
measures and procedures to ensure the enforcement of intellectual property rights
– Consolidated/annotated text

Delegations will find in Annex a consolidated/annotated version of the proposed Directive mentioned above, following discussions in the Working Party under the Italian Presidency.

The amendments in relation to 14862/03 and 15295/03 are indicated.

CHAPTER I**OBJECTIVE AND SCOPE***Article 1***Subject-matter**

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

*Article 2***Scope**

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 and procedures provided for by this Directive shall apply to any infringement of the following intellectual property rights : copyright, rights related to copyright, *sui generis* rights of a database manufacturer and of the creator of the topographies of a semiconductor product, trademarks, patents, including supplementary protection certificates, geographical indications, including indications of origin, designs, utility models and plant variety rights, to the extent that protection of these rights is provided for by Community

law or by the national law of the Member State concerned. In this respect, Member States shall ensure that the judicial authorities take due account of the specific characteristics of each case, including the intentional or unintentional character of the infringement, when determining the applicable sanctions or other measures.

2. This Directive shall be without prejudice to the particular provisions on the enforcement of rights and on exceptions contained in Community legislation concerning copyright and rights related to copyright, notably those found in Directive 2001/29/EC and, in particular, Articles 2 to 5 and Article 8 thereof.
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 in particular of that Directive;
 - (b) Member States' international obligations and notably the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement").

CHAPTER II

MEASURES AND PROCEDURES

SECTION 1

GENERAL PROVISIONS

Article 3

General obligation

Member States shall provide for the measures, procedures and sanctions needed to ensure the enforcement of the intellectual property rights covered by this Directive. These measures, procedures and sanctions shall be fair and equitable, and shall not be unnecessarily complicated or costly, nor entail unreasonable time-limits or unwarranted delays.

The measures and sanctions shall also be effective, proportionate and dis suasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade.

Article 4

Penalties

Merged with Article 3.

Article 5

Persons entitled to apply for the application of the measures and procedures

1. Member States shall recognise as persons entitled to seek application of the measures and procedures 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. This entitlement shall [...] be accorded to [...] licensees and sub-licensees or their representatives in so far as permitted by and in accordance with the provisions of the applicable law.
2. Paragraph 1 shall apply *mutatis mutandis* to rights management bodies, federations, and associations having legal standing to assert such rights, regardless of the Member State in which the rights management body, federation or association is established.

Article 6

Presumption of authorship

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 the work, or whose authorship is referred to on the work by way of a statement, label or other mark.

SECTION 2

EVIDENCE

Article 7

Evidence

1. Member States shall lay down that, on application by a party which 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 competent judicial authorities may order that such evidence be produced by the opposing party, subject to the protection of confidential information.
2. Under the same conditions and in order to identify those directly involved in an infringement carried out on a commercial scale, Member States shall take such measures as are necessary to enable the competent judicial authorities to order, at the request of the plaintiff, the communication [...] of banking, financial or commercial documents under the control of the defendant, subject to the protection of confidential information.

Article 8

Measures for protecting evidence

1. Member States shall lay down that [...] even before the commencement of proceedings on the merits of the case the competent judicial authorities may, [...] on application by a party who alleges that his intellectual property right has been infringed or is about to be

infringed and that it is necessary to preserve relevant evidence, 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 equipment and materials used in the production and/or distribution of these goods and the documents relating thereto. These measures shall be taken by order issued on application, if necessary without the other party having been heard, in particular where there is a demonstrable risk that evidence may be destroyed.

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 security or equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant as provided for in paragraph 4.
3. Member States shall lay down that the seizure shall be revoked at the request of the defendant, without prejudice to the damages which may be claimed, if the applicant has not instituted legal proceedings leading to a decision on the merits of the case before the competent judicial authority within a reasonable interval, which shall be specified by the judicial authority ordering the measures when the law of a Member State permits or, in the absence of such specification, within an interval not exceeding 20 working days or 31 calendar days if longer.

4. 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 or threat of infringement of any intellectual property right, the judicial authorities shall 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.

SECTION 3

RIGHT OF INFORMATION

Article 9

Right of information

1. Member States shall lay down that, in the context of proceedings concerning an alleged infringement of an intellectual property right, or in order to comply with a request for provisional or precautionary measures, the competent judicial authorities may order, at the request of the right holder or of other persons or bodies referred to in Article 5, in appropriate cases and unless particular reasons are invoked for not doing so, any person to provide information on the origin of the goods or services which are alleged to infringe an intellectual property right and on the networks for their distribution or provision, respectively, if that person:
 - (a) was found in possession, for commercial purposes, of the infringing goods;
 - (b) was found to be using the infringing services for commercial purposes;

(ba) was found to be providing for commercial purposes services used in infringing activities ; or

(c) was indicated by the person referred to in point (a), (b) or (ba) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

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

(a) the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers;

(b) information on the quantities produced, manufactured, 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 statutory 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;

(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 involvement in an infringement of an intellectual property right ; or

(e) govern the protection of confidentiality of information sources or the treatment of personal data.

4. Apart from the cases referred to in paragraph 1, Member States shall lay down that, when the responsible administrative 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.

SECTION 4

PROVISIONAL AND PRECAUTIONARY MEASURES

Article 10

Provisional measures

1. Member States shall lay down that the judicial authorities may, at the request of the applicant:
 - (a) serve the alleged infringer, or the intermediary whose services are being used by a third party to infringe a right, with an interlocutory injunction intended to prevent any impending infringement of an intellectual property right, or to forbid,

on a provisional basis [and, if provided for by national law, subject to a recurring fine], the continuation of the alleged infringements of an intellectual property right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the right holder;

- (b) authorise the seizure of the goods suspected of infringing an intellectual property right so as to prevent their introduction into or movement within channels of commerce.

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.

- 1a. In cases of infringement committed on a commercial scale, the Member States shall lay down that, if the injured party demonstrates circumstances likely to endanger the recovery of damages, the judicial authorities may authorise the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of his bank accounts and other assets and to this end the communication or seizure of bank, financial or commercial documents.
- 2. Member States shall lay down that the provisional measures referred to in paragraphs 1 and 1a 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 parties shall be so informed without delay after the execution of the measures at the latest.

A review, including the right to be heard, shall take place at the request of the defendant in order to decide, within a reasonable time after notification of the measures, whether they are to be amended, revoked or confirmed.

3. Member States shall lay down that the provisional measures referred to in paragraphs 1 and 1a shall be revoked, at the defendant's request if the applicant does not institute proceedings leading to a decision on the merits of the case before the competent judicial authority within a reasonable period to be determined by the judicial authority which orders these measures where the Member State 's legislation so permits or, failing such determination, within a period not exceeding 20 working days or 31 calendar days if the latter period is longer.
4. The competent judicial authorities may make the injunction or the seizure subject to the lodging by the applicant of adequate security or equivalent assurance intended to ensure any compensation of the prejudice suffered by the defendant as provided for in 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 must be empowered to order the applicant, at the request of the defendant, to provide the defendant with adequate compensation for any injury caused by these measures.

Article 11

Precautionary measures

Deleted (merged with Article 10).

SECTION 5

MEASURES RESULTING FROM A DECISION ON THE MERITS OF THE CASE

Article 12

Corrective measures

Without prejudice to the damages due to the right holder by reason of the infringement, and without compensation of any kind, Member States shall lay down that the competent judicial authorities may order that the goods in respect of which they have established that they infringe an intellectual property right and, in appropriate cases, the materials and instruments principally used in the creation or manufacture of these goods, be:

- (a) recalled from the channels of commerce,
- (b) removed definitively from the channels of commerce or
- (c) destroyed.

The judicial authorities shall order that these measures shall be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.

The corrective measures must be commensurate with the seriousness of the infringement and take account of the legitimate interests of third parties.

Article 13

Disposal outside the channels of commerce

Deleted (merged with Article 12).

Article 14

Destruction of goods

Deleted (merged with Article 12).

Article 15

Injunctions

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 and the intermediaries, whose services are used by third parties to infringe an intellectual property right, with an injunction aimed at prohibiting the continuation of the infringement. [If provided for by national law, 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. Deleted (merged with paragraph 1)

Article 16

Alternative measures

Member States shall lay down that the competent judicial authorities may alternatively in appropriate cases and at the request of the person liable to be subjected to the measures provided for in this Section, order pecuniary compensation to be paid to the injured party instead of applying the

above measures if that person has acted unintentionally and without negligence, if execution of the measures in question would cause him disproportionate harm and if pecuniary compensation appears reasonably satisfactory to the injured party.

However, the commercial use [...] of counterfeit goods and the supply of services shall remain prohibited where they constitute an infringement of the law or are likely to harm consumers.

[SECTION 6

DAMAGES AND LEGAL COSTS]

Article 17

Damages

1. Member States shall lay down that the competent judicial authorities, on application by the injured party, shall order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the right holder [adequate] damages corresponding to the actual prejudice suffered by him as a result of the infringement.

The damages shall be set by the judicial authorities :

- (a) either by taking into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, as well as any unfair profits made by the infringer ;

- (b) or, in appropriate cases, on the basis of a lump sum [,which shall be of a non-punitive nature,] set at up to double the royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question

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. Deleted.
3. Member States may lay down that the judicial authorities may order the recovery of profits and/or the payment of damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Article 18

Legal costs

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 does not allow this. The competent authorities shall determine the sum to be paid.

SECTION 7

PUBLICITY MEASURES

Article 19

Publication of judicial decisions

Member States shall lay down that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision, including displaying the decision and publishing it in full or in part in the media.

CHAPTER III

CRIMINAL LAW PROVISIONS

Article 20

Criminal law provisions

1. Without prejudice to the civil and/or administrative measures provided for under this Directive, Member States shall adopt the necessary measures to ensure that at least every infringement of an intellectual property right of a serious and intentional nature is liable to penal sanctions.
2. Deleted.

CHAPTER IV

TECHNICAL MEASURES

Article 21

Legal protection of technical devices

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

2. For the purposes of this Chapter,
 - (a) "technical device" means any technology, device or component which, in the normal course of its functioning, is designed for the incorporation in tangible products protected by an industrial property right 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 technology, device or component which is designed to incorporate in tangible products elements designed to deceive or mislead any person as to the authenticity of the products in question.

Article 22

Codes of conduct

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, particularly by recommending the use on optical discs of a source code enabling the identification of the origin of their manufacture;
 - (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.

CHAPTER V

ADMINISTRATIVE COOPERATION

Article 23

Assessment

1. Three years after the date laid down in Article 25(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, as well as an evaluation of its impact on innovation and the development of the information society. That report shall 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.

2. Member States shall provide the Commission with all the aid and assistance it may need when drawing up the report referred to in the second subparagraph of paragraph 1.

Article 24

Exchange of information and correspondents

1. Member States shall ensure that flexible and appropriate procedures for cooperation are established between them, in particular the exchange of information, using telematic means, between, on the one hand, the administrative authorities responsible for the

protection of intellectual property and, on the other hand, those which hold information on the origin and networks for the distribution of goods or the supply of services or other information relating to the infringement of intellectual property rights.

2. For this purpose, each Member shall designate one or more national correspondents who shall coordinate cooperation with the other Member States and with the Commission to ensure as rapidly as possible that the information referred to in paragraph 1 is provided and that cooperation is effective. The details of the correspondents shall be communicated to the other Member States and to the Commission.

CHAPTER VI

FINAL PROVISIONS

Article 25

Implementation

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by ... [eighteen months after the date of adoption of this Directive] at the latest. They shall forthwith inform the Commission thereof.

When Member States adopt these measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. Member States shall communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Article 26

Entry into force

This Directive shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

Article 27

Addresses

This Directive is addressed to the Member States.
