



For Innovation

Consultation Paper

The UK implementation of the Directive on the enforcement of intellectual property rights (2004/48/EC)





PATENT OFFICE

A DTI SERVICE

The Patent Office is an Executive Agency of DTI and is responsible for the national framework of Intellectual Property rights, comprising patents, designs, trade marks and copyright.

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The DTI drives our ambition of “prosperity for all” by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

Consultation on the UK implementation of the Directive on the enforcement of intellectual property rights (2004/48/EC)

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Subject

This consultation paper sets out proposals for implementing the Directive on the enforcement of intellectual property rights (2004/48/EC - see annex A), which was adopted in April 2004. Member States are required to implement the Directive by 29 April 2006.

Introduction

The Commission submitted their original proposal for a Directive to ensure the enforcement of intellectual property rights in March 2003. The European Parliament's Committee on Legal Affairs and the Internal Market agreed their report on the Directive in November 2003, and informed the Council of Ministers that they hoped the Directive could be adopted at First Reading. Following the European Parliament's report, there were intensive negotiations in the Council Working Party and Permanent Representatives Committee which resulted in a compromise proposal that was adopted after a First Reading in April 2004.

As recorded in the Explanatory Memorandum presented to our Parliament in March 2004, significant changes were made in the adopted Directive compared the Commission's original proposal. The Directive is broadly consistent with the current UK framework for the enforcement of intellectual property rights, and provides a sound basis for harmonising civil measures available to enforce intellectual property rights across the European Community. The Commission's original proposal included criminal sanctions, but most member states (including the UK) considered it inappropriate to include them in such a Single Market measure intended to encourage the free movement of goods.

IP crime has a serious economic effect in the UK and across the European Community, and the Patent Office is continuing to widen its role in helping fight intellectual property crime. Our IP Crime Group¹ published the first National IP Crime Strategy² in August 2004 and the first National Enforcement Report³ was produced earlier this year. The Commission's current work programme also includes two new proposals for criminal sanctions for intellectual property infringements, which they expect to finalise shortly.

The consultation includes a Partial Regulatory Impact Assessment (Annex H) that concludes that the implementation proposals strike the right balance between effective enforcement of intellectual property rights and over-regulation. This is particularly important bearing in mind the Better Regulation Action Plan⁴ announced by the Chancellor of the Exchequer (Gordon Brown) on 24th May.

¹ <http://www.patent.gov.uk/about/enforcement/ipcrimegroup.htm>

² <http://www.patent.gov.uk/about/enforcement/ipbook.pdf>

³ <http://www.patent.gov.uk/about/enforcement/annreport04.pdf>

⁴ http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2005/press_50_05.cfm

Purpose of the consultation

Directive 2004/48/EC is intended to harmonise best practice (some derived from the UK) across the European Community rather than leading to substantial changes in our intellectual property enforcement procedures and practices. This consultation paper describes how we propose to implement the various provisions in the Directive (see Annexes B & C) and a draft Statutory Instrument to implement the additional presumptions required by Article 5 is included at Annex D.

We are keen to have comments and suggestions both on the proposed implementation and any suggestions regarding draft codes of conduct as requested by Article 17 of the Directive. We want to take full account of the public's views and so responses will be most welcome from anyone interested in the enforcement of intellectual property rights in the United Kingdom – but especially from those who have been, are, or expect to be users of the system. The consultation will help ensure that the provisions of Directive 2004/48/EC are implemented appropriately.

Summary of proposals

In summary the changes proposed to implement the Directive are as follows:

For England & Wales (see Annex B)

- Article 5 – Changes to Copyright, Designs and Patents Act 1988 to implement additional presumptions;
- Article 9 – Clarify courts power to order security for damages against an alleged infringer whilst permitting the infringement to continue;
- Article 10 – Clarify courts power to order that delivery up will be carried out at the expense of the infringer;
- Article 15 – Clarify courts power to order the dissemination of a judgment of the court at the infringer's expense;
- Article 17 – By means of this consultation encourage interests to submit draft codes of conduct to the Commission.

For Scotland (see Annex C)

- Article 5 – Changes to Copyright, Designs and Patents Act 1988 to implement additional presumptions;
- Article 8 – Clarify position on ordering information on origin and distribution networks of goods or services which infringe intellectual property;
- Article 13 – Introduce a new head of damages for intellectual property infringement to cover the 'moral prejudice' provision in Article 13(a);
- Article 15 - Clarify court's power to order the dissemination of a judgment of the court at the infringer's expense;
- Article 17 – By means of this consultation encourage interests to submit draft codes of conduct to the Commission.

The transposition notes (Annexes B & C) have been produced with the assistance of government colleagues (particularly in the Department for Constitutional Affairs). Many of the provisions in the Directive are dependent on court rules, civil procedures, and common law rather than intellectual property law. Court rules and procedures are consolidated in England and Wales by means of the Civil Procedure Rules (CPR). The CPR does not apply in Northern Ireland, but any changes made to the CPR will be replicated in Northern Ireland by equivalent procedures.

For Scotland measures and remedies to enforce rights (including IP rights) are contained in statute and in Scottish common law. Procedures are regulated by the Scottish Court rules which are made by the Lords of Council and Session as Acts of Sederunt. Although the statutory regimes for protection of intellectual property apply equally in Scotland as in England, Wales and Northern Ireland, Scottish court procedures and civil remedies (whether statutory or available at common law) are different from those in England and Wales.

Who is being consulted

Copies of this consultation document have been sent to the organisations listed in Annex E. Further copies, including large print and Braille versions, may be requested from the Patent Office by contacting Barbara Squires on 01633 814389 or by e-mail barbara.squires@patent.gov.uk .

This consultation document has been prepared in accordance with the Government Code of Practice on Written Consultations. The Code criteria are set out in Annex F.

How and when to respond

Please send responses by **Friday 7 October 2005** to:

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Intellectual Property & Innovation Directorate
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Cardiff Road
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Fax: +44 (0) 1633 814922

Tel: +44 (0) 1633 813650

Email EnforcementDirective@patent.gov.uk

There is a consultation response form (Annex G) which you may wish to use to reply if it is helpful to you. Responses may be sent by post, e-mail or fax.

Please indicate in what capacity your response is submitted. If you are responding on behalf of a representative group, please also give a summary of the people and organisations that you represent.

If you have any comments or complaints about how this consultation process is being handled, please contact the Patent Office Consultation Co-ordinator, whose details are included in Annex F.

Openness and publication of responses

This is part of a public consultation exercise. As such, your response may be made public. If you do not want all or part of your response or name made public, please state this clearly in the response. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been requested.

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding.

The Patent Office will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Corrigendum to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights

(Official Journal of the European Union L 157 of 30 April 2004)

Directive 2004/48/EC should read as follows:

**DIRECTIVE 2004/48/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 29 April 2004
on the enforcement of intellectual property rights
(Text with EEA relevance)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 95 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee ⁽¹⁾,

After consulting the Committee of the Regions,

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽²⁾,

Whereas:

(1) The achievement of the internal market entails eliminating restrictions on freedom of movement and distortions of competition, while creating an environment conducive to innovation and investment. In this context, the protection of intellectual property is an essential element for the success of the internal market. The protection of intellectual property is important not only for promoting innovation and creativity, but also for developing employment and improving competitiveness.

(2) The protection of intellectual property should allow the inventor or creator to derive a legitimate profit from his/her invention or creation. It should also allow the widest possible dissemination of works, ideas and new know-how. At the same time, it should not hamper freedom of expression, the free movement of information, or the protection of personal data, including on the Internet.

(3) However, without effective means of enforcing intellectual property rights, innovation and creativity are discouraged and investment diminished. It is therefore necessary to ensure that the substantive law on intellectual property, which is nowadays largely part of the *acquis communautaire*, is applied effectively in the Community. In this respect, the means of enforcing intellectual property rights are of paramount importance for the success of the internal market.

(4) At international level, all Member States, as well as the Community itself as regards matters within its competence, are bound by the Agreement on trade-related aspects of intellectual property (the TRIPS Agreement), approved, as part of the multilateral negotiations of the Uruguay Round, by Council Decision 94/800/EC ⁽³⁾ and concluded in the framework of the World Trade Organisation.

(5) The TRIPS Agreement contains, in particular, provisions on the means of enforcing intellectual property rights, which are common standards applicable at international level and implemented in all Member States. This Directive should not affect Member States' international obligations, including those under the TRIPS Agreement.

(6) There are also international conventions to which all Member States are parties and which also contain provisions on the means of enforcing intellectual property rights. These include, in particular, the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, and the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations.

⁽¹⁾ OJ C 32, 5.2.2004, p. 15.

⁽²⁾ Opinion of the European Parliament of 9 March 2004 (not yet published in the Official Journal) and Council Decision of 26 April 2004.

⁽³⁾ OJ L 336, 23.12.1994, p. 1.

- (7) It emerges from the consultations held by the Commission on this question that, in the Member States, and despite the TRIPS Agreement, there are still major disparities as regards the means of enforcing intellectual property rights. For instance, the arrangements for applying provisional measures, which are used in particular to preserve evidence, the calculation of damages, or the arrangements for applying injunctions, vary widely from one Member State to another. In some Member States, there are no measures, procedures and remedies such as the right of information and the recall, at the infringer's expense, of the infringing goods placed on the market.
- (8) The disparities between the systems of the Member States as regards the means of enforcing intellectual property rights are prejudicial to the proper functioning of the Internal Market and make it impossible to ensure that intellectual property rights enjoy an equivalent level of protection throughout the Community. This situation does not promote free movement within the internal market or create an environment conducive to healthy competition.
- (9) The current disparities also lead to a weakening of the substantive law on intellectual property and to a fragmentation of the internal market in this field. This causes a loss of confidence in the internal market in business circles, with a consequent reduction in investment in innovation and creation. Infringements of intellectual property rights appear to be increasingly linked to organised crime. Increasing use of the Internet enables pirated products to be distributed instantly around the globe. Effective enforcement of the substantive law on intellectual property should be ensured by specific action at Community level. Approximation of the legislation of the Member States in this field is therefore an essential prerequisite for the proper functioning of the internal market.
- (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.
- (11) This Directive does not aim to establish harmonised rules for judicial cooperation, jurisdiction, the recognition and enforcement of decisions in civil and commercial matters, or deal with applicable law. There are Community instruments which govern such matters in general terms and are, in principle, equally applicable to intellectual property.
- (12) This Directive should not affect the application of the rules of competition, and in particular Articles 81 and 82 of the Treaty. The measures provided for in this Directive should not be used to restrict competition unduly in a manner contrary to the Treaty.
- (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/or by the national law of the Member State concerned. 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, including parasitic copies, or similar activities.
- (14) The measures provided for in Articles 6(2), 8(1) and 9(2) need to be applied only in respect of acts carried out on a commercial scale. This is without prejudice to the possibility for Member States to apply those measures also in respect of other acts. Acts carried out on a commercial scale are those carried out for direct or indirect economic or commercial advantage; this would normally exclude acts carried out by end consumers acting in good faith.
- (15) This Directive should not affect substantive law on intellectual property, Directive 95/46/EC of 24 October 1995 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data ⁽¹⁾, Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures ⁽²⁾ and Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market ⁽³⁾.
- (16) The provisions of this Directive should be without prejudice to the particular provisions for the enforcement of rights and on exceptions in the domain of copyright and related rights set out in Community instruments and notably those found in Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs ⁽⁴⁾ or in Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society ⁽⁵⁾.
- (17) The measures, procedures and remedies provided for in this Directive should be determined in each case in such a manner as to take due account of the specific characteristics of that case, including the specific features of each intellectual property right and, where appropriate, the intentional or unintentional character of the infringement.

⁽¹⁾ OJ L 281, 23.11.1995, p. 31. Directive as amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

⁽²⁾ OJ L 13, 19.1.2000, p. 12.

⁽³⁾ OJ L 178, 17.7.2000, p. 1.

⁽⁴⁾ OJ L 122, 17.5.1991, p. 42. Directive as amended by Directive 93/98/EEC (OJ L 290, 24.11.1993, p. 9).

⁽⁵⁾ OJ L 167, 22.6.2001, p. 10.

- (18) The persons entitled to request application of those measures, procedures and remedies should be not only the rightholders but also persons who have a direct interest and legal standing in so far as permitted by and in accordance with the applicable law, which may include professional organisations in charge of the management of those rights or for the defence of the collective and individual interests for which they are responsible.
- (19) Since copyright exists from the creation of a work and does not require formal registration, it is appropriate to adopt the rule laid down in Article 15 of the Berne Convention, which establishes the presumption whereby the author of a literary or artistic work is regarded as such if his/her name appears on the work. A similar presumption should be applied to the owners of related rights since it is often the holder of a related right, such as a phonogram producer, who will seek to defend rights and engage in fighting acts of piracy.
- (20) Given that evidence is an element of paramount importance for establishing the infringement of intellectual property rights, it is appropriate to ensure that effective means of presenting, obtaining and preserving evidence are available. The procedures should have regard to the rights of the defence and provide the necessary guarantees, including the protection of confidential information. For infringements committed on a commercial scale it is also important that the courts may order access, where appropriate, to banking, financial or commercial documents under the control of the alleged infringer.
- (21) Other measures designed to ensure a high level of protection exist in certain Member States and should 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 or services, the distribution channels and the identity of any third parties involved in the infringement.
- (22) It is also essential to provide for provisional measures for the immediate termination of infringements, without awaiting a decision on the substance of the case, while observing the rights of the defence, ensuring the proportionality of the provisional measures as appropriate to the characteristics of the case in question and providing the guarantees needed to cover the costs and the injury caused to the defendant by an unjustified request. Such measures are particularly justified where any delay would cause irreparable harm to the holder of an intellectual property right.
- (23) Without prejudice to any other measures, procedures and remedies available, rightholders should have the possibility of applying for an injunction against an intermediary whose services are being used by a third party to infringe the rightholder's industrial property right. The conditions and procedures relating to such injunctions should be left to the national law of the Member States. As far as infringements of copyright and related rights are concerned, a comprehensive level of harmonisation is already provided for in Directive 2001/29/EC. Article 8(3) of Directive 2001/29/EC should therefore not be affected by this Directive.
- (24) Depending on the particular case, and if justified by the circumstances, the measures, procedures and remedies to be provided for should include prohibitory measures aimed at preventing further infringements of intellectual property rights. Moreover there should be corrective measures, where appropriate at the expense of the infringer, such as the recall and definitive removal from the channels of commerce, or destruction, of the infringing goods and, in appropriate cases, of the materials and implements principally used in the creation or manufacture of these goods. These corrective measures should take account of the interests of third parties including, in particular, consumers and private parties acting in good faith.
- (25) Where an infringement is committed unintentionally and without negligence and where the corrective measures or injunctions provided for by this Directive would be disproportionate, Member States should have the option of providing for the possibility, in appropriate cases, of pecuniary compensation being awarded to the injured party as an alternative measure. However, where the commercial use of counterfeit goods or the supply of services would constitute an infringement of law other than intellectual property law or would be likely to harm consumers, such use or supply should remain prohibited.
- (26) With a view to compensating for the prejudice suffered as a result of an infringement committed by an infringer who engaged in an activity in the knowledge, or with reasonable grounds for knowing, that it would give rise to such an infringement, the amount of damages awarded to the rightholder should take account of all appropriate aspects, such as loss of earnings incurred by the rightholder, or unfair profits made by the infringer and, where appropriate, any moral prejudice caused to the rightholder. As an alternative, for example where it would be difficult to determine the amount of the actual prejudice suffered, the amount of the damages might be derived from elements such as the royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question. The aim is not to

introduce an obligation to provide for punitive damages but to allow for compensation based on an objective criterion while taking account of the expenses incurred by the rightholder, such as the costs of identification and research.

- (27) To act as a supplementary deterrent to future infringers and to contribute to the awareness of the public at large, it is useful to publicise decisions in intellectual property infringement cases.
- (28) In addition to the civil and administrative measures, procedures and remedies provided for under this Directive, criminal sanctions also constitute, in appropriate cases, a means of ensuring the enforcement of intellectual property rights.
- (29) Industry should 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 in the Community, helps to limit infringements of intellectual property rights in this sector, which suffers from piracy on a large scale. However, these technical protection measures should not be misused to protect markets and prevent parallel imports.
- (30) In order to facilitate the uniform application of this Directive, it is appropriate to provide for systems of cooperation and the exchange of information between Member States, on the one hand, and between the Member States and the Commission on the other, in particular by creating a network of correspondents designated by the Member States and by providing regular reports assessing the application of this Directive and the effectiveness of the measures taken by the various national bodies.
- (31) Since, for the reasons already described, the objective of this Directive can best be achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.
- (32) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, this Directive seeks to ensure full respect for intellectual property, in accordance with Article 17(2) of that Charter,

HAVE ADOPTED THIS DIRECTIVE:

CHAPTER I

OBJECTIVE AND SCOPE

Article 1

Subject matter

This Directive concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. For the purposes of this Directive, the term 'intellectual property rights' includes industrial 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 rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.
2. This Directive shall be without prejudice to the specific 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 91/250/EEC and, in particular, Article 7 thereof or in Directive 2001/29/EC and, in particular, Articles 2 to 6 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 Articles 12 to 15 of Directive 2000/31/EC in particular;
 - (b) Member States' international obligations and notably the TRIPS Agreement, including those relating to criminal procedures and penalties;
 - (c) any national provisions in Member States relating to criminal procedures or penalties in respect of infringement of intellectual property rights.

CHAPTER II

MEASURES, PROCEDURES AND REMEDIES

Section 1

General provisions

Article 3

General obligation

1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

Article 4

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

Member States shall recognise as persons entitled to seek application of the measures, procedures and remedies referred to in this chapter:

- (a) the holders of intellectual property rights, in accordance with the provisions of the applicable law;
- (b) all other persons authorised to use those rights, in particular licensees, in so far as permitted by and in accordance with the provisions of the applicable law;
- (c) intellectual property collective rights-management bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law;
- (d) professional defence bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law.

Article 5

Presumption of authorship or ownership

For the purposes of applying the measures, procedures and remedies provided for in this Directive,

- (a) for the author of a literary or artistic work, in the absence of proof to the contrary, to be regarded as such, and consequently to be entitled to institute infringement proceedings, it shall be sufficient for his/her name to appear on the work in the usual manner;
- (b) the provision under (a) shall apply *mutatis mutandis* to the holders of rights related to copyright with regard to their protected subject matter.

Section 2

Evidence

Article 6

Evidence

1. Member States shall ensure that, on application by a party which has presented reasonably available evidence sufficient to support its claims, and has, in substantiating those claims, specified evidence which lies in the control of the opposing party, the competent judicial authorities may order that such evidence be presented by the opposing party, subject to the protection of confidential information. For the purposes of this paragraph, Member States may provide that a reasonable sample of a substantial number of copies of a work or any other protected object be considered by the competent judicial authorities to constitute reasonable evidence.

2. Under the same conditions, in the case of an infringement committed on a commercial scale Member States shall take such measures as are necessary to enable the competent judicial authorities to order, where appropriate, on application by a party, the communication of banking, financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.

Article 7

Measures for preserving evidence

1. Member States shall ensure that, even before the commencement of proceedings on the merits of the case, the competent judicial authorities may, on application by a party who has

presented reasonably available evidence to support his/her claims that his/her intellectual property right has been infringed or is about to be infringed, order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement, subject to the protection of confidential information. Such measures may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods and the documents relating thereto. Those measures shall be taken, if necessary without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the rightholder or where there is a demonstrable risk of evidence being destroyed.

Where measures to preserve evidence are adopted without the other party having been heard, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the parties affected 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 ensure that the measures to preserve evidence may be subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant as provided for in paragraph 4.

3. Member States shall ensure that the measures to preserve evidence are revoked or otherwise cease to have effect, upon request of the defendant, without prejudice to the damages which may be claimed, if the applicant does not institute, within a reasonable period, proceedings leading to a decision on the merits of the case before the competent judicial authority, the period to be determined by the judicial authority ordering the measures where the law of a Member State so permits or, in the absence of such determination, within a period not exceeding 20 working days or 31 calendar days, whichever is the longer.

4. Where the measures to preserve evidence are 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 the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.

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

Section 3

Right of information

Article 8

Right of information

1. Member States shall ensure that, in the context of proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who:

- (a) was found in possession of the infringing goods on a commercial scale;
- (b) was found to be using the infringing services on a commercial scale;
- (c) was found to be providing on a commercial scale services used in infringing activities;

or

- (d) was indicated by the person referred to in point (a), (b) or (c) 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, as appropriate, 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 rightholder 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;
- or
- (d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit to his/her own participation or that of his/her close relatives in an infringement of an intellectual property right;
- or
- (e) govern the protection of confidentiality of information sources or the processing of personal data.

Section 4

Provisional and precautionary measures

Article 9

Provisional and precautionary measures

1. Member States shall ensure that the judicial authorities may, at the request of the applicant:
- (a) issue against the alleged infringer an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right, or to forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment where provided for by national law, the continuation of the alleged infringements of that right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the rightholder; an interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right; injunctions against intermediaries whose services are used by a third party to infringe a copyright or a related right are covered by Directive 2001/29/EC;
- (b) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into or movement within the channels of commerce.
2. In the case of an infringement committed on a commercial scale, the Member States shall ensure that, if the injured party demonstrates circumstances likely to endanger the recovery of damages, the judicial authorities may order the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of his/her bank accounts and other assets. To that end, the competent authorities may order the communication of bank, financial or commercial documents, or appropriate access to the relevant information.

3. The judicial authorities shall, in respect of the measures referred to in paragraphs 1 and 2, have the authority 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 rightholder and that the applicant's right is being infringed, or that such infringement is imminent.

4. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 2 may, in appropriate cases, be taken without the defendant having been heard, in particular where any delay would cause irreparable harm to the rightholder. In that event, the parties shall be so informed without delay after the execution of the measures at the latest.

A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable time after notification of the measures, whether those measures shall be modified, revoked or confirmed.

5. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 2 are revoked or otherwise cease to have effect, upon request of the defendant, if the applicant does not institute, within a reasonable period, proceedings leading to a decision on the merits of the case before the competent judicial authority, the period to be determined by the judicial authority ordering the measures where the law of a Member State so permits or, in the absence of such determination, within a period not exceeding 20 working days or 31 calendar days, whichever is the longer.

6. The competent judicial authorities may make the provisional measures referred to in paragraphs 1 and 2 subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant as provided for in paragraph 7.

7. Where the provisional measures are 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 the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.

Section 5

Measures resulting from a decision on the merits of the case

Article 10

Corrective measures

1. Without prejudice to any damages due to the rightholder by reason of the infringement, and without compensation of any sort, Member States shall ensure that the competent judicial

authorities may order, at the request of the applicant, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual property right and, in appropriate cases, with regard to materials and implements principally used in the creation or manufacture of those goods. Such measures shall include:

- (a) recall from the channels of commerce;
 - (b) definitive removal from the channels of commerce;
- or
- (c) destruction.

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

3. In considering a request for corrective measures, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.

Article 11

Injunctions

Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.

Article 12

Alternative measures

Member States may provide that, in appropriate cases and at the request of the person liable to be subject to the measures provided for in this section, the competent judicial authorities may order pecuniary compensation to be paid to the injured party instead of applying the measures provided for in this section if that person acted unintentionally and without negligence, if execution of the measures in question would cause him/her disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory.

Section 6

Damages and legal costs

Article 13

Damages

1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;

or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.

Article 14

Legal costs

Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.

Section 7

Publicity measures*Article 15***Publication of judicial decisions**

Member States shall ensure that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the applicant and 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. Member States may provide for other additional publicity measures which are appropriate to the particular circumstances, including prominent advertising.

CHAPTER III

SANCTIONS BY MEMBER STATES*Article 16***Sanctions by Member States**

Without prejudice to the civil and administrative measures, procedures and remedies laid down by this Directive, Member States may apply other appropriate sanctions in cases where intellectual property rights have been infringed.

CHAPTER IV

CODES OF CONDUCT AND ADMINISTRATIVE COOPERATION*Article 17***Codes of conduct**

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, particularly by recommending the use on optical discs of a 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.

*Article 18***Assessment**

1. Three years after the date laid down in Article 20(1), each Member State shall submit to the Commission a report on the 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 then be transmitted to the European Parliament, the Council and the European Economic and Social Committee. It shall be accompanied, if necessary and in the light of developments in the Community legal order, 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 19***Exchange of information and correspondents**

For the purpose of promoting cooperation, including the exchange of information, among Member States and between Member States and the Commission, each Member State shall designate one or more national correspondents for any question relating to the implementation of the measures provided for by this Directive. It shall communicate the details of the national correspondent(s) to the other Member States and to the Commission.

CHAPTER V

FINAL PROVISIONS*Article 20***Implementation**

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 29 April 2006. 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 texts of the provisions of national law which they adopt in the field governed by this Directive.

Article 21

Entry into force

This Directive shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Union*.

Article 22

Addressees

This Directive is addressed to the Member States.

Done at Strasbourg, 29 April 2004.

For the European Parliament
The President
P. COX

For the Council
The President
M. McDOWELL

Annex B

**TRANSPOSITION NOTE FOR IMPLEMENTATION IN ENGLAND AND WALES OF THE IP DIRECTIVE
Directive (2004/48/EC) on the Enforcement of Intellectual Property Rights**

The European Directive concerned sets out measures, procedures and remedies that must be in place for the enforcement of intellectual property rights in member states.

Article	Objectives	Implementation
1-2	<p>These Articles set out the subject matter and scope of the Directive, which concerns the measures and, procedures and remedies necessary to ensure the enforcement of intellectual property rights whether these rights arise from Community or national law.</p> <p>In a statement the Commission states that they consider that at least the following intellectual property rights are covered by the scope of the Directive⁵:</p> <ul style="list-style-type: none"> • Copyright • Rights related to copyright • <i>Sui generis</i> right of a database maker • Rights of the creator of the topographies of a semiconductor product • Trademark rights 	<p>No action required.</p> <p>For England and Wales the Civil Procedure Rules⁶ (“CPR”) apply. Part 63 of the CPR, and Practice Direction supplementing Part 63 set out the scope of intellectual property claims. This Practice Direction lists all the items on the Commission list except for utility model rights and trade names as no Community or national law relating to these rights applies in the UK. The Practice Direction additionally includes the following:</p> <ul style="list-style-type: none"> • Olympic symbols • Unauthorised decryption rights • Hallmarks • Technical trade secrets litigation • Passing off

⁵ 2005/295/EC -Statement by the Commission concerning Article 2 of Directive 2004/48./EC – OJ L 94, 13.4.2005, p.37

⁶ The Civil Procedure Rules are a unified set of procedural rules governing proceedings in the Court of Appeal, High Court and county court. The rules are made by secondary legislation - Civil Procedure Rules 1998 SI 1998/3132 – pursuant to the Civil Procedure Act 1997, section 2. A reference to a rule or Part is a reference to the Civil Procedure Rules unless the contrary is expressed.

	<ul style="list-style-type: none"> • Design rights • Patents rights, including rights derived from supplementary protection certificates • Geographical indications • Utility model rights • Plant variety rights • Trade names, insofar as protected as exclusive property rights in the national law concerned <p>Article 2(2) states that the Directive shall be without prejudice to the specific provisions on the enforcement of rights and on exceptions contained in Community legislation concerning copyright and related rights, notably those found in Directive 91/250/EEC and in particular, Article 7 thereof or in Directive 2001/29/EC and, in particular, Articles 2 to 6 and Article 8.</p> <p>Article 2(3) (a) states that the Directive shall not affect 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 Articles 12 to 15 of Directive 2000/31/EC in particular.</p>	<p>Directive 91/250/EEC on the legal protection of computer programs was implemented in the UK by the Copyright (Computer Programs) Regulations 1992 (SI 1992 No. 3233) which amended the Copyright, Designs and Patents Act 1988. Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society was implemented in the UK by the Copyright and Related Rights Regulations 2003 (SI 2003 No. 2498).</p> <p>Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data was implemented in the UK by the Data Protection Act 1998. Directive 1999/93/EC was implemented by the Electronic Communications Act 2000 (2000 c.7) and the Electronic Signatures Regulations 2002 (SI 2002 No. 318). Directive 2000/31/EC was implemented by the Electronic Commerce (EC Directive) Regulations 2002.</p>
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<p>Article 3</p>	<p>This Article puts a general obligation on member states to provide measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights that are fair and equitable, not unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.</p> <p>The measures should also be effective, proportionate and dissuasive and shall not create barriers to trade.</p>	<p>The Civil Procedure Rules are a procedural code with the overriding objective of enabling the court to deal with cases justly.</p> <p>Dealing with a case justly includes, so far as is practicable:-</p> <ul style="list-style-type: none"> • ensuring that the parties are on an equal footing; • saving expense; • dealing with the case in ways which are proportionate - • to the amount of money involved; • to the importance of the case; • to the complexity of the issues; • to the financial position of each party; • ensuring that it is dealt with expeditiously and fairly; • allotting to it an appropriate share of the court's resources, while taking into account the need to allot resources to other cases. <p>Civil Procedure Rules apply in England & Wales and are coincident with the aims of this Article. The following analysis makes extensive references to the Civil Procedure Rules and relevant case law .</p>
<p>4</p>	<p>The purpose of this Article is to identify persons entitled to apply for the remedies described in the Directive, in so far as such persons are entitled to apply for those remedies in accordance with national law.</p>	<p>No action required</p> <p>Rights holders and persons authorised to use those intellectual property rights are already permitted to bring proceedings pursuant to statute.</p> <ul style="list-style-type: none"> • Trade Marks Act 1994 - section 14 (rights of the proprietor) & section 31 (rights of an exclusive licensee) • Patents Act 1977 – section 61 (rights of the proprietor) & section 67 (rights of an exclusive licensee) • Copyright, Designs and Patents Act 1988 – section 96 (rights of copyright owner) & section 101 (rights of an exclusive licensee) • Copyright, Designs and Patents Act 1988 – section 191I (rights of owner of performers’ property rights) & section 191L (rights of exclusive licensee)

		<ul style="list-style-type: none"> • Copyright Designs and Patents Act 1988 – section 229 (rights of unregistered design right owner) and section 234 (rights of exclusive licensee). • Registered Designs Act 1949 – section 7A (rights of design right owner). <p>Part 19 of the Civil Procedure Rules permits representative claims to be brought or defended by parties with the same interest. Therefore, if national law requirements under Part 19 are satisfied, collective rights management bodies or defence bodies may be permitted to bring or defend claims.</p>
5	This Article relates to the presumptions of authorship in respect of intellectual property rights and requires amendment to primary legislation.	<p>Action required</p> <p>Sections 104, 105 and 107(6) of the Copyright, Designs and Patents Act 1988 provide most of the presumptions of authorship or ownership required by Article 5. The remaining presumptions required will be provided in the Copyright and Related Rights (Presumptions) Regulations which will be made by the Secretary of State for Trade and Industry. The Regulations will insert new provisions in the 1988 Act and in the Copyright and Related Rights Regulations 1996 (SI 1996 No. 2967).</p>
6	<p>The purpose of this Article is to ensure that a party who has put forward evidence in support of its claims, can obtain relevant evidence in the control of the opposing party, subject to the protection of confidential information.</p> <p>There are two parts to the Article (i) obtaining the evidence and (ii) protecting confidential information.</p>	<p><u>Obtaining the Evidence.</u> No action required.</p> <p>Part 31 permits parties to obtain disclosure of documents relevant to the proceedings that are in the custody or control of another party.</p> <p>The court may make an order for disclosure of specific documents (Rule 31.12). However, the usual order it will make is for ‘standard disclosure’. Standard disclosure will extend to any documents upon which the applicant relies, which adversely affect his or another party’s case, or which support his case. (Rule 31.6)</p> <p><u>Protection of Confidential Information</u> No action required</p> <p>Rule 31.10 sets out the procedure for claiming a right or duty to withhold inspection of a document.</p>

		<p>Documents are not protected from disclosure solely by reason of their being confidential. However, in deciding whether to order disclosure, the court <i>may</i> have regard to the fact that disclosure would involve a breach of confidence. And, it will scrutinize more closely a request to see confidential documents.</p> <p>Furthermore, in cases concerning intellectual property rights, it is generally accepted that if confidential documents are relevant, the court may in its discretion require the defendant to give an undertaking not to make use of the information disclosed save for the purposes of the proceedings. It may limit the right to take away documents or make copies, or introduce protective limitations at the inspection stage. For example, it may limit those who may see the document, where and what they may do with it, or may impose specific measures such as redaction or substituting anonymised references for specific names.</p> <p>In <i>Atari Inc. v Philips Electronics and Associated Industries Limited</i>⁷ the court imposed restrictions on the inspection of confidential information and on its further use, by requiring the parties to give strict undertakings as to confidentiality.</p> <p>The Note to Rule 31.3.37 in Sweet & Maxwell’s Civil Procedure 2004 (the standard guide for to the Civil Procedure Rules) says: “<i>Where a party claims secrecy in relevant material (e.g. a defendant in a patent infringement claim asserts that his process is secret) the governing principle is that the court should order a controlled measure of disclosure to select individuals upon terms ensuring that there should be neither use nor further disclosure of the confidential information to the prejudice of the party concerned</i>”.</p> <p>The combination of Civil Procedure Rules and case law will ensure that judges will consider the protection of confidential information in appropriate cases.</p>
7	This Article requires member states to ensure that parties may apply for certain measures to be taken for the preservation of relevant evidence in	<p>No action required.</p> <p>The power to grant an injunction (section 37 of the Supreme Court Act 1981 and section 38 of the County Courts Act 1984) may be exercised in order to preserve evidence.</p>

<p>respect of an infringement that is alleged to have taken place. The Directive suggests a number of methods: including taking a detailed description and physical seizure of the infringing goods.</p>	<p>There are also statutory powers that may be exercised to allow a prospective claimant to inspect, photograph, preserve or sample property that may be the subject of proceedings (before proceedings are commenced). Identical powers are conferred in this regard on the High Court and on county courts by Supreme Court Act 1981, section 33, and County Courts Act 1984, section 52.</p> <p>Additional powers are conferred on the High Court by section 7 of the Civil Procedure Act 1997 (see below)</p> <p>Part 25 of the Civil Procedure Rules permits the court to make various orders for the preservation of evidence and property.</p> <ul style="list-style-type: none"> • Rule 25.1(1)(c)(i) provides for an order “for the detention, custody or preservation of relevant property”⁸ • Rule 25.1(1)(g) permits the court to make an order directing a party to provide detailed information about relevant property. • Rule 25.1(1)(h) provides for an order (a ‘search order’) under section 7 of the Civil Procedure Act 1997 (order requiring a party to admit another party to premises for the purpose of preserving evidence etc.). Section 7 of the Civil Procedure Act provides that: <ul style="list-style-type: none"> “(1) <i>The court may make an order under this section for the purpose of securing, in the case of any existing or proposed proceedings in the court-</i> <ul style="list-style-type: none"> (a) <i>the preservation of evidence which is or may be relevant; or</i> (b) <i>the preservation of property which is or may be the subject matter of the proceedings or as to which any question arises or may arise in the proceedings.</i>” <p>An order made under section 7 may direct any person to permit a person described in the order to enter premises in England and Wales and while on the premises to take any of a number of steps set out in sections 7(4) or (5). Such steps include searching for and inspecting; taking copies, photographs, samples or other records of; and “retaining for safe keeping” anything described in the order.</p>
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⁸ “Relevant property” is defined in rule 25.1(2) as “property (including land) which is the subject of a claim or as to which any question may arise on a claim”.

	<p>The Article requires that these applications may be made before commencement of a claim.</p>	<ul style="list-style-type: none"> • Rule 25.1(1)(j) permits the court to make an order under Supreme Court Act 1981, s34(3) or County Courts Act 1984, s53(3) for the taking of samples of a non-party’s property. <p>Parties may apply for these orders before proceedings are commenced in urgent cases or where it is in the interests of justice to do so (Rule 25.2).</p>
	<p>The second part of Article 7(1) provides that those measures shall be taken if necessary without the other party having been heard in particular where delay is likely to cause irreparable harm or there is a demonstrable risk of evidence being destroyed.</p>	<p>No action required.</p> <p>The court may grant an interim remedy on an application made without notice if it appears that there are good reasons for dispensing with notice. (Rule 25.3). ‘Good reason’ might include where delay is likely to cause irreparable harm or there is a demonstrable risk of evidence being destroyed.</p>
	<p>Article 7(1) also provides that, where the court grants an interim remedy without notice, the “parties affected shall be given notice without delay after the execution of the measures”.</p> <p>Such a person shall be permitted to apply for a review to take place within a reasonable period of notification, whether the measures shall be “modified, revoked or confirmed”.</p>	<p>No action required.</p> <p>Rule 23.9 requires that where the court has disposed of an application without service of a copy of the application notice, and the court makes an order granting or dismissing the application, a copy of the application and evidence in support together with any order that is made, must be served on any party or person against whom the order was made/sought, unless the court orders otherwise.</p> <p>Rule 23.10 provides that a person who was not served with the application notice may apply to have the order set aside or varied. He must apply within 7 days of the order being served on him.</p>

	<p>Article 7(2) requires that measures to preserve evidence may be subject to the lodging of security so that the party against whom the order is made may receive compensation in the event that the order was wrongly made.</p>	<p>No action required</p> <p>Paragraph 5(1) of the Practice Direction supplementing Part 25⁹, provides that any order for an injunction must, unless the court orders otherwise, contain an undertaking by the applicant to the court to pay damages which the respondent(s) (or any other party served with the order) sustain which the court considers the applicant should pay. This would include compensation for any prejudice unjustly suffered by the defendant. Following that guidance, the established practice is that the court will order a cross-undertaking to be provided.</p> <p>Courts have power to require a cross-undertaking in damages. Courts exercise this power in the majority of cases where an interim injunction is awarded, except where it is inappropriate to do so.</p>
	<p>Article 7(3) requires that where a party brings an application for these measures before commencement of the proceedings, those measures will cease to have effect if the applicant does not bring proceedings within a reasonable period.</p>	<p>No action required</p> <p>Rule 25.2 of the Civil Procedure Rules provides that an order for an interim remedy may be made at any time including before a claim has been started, and that where the court grants an interim remedy before a claim has been commenced, it may give directions requiring a claim to be commenced.</p> <p>Notwithstanding the permissive ‘may’, para 4.4 of the Practice Direction supplementing Part 25 states that where applications are made before the issue of a claim form, either the applicant must undertake to the court to issue a claim form immediately or the court will give directions for the commencement of the claim. And, para 5.1 of the Practice Direction states that any order for an injunction, unless the court directs otherwise, must contain, if the application is made before the issue of the claim form, an undertaking to issue and pay the appropriate fee on the same or the next working day, or directions for commencement of the claim.</p> <p>In general, the practice is that the court will make an order requiring the claim to be commenced.</p>

⁹ Practice Directions supplement the Civil Procedure Rules. They are made pursuant to the court’s inherent jurisdiction in the Court of Appeal and High Court, and section 5 and paragraph 6 of Schedule 1 of the Civil Procedure Act 1997. They are made by the Heads of the Division of the High Court for the High Court and by a person authorised by the Lord Chancellor in the county courts (section 745A of the County Courts Act 1984). The power to make these Practice Directions is now regulated by the Civil Procedure Act, though the Practice Directions are not secondary legislation.

		<p>Where a court grants an order for an injunction without proceedings having been commenced, the standard form of order will require proceedings to be commenced within a specified period or give directions for the commencement of the claim.</p> <p>The claimant will be required to give an undertaking to this effect. If the claimant does not comply with such undertaking the defendant will be able to apply for the order to be set aside or varied or the injunction to be discharged. The defendant will be advised of this right on the face of the order granting the injunction. He may make the application using Part 23 on the grounds that the claimant has failed to comply with the undertaking it gave to commence proceedings.</p>
	Article 7(4) requires that the court have authority to order payment of compensation in the event that these measures are revoked or lapse due to any act or omission of the applicant, or where it is subsequently found that there has been no infringement of an intellectual property right.	<p>No action required</p> <p>Courts have power to require a cross-undertaking in damages: the High Court, pursuant to its inherent jurisdiction; the County Court, pursuant to statute¹⁰. Courts exercise this power in the majority of cases where an interim injunction is awarded, except where it is inappropriate to do so.</p>
	Article 7(5) permits member states to take measures to protect the identity of witnesses.	<p>No action required.</p> <p>Rule 39.2 provides that the court may order that the identity of any party or witness must not be disclosed if it considers non-disclosure necessary in order to protect the interests of that party or witness.</p>
8	Article 8 requires that member states shall ensure that, in proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate	<p>No action required</p> <p>Rule 31.18 expressly provides that Rules 31.16 (Disclosure before proceedings start) and 31.17 (Disclosure from non-parties) do not limit any other power the court may have to order disclosure.</p> <p>These powers derive from the court's inherent jurisdiction in the High Court (see section 19 Supreme</p>

¹⁰ See American Cyanamid v Ethicon Limited [1975] AC 396 HL; F. Hoffman-La Roche & Co AG v Secretary of State for Trade and Industry [1975] AC 295

	<p>request of the claimant, the court may order that information concerning the origin and distribution networks of the goods or services which infringe an intellectual property right shall be provided by the infringer and/or any other person who possessed, used, or was involved in the production of the goods. This information may include the names and address of such persons and information on the quantities produced.</p>	<p>Court Act 1981) and from statute in the county court (see section 38 County Courts Act 1984). Under the court’s jurisdiction, IP rights holders are able to obtain a court order requiring a person to reveal information relevant to the action. This may include the names and addresses of relevant parties, dates, quantities of information and source of goods or materials. These orders are known as <i>Norwich Pharmacal</i> orders.</p> <p><i>Upmann v Elkan</i> [1871] LR 12 Eq 140 established the principle, endorsed by the House of Lords in <i>Norwich Pharmacal v Customs and Excise Commissioners</i> [1974] AC 133, that:</p> <p><i>“if through no fault of his own a person gets mixed up in the tortious acts of others so as to facilitate their wrongdoing he may incur no personal liability but he comes under a duty to assist the person who has been wronged by giving him full information and disclosing the identity of the wrongdoers”.</i></p> <p>Courts have power to make the order and will do so in cases where it is appropriate to do so.</p>
9	<p>Article 9 has a number of elements, requiring member states to ensure that the court may:</p>	
	<p>(i) issue an interlocutory injunction against an alleged infringer to prevent a threatened infringement; or</p>	<p>No action required.</p> <p>The Supreme Court Act 1981, section 37 states that the High Court may, by order, whether interlocutory or final grant an injunction in all cases in which it is just and convenient to do so.</p> <p>The jurisdiction of the county court to grant an injunction is derived from section 38 of the County Courts Act 1984 and the County Courts Remedies Regulation 1991, S.I. 1991/1222.</p> <p>And, rule 25.1(1)(a) provides that the court may grant an interim injunction.</p>

	<p>(This includes against an intermediary whose services are being used to infringe an intellectual property right)¹¹</p>	<p>The court is only able to issue an interim injunction against a person against whom a cause of action exists. The following are persons against whom a cause of action will exist and injunction may be made:</p> <p>Copyright</p> <p>A person may be restrained by injunction from:</p> <ul style="list-style-type: none"> • reproducing the work;¹² • issuing copies to the public¹³; • renting or lending copies to the public¹⁴; • performing, showing or playing the work in public¹⁵; • communicating the work by means of electronic transmission¹⁶; • making an adaptation of the work, or doing any of the above in relation to an adaptation¹⁷; • importing an article which is, and which he knows or has reason to believe is, an infringing copy of the work¹⁸; • possessing in the course of business, selling, renting, offering or exposing for sale, exhibiting or distributing an article which is, and which he knows or has reason to believe is, an infringing copy of the work¹⁹; • making, importing, possessing, selling, renting, offering or exposing for sale an article specifically designed or adapted for making copies of that work, knowing or having reason to believe that it is to
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11 This wording in the Article repeats that found in Article 8(3) of Directive on the harmonisation of copyright and related rights in the information society¹¹. Article 8(3) was implemented by section 97A of the Copyright and Related Rights Regulations 2003¹¹. Section 97A provides that the High Court shall have the power to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright (A similar provision was also introduced for performers' property rights). In section 97A, 'service provider' is given the meaning stated in regulation 2 of the Electronic Commerce (EC Directive) Regulations 2002, namely any person providing an information society service. But, there is no definition in the Directive of a 'service provider' nor of an 'intermediary' nor of the types of service that may be enjoined. It is our understanding that in this Directive service provider is intended to be given a broader meaning to catch anyone who provides a service that is used to infringe an intellectual property right., or facilitates an infringement.

12 Section 17 Copyright, Designs and Patents Act 1988
13 Section 18 Copyright, Designs and Patents Act 1988
14 Section 18A Copyright, Designs and Patents Act 1988
15 Section 19 Copyright, Designs and Patents Act 1988
16 Section 20 Copyright, Designs and Patents Act 1988
17 Section 21 Copyright, Designs and Patents Act 1988
18 Section 22 Copyright, Designs and Patents Act 1988
19 Section 23 Copyright, Designs and Patents Act 1988

		<p>be used to make infringing copies²⁰;</p> <ul style="list-style-type: none"> • permitting the use of premises for an infringing performance of a work²¹ • providing the apparatus to facilitate an infringing performance²². <p>Patents</p> <p>Under section 60 of the Patents Act 1977, a person who does any of the following in relation to the invention without the patent holder's consent, may be restrained by means of an injunction:</p> <ul style="list-style-type: none"> • where the invention is a product, makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise; • where the invention is a process, uses the process or offers it for use in the United Kingdom when he knows, or it is obvious to a reasonable person in the circumstances, that its use without consent would infringe of the patent; • where the invention is a process, disposes of, offers to dispose of, uses or imports any product obtained directly by means of that process or keeps any such product whether for disposal or otherwise. <p>A person also infringes a patent if he supplies or offers to supply (in the United Kingdom) means, relating to an essential element of the invention, for putting the invention into effect. That person must know that those means are suitable for putting, and are intended to put, the invention into effect in the United Kingdom. If he does not have actual knowledge, the fact must be obvious to a reasonable person in the circumstances²³.</p>
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20 Section 24 Copyright, Designs and Patents Act 1988

21 Section 25 Copyright, Designs and Patents Act 1988

22 Section 26 Copyright, Designs and Patents Act 1988

23 Section 60(2) Patents Act 1977

24 Section 10(5) Trade Marks Act 1994

25 Section 226 CDPA 1988

26 Section 226 or 227 CDPA 1988

27 Section 7 Registered Designs Act 1949

Trade Marks

Under **section 10 of the Trade Marks Act 1994**, a person may be prevented from doing any of the following in relation to a mark (or a mark that is similar in circumstances where confusion is likely to arise) without the owner's consent:

- affixing it to goods or packaging;
- offering or exposing goods for sale, putting them on the market or stocking them for those purposes under the sign, or offering or supplying services under the sign;
- importing or exporting goods under the sign; or
- using the sign on business papers or in advertising.

A person who applies a registered mark to material intended to be used for labelling or packaging goods, as business paper, or for advertising purposes, is treated as an infringing user if he knew, or had reason to believe, that use of the mark was unauthorised²⁴.

Design Right (Unregistered)

The owner of a design right has the exclusive right to reproduce the design (i.e. make an article to the design). This includes making a design document recording the design. A person who reproduces (or authorises another to reproduce) the design, without consent, infringes, and may be restrained by an injunction²⁵.

A person who:

- imports into the UK for commercial purposes;
 - has in his possession for commercial purposes;
 - sells, lets for hire, or offers or exposes for sale or hire, in the course of business,
- an article which is, and which he knows or has reason to believe is, an infringing article, may likewise be restrained²⁶.

Design Right (Registered)

A proprietor of a registered design has exclusive right to use the design, and may prevent any other person from doing that which is his exclusive right. Using the design includes:

		<ul style="list-style-type: none"> • making, offering, putting on the market, importing, exporting or using a product in which the design is incorporated or to which it is applied; • stocking such a product for those purposes²⁷.
	(ii) forbid (on a provisional basis and subject where appropriate to a recurring penalty payment where provided for by national law) the continuation of the alleged infringements; or	<p>No action required</p> <p>The court has an inherent jurisdiction to issue an interim declaration, for example that the patent is valid and infringed. Rule 40.20 states that the court may make “binding declarations”, whether or not any other remedy is claimed. And, rule 25.1(1)(b), the court may grant an interim declaration.</p>
	(iii) make such continued infringement subject to the lodging of guarantees intended to ensure the compensation of the right holder; and	<p>Action required</p> <p>This Article appears to require courts to have the power to order security for damages against an alleged infringer whilst permitting the infringement to continue.</p> <p>The court has power to award damages in lieu of injunction (section 50 Supreme Court Act 1981 and section 38 County Courts Act 1984). But, it will not normally exercise this discretion to sanction future infringements. This is not a familiar concept in our courts Therefore, it is recommended that something should be put in the Practice Direction to Part 63 of the Civil Procedure Rules stating that this is an order that may be made.</p> <p>In <i>Shelfer v City of London Electric Lighting Co.</i> [1895] 1 Ch 287 at 322-323, the court said that:</p> <p><i>“There are, however, cases in which this rule may be relaxed, and in which damages may be awarded in substitution for an injunction ... In my opinion, it may be stated as a good working rule that—(1.) If the injury to the plaintiff’s legal rights is small, (2.) And is one which is capable of being estimated in money, (3.) And is one which can be adequately compensated by a small money payment, (4.) And the case is one in which it would be oppressive to the defendant to grant an injunction:—then damages in substitution for an injunction may be given”</i> .</p>

	(iv) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into the channels of commerce; and	<p>No action required</p> <p>Rule 25.1(1)(c)(i) permits the court to make an order for the detention, custody or preservation of relevant property.</p>
9(2)	(v) in the case of an infringement committed on a commercial scale where the injured party demonstrates circumstances likely to endanger the recovery of damages, order the seizure of movable and immovable property, including blocking his bank account and other assets.	<p>No action required</p> <p>Rule 25.1(1)(g) permits the court to make an order restraining a party from removing assets from the jurisdiction or restraining a party from dealing with assets located in the jurisdiction. This might include freezing monies held in a bank account.</p>
9(3)	Article 9(3) provides that courts shall have the authority to require the applicant to provide any reasonably available evidence to satisfy themselves that the applicant is the rights holder and his rights have been infringed.	<p>No action required</p> <p>Any application to the court must state what order the applicant is seeking and the grounds upon which the application is made (Rule 23.6).</p> <p>Before granting any interim injunction, the court must be satisfied that there is a serious question to be tried²⁸.</p> <p>In the case of freezing orders and search orders, the burden on the applicant is greater. For a freezing order, the applicant must show a good arguable case that he is entitled to damages and that there is a reasonable case that the assets will otherwise be dissipated²⁹.</p> <p>Before a search order may be awarded, the applicant must be able to show a very strong prima facie case³⁰.</p>

²⁸ *American Cyanamid v Ethicon Limited* [1975] AC 396

²⁹ *Mareva Compania Naviera SA v International Bulk Carriers SA ("The Mareva")* [1975] 2 Lloyd's Rep 509

³⁰ *Anton Piller KG v Manufacturing Processes Limited* [1976] Ch 55

<p>9(4)</p>	<p>Article 9(4) provides that these measures may be taken if necessary without the defendant having been heard in particular where delay is likely to cause irreparable harm to the rightholder.</p> <p>In those cases, the parties shall be informed without delay, and shall be permitted to apply for a review to take place within a reasonable period of notification, whether the measures shall be “modified, revoked or confirmed”.</p>	<p>No action required.</p> <p>Rule 25.3 permits the court to grant an interim remedy on an application made without notice if it appears that there are good reasons for dispensing with notice. ‘Good reason’ might include where delay is likely to cause irreparable harm.</p> <p>Rule 23.9 requires that where the court has disposed of an application without service of a copy of the application notice, and the court makes an order granting or dismissing the application, a copy of the application and evidence in support together with any order that is made, must be served on any party or person against whom the order was made/sought, unless the court orders otherwise.</p> <p>Rule 23.10 provides that a person who was not served with the application notice may apply to have the order set aside or varied. He must apply within 7 days of the order being served on him.</p>
<p>9(5)</p>	<p>Article 9(5) requires that where a party brings an application for these measures before commencement of the proceedings, those measures will cease to have effect if the applicant does not bring proceedings within a reasonable period.</p>	<p>No action required</p> <p>Rule 25.2 of the Civil Procedure Rules provides that an order for an interim remedy may be made at any time including before a claim has been started, and that where the court grants an interim remedy before a claim has been commenced, it may give directions requiring a claim to be commenced.</p> <p>Notwithstanding the permissive ‘may’, para 4.4 of the Practice Direction supplementing Part 25 states that where applications are made before the issue of a claim form, either the applicant must undertake to the court to issue a claim form immediately or the court will give directions for the commencement of the claim. And, para 5.1 of the Practice Direction states that any order for an injunction, unless the court directs otherwise, must contain, if the application is made before the issue of the claim form, an undertaking to issue and pay the appropriate fee on the same or the next working day, or directions for commencement of the claim.</p> <p>In practice the court will always make an order requiring the claim to be commenced.</p> <p>Where a court grants an order for an injunction without proceedings having been commenced, the standard form of order (see paragraph 5.1 of the Practice Direction supplementing Part 25) will</p>

		<p>require proceedings to be commenced within a specified period or give directions for the commencement of the claim.</p> <p>The claimant will be required to give an undertaking to this effect. If the claimant does not comply with such undertaking the defendant will be apply to apply for the order to be set aside or varied or the injunction to be discharged. The defendant will be advised of this right on the face of the order granting the injunction. He may make the application using Part 23 on the grounds that the claimant has failed to comply with the undertaking it gave to commence proceedings.</p>
9(6)	<p>Article 9(6) requires that these measures may be made subject to the lodging of security so that the party against whom the order is made may receive compensation in the event that the order was wrongly made.</p>	<p>No action required</p> <p>Paragraph 5(1) of the Practice Direction supplementing Part 25³¹, provides that any order for an injunction must, unless the court orders otherwise, contain an undertaking by the applicant to the court to pay damages which the respondent(s) (or any other party served with the order) sustain which the court considers the applicant should pay. This would include compensation for any prejudice unjustly suffered by the defendant. Following that guidance, the established practice is that the court will order a cross-undertaking to be provided.</p> <p>Courts have power to require a cross-undertaking in damages (see above). Courts exercise this power in the majority of cases where an interim injunction is awarded, except where it is inappropriate to do so.</p>
9(7)	<p>Article 9(7) requires that the court have authority to order payment of compensation in the event that these measures are revoked or lapse due to any act or omission of the applicant, or where it is subsequently found that there has been no infringement of an intellectual property right.</p>	<p>No action required</p> <p>(See discussion of cross-undertaking above).</p>

³¹ Practice Directions supplement the Civil Procedure Rules. They are made pursuant to the court's inherent jurisdiction in the Court of Appeal and High Court, and section 5 and paragraph 6 of Schedule 1 of the Civil Procedure Act 1997. They are made by the Heads of the Division of the High Court for the High Court and by a person authorised by the Lord Chancellor in the county courts (section 745A of the County Courts Act 1984). The power to make these Practice Directions is now regulated by the Civil Procedure Act, though the Practice Directions are not themselves secondary legislation.

10-15	Articles 10-15 (General) relate to the orders the court may make at the conclusion of the action.	<p>A wide range of remedies is available to the court at the conclusion of an action. These include common law remedies available as of right, for example repayment of a debt or damages in contract and in tort.</p> <p>There are other discretionary remedies the court may order, which are usually equitable in origin. These include injunctions, specific performance, delivery of goods, declarations. The High Court has jurisdiction pursuant to section 19 of the Supreme Court Act 1981 and the county court, pursuant to section 38 of the County Courts Act 1984.</p>
10	Article 10 requires that Member States shall ensure that courts may order that appropriate measures be taken in respect of goods that have been found to be infringing and with regard to materials and implements used in the creation or manufacture of those goods in appropriate cases . Those measures shall include recalling or removing the goods from the channels of commerce, or destroying the goods or related materials	<p>No action required Primary legislation makes specific provision for such orders to be made.</p> <ul style="list-style-type: none"> • Section 99 of the Copyright, Designs and Patents Act 1988 (“CDPA”) provides that the owner of a copyright may apply to the court for an order that the infringing copy or article be delivered up to him. Section 100 provides that where the owner is entitled to apply under section 99, he can instead seize and detain the infringing copy of work, subject to certain conditions. Section 114 provides that where sections 99 or 100 are invoked, an application may be made to the court for an order that an infringing copy or other article be forfeited to the copyright owner, destroyed or otherwise dealt with as the court may think fit. <p>Section 230 Copyright, Designs and Patents Act 1988 relating to unregistered designs, provides for the owner of the design right in the design in question to apply to the court for an order that the infringing article, or anything specifically designed or adapted for making articles to a particular design, be delivered up. In addition, section 229 of the Act permits an applicant to claim "all such relief by way of damages, injunctions, accounts or otherwise is available to the plaintiff as is available in respect of the infringement of any other property right</p> <ul style="list-style-type: none"> • Section 16 of the Trade Marks Act 1994 provides that the proprietor of a registered trade mark may apply to the court for an order for the delivery up to him, or such other person as the court may direct, of any infringing goods, material or articles which a person has in his possession, custody or control in the course of a business. Further, section 19 permits the court to order the destruction or forfeiture of goods so delivered. Infringing articles includes articles designed or adapted for making copies of a sign identical or similar to the mark. • Section 61(1)(b) of the Patents Act 1977 provides that a proprietor of a patent may apply for an order for delivery up or destruction of any patented product in relation to which the patent is infringed or any article in which that patent is inextricably comprised.

10(2)	Article 10(2) provides that the court shall order that such measures be carried out at the expense of the infringer.	<p>Action required</p> <p>The court has a very broad discretion as to the costs orders it may make. Rule 44.3 says that the court has a discretion as to whether costs are payable, the amount of those costs and when they are to be paid.</p> <p>It would be normal practice for the infringer to deliver up or, at the option of the rights holders destroy on oath, goods found to be infringing. And, it is expected that the infringer would pay for this. However, in the interests of clarity and because the Directive stipulates that the court shall order, it is recommended that provision should be made in the Practice Direction to Part 63 stipulating that where such an order is made, the order should state that delivery up will be carried out at the expense of the infringer.</p>
10(3)	Article 10(3) provides that in considering a request for corrective measures, the need for proportionality must be taken into account.	<p>No action is required.</p> <p>Proportionality is a key feature of the Civil Procedure Rules, enshrined in the overriding objective (Rule 1.1(2)).</p>
11	Article 11 requires that member states shall ensure that where goods have been found to be infringing, the court may issue an injunction against the infringer to prevent continuation of the infringement. The injunction, being equitable in origin, is discretionary.	<p>No action is required.</p> <p>The jurisdiction of the High Court to grant injunctions is derived from section 37(1) of the Supreme Court Act 1981. It may do so on such terms and conditions as it thinks fit (Section 37(2)).</p> <p>The jurisdiction of the county court is derived from section 38 of the County Courts Act 1984 and the County Courts Remedies Regulation 1991, S.I. 1991/1222.</p> <p>A final injunction is usually granted to an intellectual property right holder who proves at trial that his rights have been infringed by the defendant (<i>Chiron v Organon (No 10)</i> [1995] FSR 325 (as a general rule a defendant who interferes with a proprietary right will be enjoined)).</p> <p>(see earlier comments about intermediaries).</p>

	This Article also requires that rightholders must be in a position to apply for an injunction against intermediaries whose services are being used by a third party to infringe an intellectual property right.	
12	This Article permits member states to provide for compensation in lieu of these measures if the infringer acted unintentionally and the particular measure would cause disproportionate harm.	<p>No action required</p> <p>The court may order damages in lieu of an injunction (section 50 of the Supreme Court Act 1981 and section 38 of the County Courts Act 1984).</p>
13	<p>Article 13 requires that member states shall ensure that the competent judicial authorities order the infringer to pay the right holder damages appropriate to the actual prejudice suffered as a result of the infringement.</p> <p>When judicial authorities set the damages:</p> <p>-take into account all appropriate aspects such as negative economic consequences and, in appropriate cases, elements other than economic factors, such as moral prejudice;</p>	<p>No action required</p> <p>The courts are already able to award damages to compensate for the actual prejudice suffered by the rightholder, and damages can cover both negative economic consequences and non-economic factors, including elements such as lost royalties or fees.</p> <p>Damages are intended to compensate the victim of a wrong. They are designed to make good, so far as possible, the pecuniary or non-pecuniary loss suffered by the victim by putting him or her into as good a position as if no wrong had occurred. Intellectual property torts are civil wrongs, which are either statutory torts (eg. infringement of patent) or common law torts (eg. passing off). The owner of intellectual property rights is able to claim financial compensation from an infringer either as compensation for the owner's loss or by the infringer accounting for his profit. The equitable remedy of an account of profits is very well-established, and it is laid down in statute that an account of profits may be ordered for infringement of a patent,³² infringement of copyright,³³ infringement of design right,³⁴ and infringement of performer's property rights.</p>

32 s.61(1)(d) Patents Act 1977

33 s.96(2) Copyright, Designs and Patents Act 1988

34 s.229(2) Copyright, Designs and Patents Act 1988

	<p>or</p> <p>-set damages as a lump sum on the basis of such elements as lost royalties.</p> <p>Article 13(2) provides that where an infringer did not knowingly engage in infringing activity, member states may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.</p>	<p>‘Aggravated damages’ may be awarded as compensation for a claimant’s mental distress, which can be equated to moral prejudice that may be caused to a right holder by an infringement.</p> <p>‘Additional damages’ are provided for infringement of copyright, design right or performer’s property rights under the Copyright, Designs and Patents Act 1988. To award such damages the court considers all the circumstances and in particular the flagrancy of the infringement and any benefit accruing to the defendant by reason of it. Case law indicates that this does not extend to punitive damages, but permits an award of aggravated damages on a far wider basis than under common law, and in particular allows an element of restitution having regard to the benefit gained by the defendant.</p> <p>The Department for Constitutional Affairs intends to issue a consultation paper later this year on a range of issues relating to the law on damages, including aggravated, restitutionary and additional damages.</p>
14	<p>Article 14 requires that member states shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall be borne by the unsuccessful party.</p>	<p>No action required</p> <p>Section 51(1) Supreme Court Act 1981: the court has discretion as to :</p> <p>(1) whether costs are payable by one party to the other;</p> <p>(2) the amount of those costs; and</p> <p>(3) when they are to be paid.</p> <p>In the civil division of the Court of Appeal, the High Court and the county courts, the CPR identifies as a general rule that: <i>“the unsuccessful party will be ordered to pay the costs of the successful party; but the court may make a different order.” (Rule 44.3(2)).</i></p>
15	<p>This Article requires that member states must ensure that, in legal proceedings for infringement of IP, the court may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information</p>	<p>Action required</p> <p>The court has a very broad discretion as to the remedies it can impose following a finding of liability, provided that it must act in the interest of justice and any orders it makes must be reasonable and proportionate.</p>

	concerning the decision, including displaying the decision and publishing it in whole or in part.	<p>An order requiring a defendant to place an advertisement or publish a decision would take the form of a mandatory injunction (section 37 Supreme Court Act 1981 and section 38 County Courts Act 1984) on such terms as it thinks just.</p> <p>However, this is not a conventional form of order. Therefore the court would not necessarily know it could make such an order nor an applicant that he could apply for such an order. For clarification, it is suggested that specific reference ought to be included in Part 63 to that effect. It is suggested that this may be tied in to 10(2), so, where the court makes an order for delivery up or dissemination of the judgment the court shall make an order that such steps be carried out at the infringer's expense.</p>
16	This Article states that, without prejudice to civil and administrative measures, procedures and remedies laid down by this Directive, member states may apply other appropriate sanctions in cases where intellectual property rights have been infringed.	<p>No action required</p> <p>Criminal sanctions are excluded from this Directive, because including them would be inconsistent with the legal base (Article 95 of the Treaty establishing the European Community) chosen for the Directive. However we fully recognise that criminal sanctions are appropriate to deal counterfeiting and piracy. In 2004 Lord Sainsbury launched a new national strategy to bring together government policy makers, business and enforcers to create a co-ordinated approach to intellectual property enforcement. The first annual National Enforcement Report brings together statements from key players from enforcement, business sectors, and government, and draws together the work of those involved in combating counterfeiting and piracy.³⁵</p>
17	This Article states that member states shall encourage trade/professional associations to develop codes of conduct at Community level that contribute to the enforcement of intellectual property rights. With particular reference to the use on optical discs of a code enabling the identification of the origin of their manufacture.	<p>Encourage trade/professional associations to submit draft codes of conduct</p> <p>This consultation includes a specific question asking trade/professional associations to submit draft codes of conduct.</p>

	Member states shall also encourage the submission of such draft national codes of conduct to the Commission together with any evaluation of the application of these codes.	
18	This Article requires member states to submit an implementation report three years after the implementation date	Future action required
19	To promote cooperation, this article requires member states to designate one or more national correspondents for any question relating to the implementation of the measures provided by this Directive	<p>No further action required</p> <p>The Patent Office (Jeff Watson) has been nominated as the contact point for implementation of this Directive.</p>
20-22	These articles require member states to implement the Directive by 29 April 2006 and to communicate to the Commission the details of the provisions they have adopted to implement the Directive	<p>Future action required</p> <p>Following this consultation the implementation proposals will be finalised taking account of the comments submitted. Details of these finalised measures will be submitted to the Commission.</p>

Annex C

**TRANSPOSITION NOTE FOR IMPLEMENTATION IN SCOTLAND OF THE IP DIRECTIVE
Directive (2004/48/EC) on the Enforcement of Intellectual Property Rights**

The European Directive concerned sets out measures, procedures and remedies that must be in place for the enforcement of intellectual property rights in member states.

Article	Objectives	Implementation
1-2	<p>These Articles set out the subject matter and scope of the Directive, which concerns the measures and, procedures and remedies necessary to ensure the enforcement of intellectual property rights whether these rights arise from Community or national law.</p> <p>In a statement the Commission states that they consider that at least the following intellectual property rights are covered by the scope of the Directive³⁶:</p> <ul style="list-style-type: none"> • Copyright • Rights related to copyright • <i>Sui generis</i> right of a database maker • Rights of the creator of the topographies of a semiconductor product • Trademark rights • Design rights 	<p>No action required.</p> <p>The IP chapter of the Court of Session rules (CSR)(Chapter 55) applies to causes under the Patents Act 1949, Registered Designs Act 1949, Defence Contracts Act 1958, Patents Act 1977, CDPA 1988, Trade Marks Act 1994, Olympics Association Right (Infringement Proceedings) Regulations 1995 and questions relating to Patents. This list does need updating at some stage but, for the purpose of the current implementation the measures, procedures and remedies required by the Directive are provided in general legislation and in the rest of the general CSR and Sheriff Court rules.</p> <p>Plant Variety rights are devolved to the Scottish Ministers under the Scotland Act 1998.</p>

³⁶ 2005/295/EC -Statement by the Commission concerning Article 2 of Directive 2004/48/EC – OJ L 94, 13.4.2005, p.37

	<ul style="list-style-type: none"> • Patents rights, including rights derived from supplementary protection certificates • Geographical indications • Utility model rights • Plant variety rights • Trade names, insofar as protected as exclusive property rights in the national law concerned <p>Article 2(2) states that the Directive shall be without prejudice to the specific provisions on the enforcement of rights and on exceptions contained in Community legislation concerning copyright and related rights, notably those found in Directive 91/250/EEC and in particular, Article 7 thereof or in Directive 2001/29/EC and, in particular, Articles 2 to 6 and Article 8.</p> <p>Article 2(3) (a) states that the Directive shall not affect 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 Articles 12 to 15 of Directive 2000/31/EC in particular.</p>	<p>As for England & Wales - Directive 91/250/EEC on the legal protection of computer programs was implemented in the UK by the Copyright (Computer Programs) Regulations 1992 (SI 1992 No. 3233) which amended the Copyright, Designs and Patents Act 1988. Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society was implemented in the UK by the Copyright and Related Rights Regulations 2003 (SI 2003 NO. 2498).]</p> <p>As for England & Wales - Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data was implemented in the UK by the Data Protection Act 1998. Directive 1999/93/EC was implemented by the Electronic Communications Act 2000 (2000 c.7) and the Electronic Signatures Regulations 2002 (SI 2002 No. 318). Directive 2000/31/EC was implemented by the Electronic Commerce (EC Directive) Regulations 2002.</p>
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Article 3	<p>This Article puts a general obligation on member states to provide measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights that are fair and equitable, not unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.</p> <p>The measures should also be effective, proportionate and dissuasive and shall not create barriers to trade.</p>	<p>No action required</p> <p>Measures and remedies to enforce rights (including IP rights) are contained in statute and in Scottish common law. Procedures are regulated by the Scottish Court rules which are made by the Lords of Council and Session as Acts of Sederunt. Court of Session Rules are made under the Court of Session Act 1988. The Sheriff Court rules are made under the Sheriff Courts (Scotland) Act 1971 and are kept under review by the Sheriff Court Rules Council. Both types of court rules are intended to regulate (among other things) time-limits and expenses. Section 6 of the 1988 Act requires rules to be made so that court business is allocated in a way which minimises delay, simplifies procedure and reduces expense. This is consistent with the aims of the Directive</p>
4	<p>The purpose of this Article is to identify persons entitled to apply for the remedies described in the Directive, in so far as such persons are entitled to apply for those remedies in accordance with national law.</p>	<p>No action required</p> <p>Rights holders and persons authorised to use those intellectual property rights are already permitted to bring proceedings pursuant to statute.</p> <ul style="list-style-type: none"> • As for England & Wales - Trade Marks Act 1994 - section 14 (rights of the proprietor) & section 31 (rights of an exclusive licensee) • As for England & Wales - Patents Act 1977 – section 61 (rights of the proprietor) & section 67 (rights of an exclusive licensee). • As for England & Wales – Copyright, Designs and Patents Act 1988 – section 96 (rights of copyright owner) & section 101 (rights of an exclusive licensee) • As for England & Wales – Copyright, Designs and Patents Act 1988 – section 191I (rights of owner of performers’ property rights) & section 191L (rights of exclusive licensee) • As for England & Wales – Copyright Designs and Patents Act 1988 – section 229 (rights of unregistered design right owner) and section 234 (rights of exclusive licensee). • As for England & Wales - Registered Designs Act 1949 – section 7A (rights of design right owner). <p>Existing rules on title and interest to raise court proceedings in Scotland allow representative bodies to raise court actions.</p>

5	<p>This Article relates to the presumptions of authorship in respect of intellectual property rights and requires amendment to primary legislation.</p>	<p>Action required</p> <p>As for England & Wales - Sections 104, 105 and 107(6) of the Copyright, Designs and Patents Act 1988 provide most of the presumptions of authorship or ownership required by Article 5. The remaining resumptions required will be provided in the Copyright and Related Rights (Presumptions) Regulations which will be made by the Secretary of State for Trade and Industry.</p>
6	<p>The purpose of this Article is to ensure that a party who has put forward evidence in support of its claims, can obtain relevant evidence in the control of the opposing party, subject to the protection of confidential information.</p> <p>There are two parts to the Article (i) obtaining the evidence and (ii) protecting confidential information.</p>	<p><u>Obtaining the Evidence.</u> No action required.</p> <p>There are already procedures in place to recover evidence. Section 1 of the Administration of Justice (Scotland) Act 1972 gives the Court of Session and Sheriff Courts powers to order inspection, photographing, preservation, custody, and detention of documents and other property (including land) and to order production and recovery of such property and taking samples and carrying out experiments on it. Such applications can be considered ex parte (see below). Specific Rules on 1972 Act applications are set out in Chapter 64 of the CSR.</p> <p>Chapter 35 of the CSR, Chapter 28 of the Sheriff Court Ordinary Cause Rules (“OCR”) and Chapter 3 of the Sheriff Court Summary Applications Rules (“SAR”) all deal with more general procedures for recovery and preservation of evidence.</p> <p><u>Protection of Confidential Information</u> No action required</p> <p>The rules on recovery of evidence include procedures for protecting confidential information. See Rule 35.8 of the CSR and Rule 28.8 of the Sheriff Court Ordinary Cause Rules, which set out the procedures to be followed where confidentiality is claimed for a document or other property.</p> <p>Specific procedures for claiming confidentiality for property recovered under Section 1 of the 1972 Act are set out in Rule 64.10 of the CSR.</p>

7	<p>This Article requires member states to ensure that parties may apply for certain measures to be taken for the preservation of relevant evidence in respect of an infringement that is alleged to have taken place. The Directive suggests a number of methods: including taking a detailed description and physical seizure of the infringing goods.</p> <p>The Article requires that these applications may be made before commencement of a claim.</p>	<p>No action required.</p> <p>See comments on Article 6 above. Section 1 of the Administration of Justice (Scotland) Act 1972 allows courts to make a range of orders to preserve evidence. These can include the granting of search warrants. Applications for such orders can be brought in relation to existing civil proceedings or in ‘civil proceedings which are likely to be brought’. In cases where there are no existing proceedings the application should be by petition and Chapter 64 of the CSR will apply.</p>
	<p>The second part of Article 7(1) provides that those measures shall be taken if necessary without the other party having been heard in particular where delay is likely to cause irreparable harm or there is a demonstrable risk of evidence being destroyed.</p>	<p>No action required.</p> <p>Applications to preserve evidence under Section 1 of Administration of Justice (Scotland) Act 1972 are exempt from the provisions for Caveats so can be considered without the other party having been heard, although, under Rule 64.5 of the CSR the court may order intimation and service of the application.</p> <p>(NB Caveats can be lodged in the Court of Session under Chapter 5 CSR and in sheriff courts under Chapter 4 OCR and Chapter 2 Rule 2.8 SAR and would usually give a defender the right to be informed by the court of applications for interim orders and interim interdicts.)</p>
	<p>Article 7(1) also provides that, where the court grants an interim remedy without notice, the “parties affected shall be given notice without delay after the execution of the measures”.</p>	<p>No action required.</p> <p>Where there is an application for preservation/recovery of evidence under Section 1 of the 1972 Act, under Rule 64.5 of the CSR the court may order such intimation and service as it thinks fit and, when the order is executed, the meaning and effect of the order must be explained to the ‘haver’ (ie the party who has the evidence) and he must be given a copy of a standard form, explaining the position and advising him to seek legal advice. (Rule 64.9)</p>

	<p>Such a person shall be permitted to apply for a review to take place within a reasonable period of notification, whether the measures shall be “modified, revoked or confirmed”.</p>	<p>The haver may ask the court to vary the Order.</p>
	<p>Article 7(2) requires that measures to preserve evidence may be subject to the lodging of security so that the party against whom the order is made may receive compensation in the event that the order was wrongly made.</p>	<p>No action required</p> <p>On granting an order under Section 1 of the 1972 Act the Court may order the petitioner to find such caution or security as it sees fit (Rule 64.7 of the CSR)</p>
	<p>Article 7(3) requires that where a party brings an application for these measures before commencement of the proceedings, those measures will cease to have effect if the applicant does not bring proceedings within a reasonable period.</p>	<p>No action required</p> <p>The existing provisions of the Administration of Justice (Scotland) Act 1972 are sufficient in general terms and there is no obvious requirement for a change in the law.</p> <p>At present, the petitioner must undertake to bring proceedings within a reasonable time (Rule 64.3) and if he fails to take any further action within 8 weeks, the evidence recovered will be returned to the haver (Rule 64.13 of the CSR).In addition, under the current rules, the defender may apply to the court at any time for the revocation of measures to preserve evidence.</p>
	<p>Article 7(4) requires that the court have authority to order payment of compensation in the event that these measures are revoked or lapse due to any act or omission of the applicant, or where it is subsequently found that there has been no infringement of an intellectual property right.</p>	<p>No action required</p> <p>Under Rule 64.3 a petitioner seeking an order under Section 1 of the 1972 Act must agree in advance that he will comply with any order for compensation if the order causes loss to the respondent or the haver.</p> <p>The general principle is that orders for preserving evidence are currently made at the risk of the party seeking them, in the same way, for example, as an interim interdict. On that basis, therefore, it would, at present, be open to the court to order the payment of money by way of compensation in the circumstances envisaged by Article 7(4).</p>

	<p>Article 7(5) permits member states to take measures to protect the identity of witnesses.</p>	<p>No action required. Our interpretation is that this Article applies to protection of the identity of witnesses from publicity but not protection from disclosure to the other party</p> <p><i>Documents</i> The basic principle is that the parties must disclose the identity of their witnesses, by lodging a list of witnesses in advance of a proof. This should include the witnesses names and addresses (although the latter can be a contact address). Leave is required to call a witness not on the list. The list of witnesses lodged with the court will form part of the “process”, which can be examined by persons having an interest. Persons ‘having an interest’ will include the parties but not the general public.</p> <p><i>Hearings</i> In principle the court must administer justice in public but the public may be excluded from certain hearings. Under statute the public are excluded from certain hearings, principally those involving children. At common law the public can be excluded in the interests of national security, in the event of disturbance, where evidence on secret processes is to be given, where publicity would prejudice other proceedings (eg criminal proceedings) and in some circumstances where publicity would inhibit witnesses from speaking frankly.</p> <p>Some preliminary applications, including applications for interim interdict, may also be heard in chambers. Where the court excludes the public the press and other reporters may be allowed to stay, on the understanding that they will respect the sheriff’s intention in excluding the public, ie by not disclosing the identity of witnesses.</p>
8	<p>Article 8 requires that member states shall ensure that, in proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate request of the claimant, the court may order that information concerning the</p>	<p>Action required</p> <p>Existing provisions do not make specific reference to ordering information on origin and distribution networks of goods or services which infringe IP.</p> <p>It is unclear whether the current provisions of the Administration of Justice (Scotland) Act 1972 or common law powers are sufficiently wide to enable the court to order the provision of information as to</p>

	origin and distribution networks of the goods or services which infringe an intellectual property right shall be provided by the infringer and/or any other person who possessed, used, or was involved in the production of the goods. This information may include the names and address of such persons and information on the quantities produced.	the origin and distribution networks of goods or services which infringe an intellectual property right. There is no specific power to make this kind of order but there are powers to order information on identity of potential witnesses (Sections 1 and 1A of the 1972 Act), to recover documents and other evidence (see comments on Articles 6 and 7 above) and to cite and take evidence from witnesses (Ch 35 CSR & Ch 28 OCR - Evidence on Commission; Rule 36.2 CSR and Ch 29 OCR – Citation of witnesses). Legislative provision will be made to ensure that the court may order this “right to information”. Such provision will be made otherwise than by means of amendment to the court rules.
9	Article 9 has a number of elements, requiring member states to ensure that the court may:	
	(i) issue an interlocutory injunction against an alleged infringer to prevent a threatened infringement; or (This includes against an intermediary whose services are being used to infringe an intellectual property right) ³⁷	No action required. The Court of Session and Sheriff Courts can grant an interdict or interim interdict to prevent a threatened infringement. As for England and Wales: Copyright A person may be restrained by interdict from: <ul style="list-style-type: none"> • reproducing the work;³⁸ • issues copies to the public³⁹; • renting or lending copies to the public⁴⁰;

³⁷ This wording in the Article repeats that found in Article 8(3) of Directive on the harmonisation of copyright and related rights in the information society. Article 8(3) was implemented by section 97A of the Copyright and Related Rights Regulations 2003³⁷. Section 97A provides that the High Court shall have the power to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright (A similar provision was also introduced for performers’ property rights). In section 97A, ‘service provider’ is given the meaning stated in regulation 2 of the

		<ul style="list-style-type: none"> • performing, showing or playing the work in public⁴¹; • communicating the work by means of electronic transmission⁴²; • making an adaptation of the work, or doing any of the above in relation to an adaptation⁴³; • importing an article which is, and which he knows or has reason to believe is, an infringing copy of the work⁴⁴; • possessing in the course of business, selling, renting, offering or exposing for sale, exhibiting or distributing an article which is, and which he knows or has reason to believe is, an infringing copy of the work⁴⁵; • making, importing, possessing, selling, renting, offering or exposing for sale an article specifically designed or adapted for making copies of that work, knowing or having reason to believe that it is to be used to make infringing copies⁴⁶; • permitting the use of premises for an infringing performance of a work⁴⁷ • providing the apparatus to facilitate an infringing performance⁴⁸.
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Electronic Commerce (EC Directive) Regulations 2002, namely any person providing an information society service. But, there is no definition in the Directive of a ‘service provider’ nor of an ‘intermediary’ nor of the types of service that may be injuncted. It is our understanding that in this Directive service provider is intended to be given a broader meaning to catch anyone who provides a service that is used to infringe an intellectual property right., or facilitates an infringement.

- 38 Section 17 Copyright, Designs and Patents Act 1988
- 39 Section 18 Copyright, Designs and Patents Act 1988
- 40 Section 18A Copyright, Designs and Patents Act 1988
- 41 Section 19 Copyright, Designs and Patents Act 1988
- 42 Section 20 Copyright, Designs and Patents Act 1988
- 43 Section 21 Copyright, Designs and Patents Act 1988
- 44 Section 22 Copyright, Designs and Patents Act 1988
- 45 Section 23 Copyright, Designs and Patents Act 1988
- 46 Section 24 Copyright, Designs and Patents Act 1988
- 47 Section 25 Copyright, Designs and Patents Act 1988
- 48 Section 26 Copyright, Designs and Patents Act 1988
- 49 Section 60(2) Patents Act 1977
- 50 Section 10(5) Trade Marks Act 1994
- 51 Section 226 CDPA 1988
- 52 Section 226 or 227 CDPA 1988
- 53 Section 7 Registered Designs Act 1949

	<p>Patents</p> <p>A person who does any of the following in relation to the invention without the patent holder's consent, may be restrained by means of an interdict:</p> <ul style="list-style-type: none">• where the invention is a product, makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise;• where the invention is a process, uses the process or offers it for use in the United Kingdom when he knows, or it is obvious to a reasonable person in the circumstances, that its use without consent would infringe of the patent;• where the invention is a process, disposes of, offers to dispose of, uses or imports any product obtained directly by means of that process or keeps any such product whether for disposal or otherwise. <p>A person also infringes a patent if he supplies or offers to supply (in the United Kingdom) means, relating to an essential element of the invention, for putting the invention into effect. That person must know that those means are suitable for putting, and are intended to put, the invention into effect in the United Kingdom. If he does not have actual knowledge, the fact must be obvious to a reasonable person in the circumstances⁴⁹.</p> <p>Trade Marks</p> <p>Under Section 10 of the Trade Marks Act 1994, a person may be prevented from doing any of the following in relation to a mark (or a mark that is similar in circumstances where confusion is likely to arise) without the owner's consent:</p> <ul style="list-style-type: none">• affixing it to goods or packaging;• offering or exposing goods for sale, putting them on the market or stocking them for those purposes under the sign, or offering or supplying services under the sign;• importing or exporting goods under the sign; or• using the sign on business papers or in advertising.
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		<p>A person who applies a registered mark to material intended to be used for labelling or packaging goods, as business paper, or for advertising purposes, is treated as an infringing user if he knew, or had reason to believe, that use of the mark was unauthorised⁵⁰.</p> <p>Design Right (Unregistered) The owner of a design right has the exclusive right to reproduce the design (i.e. make an article to the design). This includes making a design document recording the design. A person who reproduces (or authorises another to reproduce) the design, without consent, infringes, and may be restrained by an interdict⁵¹.</p> <p>A person who:</p> <ul style="list-style-type: none"> • imports into the UK for commercial purposes; • has in his possession for commercial purposes; • sells, lets for hire, or offers or exposes for sale or hire, in the course of business, <p>an article which is, and which he knows or has reason to believe is, an infringing article, may likewise be restrained⁵².</p> <p>Design Right (Registered) A proprietor of a registered design has exclusive right to use the design, and may prevent any other person from doing that which is his exclusive right. Using the design includes:</p> <ul style="list-style-type: none"> • making, offering, putting on the market, importing, exporting or using a product in which the design is incorporated or to which it is applied; • stocking such a product for those purposes⁵³.
	(ii) forbid (on a provisional basis and subject where appropriate to a recurring penalty payment where provided for by national law) the continuation of the alleged infringements; or	<p>No action required</p> <p>This would be achieved by interim interdict. Breach of interim interdict is contempt of court, for which the contemnor may be fined and theoretically imprisoned, although the latter is rare.</p>

	<p>(iii) make such continued infringement subject to the lodging of guarantees intended to ensure the compensation of the right holder; and</p>	<p>No action required -</p> <p>It is not uncommon for parties to provide guarantees or to consign all or part of the sum sued for in the hands of the court, as an alternative to interim interdict. If in order to avoid an interim interdict a defender gave an undertaking to the court that he would provide a guarantee or consign money and then failed to do so then it is likely that he would be in contempt. This achieves the desired effect for this part of the Article.</p> <p>A defender may also find caution as a way of recalling an arrestment on the dependence (see comments on Article 9(2) below).</p> <p>In certain circumstances the pursuer may also obtain a court order requiring the defender to find caution for the sum sued for or to consign the money. The pursuer or defender may be ordered to find caution at common law. The power is currently used sparingly but does exist.⁵⁴</p>
	<p>(iv) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into the channels of commerce; and</p>	<p>No action required</p> <p>Section 47 of the Court of Session Act 1988 – the court may make any order regarding the interim possession of any property to which the cause relates or regarding the subject matter of the cause as the Court thinks fit.</p>
9(2)	<p>(v) in the case of an infringement committed on a commercial scale where the injured party demonstrates circumstances likely to endanger the recovery of damages, order the seizure of movable and immovable property, including blocking his bank account and other assets.</p>	<p>No action required</p> <p>Arrestment on the dependence is the common law remedy which is intended to prevent the defender from disposing of his moveable assets. It prevents the defender’s creditors (including banks) from parting with the assets (e.g. by paying them to the defender). The equivalent remedy for land is inhibition on the dependence, which prevents the defender from burdening or disposing of his lands or heritable property.</p> <p>Arrestment on the dependence is generally recalled by the defender finding caution (ie by guaranteeing that he will pay the pursuer the sum due on decree being granted against him) but may also be recalled where it is vexatious, oppressive or made possible by the fraud or wrong of the pursuer.</p>

⁵⁴ See annotations in the Parliament House Book Vol.2 paragraph 33.1.2.

9(3)	<p>Article 9(3) provides that courts shall have the authority to require the applicant to provide any reasonably available evidence to satisfy themselves that the applicant is the rights holder and his rights have been infringed.</p>	<p>No action required</p> <p>The system of written pleadings in Scotland requires the applicant to set out the legal basis of his case and the remedies he is seeking. This will include narration of his rights and details of the alleged infringement. Any decision to grant interim remedies will only be made if the court is satisfied that the applicant has a prima facie case, which may include requiring that evidence is lodged to prove that he is the rights holder to be lodged.</p>
9(4)	<p>Article 9(4) provides that these measures may be taken if necessary without the defendant having been heard in particular where delay is likely to cause irreparable harm to the rightholder.</p> <p>In those cases, the parties shall be informed without delay, and shall be permitted to apply for a review to take place within a reasonable period of notification, whether the measures shall be “modified, revoked or confirmed”.</p>	<p>No action required.</p> <p>The interim remedies required under this Article are available but are not exempt from the caveats provisions in the court rules. Caveats can be lodged in the Court of Session under Chapter 5 CSR and in sheriff courts under Chapter 4 OCR and Chapter 2 Rule 2.8 SAR. The effect of a caveat is to give a defender the right to be informed by the court of applications for interim orders and interim interdicts and then in the majority of cases the right to appear.</p> <p>Where there is a caveat this does not mean that the hearing of the application cannot, where appropriate, take place on an <i>ex parte</i> basis. This has happened where there has been a particular urgency associated with the application and the defender’s agents were not available to arrange representation. Accordingly, the view of the courts is that existing court rules relating to caveats are consistent with this particular provision.</p> <p>The comments made in relation to Article 7(3) should be taken as applying equally to Article 9(5)</p>
9(5)	<p>Article 9(5) requires that where a party brings an application for these measures before commencement of the proceedings, those measures will cease to have effect upon request of the defendant if the applicant does not bring proceedings within a reasonable period.</p>	<p>No action required</p> <p>With the exception of orders to preserve and recover evidence under Section 1 of the 1972 Act, provisional measures such as interim interdict will almost always be sought as part of proceedings, albeit often before any writs are served on the defender. The situation of an interim interdict in the complete absence of proceedings should not arise.</p> <p>There is no set time limit for expiry of interim orders but the defender may apply for recall at any time.</p>

9(6)	Article 9(6) requires that these measures may be made subject to the lodging of security so that the party against whom the order is made may receive compensation in the event that the order was wrongly made.	<p>No action required</p> <p>The defender will have a right to damages from the pursuer if the interdict is wrongful – which in the context of interim interdict will tend to mean unjustifiable (see 9(7) below). The parties can agree a guarantee or consignment by the pursuer.</p> <p>At common law the court has the power to order either the pursuer or the defender to lodge caution if it would be in the interests of justice to do so. A defender against whom interim orders had been ordered could make a motion for the pursuer to be ordered to provide caution.⁵⁵</p>
9(7)	Article 9(7) requires that the court have authority to order payment of compensation in the event that these measures are revoked or lapse due to any act or omission of the applicant, or where it is subsequently found that there has been no infringement of an intellectual property right.	<p>No action required</p> <p>A defender will have a right to damages for unjustifiable interdict or other wrongful civil proceedings.</p>
10-15	Articles 10-15 (General) relate to the orders the court may make at the conclusion of the action.	A wide range of remedies is available to the court at the conclusion of an action. These include common law remedies for example repayment of a debt or damages in contract and in delict.
10	Article 10 requires that Member States shall ensure that courts may order that appropriate measures be taken in respect of goods that have been found to be infringing and with regard to materials and implements used in the	<p>No action required</p> <p>As for England and Wales - Primary legislation makes specific provision for such orders to be made.</p> <ul style="list-style-type: none"> • Section 99 of the Copyright, Designs and Patents Act 1988 (“CDPA”) provides that the owner of a copyright may apply to the court for an order that the infringing copy or article be delivered up to him. Section 100 provides that where the owner is entitled to apply under section 99, he can instead

⁵⁵ see annotations in Parliament House Book Vol. 2 at paragraph 33.1.2.

	<p>creation or manufacture of those goods in appropriate cases. Those measures shall include recalling or removing the goods from the channels of commerce, or destroying the goods or related materials</p>	<p>seize and detain the infringing copy of work, subject to certain conditions. Section 114 provides that where sections 99 or 100 are invoked, an application may be made to the court for an order that an infringing copy or other article be forfeited to the copyright owner, destroyed or otherwise dealt with as the court may think fit.</p> <p>Section 230 CDPA, relating to unregistered designs, provides for the owner of the design right in the design in question to apply to the court for an order that the infringing article, or anything specifically designed or adapted for making articles to a particular design, be delivered up. In addition, section 229 of the Act permits an applicant to claim "all such relief by way of damages, injunctions, accounts or otherwise is available to the [plaintiff] as is available in respect of the infringement of any other property right</p> <ul style="list-style-type: none"> • Section 16 of the Trade Marks Act 1994 provides that the proprietor of a registered trade mark may apply to the court for an order for the delivery up to him, or such other person as the court may direct, of any infringing goods, material or articles which a person has in his possession, custody or control in the course of a business. Further, section 19 permits the court to order the destruction or forfeiture of goods so delivered. Infringing articles includes articles designed or adapted for making copies of a sign identical or similar to the mark. • Section 61(1)(b) of the Patents Act 1977 provides that a proprietor of a patent may apply for an order for delivery up or destruction of any patented product in relation to which the patent is infringed or any article in which that patent is inextricably comprised.
10(2)	<p>Article 10(2) provides that the court shall order that such measures be carried out at the expense of the infringer.</p>	<p>No Action required</p> <p>The court has a very broad discretion as to the orders it may make and the way expenses are dealt with. Orders on expenses would, however, generally cover legal expenses, rather than the expenses of carrying out the requirements of a court order, for example by delivering up or destroying infringing material. It would be open to a pursuer to seek an order which specified that the defender should pay for its execution. The basic principle is, however, that if a party is ordered to do something they must bear the cost of doing it so it is not necessary to specify this in the court order.</p>
10(3)	<p>Article 10(3) provides that in considering a request for corrective measures, the need for proportionality must be taken into account.</p>	<p>No action required</p>

11	<p>Article 11 requires that member states shall ensure that where goods have been found to be infringing, the court may issue an injunction against the infringer to prevent continuation of the infringement.</p> <p>This Article also requires that rightholders must be in a position to apply for an injunction against intermediaries whose services are being used by a third party to infringe an intellectual property right.</p>	<p>No action required</p> <p>The Court of Session and Sheriff Courts have jurisdiction to grant interdicts to prevent continuation of infringement.</p> <p>Although a “recurring penalty payment” is not something which is generally recognised, it may well be something which the court could currently order where appropriate. In any event, the current procedures in respect of contempt of court for failures to obtemper orders of the court are considered sufficient for the purposes of the Article.</p>
12	<p>Article 12 permits member states to provide for compensation in lieu of these measures if the infringer acted unintentionally and the particular measure would cause disproportionate harm.</p>	<p>No action required</p> <p>The court is never bound to grant or refuse interdict and may refuse where there is a public interest (for example where the defender has acted unintentionally and in good faith (Hays Trs v Young 1877)). In such circumstances the court may also make a declaratory finding instead of interdict.</p> <p>It is normal for pursuers to include a number of different craves in their pleadings so that they will also seek damages as well as interdict and in such circumstances a court could order damages in lieu of an interdict</p>
13	<p>Article 13 requires that member states shall ensure that the competent judicial authorities may order the infringer to pay the right holder damages appropriate to the actual prejudice suffered as a result of the infringement.</p>	<p>Action required</p> <p>Damages are intended to compensate loss. They are designed to make good, so far as possible, the pecuniary or non-pecuniary loss suffered by the victim by putting him or her into as good a position as if no wrong had occurred. They are not punitive and therefore the focus must generally be on the harm or loss suffered by the pursuer, rather the nature of the defender’s conduct. Intellectual property delicts are civil wrongs, which are either breaches of statutory obligations or common law (eg. passing off).</p>

	<p>When judicial authorities set the damages:</p> <p>-take into account all appropriate aspects such as negative economic consequences and, in appropriate cases, elements other than economic factors, such as moral prejudice;</p> <p>or</p> <p>-set damages as a lump sum on the basis of such elements as lost royalties.</p> <p>Article 13(2) provides that where an infringer did not knowingly engage in infringing activity, member states may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.</p>	<p>There is no set list of aspects which can be taken into account in calculating damages but the fundamental principle is that they should compensate loss.</p> <p>In addition to common law damages, ‘Additional damages’ are provided for infringement of copyright, design right or performer’s property rights under the Copyright, Designs and Patents Act 1988. To award such damages the court considers all the circumstances and in particular the flagrancy of the infringement and any benefit accruing to the defendant by reason of it. In Scotland it has been held that additional damages are additional only to damages and cannot be sought as an extra remedy as well as an account of profits (<i>Redrow Homes Ltd v Bett Brothers plc (1988) SLT 648</i>).</p> <p>Unlike in England where there is an established concept of ‘aggravated’ damages under common law, Scots law has no equivalent of “additional” or “aggravated” damages. Damages are generally awarded only on the basis that there should be reparation for loss suffered. Accordingly, statutory provision will be needed to require the Scottish courts to take account of non-economic factors in the determination of damages for infringement of intellectual property rights.</p> <p>The circumstances in which a pursuer may require the defender to account for profits are more limited in Scots common law than in England and Wales. This is not a problem for the purposes of the Directive because relevant intellectual property legislation includes sufficient statutory rights to require infringers to account for profits.</p>
14	<p>Article 14 requires that member states shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall be borne by the unsuccessful party.</p>	<p>No action required</p> <p>Awards of expenses are at the discretion of the court but as a general rule expenses follow success.</p>
15	<p>This Article requires that member states must ensure that, in legal proceedings for infringement of IP, the court may order, at the request of the applicant and at the expense of the infringer,</p>	<p>Action required</p> <p>All Court of Session judgments are currently published online. Some Sheriff Court judgments are published online but not all (the basis for publication is public interest or significant point of law).</p>

	appropriate measures for the dissemination of the information concerning the decision, including displaying the decision and publishing it in whole or in part.	There is no general procedure for ordering further advertisement of judgments and it is not thought that the court has ever been asked to make such an order. It is thought that the basis for such an order would be likely to be questioned. There is statutory provision for ordering advertisement of certain judgments (eg appointment of liquidators). An equivalent statutory provision could be introduced for intellectual property judgments. Such a provision would fall within the category of a remedy and would need to be made other than by amendment to the court rules.
16	This Article states that, without prejudice to civil and administrative measures, procedures and remedies laid down by this Directive, member states may apply other appropriate sanctions in cases where intellectual property rights have been infringed.	<p>No action required</p> <p>Criminal sanctions are excluded from this Directive, because including them would be inconsistent with the legal base (Article 95 of the Treaty establishing the European Community) chosen for the Directive. However, we fully recognise that criminal sanctions are appropriate to deal counterfeiting and piracy.</p> <p>In 2004 Lord Sainsbury launched a new national strategy to bring together government policy makers, business and enforcers to create a co-ordinated approach to intellectual property enforcement. The first annual National Enforcement Report brings together statements from key players from enforcement, business sectors, and government, and draws together the work of those involved in combating counterfeiting and piracy.</p> <p>This strategy applies equally to Scotland.</p>
17	This Article states that member states shall encourage trade/professional associations to develop codes of conduct at Community level that contribute to the enforcement of intellectual property rights. With particular reference to the use on optical discs of a code enabling the identification of the origin of their manufacture.	<p>Encourage trade/professional associations to submit draft codes of conduct</p> <p>This consultation includes a specific question asking trade/professional associations to submit draft codes of conduct.</p>

	Member states shall also encourage the submission of such draft national codes of conduct to the Commission together with any evaluation of the application of these codes.	
18	This Article requires member states to submit an implementation report three years after the implementation date	Future action required
19	To promote cooperation, this article requires member states to designate one or more national correspondents for any question relating to the implementation of the measures provided by this Directive	No further action required The Patent Office (Jeff Watson) has been nominated as the contact point for implementation of this Directive.
20-22	These articles require member states to implement the Directive by 29 April 2006 and to communicate to the Commission the details of the provisions they have adopted to implement the Directive	Future action required Following this consultation the implementation proposals will be finalised taking account of the comments submitted. Details of these finalised measures will be submitted to the Commission.

STATUTORY INSTRUMENTS

2006 No.

COPYRIGHT

RIGHTS IN PERFORMANCES

**The Copyright and Related Rights (Presumptions) Regulations
2006**

<i>Made</i> - - - -	2006
<i>Laid before Parliament</i>	2006
<i>Coming into force</i> - -	2006

The Secretary of State, being a Minister designated for the purposes of section 2(2) of the European Communities Act 1972⁽⁵⁶⁾ in relation to measures relating to copyright and to rights in performances⁽⁵⁷⁾, in exercise of the powers conferred on him by that section, hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Copyright and Related Rights (Presumptions) Regulations 2006 and shall come into force on [] 2006.

Amendment of the Copyright and Related Rights Regulations 1996

2. The Copyright and Related Rights Regulations 1996⁽⁵⁸⁾ shall be amended as follows.
3. In regulation 16(7) of those Regulations after the word “regulation” insert “and regulation 17A”.
4. After regulation 17 of those Regulations insert—

“Presumptions relevant to works subject to publication right

17A. In proceedings brought by virtue of Chapter VI of Part 1 of the Copyright, Designs and Patents Act 1988⁽⁵⁹⁾, as applied to publication right by regulation 17, with respect to a work, where copies of the work as issued to the public bear a statement that a named person was the owner of publication right in the work at the date of issue of the copies, the statement shall be admissible as evidence of the fact stated and shall be presumed to be correct until the contrary is proved.

⁽⁵⁶⁾ 1972 c.68.
⁽⁵⁷⁾ S.I. 1992/707 and 1993/595.
⁽⁵⁸⁾ S.I. 1996/2967.
⁽⁵⁹⁾ 1988 c.48.

Application of presumptions in relation to an order for delivery up in criminal proceedings

17B. Regulation 17A does not apply to proceedings for an offence under section 107 of the Copyright, Designs and Patents Act 1988 as applied and modified by regulation 17 in relation to publication right; but without prejudice to its application in proceedings for an order under section 108 of the Copyright, Designs and Patents Act 1988 as that section applies to publication right by virtue of regulation 17.”.

Amendment of the Copyright, Designs and Patents Act 1988

5. The Copyright, Designs and Patents Act 1988 is amended by the insertion after section 197 of that Act of the following section—

“Presumptions relevant to recordings of performances

197A.—(1) In proceedings brought by virtue of this Part with respect to the rights in a performance, where copies of a recording of the performance as issued to the public bear a statement that a named person was the performer, the statement shall be admissible as evidence of the fact stated and shall be presumed to be correct until the contrary is proved.

(2) Subsection (1) does not apply to proceedings for an offence under section 198 (criminal liability for making etc. illicit recordings); but without prejudice to its application in proceedings for an order under section 199 (order for delivery up in criminal proceedings).”.

Annex E

Organisations to which the consultation has been sent

Association of the British Pharmaceutical Industry	Europe Analytica
Anti-Counterfeiting Group	European Informatics Market
Anti Copying In Design	European Leisure Software Publishers Association
ACP	Federation Against Copyright Theft
American Film Marketing Association	Federation Against Software Theft
Alternative Investigation Management	Federation Of Small Businesses
Alliance Against Intellectual Property Theft	Film Distributors Association
Allvoice	Filmbank Distributors
Alternative Investigations Management Limited	Forum Of Private Business
American Film Marketing Association Europe	Forum Of Private Business In Scotland
Association For Information Management	Freshfields
Association Of Chief Police Officers	General Consumer Council For Northern Ireland
Association Of Independent Music Ltd	Gill Jennings & Every
Association Of Learned And Professional Society Publishers	Herbert Smith Solicitors
Association Of The British Pharmaceutical Industry	Her Majesty's Stationery Office
Association Of United Recording Artists	Incorporated Society Of British Advertisers
Association of United Recording Artists	Incorporated Society Of Musicians
Association for University Research and Industry Links	Information And Communications Industry Association
Authors Licensing And Collecting Society	Institute Of Directors
Baker & Mckenzie	Institute Of Practitioners In Advertising
British Association of Picture Libraries and Agencies	Intellect
Bar Council	Intellectual Property Institute
British Association of Record Dealers'	International Federation Of The Phonographic Industry
British Broadcasting Corporation	International Visual Communication Association
Belron International Limited	Internet Service Providers Association (UK)
Beresford & Co	Inventorslink Inc
British Hospitality Association	Intellectual Property Lawyers Association
Bharat Electronics Ltd	Joint Action Group On Organised Crime
British Interactive Media Association	Kent Jones And Done
British Internet Publishers' Alliance	Lancaster University
British Music Rights	Latvia Government
Boult Wade Tennant	Law Society Of England & Wales, The
BPLC	Law Society Of Northern Ireland
BPP Leeds IP Group	Law Society Of Scotland
British Retail Consortium	Library And Archive Copyright Alliance
Bristows	Local Authorities Coordinators Of Regulatory Services
	Local Government Association

British Association Of Picture Libraries & Agencies	Lodestar Translations
British Association Of Record Dealers	Lovells International Law Firm
British Chambers Of Commerce	Macrovision
British Computer Society	Marconi Corporation Plc
British Copyright Council	Marketforce Communications
British Horseracing Board	Marks & Clerk
British Hospitality Association	Mechanical-Copyright Protection Society
British Interactive Multimedia Association Ltd	Microsoft Ltd
British Internet Publishers Alliance	Mishcon De Reya
British Library	Motorcycle Action Group
British Music Rights	Museums Copyright Group
British Photographers Liaison Committee	Music Choice Europe
British Retail Consortium	Music Publishers Association
British Telecommunications Plc	Music Users Council Of Europe
British Web Design And Marketing Association	Musicians Union
Broadcasting Entertainment Cinematograph & Theatre Union	National Consumer Council
Brown Cooper Monier-Williams	National Council For Voluntary Organisations
Business Application Software Developers Association	National Criminal Intelligence Service
Business In The Community	National Hi-Tech Crime Unit
Business Software Alliance	Newspaper Licensing Agency
Cardiff Law School	Newspaper Publishers Association Limited
Channel 5 Broadcasting	Newspaper Society
Channel Four Television	Nicholson Graham & Jones
Chartered Institute Of Library And Information Professionals In Scotland	Northern Ireland Council For Voluntary Action
Chartered Institute Of Library And Information Professionals In Wales	NTL
Chartered Society Of Designers	Olswang
Christian Copyright Licensing International (Europe)	Patent Judges
CIMMYT	Periodical Publishers Association
Cinema Exhibitors Association	Pilkington Technology Centre
Clifford Chance	Policy Action Limited
Commercial Radio Companies Association	Practical Law Company
Compact Collections Limited	Preventative Medicines Tech Inc.
Conde Ltd	Producers Alliance For Cinema & Television
Confederation Of British Industry	Publishers Association
Confederation Of Information Communication Industries	Publishers Licensing Society
Consumers Association	REACT
Convention Of Scottish Local Authorities	Richards Butler
Copyright Licensing Agency	Saba & Co
Copyright Promotions Licensing Group	Scotch Whisky Association
Crafts Council	Scottish Consumer Council
	Scottish Council For Voluntary Organisations
	Sianel Pedwar Cymru (S4C)
	SIBLE University Of Sheffield
	Simmons & Simmons
	Society of Motor Manufacturers and

Crown Office Scotland Crown Prosecution Service Cruikshank & Fairweather Davenport Lyons Deloitte & Touche Design & Artists Copyright Society Digital Content Forum Directors & Producers Rights Society Department of Trade & Industry Dyson Educational Software Publishers Association Equity	Traders Limited Society Of Numismatic Artists & Designers Spoken Word Publishing Association State Patent Bureau Of The Republic Of Lithuania Taylor Wessing Telecommunications UK Fraud Forum The British Motorcyclists Federation Trade Marks Patents & Designs Federation Trading Standards Institute UK Media Monitoringassociation University Of Paisley University Of Strathclyde Vereenigde Video Performance Limited Welsh Consumer Council Welsh Local Government Association Writers Guild Of Great Britain
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Annex F – Cabinet Office Code of Practice on Consultations

The Consultation Code of Practice Criteria

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

The complete code is available on the Cabinet Office's website:

<http://www.cabinet-office.gov.uk/servicefirst/index/consultation.htm>

Comments or complaints

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please tell the Patent Office's Consultation Co-ordinator, who is:

Debbie Cooke
Consultation Co-ordinator
The Patent Office
Concept House
Cardiff Road
Newport
NP10 8QQ
Tel: +44 (0)1633 813741
Fax: +44 (0)1633 814509
E-mail: debbie.cooke@patent.gov.uk

Annex G

Consultation on the implementation of the Directive on the enforcement of intellectual property rights (2004/48/EC)

Response Form

The Patent Office may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual consultation responses. This will extend to your comments unless you inform us that you wish them to remain confidential.

If you wish your comments to remain confidential, please tick this box:

Even if you request confidentiality of your comments, we would still like your name and organisation to be supplied. This will help us to more accurately assess the views of your market sector.

Name:	
Organisation:	
Address:	
Country:	
Postcode/Zipcode:	
Telephone:	
E-mail:	

If you are responding on behalf of a representative group, please give a summary of the people and organisations that you represent.

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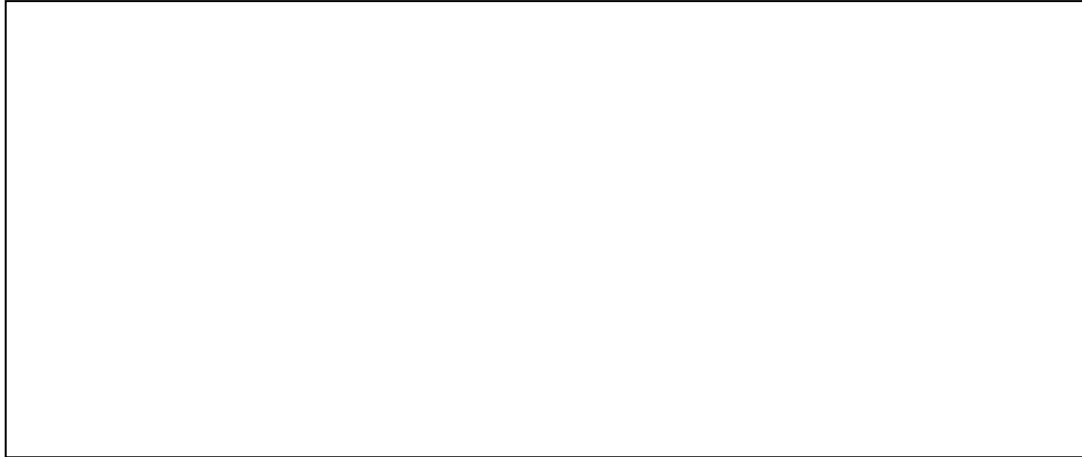
Please tick one box from the list of options that best describes you as a respondent. This enables views to be presented by group type.

- Small to Medium Enterprise
- Big Business
- Trade Union
- Interest Group
- Representative Organisation
- Local Government
- Central Government
- Other (please describe):

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Question 1

Please give your views on the suggested changes to the Copyright, Designs and Patents Act 1988 to clarify the presumptions that apply to related rights to implement Article 5.



Question 2

Please give your views on the proposed changes to the Civil Procedure Rules to implement Articles 9,10,15 in England & Wales



Question 3

Please give your views on the proposed changes for Scotland to implement Articles 8,13,15.

Question 4

Please suggest any relevant codes of conduct as requested by Article 17.

Question 5

Do you have any comments on the remaining Articles in the Directive where changes have not been identified.

Question 6

Do you have any comments on the Partial Regulatory Impact Assessment.

Do you have any other comments that might aid the consultation process as a whole?

Thank you for taking the time to let us have your views.

The Patent Office consults interested parties on a range of topics related to intellectual property. As your views are valuable to us, would it be alright if we were to include you in our list of people or organisations we regularly consult?

Yes No

Annex H – Partial Regulatory Impact Assessment

Directive

Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

Purpose and Intended Effects of the Measures

Objective

The Directive harmonises civil enforcement of intellectual property rights across the European Community. It sets out a common framework covering elements such as; rights for litigants, evidence, injunctions, evidence protection and damages. Many of its provisions are based on EU best practice, much derived from French and UK law. Effective protection of intellectual property rights is important. The Directive should result in less expensive litigation, more uniformity and certainty for individuals/companies who take action to enforce their rights across the European Community. Hence promote innovation and creativity, and develop employment opportunities and improving competitiveness.

The Directive applies to the UK and given the different civil law and procedures that apply in England and Wales, Scotland and Northern Ireland, the changes required to implement the Directive may vary within the UK.

Background

The European Commission presented a proposal for a Directive on the enforcement of intellectual property rights on 30th January 2003 as part of a broad-based approach to tackle counterfeiting and piracy (the original proposal included criminal sanctions). We consulted: <http://www.patent.gov.uk/about/consultations/enforce/index.htm> on the proposal, and after extensive negotiations under the co-decision procedure, the Directive was adopted in April 2004 without the need for a second reading. The adopted proposal is considerably different from the Commission's original proposal and does not include criminal sanctions. The UK along with most other member states opposed the inclusion of criminal sanctions as their inclusion would be inappropriate given the legal base chosen for the Directive. However we recognise that criminal sanctions are an appropriate means of dealing with counterfeiting and piracy, and such measures are already included in our national law.

Risk Assessment

During the negotiation of the Directive various views were expressed as to whether the Directive went too far or did not go far enough in terms of enforcing rights. We believe the adopted Directive reflects an appropriate balance between the various interests as set out in the recitals. A consistent approach to the enforcement of intellectual property rights across the European Community should reduce risks to rights holders arising from court action. However given the different legal traditions of the various member states, there are bound to be some differences in court procedures across the European Community.

Options

Option (i): To fully implement the provisions of the Directive.

Option (ii): To request enforcement bodies and agencies to adopt voluntary codes of practice.

Option (iii): To do nothing.

Option (i) The Directive is consistent with UK policy and practice. Implementation of this Directive should provide greater clarity to rights holders and their interests, but over specification could lead to unnecessary regulation and special treatment for intellectual property interests. The current consultation should establish whether the implementation proposals strike the right balance.

Option (ii) This option would not guarantee that the right balance is struck between effective enforcement of intellectual property rights and over-regulation. It would not provide a consistent and clear implementation of the Directive, and could lead to additional burdens on business. This could result in regional variations leading to disputes and additional costs.

Option (iii) Since Member States have a Treaty obligation to implement all agreed Directives, failure to implement this Directive would result in infraction proceedings being initiated against the United Kingdom by the European Commission. It would also fail to address the current problems with the enforcement of intellectual property rights.

Costs and Benefits

Sectors and groups affected

Most business sectors should benefit from this Directive as many are vulnerable to the infringement of their intellectual property rights. SMEs who are active in the field of creation and innovation may have particular problems enforcing their rights and measures such as “representative actions” (article 4) should specifically assist SMEs. A harmonised approach to the enforcement of intellectual property across the recently enlarged European Community should be helpful to businesses with export interests. Ineffective enforcement of intellectual property rights is a significant cost to industry in terms of damage to innovation and wealth creation. The recently published Annual Enforcement Report 2004⁶⁰ reported that the loss to UK businesses from counterfeiting and piracy could be as high £1,414 million each year. A report by the Centre for Economics and Business Research in 2000 that estimated that counterfeiting within the EU costs over 17,000 jobs every year and reduces the annual GDP by €8bn. This Directive deals with civil enforcement of intellectual property rights rather than criminal sanctions, and is only able to address the problem of enforcement within the EU when much of the infringement occurs outside the

⁶⁰ <http://www.patent.gov.uk/about/enforcement/annreport04.pdf>

Community. However ineffective enforcement of rights leads to financial losses and is a disincentive to right holders and potential rights holders.

The expansion of the European Community from 1st May 2004 to include a further 10 member states increased the need for consistent enforcement of intellectual property rights across the Community.

We believe that organisations or individuals in all business sectors are likely to benefit from the implementation of this Directive, improved enforcement should be of more real benefit to SMEs and private individuals given the cost and resources that may be required to deal with enforcement issues.

Costs

Option (i) Minimal – the costs and benefits in the UK are relatively small as few changes are proposed to the legal system. The benefits for right holders that pursue claims in other jurisdictions within the European Community could be greater from the harmonisation of civil procedures and remedies that this Directive will provide.

Option (ii) Minimal – but industry would need to devote time to develop relevant codes of practice. But there would be less benefits to industry as it would not provide the same legal certainty resulting in more litigation and higher costs.

Option (iii) – None

Small Firms Impact Test

This Directive has been discussed with the Small Business Service and other SME interests. By improving the enforcement of intellectual property rights, the Directive should be generally helpful to small businesses. But comments from small firms and their organisations in response to this consultation will be carefully considered.

Competition Assessment

The competition filter test confirms that there are no substantive competition issues

The Competition Filter Test	
Question	Answer Yes or No
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	Yes
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	Yes
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	Yes

Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of firms?	No
Q6: Would the regulation lead to higher set-up costs for new or potential firms that existing firms do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential firms that existing firms do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	Yes
Q9: Would the regulation restrict the ability of firms to choose the price, quality, range or location of their products?	No

Enforcement and sanctions and monitoring

Option (i) (minor changes to intellectual property law and to court procedures) will be enforced by the courts, and court procedures include sanctions for non-compliance. Option (ii) (voluntary codes of practice) would naturally lead to enforcement problems and difficulties regarding sanctions for non-compliance. Option (iii) (do nothing) presents no problem for enforcement or sanctions, but clearly does not comply with Article 18 of the Directive.

Article 18 of the Directive specifies that member states shall submit a report to the Commission on its implementation in April 2009 (three years after implementation). Using these reports the Commission are required to report to the European Parliament, Council and the European Economic and Social Committee. The report to include (if appropriate), proposals to amend the Directive.

Consultation

Within government

We have consulted and will continue to consult the following departments and agencies on this Directive:

Public consultation

This consultation has been sent to a wide range of interests (Annex E) including all those who contributed or expressed an interest in the earlier public consultation: <http://www.patent.gov.uk/about/consultations/enforce/index.htm> carried out prior to the adoption to the Directive. A web notice has also been issued to advertise the consultation.

Summary and recommendation

The Directive should provide benefits to UK business through consistent enforcement procedures across the European Community with much based on UK best practice.

