

**WIPO/CR/KRT/05/5**

**ORIGINAL:** English

**DATE:** January 2005



REPUBLIC OF THE SUDAN



WORLD INTELLECTUAL  
PROPERTY ORGANIZATION

**WIPO NATIONAL SEMINAR ON COPYRIGHT,  
RELATED RIGHTS, AND COLLECTIVE MANAGEMENT**

organized by  
the World Intellectual Property Organization (WIPO)

in cooperation with  
the Ministry of Culture

**Khartoum, February 28 to March 2, 2005**

**FIGHTING PIRACY IN THE FIELD OF COPYRIGHT AND RELATED RIGHTS:  
ACTIONS AND REMEDIES**

*prepared by Mr. Henry Olsson, Judge at the Court of Appeal,  
and Special Government Adviser, Ministry of Justice, Stockholm*

## **1. The issue of enforcement**

### *What is enforcement ?*

#### *Appropriate legislation*

It is usually said that any efficient intellectual property system is based on three main pillars. One is that an appropriate legislation exists which provides for a sufficient level of protection in the form of exclusive rights which cover various forms of exploitation of the protected subject matter.

#### *Management mechanisms*

The second pillar consists of a sufficiently developed system for the management of the rights under intellectual property law.

As far as industrial property is concerned, such management mechanism consists of industrial property offices and their operations for registration of the rights.

As far as copyright is concerned, normally, individual authors do not have sufficient experience or sufficient negotiating powers to negotiate contracts on the exploitation of their works. Also, in particular in respect of mass uses it is simply not possible to keep track of all uses which take place, much less to negotiate royalties for those. The only way in which copyrights can be properly exploited is through mechanisms set up for that purpose.

#### *Enforcement*

The third pillar is enforcement (in French “mise en oeuvre”). Enforcement is the system of sanctions to be applied in case the rights under the intellectual property law are infringed. They are needed in order to make the rights respected. Without a sufficiently efficient such system the temptation may simply be too great for many persons to violate the rights, something that is all the more tempting because the possibility to make profit is so great. Without an appropriate system of sanctions, the law is just a particularly teeth-less paper tiger.

## **2. What should be taken into account in designing enforcement provisions ?**

First, two general observations should be made.

### *Very big amounts involved in piracy and counterfeiting activities*

The first one is that violations of intellectual property law are certainly not a phenomenon of purely academic interest. It has been estimated that the trade in counterfeit and pirated goods (which includes trademark counterfeiting and copyright piracy) accounts for between 5 to 7 % of the value of the world trade. That corresponds to between 200 and 300 billion USD.

Some sectors are more exposed to piracy than others. Trademark counterfeiting has always been popular and gives great profits for the perpetrators.

In the area of copyright law, it would seem that music, the audiovisual field, books and computer software are among those which are hit the hardest by lack of efficient enforcement mechanisms. Even if traditional piracy has a predominant place, the Internet offers new and increased possibilities to access material and exploit it without the consent of the right-holder. There are, in

the case of the Internet practical problems in finding the unauthorised material (even if the so-called “web-crawler software” makes it possible to scan the Net) but there also legal problem (liability, applicable law etc.).

Enormous profits are made from pirated films and music on the Internet and elsewhere and very much of the computer software distributed comes from illegal sources. Just to take one example, namely the music industry, statistics available show that in in 2003 the global sales were 400 million CD’s for a value of USD 2,2 billion, which meant an increase of 7 % from the preceding year. In around 25 countries, the piracy sales outnumber the sale of legal copies. The result is of course an enormous loss for the industry which, as a consequence has much less possibility to promote for instance new and promising artists. Another example that could be mentioned concerns computer software. The global piracy rate for PC business software applications is said presently to be 36 % (which is after all less than in 1994 when it was 49 %).

### ***Links to organised crime***

The second observation is that piracy and counterfeiting activities are nowadays part of organised crime. This has been shown in several studies where it has been made clear that income from piracy serves at financing terrorist activities or more generally organised crime. As examples could be mentioned the activities of the so-called mafia gangs in certain countries in the former Soviet Union and the financing of certain paramilitary groups in Northern Ireland. (See also below, under 9.)

### ***Sufficiently severe sanctions***

For any efficient enforcement system in the intellectual property field there are two priorities.

The first one is that the system of sanctions is sufficiently severe to serve as a deterrent. It must not be so that the sanctions are such that they can easily be absorbed as operational costs.

### ***The system must provide for quick action***

The second priority is that the system is construed in such a way that it works quickly, because it is so easy to close down and move piracy and counterfeiting activities somewhere else of the perpetrator gets wind that something is coming up. The system must therefore contain sufficiently efficient provisional measures.

## **3. Which are the international standards in this field ?**

Generally, the mechanisms for enforcement of intellectual property rights are within the ambit of the sovereignty of each state itself. The substantive standards for the protection of copyright are basically governed by international norms, in particular the Berne Convention and the TRIPS Agreement. As regards the management of rights and as regards enforcement those areas are so closely linked to national traditions and approaches that they are normally left to the national legislators to regulate.

At the same time it has to be recognised that lack of efficient enforcement provisions or differing standards very much hurt the enjoyment of the rights. If they can not be enforced properly, they simply do not exist. Therefore it has become necessary to establish some international standards also as regards enforcement.

The enforcement system consists of several elements.

One such element comprises the substantive standards on enforcement, that is, the various sanctions and the procedures to be observed.

Another element concerns the issue of applicable law. As regards for example the use of trademarks on the Internet or the distribution of illegal music there, it may be difficult to determine where the infringing act has actually been committed.

A third element concerns the jurisdiction as such in intellectual property cases (which the court is that has jurisdiction) and the issue of applicable law (which legislative provisions that should apply to an infringement of the rights, i.e. where the infringement has taken place). A fourth element concerns the recognition and enforcement of decisions in infringement cases.

Generally speaking there are some international instruments which deal with the recognition and enforcement of decisions in civil and commercial matters which apply also to decision in infringement cases. The issue of jurisdiction as such and the issue of applicable law is, on the other hand, largely unclear although the matter is on the agenda for discussion within WIPO.

The main enforcement area where there exists an international standard concerns the substantive standards for enforcement, that is to say, the sanctions. As has been mentioned before, sanctions form part of the TRIPS Agreement. Section 3 in that Agreement contains detailed provisions in this respect. As that Agreement applies in a binding form to almost 150 States (those that are members of the World Trade Organization) one can say that there is in fact an international benchmark for the sanctions to be applied in the case of violation of intellectual property rights. When the TRIPS Agreement becomes applicable to Sudan, these provisions will be binding for that country, too.

In addition to the TRIPS standard there exist also various solutions at the national level which would constitute a "TRIPS+" situation. As an example could be mentioned the recently adopted so-called "Enforcement Directive" within the European Union.

#### **4. Which are the international standards as regards sanctions**

As mentioned above, Section 3 of the TRIPS Agreement contains detailed provisions on the various sanctions that are to be applied in case of infringement of intellectual property rights. Those are binding and failure to apply them may entail trade sanctions, and it is therefore important to have a fairly good knowledge of what they contain.

In addition to establishing binding standards, Part III of the TRIPS Agreement provides a catalogue of the various elements that should be included in any enforcement system which is to be considered as efficient. Those elements are basically the following

- 1. Some basic principles to be applied in enforcement cases*
- 2. Civil and administrative measures*
- 3. Border measures, and*
- 4. Criminal Sanctions.*

The TRIPS Agreement deals with all those elements. They are described and elaborated on in the following.

## 5. Which general principles should be applied in infringement cases ?

Above, some general considerations have been mentioned which should be taken into account in designing and applying an enforcement system. One is that infringements of intellectual property rights are to be taken seriously, both because it is important to respect the law and because such violations often involve huge sums and are linked to organised crime.

As regards the procedural elements the TRIPS Agreement contains some basic principles which should be applied and respected. They can be summarised as follows

*a) procedures must be available to permit effective action against infringements of rights covered under the Agreement,*

*b) those procedures must include expeditious remedies to prevent infringements and remedies strong enough to deter from further infringements,*

*c) the procedures must be applied in such a manner as to avoid barriers to legitimate trade and to provide safeguards against their abuse,*

*d) the procedures must be fair and equitable,*

*e) they must not be unnecessarily complicated or costly or entail unreasonable time-limits or unwarranted delays, and,*

*f) there must be a possibility for judicial review of, in particular, final administrative decisions*

These statements are of course general in nature but they contain nevertheless some important principles.

The most important obligation is that *enforcement procedures must be in place*; that is, it is not allowed to have an intellectual property law but no enforcement procedures.

In this respect the Article, however, also states, that there *is no obligation to create any judicial system for enforcement of intellectual property law that is distinct from that for enforcement in general*. Nor – and this is also important to note – is there any obligation to *re-distribute resources between enforcement of intellectual property and enforcement in general*. These provisions were inserted at the request of developing countries who feared that they would have to devote even more resources to enforcement.

Another practically important point is that a possibility must exist for judicial review of final administrative decisions, a provision which has caused some countries to change their law in this respect. Also, the Article states that decisions on the merits of a case must be based only on evidence in respect of which the parties were offered an opportunity to be heard.

## 6. Which specific elements should be included in enforcement procedures ?

As mentioned above, the TRIPS Agreement which is then the international standard in this respect contains specific provisions in four fields, namely

- civil and administrative procedures (Section 2, containing Articles 42 to 49), including provisional measures (Section 3, containing Article 50,
- special requirements related to border measures (Section 4, containing Articles 51 to 60), and
- criminal procedures (Section 5, containing Article 61).

Each one of the Sections contains provisions which are either obligations (members “shall”) or provisions on desirable elements (members “may”). Only the former ones are formal obligations, breach of which may entail dispute settlement procedures.

### ***6.1 Civil and administrative procedures***

Which elements should be taken into account in designing proper civil and administrative procedures relating to intellectual property infringements ? This question can well be answered by looking at what the TRIPS Agreement includes in this context, combined with some comments. Those elements would be applicable both to civil procedures properly speaking and to administrative procedures relating to infringements.

#### ***6.1.1 Fair and equitable procedures***

One fundamental principle which follows from Article 42 of the Agreement is that members shall make available to right-holders civil judicial procedures concerning the enforcement of any intellectual property right covered by TRIPS. This is a fundamental principle, in that it obliges TRIPS members to design civil procedures which make it possible for right-holders to enforce their rights. According to a Note to the Agreement, the term “right-holder” for the purpose of this Part shall include federations and associations having a legal standing to assert such rights.

This provision contains also certain more specific obligations as to procedure. Thus, it prescribed that parties shall have the right to written notice and shall also be allowed to be represented by an independent legal counsel. Furthermore, it is prescribed that procedures shall not impose “overly burdensome” requirements concerning personal appearances. This provision came into the Agreement because certain courts in certain countries has requested the Chief Executive Officer of large corporations to appear to testify whether copies seized in a case were actually piracy copies.

Furthermore, all parties shall have the right to substantiate their claims and to present all relevant evidence. Finally it is also prescribed that the procedure shall provide the means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements. This latter provision is particularly important in patent cases where such confidential information is often presented in cases.

Generally speaking these provisions correspond to what actually exists in most procedural laws, but they contain certain provisions of particular relevance for intellectual property cases. As can be seen, they are all “shall” provisions, which means that they are obligations and that non-compliance is a breach of the TRIPS Agreement with the consequences that may entail.

#### ***6.1.2 Evidence***

Regulation of questions concerning evidence is obviously a fundamental part of any enforcement system.

In the TRIPS Agreement, such provisions are included in Article 43. One important element relates to the situation when a party in a case has presented reasonably available evidence sufficient to support its claims and has indicated certain specified evidence that is in the control of the opposing party. Is such a case the judicial authorities shall have the authority to order that opposing party to produce that evidence. This shall be subject to appropriate conditions which would ensure the protection of confidential information.

The provision just indicated is an obligation. The Article also contains another provision which is not mandatory but a “may” provision, that is, a facultative one. It deals with obstruction by a party and refers to cases where a party voluntarily and without good reason either refuses access to or otherwise does not provide necessary information without a reasonable period or otherwise significantly impedes a procedure relating to an enforcement procedure. For such cases, members of TRIPS may accord the judicial authorities the authority to make preliminary or final determinations, affirmative or negative, on the basis of the information presented, subject to certain conditions which are not repeated in detail here. The provision of course aims at making decisions possible in intellectual property cases also when one of the party obstructs the procedures in one way or another.

### **6.1.3 Injunctions**

The possibility to have recourse to injunctions in various situation forms a particularly important part of the procedure in intellectual property cases. The reason is that such measures form an efficient and quick way of dealing with the practical effects of infringements., without having to wait for the final outcome of a civil or criminal proceeding.

Provisions in this respect are included in Article 44 of the Agreement. The main provision, in Article 44.1, prescribes that judicial authorities shall have the authority to order a party to desist from an infringement. This shall apply *inter alia* to prevent the entry into commercial channels of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. This provision consequently contains an obligation to ensure that such an authority exists and its main thrust is that the court shall be able to order a party to desist from an infringement. Violation of such court order normally entails severe sanctions.

The provision applies in particular to the prevention of infringing goods from entering commercial channels after customs clearance. It is, however, not limited to such situations. In the former respect also the provisions in Article 50 on provisional measures in such cases are important as well as the special requirements as to border measures in Section 4 according to which customs authorities may suspend the release of counterfeit and pirated goods.

The provision in Article 44 contains one condition, which is not mandatory but facultative. It says that members are not obliged to accord such authority in cases where the person concerned acquired or ordered the subject matter concerned before he or she knew or had reasonable grounds to know that the act would entail an infringement of an intellectual property right. It is consequently up to each state to determine how far-reaching injunctions should be in this respect.

### **6.1.4 Damages**

Damages also form a particularly important part of system of sanctions for infringements of intellectual property rights. The right-owner has to be compensated for the loss he or she has suffered from the infringement of his or her rights. Such damages can either be pure compensative or they can also be punitive, in order to frighten other from committing the same violations.

The issue of damages is a sensitive but at the same time important one. It has happened and still happens that courts are inclined to be lenient as regards damages for intellectual property infringements (especially perhaps as regards copyright infringements), for reasons which may vary and which will not be discussed here. The TRIPS Agreement has tried to counterbalance this tendency through the provisions in Article 45 of the Agreement.

The main provision in Article 45.1 prescribes that judicial authorities shall have the authority to order an infringer to pay to the right-holder damages adequate to compensate for the injury that the right-holder has suffered because of the infringement. This is a particularly important provision because it clearly states as an obligation that the damage shall be an adequate compensation and not be merely symbolic. The provision furthermore states that it is applicable in cases where the infringer acted with knowledge that he or she was involved in an infringing activity or had reasonable ground to know this.

Another obligation in respect of damages is contained in Article 45.2. It is there stated that the authorities shall also have the authority to order the infringer to pay certain costs which the right-holder has suffered, namely expenses, which may include appropriate attorney's fees.

That part of Article 45 also contains a facultative provision relating to cases where the infringer had no knowledge and no reasonable grounds to know that he or she was involved in an infringing activity. For such situation members of TRIPS may authorise judicial authorities to order recovery of profits and/or payment of pre-established damages. Also here, it is a matter for the national legislator to determine how far the obligation to pay damages should go.

#### ***6.1.5 Disposal of infringing goods, and other remedies***

As intellectual property rights are of an immaterial nature and very difficult to control efficiently, it is of primary importance that actions can be taken in respect of infringing goods so as to avoid further damage to the right-holders.

The provisions in Article 46 in the TRIPS Agreement deal with this aspect, the purpose of which is, as stated in the introductory part of the Article, to create an effective deterrent to infringement. The judicial authorities shall have the authority to order that infringing goods shall be *disposed of outside commercial channels* in such a way as to avoid any harm caused to the right-holder.

The order can alternatively be that the goods be *destroyed*. For this case there is, however, the caveat that this does not apply in case it would be contrary to constitutional requirements.

As regards *counterfeit trademarked goods*, the Article contains a specific provision to the effect that the simple removal of the unlawfully affixed trademark shall not, except in "exceptional cases", be sufficient to permit the release into commercial channels. The reason is that it is of course easy to affix the trademarks on the goods again.

The purpose of this provision is the very practical aspect of preventing infringing goods to enter the market. The provision applies to *infringing goods*. The Article also contains a similar provision which concerns "*material and implements* the predominant use of which has been in the creation of infringing goods." It concerns, in other words, for instance printing equipment, copiers and recorders; the condition is that their predominant use has been the production of the infringing goods. Also in this respect, the sanction is that the material at issue shall be disposed of outside commercial channels in such a manner as to minimize the risk for further infringements.

The provisions on disposal of material used for the production of infringing goods are of course rather severe and would far-reaching effects. The Article contains, however, a provision on *proportionality*. It states that in considering requests for such actions, the need for proportionality between the seriousness of the infringement and the remedies ordered shall be taken into account



as well as the interests of third parties. This proportionality principle applies only in respect of material and implements and of course not to infringing goods themselves.

#### **6.1.6 Right of information**

In infringement cases it is of considerable practical importance to find out the commercial chain in which infringing goods has been used.

Article 47 of the TRIPS Agreement contains a provision in this respect. The provision is not mandatory, because it is a “may”-provision. Members may provide that the judicial authorities shall have the authority to order the infringer to inform the right-holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

This shall apply, unless this would be out of proportion to the seriousness of the infringement; consequently the principle of proportionality shall apply also here. As mentioned, the provision is not mandatory and members are free to implement it or not; it should be noted, however, that such a provision at the national level would be of considerable value, because of the difficulties which sometimes exist in ascertaining who the real pirates are; it is not enough to catch the street vendors when the real infringers are higher up in the chain.

As mentioned this is an option and not an obligation under the Agreement. It has to be stressed, however, that it is very important to really come to know how pirated goods is brought on the market and from where it comes. It would therefore be advisable to consider the introduction in national laws of such provisions along the lines of what the TRIPS Agreement says and which contains a considerable number of safeguards.

Then another question is how far-reaching such a right of information should be, for instance, if it should apply only to the infringer or also to other persons who are in the possession of infringing goods. This raises questions about the protection of commercial secrets etc. and has to be considered carefully.

#### **6.1.7 Indemnification of the defendant**

Abuse of justice may of course occur in all kinds of cases, including in intellectual property cases, and the defendant may suffer considerable injuries in such cases. This is a situation which should be remedied.

Article 48 in the TRIPS Agreement contains a specific mandatory provision in this respect. Article 48.1 relates to cases where a party at whose requests measures were taken has abused enforcement procedures. In such cases the judicial authorities shall have the authority to provide a party who has been wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. In addition, the authority shall cover also orders to pay the defendant expenses which may include appropriate attorney’s fees. It should be stressed that this applies to “appropriate” attorney’s fees and not to exaggerated such fees, which may sometimes occur.

Article 48.2 deals with a specific situation, namely *the liability of public authorities or officials* for their acts in respect of the administration of any laws pertaining to the protection or enforcement of intellectual property rights. Members shall only exempt such authorities or officials from liability to appropriate remedial measures where actions are undertaken or intended in good faith in the course of the administration of that law. This is of course an

interesting provision; the immunity of public officials is at the same time limited but on the other hand wide (because it applies both to actions undertaken and to actions intended in good faith). The rationale for the provision is of course to act as a barrier against unjustified exemptions from liability when public authorities or officials are involved.

### **6.1.8 Provisional measures**

In intellectual property cases, quick measures are often called for, particularly in order to prevent evidence of any kind to disappear, and also because the longer an infringement is going on, the bigger the injury is to the right-holder.

Therefore, the TRIPS Agreement pays special attention to provisional measures. Detailed provisions in this respect are contained in Article 50, which has also caused some disputes between various WTO members, something that shows the importance of the provisions.

Normally, provisional measures are taken in the course of a civil procedure. Article 50.8 prescribes, however, that if a provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles that are equivalent in substance to those contained in Article 50. Those principles consequently have general application regardless of the nature of the procedure.

Article 50.1 contains the basic provision in this respect. It states that judicial authorities to order prompt and effective provisional measures for two purposes.

One such purpose is to prevent an infringement of an intellectual property act from occurring and in particular to prevent the entry into channels of comers of goods, including imported goods immediately after customs clearance.

The other purpose is to preserve relevant evidence in regard to the alleged infringement.

Normally, the opposite party shall be heard before such an order is issued. Article 50.2. contains, however, an exception from that rule to the effect that measures can be undertaken without hearing the other party (“*inaudita altera parte*”). This may be the case in different situations, but the provisions mentions, in particular, where any delay is likely to cause irreparable harm to the right-holder or where there is a demonstrable risk of evidence being destroyed. As can be seen, the requirements for issuing orders without hearing the other party are rather strict; there must be a risk for for “irreparable harm” or a “demonstrable risk” for the destruction of evidence.

The provisions in Article 50.2 are complemented by the provisions in Article 50.4. According to that provision the parties affected shall be given notice, without delay after the execution of the measure ordered without hearing the other party. Furthermore, a review, including the right to be heard, shall take place at the request of the defendant within a reasonable period after the notification of the measures; the purpose shall be to decide whether these measures shall be modified, revoked or confirmed.

Article 50.3 deals with certain procedural issues in relation to provisional measures. It says that the judicial authorities shall have the authority to require the applicant to provide “any reasonably available evidence” in order to satisfy the authorities “with a sufficient degree of certainty” that a) the applicant is the right-holder, and b) that the applicant’s right is being infringed or that such infringement is imminent. Furthermore they shall be able to order the applicant to provide a security or equivalent assurance which is sufficient to protect the

defendant and to prevent abuse. These provisions are mandatory and shall consequently be respected. In addition,

Article 50.5 contains a further provision, which is facultative and which consequently can be considered at the national level.. It states that the applicant may be ordered to supply other information necessary for the identification of the goods concerned by the authority that has to execute the measures. All these provisions are important in order to ensure the procedure is in fact fair and equitable.

Further procedural requirements are dealt with in Article 50.6. Provisional measures shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period decided by the juridical authority that has ordered the measure. This applies in case the national law of the member so permits; if there is no determination, the period may not exceed 20 working days or 31 calendar days, whichever is the longer.

These are all safeguards to ensure that provisional measures are in fact provisional and not intended to be a lasting matter.

It may of course happen that the measure lapses or it is found that there was in fact no infringement. Provisions for such cases are included in Article 50.7. It related to three situations, namely that the provisional measure is revoked, or it lapses due to any act or omission by the applicant or it is found that there has in fact been no infringement or threat of infringement. In such cases, the judicial authorities shall have the authority to order the applicant, if the defendant so requests, to pay to the defendant appropriate compensation for any injury caused by these measures. Also this provision is there in order to ensure a fair and equitable procedure.

## ***7. Border measures***

As regards counterfeit and pirated goods, an important issue is of course to control the import of and the further distribution into the commercial channels of a country. Border controls are consequently of crucial importance and the customs authorities have an important role to play in this context. The TRIPS Agreement devotes an entire Section to border measures, which are thus considered to play an important role in controlling infringement of intellectual property rights.

The key provision is to be found in Article 51 which is a mandatory provision which the members of TRIPS have to comply with. Such members shall adopt procedures which enable a right-holder who has valid ground to suspect that import of counterfeit trademark or pirated copyright goods may take place to apply for the suspension by the customs authorities of the release into free circulation of those goods. The application shall be in writing and be lodged with the competent administrative or judicial authorities.

This is the main provision, and it applies, as the wording indicates, to import of counterfeit trademark goods or pirated copyright goods. A Note to the Agreement contains definitions of those two notions.

“*Counterfeit trademark goods*” shall mean any goods, including packaging, bearing without authorization a trademark which is identical to a trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.

Similarly, “*pirated copyright goods*” means any goods which are copies made without the consent of the right holder or person duly authorized by the right-holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.

As mentioned, the mandatory key provision in the first sentence of Article 51 relates only to counterfeit trademark goods or pirated copyright goods. However, members may enable such applications also in respect of *other infringements of intellectual property rights*, provided that the requirements of Section 4 are complied with. This is consequently an issue to be considered at the national level.

Furthermore, the key provision concerns only importation. Article 51 also prescribes that corresponding procedures may be provided for also as regards suspension of infringing goods intended for *export*. Also this is an issue which can be considered at the national level.

According to Article 60 it is allowed for members of TRIPS to exclude from the application of the provisions in respect of “small quantities of goods of a non-commercial nature contained in travellers’ persona luggage or sent in small consignments.” Consequently it is allowed to permit import of counterfeit or pirated goods if it is in small quantities and the purpose is personal use and not for commercial purposes. This is called “*De Minimis Import*”.

The Article then contains a number of procedural requirements. Thus Article 52 contains provisions concerning the application for such a suspension of the release of the goods. The applicant shall be required to provide a) adequate evidence that there is a *prima facie* infringement of the intellectual property right of the right-holder in the country of importation, and, b) a sufficiently detailed description of the goods to make them “readily” recognizable by the customs authorities.

According to the subsequent Article 53 the competent authorities shall have the authority to require an applicant to provide a security or an equivalent assurance sufficient to protect the defendant and the competent authority. In addition, the Article contains certain provisions according to which the owner, importer or consignee may obtain the release of the goods subject to the posting of a security sufficient to protect the right-holder for any infringement; this applies only to infringements of rights in industrial designs, patents, layout designs or undisclosed information.

The importer and the applicant shall, according to Article 54, be “promptly” informed of the suspension of the release of the goods.

A very important provision is contained in Article 55 which deals with the duration of the suspension. This duration is counted from the date when the applicant has been served notice of the suspension. The goods has to be released if during 10 working days from that date the customs authorities have not been informed that proceedings leading to a decision on the merit have been initiated by someone else than the defendant or that the authority empowered has taken provisional measures to prolong the suspension of the release. “In appropriate cases” this 10-day period may be extended with 10 further working days.

The decision as to suspension of the release of goods is, as just mentioned, to be taken by a “duly empowered authority” which can be a customs authority or an administrative authority but it may also be a judicial authority, and the decision may be a decision on a provisional measure

under Article 50. In such a case solely the provisions of that Article apply; in this case Article 50.6.

Like in the case of provisional measures under Article 50, it may happen that the suspension of the release of the goods is unfounded. Article 56 contains a provision according to which the relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods an appropriate compensation for the wrongful detention of the goods, etc .

A particularly important element in proceedings like these is the possibility to inspect the goods detained. Article 57 contains a provision according to which the competent authorities shall be able to give the right-holder sufficient opportunity to inspect the goods detained in order to substantiate the right-owner's claims. Also, the authorities shall have an equivalent opportunity to inspect such goods. In case a positive determination has been made on the merits of a case, members of TRIPS may (not "shall") determine that the authorities shall have the authority to inform the right-holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods at issue.

As mentioned the actions to be undertaken in respect of suspected counterfeit or pirated goods are based on an application by the right-holder ("*ex parte*" proceedings). The TRIPS Agreement also contains some provisions on *ex officio* proceedings. Those provisions, in Article 58, apply only in cases where a member of TRIPS require the competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed. For such cases, which consequently are not mandatory, that Article contains certain provisions.

One such provision is that the competent authorities may at any time seek from the right-holder any information that may assist them to exercise their powers. Furthermore, the importer and the right-holder shall be promptly notified of the suspension. In case the importer has lodged an appeal against the suspension, the provisions on the duration of the suspension in Article 55 shall apply.

Finally, Article 58 prescribes that public authorities and officials shall be exempted from liability to appropriate remedies only in where actions are taken or intended in good faith. These provisions in Article 58 aim at ensuring a fair proceeding also in cases where actions are taken *ex officio* without any application from the right-holder.

A very important issue is which actions shall be taken with infringing goods. The basic provision in this respect, in Article 59 prescribes that the authorities shall be able to order the destruction or disposal of infringing goods and that this shall take place in accordance with the principles in Article 46, which have been dealt with above. This key provision is subject to any other rights of action which may be open to the right-holder and without prejudice to the defendant's right to seek review by a judicial authority.

As regards counterfeit trademark goods, it shall not be permitted to allow the re-exportation of the goods in an unaltered state or subject them to a different customs procedure, except in exceptional circumstances. This provision is similar to the one in Article 46 also in respect of counterfeit trademark goods, and the aim is that to prevent circumvention of the measures taken in respect of such goods. No corresponding provision applies to pirated copyright goods.

## **8. Criminal procedures**

Intellectual property law is part of civil law. It established exclusive rights in inventions, trademarks, literary and artistic works or other protected subject matter for those who have created them. Therefore, and logically, it is for those to secure themselves that those rights are respected.

In the last 20 years there has, however, been a growing tendency to give public authorities a responsibility for the enforcement of at least some parts of intellectual property law, in particular copyright law. This is due to several factors. The most important one seems, however, to be the fact that new technology has immensely improved the possibility to exploit works in different ways, which in turn has made infringement and piracy activities very lucrative and linked them to all sorts of organised crime. Therefore, criminal sanctions have increasingly found their way into the copyright enforcement system. The peak of that development was the inclusion of provisions on criminal procedures into the TRIPS Agreement. Those are contained in Article 61.

The Article first includes some mandatory provisions. The key provision is that members of TRIPS shall provide for criminal procedures and penalties to be applied “*at least*” in cases of *wilful trademark counterfeiting or copyright piracy on a commercial scale*. In this case. As can be seen, criminal procedures and penalties are mandatory in these two cases, provided that the acts are undertaken wilfully, that is, with knowledge.

The Article also, however, prescribes that members “may” provide for criminal procedures and penalties also in *other cases of infringement of intellectual property rights*, in particular where they are committed wilfully and on a commercial scale. This means that TRIPS member are free to have criminal proceedings also where acts are committed not wilfully but with, for instance, gross negligence. They are also free to apply criminal procedures and penalties for infringements of, for instance, patents and industrial design rights.

As far as remedies are concerned it is prescribed that they shall include *imprisonment and/or monetary fines* sufficient to provide a *deterrent*, consistently with the level of penalties applied for crimes of a corresponding nature. This is an important provision. It makes it mandatory to include imprisonment and/or monetary fines as a sanction in these cases. It furthermore prescribes that the remedies must be severe enough to provide a deterrent against infringements, and that they shall correspond to crimes of a similar gravity. This is generally to be interpreted as meaning that the penalties should correspond to that of theft or similar crimes.

In addition to penalties of this kind also other remedies may be appropriate. The Article specifically mentions, that in appropriate cases the remedies shall include the *seizure, forfeiture and destruction of the infringing goods and of materials and implements whose predominant use has been in the commission of the offence*. These provisions correspond to those mentioned in Article 46 and their purpose is to ensure that the goods do not enter the market and that the devices used for their production are not used again for production of infringing goods. It is to be noted that the provision applies only to material whose predominant use has been for this purpose. Material which has been used also for other legal activities is not intended to be covered.

## **8. Other comments on enforcement**

The TRIPS Agreement contains minimum provisions. Countries are perfectly free to apply additional measures if they so want, and in fact a number of countries have added some elements

in order to further improve the enforcement system. Some of those are discussed in the following.

### ***Standing to institute enforcement proceedings***

This is an issue which concerns in particular copyright law. There, the person or entity who or which is in the first instance authorised to institute proceedings is naturally the author or his successor in title; this should normally include exclusive licensees. In addition, it may be appropriate to grant such standing to institute proceedings also to for instance collective rights management bodies (“collecting societies”). The association contracts through which authors join those societies frequently contain either explicitly or implicitly also provisions in this respect.

It should also more generally be underlined that collecting societies and authors’ organisations in general have a very important function in the context of enforcement of rights. Individual authors often do not have the professional, economic or legal experience (or simply have no time) required so successfully take action against infringements of their rights. These qualities are, on the other hand, very much present in professional bodies such as collecting societies and corresponding entities.

### ***Rules of presumption***

One of the difficult issues in the context of infringement proceedings concerns evidence in various respects. For that reason it might be desirable to consider rules of presumption to facilitate evidence in such cases. This is particularly important in the case of copyright/related rights law.

Only two examples of such presumptions shall be given here.

One such concerns authorship or ownership of copyright or related right in a work or other production. Article 15 of the Berne Convention contains a provision on presumption of authorship in the sense that, in the absence of proof to the contrary, as the author of a work shall be considered the person whose name appears on the work in the usual manner. This could be applied also in relation to enforcement of the copyright in that work. In the absence of proof to the contrary, a person whose name appears on a work in the usual manner would also be entitled to institute infringement proceedings. The same could apply to related rights.

Another presumption which could be considered concerns what is reasonable evidence in piracy cases, in particular when copies are found in the possession of the opposite parties. It could be prescribed, for instance, that a reasonable sample of a substantial number of copies or a work or other protected matter should be considered to constitute such reasonable evidence..

### ***Publication of judgements***

In several countries, judgements in intellectual property cases, including in copyright infringement cases, are published in the newspapers. This is a measure which could contribute considerably to improving respect for the law and deter from infringing actions.

### ***Monitoring the manufacture of optical discs, etc.***

This is an issue which also concerns in particular copyright law and its application. Undoubtedly, much of the piracy activities to-day are linked to the manufacture of optical discs (CDs and

DVDs). The industry has a system for identification of such discs which greatly facilitates determining whether copies are infringing or not. This system should be encouraged and taken into account also by national legislators.

Similarly, in some countries a system is in force whereby all legally produced copies of certain types of works (phonograms, videograms, etc) have to be provided with a specific banderole (usually including a hologram). Also such a system contributes greatly to a quick and effective identification of what is the real thing and what is false.

### ***Protection of technical protection measures and electronic copyright management information***

The WIPO Copyright Treaty and the WIPO Performances Treaty contain provisions on technical protection measures (such as encryption, watermarking, etc.) and on rights management information (information about the work, the author etc. linked to the work). The obligations under the Treaties include that efficient legal protection shall be given to such measures and such information. It is of great importance that that protection is effective so that deterrent measures can be undertaken against violations in this respect.

### ***Institution of criminal proceedings***

Criminal proceedings are normally conducted by a public prosecutor who is also the one who institutes such proceedings. As rights under intellectual property law are rights under private law, usually any action by a public prosecutor presupposes that there is a complaint from the author/injured party. In some cases, this could lead to undesirable consequences, for instance because an author of a literary work does not dare to take action or it is not possible to find the right-owner despite the fact that large quantities of piracy copies are found.

For these reasons some countries prescribe that criminal actions in copyright cases may be instituted by a public prosecutor not only upon complaint but also if it is in the public interest that such action is taken.

### ***Possibly specialised intellectual property courts.***

In certain countries specialised intellectual property courts have been set up for the adjudication of cases in this field, in most instances including enforcement of IP rights. Such courts may be separate courts or they may be specialised chambers in the ordinary courts. The advantage is generally that the cases are dealt with quicker and that the judges are specialised in the field, something that may be good for the proper treatment of such cases.

## **9. Some additional remarks**

### ***Links to organised crime***

As trademark counterfeiting and copyright piracy are activities that bring huge profits it is not surprising that they have been connected to organised crime (as mentioned above). It should be underlined that this is a very important aspect which is taken very seriously for instance in Europe. The phenomenon goes far beyond losses for right-owners or individual companies. It also goes beyond the "traditional" piracy of CDs or DVDs or computer programs in that the problem of counterfeiting and piracy now extends to, for instance aircraft parts, food, pesticides and medicines, just to mention a few.



The seriousness of to-day's counterfeiting and piracy is illustrated, for instance, by a statement by the Secretary General of Interpol (the international police organization) that was reported in Financial Times on October 13, 2004. He said: "*This is a multi-billion dollar problem that affects the safety of people, the security of governments, that is connected to organised crime, drug trafficking and terrorism.*"

As mentioned before there is ample evidence in Europe that such is indeed the case. A few examples come to mind where counterfeiting or piracy activities have proved to have disastrous consequences.

### ***Which are the consequences of counterfeiting and piracy?***

Some of the direct consequences of counterfeiting and piracy are reasonably well known. They are essentially the following.

#### ***No royalties to right-owners***

In the copyright field one of the main consequences is that it deprives authors of the economic remuneration for their works, as the pirates certainly pay no royalties.

#### ***Prevents the establishment of domestic markets***

In addition, piracy and counterfeiting effectively prevents the development of domestic creative activities. For instance, in the West Indies with their rich musical culture, artists have realised that they can not bring their recordings to the market because they are immediately copied/pirated and they derive no benefit from them any more. Also in Africa, the artists complain that it is impossible to compete on the market that is flooded by cheap imported illegal products.

#### ***Loss of taxes for the government***

Normally, those involved in illegal counterfeiting and piracy activities do not pay any taxes, something that means considerable losses for the public authorities.

#### ***Relations to other illegal activities.***

And then we have the links between the lucrative counterfeiting activities and organised crime. The reason why organised crime has entered this kind of activities is simple. The profits are generally much higher than in the case of, for instance, drug trafficking and the risks are very small. Either no action is taken against them or the sanctions are merely symbolic and can be absorbed as costs for the activities.

#### ***Counterfeiting and piracy as dangerous activities.***

Over the years a number of incidents have been reported where counterfeit or pirated products have in fact caused major accidents. Examples of such reports are for instance the following.

The tail part of a Norwegian aircraft had been repaired using bolts that were not genuine ones but counterfeit ones. The tail broke off and a number of persons were killed in the accident. In some cases the fake spare parts are delivered with fake certificates of authenticity.

Counterfeit helicopter spare parts have been used, causing accident with, in some cases, deadly consequences.

Counterfeit spare parts to car brakes have been sold; sometimes those fake parts were made of wood and consequently highly dangerous for the drivers.

In some African countries counterfeit pesticides had been sold which had no effect, the result being that a large amount of the coffee crops were destroyed.

Counterfeit medicines are sold, particularly over the Internet, which are either dangerous or, in the best of cases, completely useless.

Pirated computer programs are said to have been used in vehicles in some space programs and also in some military equipment.

These are but a few examples which show that counterfeiting and piracy are a phenomenon that affects not only the right-owners and their interests but also, as the head of Interpol put it, the safety of people and the security of governments. They are exactly what is mentioned in the heading of this presentation, namely economic crimes.

#### **10. WIPO Advisory Committee on Enforcement.**

Attention should also be given to the Advisory Committee set up in the framework of WIPO. That Committee has no norm-setting functions but its main task is to provide information and advice on enforcement matters. Thus, for instance, the Second Session of the Committee dealt extensively with the role of the Judiciary in enforcement matters with presentation by Supreme Court Judges from different jurisdictions.

Under “Enforcement” at the WIPO Website ([www.wipo.int](http://www.wipo.int)) further information may be found concerning the work of the Committee as well as concerning other enforcement activities by the Organization.

Further information on enforcement may also be found in the so-called IPIEIS Forum (WIPO Forum for exchange of information on enforcement).

-----

[End of document]