

## PATENTS

### **New developments in the fight against infringement in the European Union: European Directive of 29. April 2004**

The European Directive of April 29, 2004 relative to the respect of intellectual property rights is the result of the “Green Book” study on the battle against counterfeiting and piracy in the European domestic market, presented by the European commission in 1998.

This Directive is in the framework of the existing equilibrium between the principle of the free circulation of goods in Europe and the principle of respect for intellectual property rights. The goal of the Directive is harmonizing national laws of Member States, still too disparate, relative to the implementation of intellectual property rights and to the sanctions for attacks against them.

It takes into account the means of respecting the intellectual property rights foreseen by the ADPIC agreement (part III) in order to assure a higher level of protection that is equal and homogeneous in the domestic market (preamble 10).

The text of the directive is divided into five chapters: Chapter I defines the goal of the directive and its field of application whereas chapter II relates to the measures, procedures, and compensation for attacks against intellectual property rights. Chapter III includes an article relative to sanctions applied by the Member States. Chapter IV is aimed towards encouraging the “codes of conduct and administrative cooperation.” The last chapter is devoted to final provisions.

Chapter I includes three articles setting forth that national legislation can expect, at the time of transposition, provisions that are more favorable for rights owners against attacks on their intellectual property rights. The national provisions relative to procedures and penal sanctions fall outside the field of application of the Directive.

The 13 articles comprising chapter II relate to “measures, procedures, and compensation” for attacks against intellectual property rights. The essence of these mechanisms will be discussed below without going into extensive detail.

In applying the general obligation of Article 3, the adopted measures must, among other things, be fair and equitable, and not be uselessly complex or costly, all while being effective, proportionate, and dissuasive. They must also be applied so as to avoid creating obstacles to legitimate commerce and so as to offer safeguards against abusive use.

The possibility of requesting application of the provisions of this chapter is no longer limited only to owners of intellectual property rights. In effect, article 4 extends the definition of “requester” to any person authorized to exploit those rights. Thus, the ability to request

application of measures and procedures of the Directive could be extended to the exclusive or non-exclusive beneficiary of a right and no longer only to the owner of the right. French patent and trademark law already provides that, under certain conditions, the beneficiary of an exclusive right can initiate an infringement action. It excludes, however, a nonexclusive licensee.

According to articles 6, 7, and 8, the judge will be able to order, upon request of by requesting party, the production of evidence under the control of the adverse party when the evidence will demonstrate alleged elements of an infringement. Always on request and in case of imminent injury, the judge will be able to order temporary injunctive measures against the infringing acts and/or evidence preserving measures such as a descriptive or real infringement seizure. These measures can be lifted or will be able to be made subject to indemnisation if no action based thereon is ultimately initiated within 31 civil days or if an action is simply stripped of foundation or basis.

Article 8 sets forth the new principle of a “right of information” in creating, with regard to the defendant or to all third parties, the obligation to furnish all information on the origin of and the networks of distribution for counterfeit goods.

It must be emphasized that these measures can only be ordered in the case of acts committed on a “commercial scale,” an idea that is incidentally not defined by the Directive. On the other hand, banking, financial, and commercial documents will be able to be communicated on the condition that their confidentiality is respected.

If infringement is established by a judgment, the judge will be able to block, subject to penalty, the possible continuation of infringement (Article 10) and determine the amount of damages and interest. Damages and interest must be calculated as a function of the magnitude of the harm inflicted by the infringer. In other words, the owner of a right in question is entitled to damages and interest based on the harm actually suffered, when the other party acted in an intentional matter or should have reasonably known that it was harming an intellectual property right (Article 8). If such harm as defined is not relieved, the Directive provides for “alternative measures” such as the recovery of profits gained by the infringer or the payment of preestablished damages and interest.

Other sanctions such as complete or partial publication of the decision (Article 15), as well as all other civil or administrative sanctions are left to the legislatures of each Member State (Chapter III -- Article 16).

Finally Chapter 4 of the Directive encourages the establishment of “codes of conduct of professionals” at the community level.

The Member States provide a deadline of two years after the entry into force of the Directive for converting these provisions into national legislation.

As a Member State of the European Union, France will have to analyze this text and implement certain of its provisions in the Code of Intellectual Property. Certain procedures such as the infringement seizure and the temporary injunction are anticipated by our patent and trademark laws. In contrast, other points, such as the possibility of a nonexclusive

licensee initiating an infringement action, or, again, the obligation for the defendant or third parties to the action to furnish information, appear more complex to implement. Finally the legislatures will seize, perhaps, this occasion to recast the contentious aspects of the design and industrial model law, which differs today from the applicable provisions of patents and trademarks.

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