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**Subject: Common methodology for collecting data for Member States' reports
under Article 18(1) of the IP Enforcement Directive (2004/48/EC)**

Dear Sir,

The recent G8 Summit in Heiligendamm, Germany strongly reaffirmed the commitment to combat piracy and counterfeiting and undertook a raft of measures to enhance cooperation between members in IPR enforcement.

The IP Enforcement Directive is of course the cornerstone of the EU's contribution to this fight. Crucial to achieving our goals is a correct and wide-ranging implementation of the provisions of the directive, on which Member States are required to report under Article 18(1) of the directive.

To facilitate the drawing up of these reports by the Member States and to obtain comparable information, we have prepared and discussed with Member States' experts a draft methodology intended to serve as a basis for the fact finding that the Member States need to do. It is only on the basis of reliable and comparable information from Member States that the Commission will be in the position to assess the situation and the need for possible improvements to the legal framework. The use of a common methodology will thus be in the interest of the Member States as well as the stakeholders.

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The final version of the methodology is attached to this letter and I would ask you to transmit it to your competent authorities.

Finally, I take the opportunity in this context to remind that your authorities should send us a concordance table on the transposition of the IP Enforcement Directive, if they have not already done so.

Yours sincerely,



Margot Fröhlinger

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Enclosure: common methodology -paper

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Common methodology for collecting information for Member States' reports under Article 18 of the IP Enforcement directive

Introduction

Article 18 of directive 2004/48/EC contains an assessment mechanism on the implementation and application of the directive. Article 18 (1) obliges each Member State to submit a report on the implementation of the directive by 29 April 2009. On the basis of those national reports, the Commission must draw up a report on the application of the 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. The report shall be submitted to the European Parliament, the Council and the European Economic and Social Committee, if necessary and in the light of the developments in the Community legal order, accompanied by proposals for amendments to the directive. Article 18 (2) obliges the Member States to provide the Commission with all the aid and assistance it may need when drawing up its report.

In line with its "better regulation" policy, the Commission continuously tries to maximise the relevance and effectiveness of its activities. It aims to review existing legislation in order to find out what works, and what does not. It attempts to detect ineffective or excessively burdensome provisions with a view to simplifying the "acquis".

The ultimate objective of this review exercise is hence to gather reliable evidence from Member States as well as stakeholders on the basis of which the Commission will be in a position to assess the situation and to propose improvements to the existing framework if any are considered necessary. This will be in the interest of Member States as well as stakeholders.

In order to enhance the usefulness of this exercise, the Commission suggests that Member States prepare their national reports on the basis of information which is collected using a common methodology. The relevant time-scale for the assessment exercise is from the date of the adoption of the directive on 29 April 2004 until the deadline under Article 18(1) of 29 April 2009. To simplify, we have restricted the methodology to cover the calendar years 2005-2008.

An assessment of the "effectiveness" requires a continuous effort that must continue until the finalisation of the reports so that progress can be measured on the basis of reliable data.

The directive will have been applied "effectively" if the objectives of the directive are achieved. These are to ensure the proper enforcement of IP rights, taking into account the interests of all parties involved.

Drafting a report on the implementation or application of a directive in order to assess whether the objectives have actually been achieved is a considerable task. First of all, there is a need for an analysis of what exactly has been modified by the directive. To which changes did the transposition of the directive lead? The "transposition" is not limited to the implementation of the binding part of the directive. The directive also contains non-binding options, for instance, on the introduction of sampling (Article 6 (1)) or on the ability to provide for alternative measures (Article 12). In addition, Member States can decide to introduce measures which go beyond the minimum requirements of the directive and are more

favourable for right-holders. It is only on the basis of the real modifications to the national laws and practices caused by the directive that its impact can be measured.

Secondly, to determine the effectiveness of the harmonized national law it would be helpful to measure to what extent stakeholders believe that the objectives of the directive have been achieved. These stakeholders should at least include the right-holders and their representatives and the national courts as well as other authorities which apply the measures, procedures and remedies of the directive.

Thirdly, there is a need for quantitative data (statistics) at all stages of the assessment. These are of interest, for example, to measure whether there has been an increase in the amount of damages that have been granted for (similar) infringements.

It is therefore suggested that the Member States include in their national reports information collected through two different but complementary exercises: data collected by Member States and information that Member States have collected by consulting stakeholders.

Consequently, the first methodology in this paper (Part I) contains questions to be answered by the public authorities. A second methodology (Part II) includes a number of questions which are better answered by stakeholders.

Part I - Methodology for data collection by Member States

General

1. What modifications to the legislative framework and court practices did directive 2004/48/EC bring in your country? Please also include any changes that went beyond the minimum requirements of the directive.
2. Did these amendments to national legislation and practices lead to an increase in litigation on IP infringements? Please provide statistics for each of the calendar years 2004-2008.
3. Please give examples of the impact of the modifications on innovation and on the development of the information society.
4. If relevant, please provide any other particular aspects encountered by your country in implementing the directive.

Please answer the following questions. Please subdivide the figures for each of the calendar years 2005-2008. In the case of questions 10.2 and 10.8, please explain the difference between the situation **pre-** and **post-**transposition of the directive.

Article 5 - Presumption of authorship or ownership

- 5.1. How often – in absolute terms and as a percentage of the total number of cases - has the presumption of authorship or ownership been applied in court cases?
- 5.2. How often – in absolute terms and as a percentage of the total number of cases - have presumptions been successfully rebutted?

Articles 6 and 7 – Evidence and measures for preserving evidence

- 6.1. Please provide statistics on how many times sampling has been asked for/accepted as proof of reasonable evidence.
- 6.2. Please provide statistics on how many times witness protection has been asked for/accepted.

Article 8 - Right of information

7. How often – in absolute terms and as a percentage of the total number of cases - did courts order access to information on names, addresses, quantities and prices?

Articles 9 and 11 - Provisional and precautionary measures

- 8.1. Please provide statistics on the numbers of injunctions against intermediaries asked for/accepted?
- 8.2. Please provide statistics on precautionary seizures of the movable and immovable property of the alleged infringer.
- 8.3. How is the notion of "reasonably available evidence" applied by the competent authorities in your country?

Article 10 - Corrective measures

- 9.1. Please provide statistics on which corrective measures have been asked for/accepted.
- 9.2. Please provide information on other "appropriate measures" applied in your country but not mentioned in Article 10 (1).

Article 12 - Alternative measures

10. How often – in absolute terms and as a percentage of the total number of cases - has the alternative of pecuniary compensation been ordered by a national court?

Articles 13 and 14 – Damages and legal costs

- 11.1. Please provide information on the way national courts calculate damages. Quantify how often - as a percentage of the total number of cases - courts have set a lump sum as an award for damages.
- 11.2. Did the modification to your law on damages increase the overall levels of damages awarded?
- 11.3. How often- in absolute terms and as a percentage of the total number of cases - did injured parties apply for moral damages and how often have courts granted moral damages to the injured party?
- 11.4. How often – in absolute terms and as a percentage of the total number of cases - did injured parties apply for lost profits and how often have courts calculated damages (partly) on the basis of lost profits which the injured party has suffered?
- 11.5. How often – in absolute terms and as a percentage of the total number of cases - did injured parties apply for unfair profits made by the infringer and how often have courts calculated damages (partly) on the basis of these unfair profits?
- 11.6. Please provide information on the use made by courts of "appropriate aspects" for the calculation of damages which are not explicitly mentioned in Article 13 (1) under (a).

- 11.7. Please provide information on the use made by the courts of "elements" for the calculation of a lump sum which are not explicitly mentioned in Article 13 (1) under (b).
- 11.8. Has there been a noticeable shift in the courts' practices in condemning the losing party to bear the costs? Please provide details on the nature of these changes.
- 11.9. How is the "equity principle" in the meaning of Article 14 applied by the courts? What are the main reasons given by them for invoking this principle?

Article 15 – Publication of judicial decisions
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- 12.1. Please provide statistics (per IP right) on the publication of judicial decisions.
- 12.2. In what way have the decisions been published?

Article 17 – Codes of conduct

13. What specific measures has your country undertaken to encourage the establishment of codes of conduct and to encourage the evaluation of the application of these codes of conduct?

"Commercial scale"

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. How do the courts in your country apply this criterion?

Part II - Methodology for stakeholders' consultation by Member States

Please provide answers to the following questions. The period in which we are interested is 2005-2008. Please, where possible, indicate how practice has evolved over this time period:

If an assessment on the scale of 1-5 is asked for, the guidance for interpretation is:

- 1 Not improved/not satisfied at all
- 2 Certain improvement/some satisfaction
- 3 Considerably improved/satisfied
- 4 Very much improved/very satisfied
- 5 Don't know

Article 4 – Persons entitled to apply for the measures, procedures and remedies

- 1. To what extent did the enlargement of the group of persons entitled to request application of the enforcement measures de facto improve access to courts?

Article 5 - Presumption of authorship or ownership

- 2. What are the experiences in your country with the presumption of authorship or ownership? Did the introduction of this presumption speed up procedures?

Articles 6 and 7 – Evidence and measures for preserving evidence

- 3.1. Do you feel that the collection of necessary evidence has been improved? Assess on a scale of 1-5 (see introduction). Please explain your assessment.
- 3.2. What are your experiences with the introduction of the sampling option as proof of reasonable evidence?
- 3.3. Do you consider the introduction of the order to communicate banking, financial or commercial documents under the control of the opposing party useful? Assess on the scale of 1-5 (see introduction). Please explain your assessment.
- 3.4. What are your experiences with the courts on protecting witnesses' identity?

Article 8 - Right of information

- 4.1. To what extent did the court orders on the right of information contribute to trace infringers? Assess on a scale of 1-5 (see introduction). Please explain your assessment.
- 4.2. To what extent did such orders substantially contribute to calculating the damages more accurately and efficiently? Assess on a scale of 1-5 (see introduction). Please explain your assessment.

Articles 9 and 11 - Provisional and precautionary measures

- 5.1. What are the experiences in your country with the issuing of interlocutory injunctions against intermediaries? Assess on a scale of 1-5 (see introduction). Please explain your assessment.
- 5.2. How is the instrument of precautionary measures applied in situations where recovery of damages would be endangered?
- 5.3. How is the notion of "reasonably available evidence" applied by the competent authorities in your country?
- 5.4. Has the introduction of a recurring penalty payment effectively improved compliance? Assess on a scale of 1-5 (see introduction). Please explain your assessment.

Article 10 - Corrective measures

- 6.1. How is the list of corrective measures applied by national courts? To what extent do they take into account the interests of third parties including, in particular, consumers and private parties in good faith?
- 6.2. Provide insight into other "appropriate measures" applied in your country but not mentioned in Article 10 (1).
- 6.3. Which "particular reasons" are invoked for not carrying out measures at the expense of the infringer?

Article 12 - Alternative measures

7. Article 12 provides the option, under certain circumstances and in appropriate cases, of pecuniary compensation being awarded to the injured party as an alternative measure. Has this been perceived as satisfactory by right holders? Assess the level of satisfaction on a scale of 1-5 (see introduction). Please explain your assessment.

Articles 13 and 14 – Damages and legal costs

- 8.1. Did the modification of your law on damages increase the overall levels of damages awarded?
- 8.2. Please provide information on the use made by courts of "appropriate aspects" for the calculation of the damages which are not explicitly mentioned in Article 13 (1) under (a).
- 8.3. Please provide information on the use made by courts of "elements" for the calculation of a lump sum which are not explicitly mentioned in Article 13 (1) under (b).
- 8.4. Has there been a noticeable shift in the courts' practices in condemning the losing party to bear the costs? Please provide details on the nature of these changes.

- 8.5 How is the "equity principle" in the meaning of Article 14 applied by the courts? What are the main reasons given by them for invoking this principle?
- 8.6 To what extent do stakeholders consider that there has been an improvement of the decisions on damages and legal costs, in particular where the right-holder has won the case? Assess on a scale of 1-5 (see introduction). Please explain your assessment.

Article 15 – Publication of judicial decisions

- 9.1 In what way have the decisions been published?
- 9.2 Has the introduction or modification of this instrument been perceived as satisfactory by right holders? Assess the level of satisfaction on the scale of 1-5. Please explain your assessment.

Article 17 – Codes of conduct

10. Are the codes of conduct being perceived as a useful and effective instrument for improving the enforcement of intellectual property rights? Assess the level of satisfaction on a scale of 1-5 (see introduction). Please explain your assessment.

"Commercial scale"

11. 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. How do the courts in your country apply this criterion?

Overall assessment and future

- 12.1 Please give examples of the impact of the modifications on innovation and on the development of the information society.
- 12.2 What are the general views of stakeholders on the application of the directive in your country? Assess the level of satisfaction on a scale of 1-5 (see introduction). Please explain your assessment.
- 12.3 Do you have suggestions for improvements to the measures, procedures and remedies covered by the directive?