



The application of the Directive of 29 April 2004 on the enforcement of intellectual property rights in the Member States

**Comments of the CEIPI on the Evaluation
Report of the European Commission dated 22
December 2010**

Christophe Geiger, Jacques Raynard and Caroline Rodà

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Summary:

Within the framework of the evaluation of Directive 2004/48/EEC of 29 April 2004 on the enforcement of intellectual property rights,¹ the European Commission published a report on 22 December 2010 concerning the implementation of this text by the Member States,² inviting all interested parties to submit their comments in order to give greater depth to the process of evaluation and "with a view to informing the Commission's decision on any future measures that might be envisaged." The Centre of International Intellectual Property Studies (CEIPI), a university institute devoted to teaching and research in intellectual property law, is very closely interested in the questions raised by this Report and it is for this reason that the Centre proposes to submit a certain number of comments to the European legislature.

The establishment of an effective system for the protection of intellectual property rights in the European Union implies the adoption of an adequate legal framework for the enforcement of these rights. In fact, the attractiveness of intellectual property rights within the Union risks being considerably limited if it proves impossible or extremely difficult to have these rights

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¹ Directive 2004/48/CE of 29 April 2004 on the enforcement of intellectual property rights: OJ L 157 of 30 April 2004 corrected in OJ L 195 of 2 June 2004, p. 16 (hereinafter "the Directive").

² Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights, SEC(2010) 779 final (hereinafter "the Report").

respected in the appropriate manner. For this reason, the European Commission, from the end of the 1990s, began to examine the question of the implementation of intellectual property rights and more particularly the civil remedies of infringement. In the first stage, the Commission's work took the form of a Green Book on combating counterfeiting and piracy in the single market,³ the starting point for a large-scale process of consultation of all the interested circles within the Member States. This consultation process revealed that the development of counterfeiting within the frontiers of European Union seemed to have accelerated thanks to significant disparities between the legislation in the various Member States in the field of the enforcement of intellectual property rights.⁴ In practice, these disparities also increased the phenomenon of forum shopping within the European Union.⁵ The European Commission then decided to draw up a directive that would establish a single legal framework for protection by means of concrete, “effective, proportionate and dissuasive” measures.⁶ Directive 2004/48/EC of the European Parliament and the Council on the enforcement of intellectual property rights within the European Union (hereinafter “the Directive”) was adopted in its final version on 29 April 2004. The objective of the text was to approximate the legislation in the Member States in the field of the civil consequences of infringement “so as to ensure a high, equivalent and homogeneous level of protection in the internal market”.⁷ The Member States were required to implement the Directive before 29 April 2006.⁸ Today, it has been implemented by all the members, even if many did so with delay.⁹

Article 18 of the Directive requires the Member States to submit to the Commission a report on the implementation of the Directive. On the basis of these reports, the European

³ Green Book on the combating of counterfeiting and piracy in the internal market, 15 October 1998, COM (98) 569 final.

⁴ Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee, Follow-up to the Green Paper on combating counterfeiting and piracy in the single market. In order to measure the impact of counterfeiting in Europe, the European Commission had commissioned an evaluation report from the CEIPI to serve as the basis for a broader impact study on the question. See Centre d'Etudes Internationales de la Propriété Industrielle (CEIPI), “Impacts de la contrefaçon et de la piraterie en Europe”, Report final (ed. by Yves Reboul), Strasbourg, 29 June 2004 www.ec.europa.eu/home-affairs/doc_centre/crime/docs/study_ceipi_counterfeiting_fr.pdf.

⁵ Communication *supra*, p. 4.

⁶ Article 3-2 of the Directive.

⁷ Recital (10) of the Directive.

⁸ Article 20 of the Directive.

⁹ Certain Member States have been the subject of proceedings for failing to fulfil obligations: ECJ, 15 May 2008, Case No. C-341/07, *Commission v Kingdom of Sweden*, (2008) ECR I, 75; ECJ, 5 June 2008, Case No. C-395/07, *Commission v Federal Republic of Germany*, (2008), ECR I, 88; ECJ, 21 February 2008, Case No. C-328/07, *Commission v, Grand-Duchy of Luxembourg*, (2008), ECR I, 34.

Commission is then required by the same provision to 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 (...) accompanied, if necessary and in the light of developments in the Community legal order, by proposals for amendments to the Directive.” The report was submitted on 22 December 2010.

The text gives rise to a certain number of general (I) and specific (II) comments which will be treated successively.

I. General comments

The Commission's report gives rise to a certain number of general comments concerning the challenges of a potential amendment of the Community text (1), the appropriateness of an amendment at present (2) and its possible scope (3).

1. On the key issues of the Community legislation and its amendment: a necessary balance between the different interests involved

The guarantee of the respect of intellectual property rights by means of the implementation of effective measures is today indispensable to combat counterfeiting. At stake is the efficiency and attractiveness of the European intellectual property system. As the Report emphasises, the digital environment also involves new challenges thanks to the ease of reproduction and distribution of the contents of protected objects.¹⁰ Nevertheless, it is equally necessary to respect the restrictions that result from the legal framework laid down by the Treaties of the European Union and their founding principles. In addition, the social acceptance of intellectual property rights is today also an important factor to be taken into account. The implementation of an appropriate legal framework in terms of civil remedies necessarily involves a fair balance between the implementation of effective protection rules for intellectual property rights and the respect of the freedom of competition, of trade and industry, as well as the fundamental rights.¹¹ The procedures, measures and compensation

¹⁰ Report, p. 6.

¹¹ See J. Raynard, “Intellectual Property Enforcement in Europe: Acquis and Future Plans”, Paper presented at the conference organised by the CEIPI within the framework of the EIPIN network on “Constructing European IP: Achievements and New Perspectives”, Strasbourg, European Parliament, 25 February 2011 (proceedings to be published by Edward Elgar)

introduced in order to combat counterfeiting effectively should thus take into account other competing rights such as the right to a fair trial, the right to the respect of privacy and freedom of expression.¹²

The importance of taking account of the fundamental rights in the legal order of the European Union has moreover increased since the adoption of the Directive, specifically through the entry into effect of the Treaty of Lisbon on 1 December 2009.¹³ Thus, the Charter of Human Rights of the European Union now has the same legal value as the Treaties, and is by this fact integrated in the primary law of the European Union (TEU, Art. 6 Para. 1).¹⁴ While this text expressly lays down intellectual property as ranking amongst the fundamental rights,¹⁵ which would seem to imply the implementation by the European Union legislature of effective means for its enforcement,¹⁶ the principle of proportionality laid down by Article 52 Para. 1 of the Charter also requires intellectual property rights to be balanced against competing rights. The European Court of Justice, in an important decision concerning the implementation of copyright – to which the Report appropriately refers – also insists on the necessity to ensure a

¹² On the different constitutional values to take into account *see* Ch. Geiger, “The Constitutional Dimension of Intellectual Property”, in: P. Torremans (ed.), “Intellectual Property and Human Rights”, 101 (Austin/ Boston/ Chicago/ New York, The Netherlands, Kluwer Law International, 2008). In the context of criminal enforcement *see* J. Griffiths, “Criminal liability for intellectual property infringement and fundamental rights in Europe”, in: Ch. Geiger (ed.), “Criminal Enforcement of Intellectual Property: A Handbook of Contemporary Research”, Cheltenham (UK)/Northampton, MA (USA), Edward Elgar Publishing, 2011 (forthcoming).

¹³ On the implications for intellectual property, *see* Ch. Geiger, “Intellectual “Property” after the Treaty of Lisbon, Towards a different approach in the new European legal order?”, 2010 EIPR 2010 255; V. Scordamaglia, “Les dispositions relatives à la propriété intellectuelle dans le Traité de Lisbonne”, March 2010 *Propr. industr.*, focus 28.

¹⁴ The position of the fundamental rights at the tip of the pyramid of regulations will also be consolidated by the adhesion very soon of the European Union to the European Human Rights Convention, adhesion made possible by the Treaty of Lisbon (Art. 6 Para. 2 TUE).

¹⁵ Article 17 Para. 2 of the Charter lays down that “intellectual property shall be protected”.

¹⁶ This is at least how the Community legislature interprets this provision, since Recital 32 of the Directive of 29 April 2004 on the enforcement of intellectual property rights refers to it, stating that “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*” (emphasis added). However, it must be admitted that the extent of the protection conferred by this article is still uncertain and that it is difficult to predict at present what the exact implications of this provision will be for intellectual property law (for a comment, *see* Ch. Geiger, “Intellectual Property shall be protected!?! Article 17 (2) of the Charter of Fundamental Rights of the European Union: a Mysterious Provision with an Unclear Scope”, 2009 EIPR 113).

“fair balance between the different fundamental rights protected by the Community order”.¹⁷
The principle of balance is thus imposed by European Union law.¹⁸

Moreover, it would appear of prime importance for the intellectual property system to remain attractive to all the actors. It must therefore be ensured that the rules for the enforcement of intellectual property are not ultimately susceptible of being turned against the economic operators, which would in the longer term lead to a risk of undermining the credibility of intellectual property rights, which, it should be recalled, constitute exceptions to freedom of competition. In fact, we should not lose sight of the fact that measures for the enforcement of intellectual property rights can have intrusive effects and we must therefore ensure that the procedures implemented are not misused in order to intimidate a competitor or for purposes of industrial espionage. The system of civil remedies must therefore be subject to a legal framework that guarantees its full compatibility with the functioning of a competitive economy and its conformity with the fundamental principles of the Union.¹⁹ Accordingly, the Report merits support when it concludes that there is “a need to carefully strike a fair balance.”²⁰ Having said this, recent developments of the institutional framework of the Union, specifically the concrete implications of an increased protection of fundamental rights for the imposition of civil remedies certainly deserves to be studied in more depth, which raises the question of the appropriateness of an amendment of the Directive at this present time.

2. On the appropriateness of a general amendment of the Directive

According to the Report, “the Directive has had a substantial and positive effect on protecting intellectual property rights under civil law in Europe. The Directive created a straightforward framework for enforcing intellectual property rights which, broadly, provides comparable

¹⁷ ECJ, Grand chamber, 29 Jan. 2008, *Productores de Música de España (Promusicae) v. Telefónica de España SAU*, Case No. C-275/06: *OJ C* 64 dated 8 March 2008, p. 9 (No. 71). For a comment see I. Davies and S. Helmer, “Productores de Música de España (‘Promusicae’) v. Telefónica de España SAU (‘Telefónica’) (C-275/06), 2008 EIPR 2008 307, and from the same authors: “File-sharing and downloading: goldmine or minefield”, 1 *JIPLP* 51 (2009).

¹⁸ Ch. Geiger, “Fundamental Rights as Common Principles of European (and International) Intellectual Property Law”, in: A. Ohly (ed.), “Common Principles of European Intellectual Property Law”, Mohr Siebeck, Tübingen, 2011 (forthcoming).

¹⁹ It is moreover in this spirit that the French legislature has enveloped the implementation of the seizure of counterfeited goods in a certain number of precautions, and that judicial practice checks that the procedure is indeed compatible with the right to a fair trial laid down by Article 6 of the European Convention on Human Rights. On this issue, see Ch. Geiger, “Propriété intellectuelle et droits fondamentaux: une saine complémentarité”, in: “Droits de propriété intellectuelle, Liber amicorum Georges Bonet”, 249 *sq.* (Paris, Litec, 2010).

²⁰ Report, p. 10.

protection across national borders.”²¹ Nevertheless, the European Commission Report is arriving at a time when the harmonisation process does not appear to have been completely finished. The process of implementation in national law was in fact only concluded in 2009, and the Report also admits that that “experience in applying the Directive is limited and only a few court cases have been reported”.²² The Commission also points out that it has not been able to conduct “a critical economic analysis of the impact that the Directive has had on innovation and on the development of the information society, as provided for in Article 18 of the Directive.”²³ Consequently, it might appear premature to consider an amendment of the Directive at this stage.

Moreover, the current negotiations being conducted between the European Commission and a dozen other countries on the Anti-Counterfeiting Trade Agreement (ACTA) should encourage the European legislature to be cautious. In fact, if the final version of the Agreement stated 3 December 2010²⁴ were to be adopted by the European Union, its implementation would very probably involve changes to the legal framework in force, since certain provisions of the ACTA depart from the Directive and the *acquis communautaire* in the field of intellectual property, which will then require a future intervention on the part of the Union legislature.²⁵

3. The scope of the amendment of the legislative framework: on the appropriateness of taking into account the challenges related to the digital environment, specifically the question of file sharing on the Internet

The Report insists on the need to take specific account of the challenges posed by the Internet with respect to the application of intellectual property rights, which had not been taken into account when the Directive was adopted. In particular, the Report raises the question of filesharing of copyright protected content, “which has become ubiquitous, partly because the development of legal offers of digital content has not been able to keep up with demand, especially on a cross-border basis, and has led many law-abiding citizens to commit massive infringement of copyright and related rights in the form of illegal uploading and disseminating

²¹ Report, p. 3.

²² Report, p. 4.

²³ Report, p. 4.

²⁴ The final text can be found at the website of the Directorate General for Trade of the European Commission, which negotiated the Agreement at http://trade.ec.europa.eu/doclib/docs/2010/december/tradoc_147079.pdf.

²⁵ See the “Opinion of European Academics on Anti-Counterfeiting Trade Agreement”, *Journal of Intellectual Property, Information Technology and E-Commerce Law (JIPITEC)* 2011, Vol. 2, at 65.

protected content.”²⁶ The Report concludes that “in this context, the limitations of the existing legal framework may need to be clearly assessed.”²⁷

Although it obviously seems appropriate to continue to reflect on a legal solution to the question of file sharing on the Internet at European level, it is still possible to be very hesitant on the appropriateness of integrating the question of unlawful downloading on the Internet into the development of the text of the 2004 Directive. Admittedly, it is difficult to deny that the Internet creates threats to the protection of intellectual property rights in the digital environment, but one must nevertheless take care not to adopt legislation too quickly in the light of the risk that the provisions implemented might rapidly be overtaken by technological developments. At this stage, it would seem more prudent to observe for a while the manner in which the rightholders adapt their legal offer. This would also permit an evaluation beforehand of the results of certain legislative solutions adopted at national level such as the French HADOPI legislation, initiatives which, moreover, are far from enjoying unanimous support within the European Union²⁸ and whose impact is still at present uncertain.²⁹ The integration of the question of filesharing would hence risk numerous complications, thus preventing progress on other important topics. It is therefore certainly not by accident that “graduated response-type” legal solutions, such as laid down by the recent French legislation, initially envisaged within the framework of the negotiations on the ACTA Anti-Counterfeiting Trade Agreement, were subsequently removed from the text of the Agreement. Furthermore, the Report emphasises the need to review the provisions implemented by the Directive in order to address more specifically the infringement of intellectual property rights that pose a threat to consumer health and safety.³⁰ It is difficult to imagine that file sharing would fall within this category³¹.

²⁶ Report, p. 6.

²⁷ Report, p. 6.

²⁸ See Ch. Geiger, “Honourable Attempt but (ultimately) Disproportionate Offensive against Peer-to-peer on the Internet (HADOPI), A Critical Analysis of the Recent Anti-Filesharing Legislation in France”, *International Review of Intellectual Property and Competition Law (IIC) 2011* (forthcoming).

²⁹ See the papers presented at the conference organised by the University faculties of Saint Louis, Free University of Brussels and the University of Liège on the topic: “What legal response to the downloading of works on the Internet? Belgian and European perspectives”, Free University of Brussels, Brussels, 14 December 2010 (proceedings to be published 2011 by Larcier).

³⁰ Report, p. 4.

³¹ See in this sense Ch. Geiger, “Of ACTA, ‘Pirates’ and Organized Criminality: How ‘Criminal’ should the Enforcement of Intellectual Property be?”, *International Review of Intellectual Property and Competition Law (IIC) 2010*, 629.

One could conclude from these general comments that at present it would appear more prudent to wait until more elements are available before proposing a general amendment of the text of the Directive. This by no means is intended to suggest that everything is working perfectly. Moreover, certain specific comments can already be drawn up.

II. Specific comments

The Report states that there has been an overall improvement in the procedures for enforcing intellectual property rights.³² The adoption of the Directive in fact allows a positive influence to be exercised on the implementation and protection of intellectual property rights in the European Union. In addition to the introduction of new measures, procedures and remedies, the harmonisation process has sensitised judges and practitioners to their role in the implementation of these aspects. In fact, the Directive provides the basis for an improvement of the intellectual property rights protection system, but the effectiveness of the system also depends largely on the involvement of the actors in infringement litigation.

This finding must, however, be qualified by two comments.

The in-depth examination of the texts that implement the Directive in national law first of all reveals significant disparities between the laws of the Member States.³³ The national legislatures have made considerable use of the margin for discretion provided by the Directive and have frequently departed from the Community text.

These disparities are moreover aggravated by diverging judicial interpretation at national level. Certain provisions of the Directive and the implementation texts have in fact given rise to considerable discussion on the conditions and modalities for implementing the measures, procedures and remedies that they contain. The Directive, namely, contains numerous ambiguous and uncertain provisions and frequently makes use of equivocal concepts that involve difficulties of interpretation.

³² Report, p. 2.

³³ See C. Rodà, “Les conséquences civiles de la contrefaçon des droits de propriété industrielle: droits français, belge, luxembourgeois, allemand, anglais”, Thesis under the supervision of J. Schmidt-Szalewski, defended at the CEIPI, University Strasbourg, December 2010 (forthcoming in the CEIPI collection, Litec, 2011).

The Commission Report raises certain difficulties and proposes approaches for reflection, but leaves other problems of application untouched. We shall mention a few of these later as non-exhaustive illustrations.

1. Corrective measures

The European Commission's Report insists on the need to provide more clarity to the application of corrective measures when the infringing goods are no longer in the possession of the infringer but in the hands of a third party.³⁴ In the absence of details on the part of the Community legislature, the question arises whether the recall of infringing products can be effective no matter who holds them. Article 10 consequently gives rise to difficulties relating to *res judicata*.³⁵ In fact, *res judicata* is only relative, “it can neither disadvantage nor benefit third parties”.³⁶ If the persons who hold the infringing products have not yet been sued, the judge cannot impose corrective measures on them. Consequently, the judge can only order the accused infringer to recall the goods which has already been put into circulation in the trade. The question then arises of the manner in which the infringer can comply with this injunction and above all on the measures available to the infringer who encounters a refusal on the part of his purchasers to return these stocks of infringing goods.

2. Damages

The European Commission Report points out that the Directive has not led to an increase in the amount of damages awarded in compensation for the losses resulting from infringements.³⁷ However, it should be pointed out that this situation frequently results from the parties' failings in the administration of the proof of the losses incurred.³⁸ A detailed

³⁴ Report, p. 9.

³⁵ J. Azéma, Marques, “Brevets, dessins et modèles – La défense des droits de propriété industrielle – La sanction de la contrefaçon”, *Lamy Droit commercial* 2010, No. 2429, p. 1099; J. Azéma and J.-C. Galloux, “La loi n° 2007-1544 du 29 October 2007 de lutte contre la contrefaçon”, 2008 *RTD com.* 278, especially at 299.

³⁶ L. Cadiet and E. Jeuland, “Droit judiciaire privé”, 6th ed., Litec, Paris, 2009, No. 728, at 503; S. Guinchard, F. Ferrand and C. Chainais, “Procédure civile, Droit interne et Droit communautaire”, 29th ed., Paris, Dalloz, 2008, at 265 et seq.

³⁷ Report, p. 8 et seq.

³⁸ E. Belfort, “L’indemnisation des préjudices en matière de contrefaçon: la pratique des tribunaux en France”, *RIPIA* 2000, 70; P. De Candé, “Détermination du préjudice-Réticence des magistrats... mais évolution législative en cours...”, *Propri. intell.* 2007, 475; P. Lenoir, “Quelles sanctions pénales et pour quelle efficacité”, in: “La contrefaçon, l’entreprise face à la contrefaçon des droits de propriété intellectuelle”, *IRPI collection*, No. 23, Litec, Paris, 2002, p. 135, esp. p. 141; F. Siirainen, “Propriété intellectuelle, préjudice et droit économique”, Paper delivered at the conference of 23 March 2001 on the topic “Sciences juridiques de l’économie? Un défi

evaluation of all the elements of prejudice is however necessary in order to guarantee an improvement in the compensation of the victims of infringements.

With respect to this finding, the European Commission proposes to explore the means of allocating damages in proportion to the benefits earned by the infringer even if they exceed the actual damage incurred by the rightholder.³⁹ In other words, it is proposing the approach of punitive damages.

Article 13 of the Directive has not been implemented uniformly amongst the Member States. On the more specific question of damages correlated to the benefits generated by the infringement, the national legislations differ. Certain legislatures, notably the Belgian, Luxembourg, German and British legislations, allow the victim of infringements to recover the profits resulting from the infringing activity, in contrast to French law, which does not authorise this. In practice, it can be observed, however, that this measure is not as attractive as it seems and that it is rarely requested by the rightholders.⁴⁰ In fact, it requires the provision of proof that the benefits result exclusively from the infringing activity, which involves serious evidentiary difficulties.⁴¹ The recovery of the profit is moreover frequently subject to proof of bad faith on the part of the infringer in question. This notion, however, involves difficulties and is the object of different interpretations in the Member States and sometimes in the national jurisdictions of one and the same Member State.

pour les économistes et juristes européens!”, Sorbonne Paris I, http://lodef.univ-paris1.fr/rapports/fabrice_siirainen.pdf; M. Vivant, “Prendre la contrefaçon au sérieux”, D. 2009, 1839 (esp. at 1840).

³⁹ Report, p. 9.

⁴⁰ D.-I. Bainbridge, “Intellectual Property”, 7th ed, Pearson Longman, London, 2009, 489; W. Cornish and D. Llewelyn, “Intellectual Property, Patents, Copyright, Trade Marks and Allied Rights”, 6th ed., Sweet & Maxwell, London, 2007, No. 2-43, 79; J. Davis, “Intellectual Property Law”, 3rd ed., Oxford University Press, New-York, 2008, No. 1.24, at 13; His Honour Judge Fysh, A. Roughton, H. Chambers and M. Spence, “The Modern Law of Patents”, 2nd ed., LexisNexis Butterworths, 2005, No. 22.37, at 478; D. Kitchin, D. Llewelyn, J. Mellor, R. Meade, T. Moody-Stuart and D. Keeling, “Kerly’s Law of Trade of Marks and Trade Names”, 14th ed., Sweet & Maxwell, London, 2005, No. 19-143, at 674; P. Meier-Beck, “Les dommages-intérêts pour contrefaçon de brevet en droit allemande”, *Propri. ind.* 2004, No. 11, 11, esp. at 13; G. Moss and D. Rogers, “Damages for Loss of Profits in Intellectual Property Litigation”, *EIPR* 1997, 425; M. Rau, “Damages for patent infringement in Germany”, *RIPIA* 2000, 78; C. Smith and M. Ridgway, “Compensation for Patent Infringement in the UK”, *Mitt. der deutschen Patentanwälte* 7/2006, 310, esp. at 312.; P. Torremans, “Holyoak and Torremans intellectual property law”, 5th ed., Oxford University Press, 2008, at 588.

⁴¹ M. Rau, “Damages for patent infringement in Germany”, *supra*, at 78.

For the rest, the creation of a system that is excessively repressive within a space of freedom of trade and competition cannot be without consequences.⁴² As has already been emphasised above, intellectual property rights are exceptions to the principle of free competition. The introduction of rules that are too strict is capable of unjustifiably impeding the rightholder's competitors. It would be appropriate to try to reconcile the interests of all the economic operators, but this object is difficult to achieve within a civil system that is too repressive.

The alternative of lump-sum damages proposed by Article 13(1)(b) of the Directive appears more attractive in that it mitigates the evidentiary difficulties involved by other means of evaluating damages⁴³. Article 13(1)(b) requires the Member States to ensure that the judicial authorities can decide to “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 rights in question.” Nevertheless, certain questions remain as to the interpretation of this text. It would be appropriate to specify what the Community legislature means by the term “appropriate cases” in which the judicial authority can have recourse to this form of compensation. It would then be appropriate to determine whether other elements could be taken into consideration such as the financial losses or moral prejudice, for example. Finally, it would be appropriate to determine the question of the possibility of increasing the rate of the lump sum payment to prevent the infringer being treated in the same way as an ordinary licensee.⁴⁴

Apart from the question of punitive damages, the interpretation of the Directive raises important questions of the conditions for assessing the infringer's liability, specifically that relating to the intentional character of the offence that he has committed.⁴⁵ Article 13(1) of the Directive lays down that only “the infringer who knowingly, or with reasonable grounds to

⁴² J. Schmidt-Szalewski, “La détermination des conséquences civiles de la contrefaçon selon le projet de loi de lutte contre la contrefaçon”, *supra*, esp. at 13; M. Vivant, “Prendre la contrefaçon au sérieux”, *supra*, esp. at 1840: “One might hope to see counterfeiting justly compensated as is the case here, and not fall into a delirium of excessive protection that ultimately delegitimizes the topic”

⁴³ H. Marshall, “Le contentieux de la contrefaçon de brevets en Allemagne”, in: “La défense des droits de la propriété industrielle en Europe, aux États-Unis et au Japon. Mélanges offerts à Dieter Stauder”, CEIPI collection, Presse universitaire de Strasbourg, 2001, 59, esp. at 85; P. Meier-Beck, “Les dommages-intérêts pour contrefaçon de brevet en droit allemande”, *supra* esp. at 13.

⁴⁴ J. Azéma, Marques, “Brevets, dessins et modèles – La défense des droits de propriété industrielle – La sanction de la contrefaçon”, *Lamy Droit commercial* 2010, No. 2427, p. 1098; J. Azéma and J.-C. Galloux, “La loi n° 2007-1544 du 29 October 2007 de lutte contre la contrefaçon”, *supra*, esp. at 298; J. Raynard, “L’évaluation de l’atteinte au droit – La Directive 2004/48 du 29 April 2004”, in: “La valeur des droits de propriété industrielle”, CEIPI collection, Paris, Litec, 2006, at 95, esp. at 109.

⁴⁵ C. Rodà, “Les conséquences civiles de la contrefaçon des droits de propriété industrielle: droits français, belge, luxembourgeois, allemand, anglais”, *supra*, No. 182 et seq.

know, engaged in infringing activity” can be ordered to pay damages to the victim of the infringement. German and English law impose this condition, unlike French, Belgian, Luxembourg and Benelux law, which are indifferent to the good or bad faith of the infringer. This legislation is not, however, in conflict with the Directive, Articles 2(1) and 16 allowing the Member States to lay down stricter measures against the infringer. Nevertheless, it follows from these differences that the infringer is treated differently depending on the Member State in which he is prosecuted, which undeniably risks contributing to increasing the problem of forum shopping.

3. Costs

The European Commission's Report does not reflect the question of the costs, which nevertheless poses difficulties in practice and is the subject matter of differences between the legislations of the Member States. Article 14 of the Directive requires Member States to 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”. In this article, the Community legislature uses the general terms of “reasonable and proportionate legal costs” and “equity”, without being specific as to their meaning. The interpretation of these terms varies between the Member States. Moreover, legal action against an infringement gives rise to considerable costs, the reimbursement of which is not permitted in all the Member States. The objective of harmonisation has thus not been achieved on this aspect. It would be appropriate to provide more specific details on this point.

4. Right of information

As the European Commission Report emphasises, the main difficulty concerning the exercise of the right of information is to be found in the need to maintain a fair balance between the right of information and the legislation on the protection of privacy. Article 8 of the Directive lays down that an order to provide information can only be issued “in response to a justified and proportionate request of the claimant.” The question that arises is whether the personal nature of the details required could be capable of constituting an obstacle to the production of documents and information. As the European Commission's Report states, the ECJ has ruled on this question in its decision in *Promusicae* dated 29 January 2008 in the field of

copyright.⁴⁶ The solution adopted by the Court is worth considering in that its effect is not to paralyse the exercise of the right of information, which permits specifically the judge to require the production of the “names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or the services, and the recipient wholesalers and retailers”.⁴⁷ Nevertheless, when the judge orders the production of personal details, he is required to guarantee, applying Article 3(2) of Directive 2004/48/EC, that there is no “abuse”.

The right of information, however, raises another difficulty which is to be found in the moment of the exercise of this right.⁴⁸ The question is namely whether the right of information can only be exercised against an “infringer” or against an “alleged infringer”. Since the Community legislature refers to the person of the “infringer”, it might be concluded that the right of information could only be exercised after the judge has held the infringement to be proven. However, this question is the subject of different applications in the Member States and sometimes even within the same Member State, specifically in France. The Benelux law on trademarks and designs and the Belgian and Luxembourg laws on patents lay down that the right of information can only be implemented once the judge has ruled on the merits of the existence of the infringement, while German and English law permits its exercise during the preparation of the case and even before the judge in interlocutory proceedings. In French law, the discussions are continuing on this point and case law varies. This fundamental question undoubtedly relates to the problems of abuse that can arise in combatting infringements, specifically that of the abuse of the action for infringement by intellectual property rightholders. It is not unknown for the rightholders to use the right of information in order to get access to the defendant's business secrets. Nevertheless, delaying too much the moment of the production of information can also aggravate the risk of the disappearance of evidence. A response by the European Commission on this point would permit to put an end to the serious differences that exist between the legislations of the Member States.

CONCLUSION

⁴⁶ ECJ, 29 January 2008, Case No. C-275/06, *supra*.

⁴⁷ J. Passa, “Traité de droit de la propriété industrielle”, Vol. 1, 2^e ed., L.G.D.J., Paris, 2009, n° 453-1, at 652.

⁴⁸ C. Rodà, “Les conséquences civiles de la contrefaçon des droits de propriété industrielle: droits français, belge, luxembourgeois, allemand, anglais”, *supra*, No. 474 et seq.

In the light of the ideas developed in this analysis, it is possible to conclude that a general amendment of the text of the Directive would at the present moment be premature and that precipitated action would not appear appropriate in this matter. Nevertheless, it would be necessary to resolve the differences of interpretation raised by the present comment. These difficulties involve disparities in the national legislations which are detrimental to the objective of harmonisation pursued by the European Commission. The intervention of the European Court of Justice by means of a preliminary question could namely prove necessary to guarantee the effectiveness of the process of harmonisation.

In the meantime, it would be appropriate to pursue the work within the European Union with the aim of improving the harmonisation of intellectual property rights. Moreover, refraining from acting under pressure would also permit the future development of the Community text to be based on serious economic analyses and on impact studies, thus permitting an estimate of the probable impact of the legislative action on the promotion of innovation and research and on the improvement of competitiveness.⁴⁹ Comparative law analyses could likewise prove useful. These analyses would serve to bring out the existing differences between the national legislations concerning civil remedies for the infringement of intellectual property. They would also play a role while interpreting the Directive, the latter being based on measures that were already contained in the legislations of certain Member States and which have been held to be the most efficacious and the most appropriate for combating infringements.

Finally, it would be appropriate to pursue the study of projects aimed at setting up specialised jurisdictions with exclusive competence for ruling on litigation on intellectual property right infringements within the European Union.⁵⁰ The creation of such jurisdictions would be a fundamental step forward in the development of a European judicial space and would guarantee a harmonisation of procedures, measures and compensation within the European Union.⁵¹ There is still much to be done in order to construct a truly European intellectual

⁴⁹ See Ch. Geiger, "The Construction of Intellectual Property in the EU: Searching for Coherence", Paper presented at the conference organised by the CEIPI within the framework of the EIPIN network on "Constructing European IP: Achievements and New Perspectives", Strasbourg, European Parliament, 24 February 2011 (proceedings forthcoming by Edward Elgar in the EIPIN Series).

⁵⁰ For the field of patents, see the papers presented at the conference organised by the CEIPI on the topic "Towards a European Patent Court", European Parliament, Strasbourg, 16 and 17 April 2010 (www.ceipi.edu).

⁵¹ See in this sense also J. Drexler, R. Hilty and A. Kur, "Proposal for a Directive on Measures and Procedures to Ensure the Enforcement of Intellectual Property Rights – A First Statement", IIC 2003, 530. On the need to launch "a huge reorganisation of European industrial property litigation under the auspices of Community law", see B. Warusfel, "La juridictionnalisation du droit européen de la propriété industrielle", in: "Droits de propriété intellectuelle, Liber amicorum Georges Bonet", Paris, Litec, 2010, 533 (spéc. at 543 et s.), and, in the same

property law and many tasks have still to be commenced. It seems that the time is ripe to set the priorities.⁵²

spirit, in the same volume, N. Binctin, “Pour un Code communautaire de la propriété intellectuelle”, 51 (esp. at 63 et seq.).

⁵² See Ch. Geiger, “The Construction of Intellectual Property in the EU: Searching for Coherence”, *supra*, and from the same author: “L’Europe de la propriété intellectuelle: une construction cohérente?”, in: H.-P. Götting and C. Schlüter (eds.), *Nourriture de l’esprit, Festschrift für Dieter Stauder*, 60 (Nomos, Baden-Baden 2011).