



ETiDOP[®]

Egyptian Trademarks and Industrial
Designs Office Project

Enforcement Tool Kit for SMEs in terms of IP Protection





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Introduction

- Enforcement is the third pillar of any effective IP protection system together with an adequate legal framework ensuring high standards of protection and awareness among officers in charge of the implementation and the public at large.
- In case of a dispute with a user of your IP right and if there is no possibility to resolve the dispute in an amical way, then you need to enforce your rights and with the assistance of a lawyer take some action by using enforcement procedures.
- Such procedures shall permit effective action against infringement, expeditious remedies to prevent infringement, deterrence to further infringement and they should not be unreasonably complicated and costly, or with time limits that do cause unwarranted delays.



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Different categories of enforcement procedures

Enforcement procedures may be divided into the following categories:

civil remedies;

criminal sanctions;

border measures; and

administrative sanctions



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Purpose of civil remedies

- The **overall purpose of civil remedies** is to restore the aggrieved (injured) party to the position they were in prior to the infringement.
- The **most common remedy** used is **damages**.
- However, the court can also grant injunctions as to desist from the infringement, produce evidence or dispose out of commerce channels etc.
- A civil remedy is generally separate from a criminal remedy, although in certain situations the civil and criminal remedy may be related. Civil remedies require the cooperation of the victim and are voluntary.



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Civil remedies

- Evidence: production of evidence by the opposing party
- Injunctions for party to desist from infringement
- Damages must be adequate to compensate for injury
- Disposal of infringing goods from the channels of commerce
- Orders to infringers to inform about channels of distribution of infringing goods
- Beneficiaries of sanctions and remedies are the original holders of intellectual property rights, licensees and successors in title, collecting societies and professional defense bodies.



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Provisional measures must be available

- Speed is often of the essence in intellectual property cases. Immediate and quick actions are often necessary in order to avoid considerable harm to the rightholders interests.
- To prevent an infringement from occurring and in particular to prevent the entry into channels of commerce of infringing goods
- To preserve relevant evidence in regard to the alleged infringement
- Must be available *inaudita altere parte* where appropriate, 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.



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Evidence/Preservation of evidence

- Production of evidence in control of the opposing party.
- Communication of banking, financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.
- Measures to preserve the evidence may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and in appropriate cases, the materials and implements used in the production and/or distribution of these goods and the documents relating thereto.
- *Inaudita altera parte*



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Right of Information

- Possibility to trace the origin and the distribution networks of the goods or services which infringe an intellectual property right.
- In the context of infringement proceedings, on basis of “justified and proportionate request of the claimant” the competent judicial authorities may order the infringer or any other person who, for commercial purposes, is involved in the infringement (including) the intermediaries to disclose the network of piracy.
- The type of information consists of names, addresses, quantities and prices
- Safeguards are prescribed for the defendant such as the respect of rules on use of information in civil/criminal proceedings, the protection of confidentiality of information or the processing of personal data and the prevention of self-incrimination.



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Corrective Measures

- Recall from the channels of commerce;
- Definitive removal from the channels of commerce ; or
- Destruction
- Carried at the expenses of the infringer, **unless particular reasons are invoked for not doing so**



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Final Injunctions

- Possibility to issue an injunction against the infringer with the aim of prohibiting the continuation of the infringement.
- Where provided for by the national law, non-compliance with the injunction shall, where appropriate, be subject to recurring penalty payment, with a view to ensuring compliance. The amount of this fine ranges between EUR 3000 and EUR 10000. Moreover, the Court in case of violation of cease and desist order may issue a judgement for the imprisonment of the defendant up to 1 year.
- The injunction can be served on intermediary whose services are used by a third party to infringe an intellectual property right.



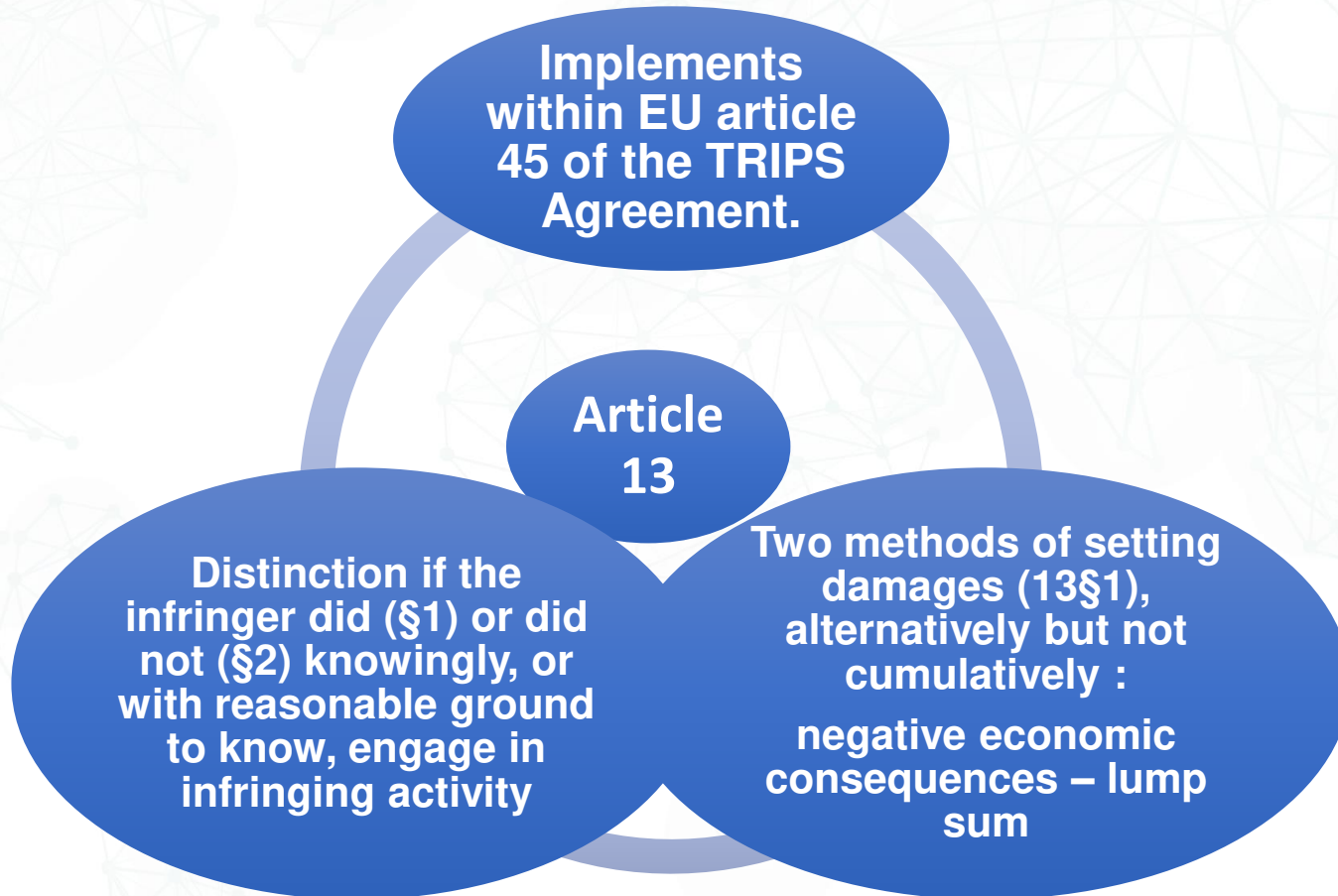
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ITDA
Internal Trade Development Authority
جهاز تنمية التجارة الداخلية



Enforcement Directive 2004/48





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Article 13 Damages

**Intentional or
negligent infringer
(13§1)
MANDATORY**

- **Setting
damages**

**Negative
Economic
Consequences
OR
Lump Sum**

**Acting in good
faith
(13§2)
OPTIONAL**

- **Ordering**

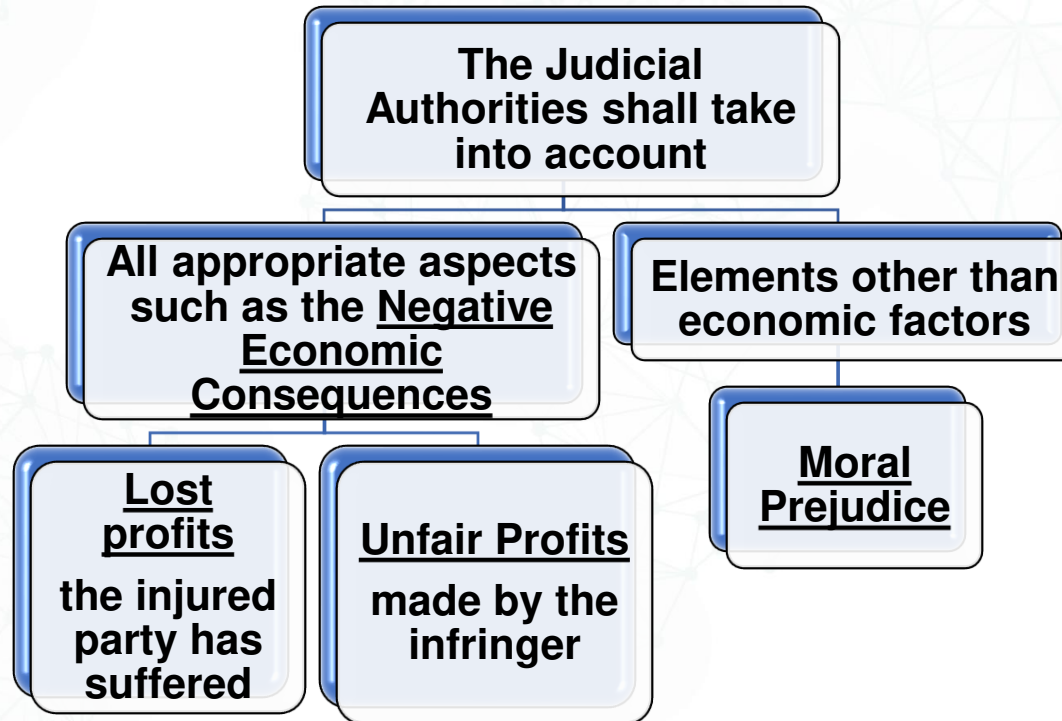
**Recovery of Profits
OR
Payment of (pre-
established)
damages**



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Setting Damages... article 13§1 (a)





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Negative Economic Consequences

1. Lost profits which the injured party has suffered

- Lost of profits are usually defined as **profits which would have been earned by the rightholder, in the absence of the infringement, or which would have been justifiably expected.**
- Lost of profits is **difficult to prove**. Sometimes is unclear if the price of the original product or the price of the pirated product should be taken into consideration. The courts often find it difficult to assess lost profits precisely and therefore the courts decide into an *ex aequo et bono* evaluation. Lost profits may also be determined by experts.
- As to the factors used to undertake the calculation of lost profits, it is often the net profit that is taken into consideration. The number of infringing products is multiplied by a price per product as determined by the court.



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Negative Economic Consequences

2. Unfair profits made by the infringer

- *Not so attractive measure as it seems...*
- *It is **rarely requested** by the right holders*
- *Infringer may sometimes make higher profits with the infringing products than the rightholders and it is difficult for them to prove that they would have earned the same profits as the infringers particularly where the infringers offer their products under conditions that significantly differ from those of the legal channels.*



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Negative Economic Consequences

3. Moral Prejudice

- These moral damages have **nothing to do** with the moral right.
- Prejudice on rightholder's **image or reputation**



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Setting Damages... article 13§1 (b)

The Judicial Authorities may in appropriate cases

Set the damages as a lump sum

Basis: at least the amount of royalties/fees which would have been due if the infringer had requested authorization to use the IPR in question.

Usually in national laws this amount is higher in order to dissuade the action of the infringers and to cover the expenses for their identification and research.



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Alternative :

Appropriate remuneration for a fictitious license

- ✓ If there is not an agreed royalty rate or where it is difficult to determine precise rates, an estimated average royalty related to the specific type of business involved is used
- ✓ **More attractive** as a measure because it mitigates the evidentiary difficulties involved by other means of evaluating damages.
- ✓ **Mainly used** in practice



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Damages for trademarks infringement under Greek Court practice

- Under Greek court practice, damages are only rarely awarded or even invoked by claimants, because of the difficulty to prove the volume of the loss suffered and to make a proper and convincing qualification of it.
- So, damages for moral prejudice are usually awarded. Courts have discretion as to the amount of damages and usually damages range between EUR 10000 and EUR 30000 depending on the financial position of the defendant and on whether intent for infringement can be established.



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Criminal Sanctions

- **Criminal sanctions** are intended to punish those who carry out infringements of particular gravity, such as willful acts of piracy committed on a commercial scale, and so to deter further infringement.
- The purpose of punishment is achieved through fines and prison sentences consistent with the level of penalties applied for crimes of corresponding seriousness, particularly for repeat offenses.
- Deterrence is also served, as in civil proceedings, by orders for the seizure and destruction of infringing goods and of materials and equipment used predominantly to commit the offense.



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Criminal intent is an essential element of IP crimes

- IP crimes require specific intent which usually falls into one of three categories: either the defendant intends to cause a certain bad result, the defendant intends to do something more than commit the criminal act, or the defendant acts with knowledge that his or her conduct is illegal.
- Culpability is recognised only in the cases where the infringer acted **purposely, knowingly, or recklessly**.
- For all 3 kinds of criminal intent, it is required specific and substantiated justification and **criminal intent can never be presumed**. The prosecution must prove beyond a reasonable doubt for conviction the criminal intent based on sufficient circumstantial evidence. Thus, criminal intent cannot be presumed for instance from the fact that the infringer is a professional or a specialist as it is usually the case for these types of crime.



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Reasons for raising the culpability of the infringer

- 3 types:
 - a) **Lack of awareness of the culpable character of the act**
 - b) **Error in law**
 - c) **Lack of other option**
- Most of court cases are related to the error in law and concur that such error cannot be accepted in case of an infringer who is **professional with high educational and cultural background**. This is especially the case for those **professions related to IPR-intensive industries**. It differs from the cases of professions that have little to do with IP (example owner of coffee store that she used music without autorisation at her shop to celebrate the birthday of her husband).



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Importance of administrative sanctions

Policemen are disengaged, because of the raising of the culpable character; thus, the long-lasting criminal hearing will not take place anymore.

The government obtains prompt and important revenue, which is a clear public income.

It discourages people to infringe IP rights, because it establishes a direct way of punishment.

It motivates state authorities to take action, thus the piracy and counterfeiting rates will be reduced.



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Border measures

Border measures are different from the enforcement measures described so far in that they involve action by customs authorities.

Border measures allow right owners to request that customs authorities suspend the release into circulation of goods suspected of infringing copyright.

This is intended to give right owners a reasonable time to commence judicial proceedings against the suspected infringer, without the risk that the alleged infringing goods will disappear into circulation after customs clearance.



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Types of border measures

- Typically, right owners must meet certain requirements such as to:
 - (a) satisfy the customs authorities that there is *prima facie* evidence of infringement;
 - (b) provide a detailed description of the goods so that they can be recognized; and
 - (c) provide security to indemnify the importer, the owner of the goods and the customs authorities in case the goods are found to be non-infringing.
- Following the detention of the goods by Customs, the right holder will typically apply to the court for provisional measures to prevent the release of the goods into the market, pending a final decision on the claim of infringement.
- There are also in EU 2 simplified procedures of destruction: a **general one** and a **simplified procedure for destruction with respect to small consignments**.



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Main purpose of border enforcement

- The **rationale** behind the system:
- *Enforcing IPRs at the border, wherever the goods are, or should have been, under “customs supervision”... makes good use of resources. Where goods detained by Customs at the border, one legal proceeding is required, whereas several separate proceedings would be required for the same level of enforcement for goods found in the market, which have been disaggregated and delivered to retailers.*