

The public consultation on the evaluation and modernisation of the legal framework for the enforcement of intellectual property rights

A. Background

In its Communication on a Digital Single Market Strategy for Europe¹, adopted on 6th May 2015, the Commission committed to undertake a set of targeted actions which aim to foster the cross-border digital economy but also to ensure a safe online environment for business operators and consumers. Among the concrete actions envisaged is the modernisation of enforcement of intellectual property rights, focusing on commercial-scale infringements (the 'follow the money' approach) and its cross-border applicability.

While this initiative was announced in the context of the upcoming copyright reform, the approach of the Commission in this regard is horizontal. Enforcement is a matter of utmost importance not only for copyright but also for all other types of intellectual property rights, such as patents, trademarks or designs. The Single Market Strategy², adopted on 28th October 2015, reiterates the objectives the modernisation of enforcement of intellectual property rights, emphasising the Commission's horizontal approach to IPR enforcement and the need to strengthen the protection of all intellectual property rights, and pays specific attention to assisting SMEs in enforcing their IP rights.

Directive 2004/48/EC on the enforcement of intellectual property rights (IPRED) is a legislative instrument whose overall aim is the better functioning of the internal market. It approximates the laws of the Member States in the area of civil enforcement of Intellectual Property Rights (IPR). It sets down minimum harmonisation rules on measures and remedies available to rightholders in order to enforce their IPRs, meaning that Member States can provide for greater protection if they so choose. IPRED covers all types of rights, notably copyright, trademark, patent and design. Specifically as regards copyright, it complements Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society.

In July 2014 the Commission adopted an IPR enforcement action plan³, in order to establish a new consensus on the enforcement of intellectual property rights, and re-orientate its policy for intellectual property enforcement towards a better compliance of IP rights by all economic actors. The actions⁴ set out in this Action Plan pave the way towards a “follow the money approach”, focusing on commercial scale infringers and seeking to deprive them of the revenue flows that draw them into such activities.

¹ COM (2015) 192 final

² Communication from the Commission "Upgrading the Single Market: more opportunities for people and business" (COM(2015) 550 final)

³ COM(2014)0392 final

⁴ http://europa.eu/rapid/press-release_MEMO-14-449_en.htm?locale=en

The action plan proposed a number of actions aiming at improving the enforcement of IPR. It did not tackle the question whether the EU legislative framework for the enforcement of IPR, and in particular IPRED, is still fit for purpose.

- In response to the action plan, the Council⁵ recalled that several aspects of IPR enforcement not contained in the Action Plan were previously identified as raising questions, including the use of tools available to identify IPR infringers, the role of intermediaries in assisting the fight against IPR infringement and the allocation of damages in IPR disputes, and encouraged the Commission to consider all possible options to address these matters.
- The European Parliament⁶ for its part called on the Commission to come up with a detailed assessment of the limitations of the current legal framework as regards online activities and, if appropriate, with proposals for adapting the EU legislative framework to the internet environment.

On the ground, IPR infringements on a commercial scale (where the infringer makes profits abusing the right holder's investment) remain at a high level, dissuading investment in innovation and creativity. A recent Europol/OHIM report concludes that while the exact scope and scale of the counterfeiting business is not known it is probably fair to assume that the reality exceeds all estimates and projections. It is estimated that the perfumes and toilet preparations sector alone loses approximately €4.7 billion of revenue annually due to the presence of counterfeit cosmetics (perfumes, beauty and make-up) and other personal care products (7.8% of the sector's sales) and that the clothing, footwear and accessories sector loses revenues of €26.3 billion annually (9.7% of the sector's sales) due to counterfeiting. Value losses due to piracy in the creative and cultural industries are estimated to be in the range of about EUR 35 to almost EUR 50 billion and cumulative job loss between 200,000 and 1 million jobs over the period 2008-2011. IPR infringements on a commercial scale are facilitated by the inherent cross-border nature of the internet, the increasing reliance on cross-border supply chains, the remaining differences in national IP enforcement systems, and the speed with which commercial-scale infringers can change the sources and location of their infringing activity.

B. Consultation objectives

Against this background, the time has come to evaluate if the provisions of the Directive are still fit for purpose. This consultation aims to help assessing the functioning of IPRED in the online environment, with a view to identifying the possible need for adapting such provisions and to propose corrective measures, focusing on commercial-scale infringements (the 'follow the money' approach) and cross-border applicability and in full respect of fundamental rights. Previous consultations⁷ led to the conclusion that a number of key provisions of the Directive,

⁵ Conclusions of the Council of the European Union of 5 December 2014 on IPR enforcement

⁶ Report of the European Parliament of 9 June 2015 "Towards a renewed consensus on the enforcement of Intellectual Property Rights: An EU Action Plan"

⁷ See http://ec.europa.eu/internal_market/consultations/2011/intellectual_property_rights_en.htm and http://ec.europa.eu/internal_market/consultations/2012/intellectual-property-rights_en.htm

such as the right of information, the application of injunctions or the calculation of damages, might not function properly or do not deliver the expected results, in particular in the online environment and in a cross-border context. Beyond the evaluation of the current directive (REFIT) the consultation addresses a number of issues, such as the role of intermediaries in IPR enforcement or the specialisation of courts, which are currently not dealt with by the directive but might be taken up in any future initiative in order to modernise the enforcement of IPR.

The consultation consists of 6 different set of questions for the different relevant stakeholder groups (rightholders, defendant undertaking, intermediaries, Member States and public authorities, judiciary and legal profession and consumers and civil society). The consultation will gather experience on the use and impact of IPRED and also seek views and opinions from those concerned with the application of the Directive on its functioning and the possible need for amendments.

The public consultation is available in 6 languages (DE, EN, ES, FR, IT, PL). Respondents can reply in any of the official EU languages.