

## § 5 Aspects of enforcement of IP rights in the Baltic countries in view of the implementation of the EU Enforcement Directive

### A. *EU Enforcement Directive: idea, objectives and scope of application*

#### I. *Brief review on the adoption of the Directive*

Overview of the genesis of the Enforcement Directive, its objectives in view of other international standards in the field of the enforcement of IP rights, its scope and content of its provisions are necessitated by the aim to comprehensively examine the implementing provisions set out in the Baltic legislation. Therefore, before starting to analyse the implementation of the Directive in the corresponding jurisdictions – Lithuania, Latvia and Estonia – it is first focused on the aim and the content of the Enforcement Directive.

1. Commission's Proposal for a Draft Enforcement Directive: between support and critique
  - a) Supportive positions

The final text of the Enforcement Directive was adopted by the European Parliament and the Council on 29 April 2004<sup>330</sup> after the expressed active support, but also strong criticism regarding the Commission's Proposal for a Draft Enforcement Directive in 2003<sup>331</sup>.

The active support for adopting a directive on enforcement of IP rights mainly came from various groups of interested circles such as IP right holders and their associations<sup>332</sup>, also the European Economic and Social Committee which in general

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330 OJ L 195, 2.6.2004, pp. 16-25.

331 Proposal for a Directive of the European Parliament and of the Council on Measures and Procedures to Ensure the Enforcement of Intellectual Property Rights: COM (2003) 46 final, January 30, 2003 (hereinafter – the “*Commission's Proposal for a Draft Enforcement Directive (2003)*”).

332 E.g., BSA, the association consolidating the leading software manufacturers, welcomed the adoption of the Directive, but remained concerned that it felt short of introducing measures that would reduce software piracy in the EU, by pointing out, especially, the two-tier enforcement system (distinction between serious and not serious IP rights infringements) that had been introduced in the draft Enforcement Directive. The initial BSA's position was also supported by other IPRs associations such as IFPI, GESAC, MPA and others. The associations such as BSA, IFPI have their representatives in the Baltic countries. See *BSA Comments on a EU Draft Enforcement Directive (May 2003)*. It was, however, criticised that statistics and information provided by such associations to the Commission, while lobbying for an adoption for such directive were tendentious and quite unilateral, as also observed in *Hye-*

welcomed such EU-wide instrument in the field of IP enforcement<sup>333</sup>. The supportive voices reasonably referred to the high piracy and counterfeiting rate in Europe<sup>334</sup> and other issues that were increasingly evident due to pirated products in the Internal Market such as decrease of employment rate in IP-related sector, tax losses, impediments to development of innovation, business, cultural sector, threats to consumer protection and health considerations. It has been supportably expressed that, in view of the EU expansion, it was necessary to create an adequate level of enforcement of IP rights by harmonizing enforcement measures within the EU by extending to all Member States the best practices of one another<sup>335</sup> and with the special focus on the countries in which enforcement was the weakest.

The European Parliament's support was initially expressed by adopting a resolution on the subject<sup>336</sup> and later providing certain amendments to the Commission's Proposal in which it has been especially pointed out that, *inter alia*, procedures, measures and penalties should be applied in gradual and proportionate way considering the circumstances of each case of IP infringement<sup>337</sup>.

Last but not least, the advocacy for the Proposal for an Enforcement Directive was also expressed by the Governments of the then EU Member States<sup>338</sup> as well as newly EU acceding countries<sup>339</sup> which considered an adoption of a directive on enforcement of IP rights being a very important tool to strengthen the protection of those rights in their jurisdictions.

## b) Criticised aspects

On the other hand, the Commission's Proposal for a Draft Enforcement Directive was strongly criticised<sup>340</sup> by pointing out the issues such as, *first*, a constitutional basis for a directive in general by referring to the principles of subsidiarity and pro-

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*Knudsen*, Marken-, Patent- und Urheberrechtsverletzungen im europäischen Internationalen Zivilprozessrecht, pp. 227-229.

333 See *Explanatory Memorandum of the Commission's Proposal for a Draft Enforcement Directive (2003)*, p. 4.

334 In 2003 the piracy rate in the EU (e.g., in software sector) was 37 %, as indicated in *BSA/IDC 2007 Global Software Piracy Study*.

335 See *Massa, Strowel*, *The Scope of the Proposed IP Enforcement Directive*, p. 245.

336 OJ C 41, 7.2.2001, p. 56.

337 The amendments were actually prepared by the Committee on Legal Affairs and the Internal Market of the European Parliament. See *Fourtou Report (2003)*, p. 6.

338 See *Explanatory Memorandum of the Commission's Proposal for a Draft Enforcement Directive (2003)*, p. 3.

339 E.g., as seen from the Explanatory Letter of the Amendments to the Lithuanian Copyright Law in 2006 which can be found in the legal database of the *Seimas* (OV), the Government of Lithuania, namely, the Ministry of Culture, very much welcomed the implementation of the Directive by pointing out the issues that could be solved by having such EU-wide legal instrument in the field of enforcement of IP rights in Lithuania. The support has been generally expressed by Latvian and Estonian Governments as well.

340 The critical position was supported by a number of prominent academics as listed following the opinion in *Cornish et al.*, *Procedures and Remedies for Enforcing IPRs: The European Commission's Proposed Directive*, p. 449.

portionality by virtue of Article 95(1) of the EC Treaty and already existing provisions of the signed TRIPS Agreement on enforcement of IP rights<sup>341</sup>. *Second*, the scope of application of the proposed Directive, which since its first draft brought a certain confusion, if not “an awkward division”, as argued<sup>342</sup>, regarding a separation between so-called “serious” infringements (committed wilfully and/or fraudulent for *commercial purposes* or those having a *significant harm*<sup>343</sup>) and other infringements carried out on negligent or harmless basis, received a lot of critique as well.

Moreover, the Commission’s Proposal for a Draft Enforcement Directive, containing many vague and abstract provisions, covered all IP rights. As can be observed, the Commission did not actually consider the special nature of some of IP rights and related issues which had been addressed by the European Parliament while providing the amendments to the Commission’s Proposal<sup>344</sup>. By referring to the unique technical subject-matter of patent law or distinct procedural rules regarding them, it was noted that patents or Community rights such as plant varieties, trade marks, registered and unregistered designs were to be examined with more scrutiny while drafting the Directive. The possible establishment of a common system of adjudication, unitary catalogue of procedural measures, sanctions and remedies had to be duly discussed as far as Community rights were concerned.

The critical attention was also brought to the fact that the Draft Enforcement Directive could induce a possibly painful intervention into the national civil, administrative and especially criminal procedural systems of the Member States (as the initial Draft Directive covered criminal means as well), considering the fact that a precise scrutiny of the characteristics of those systems, a comprehensive revision of their legal traditions, and analysis of actual data in various European markets had not been done prior to the Commission’s Proposal, although such necessity had been mentioned by the Commission itself<sup>345</sup>. Local resources of IP protection which were available or not available to IP right holders or competent authorities have not been likewise addressed in a complex manner. The Commission actually referred to the legal situation in the Member States in its Explanatory Memorandum<sup>346</sup>; however, references were sporadically focused on some civil enforcement institutes which varied from country to country, but not on the legal traditions and IP enforcement situation in each of them<sup>347</sup>.

Most importantly, taking the planned expansion of the EU at that time into account, no references have been made regarding, at least, general characteristics of

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341 See further discussion in *infra* § 5A.I.2.

342 See *Cornish et al.*, *Procedures and Remedies for Enforcing IPRs: The European Commission’s Proposed Directive*, p. 447.

343 See further discussion in *infra* § 5C.II.2.

344 See *Fourtoun Report (2003)*, pp. 6, 25.

345 See *Explanatory Memorandum of the Commission’s Proposal for a Draft Enforcement Directive (2003)*, p. 15.

346 See *Ibid.*, pp. 12-15.

347 See also *refs.* regarding necessity to evaluate empirical data at issue in *Straus*, *The Impact of the New World Order on Economic Development: The Role of the IPRs System*, pp. 48 et seq.

the legal systems and legal traditions of the newly acceding Member States, also the Baltic countries, especially considering the fact that those states were mainly part of the Soviet law tradition and were still facing many relicts of it, especially when local enforcement infrastructure had to be taken into consideration.

Furthermore, since the Commission's Proposal, in which the aim to combat counterfeiting and piracy by "harmonizing national legislation on the enforcement of intellectual property rights" was actively advocated on the basis of the Commission's Green Paper of October 15, 1998 on "Combating Counterfeiting and Piracy in the Single Market"<sup>348</sup> and its Action Plan of November 30, 2000<sup>349</sup>, the proposal for an Enforcement Directive immediately faced a conceptual tension between its two actual objectives<sup>350</sup>: *first*, being an instrument to combat piracy and counterfeiting (however, omitting to provide any definitions of those phenomenon<sup>351</sup>) and, *second*, being a harmonisation tool for IP measures and remedies (as it was primarily planned, covering civil remedies and criminal measures, also administrative means) in IP infringement cases as far as all IP rights were concerned<sup>352</sup>.

c) Adopted EU Enforcement Directive: tension remained?

The tension, unfortunately, has not been escaped even after the adoption of the final text of the Enforcement Directive for the following aspects. After the deletion of the initially drafted criminal provisions and technical protection measures (which was a logical legal decision, indeed) and focus on civil proceedings only, the Directive seemed to lose its primary idea to fight against piracy and counterfeiting, if not its significance and necessity at all. This argument can be supported with the frequently expressed position that criminal measures and sanctions are in many cases more effective to stop and prevent piracy and counterfeiting, especially those being organized crimes<sup>353</sup>, than the civil substantive and material means<sup>354</sup>. The efficiently working regulatory and administrative enforcement infrastructures also play a big role in the fight against piracy and counterfeiting. The Directive does not harmonize any aspects of those infrastructures (it is assumed that such harmonization would be overambitious, though)<sup>355</sup>.

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348 COM (98) 569 final.

349 COM (2000) 789 final.

350 See *Massa, Strowel*, The Scope of the Proposed IP Enforcement Directive, pp. 244–246.

351 See discussion in *Ibid*, p. 245.

352 See Recital 13 of the *Commission's Proposal for a Draft Enforcement Directive (2003)*, p. 28.

353 The link between counterfeiting and piracy and the criminal economy is broadly discussed in *Blakeney*, Counterfeiting and Piracy in the EU: Overview, pp. 10–14.

354 See also *WIPO*, the Enforcement of Intellectual Property Rights by Means of Criminal Sanctions: An Assessment; also IP Watch, *EU Seeks Stronger IP Enforcement at Every Level*; as well as *Gervais*, The TRIPS Agreement: Drafting History and Analysis, p. 327; and *Massa, Strowel*, The Scope of the Proposed IP Enforcement Directive, p. 245.

355 Chapter IV of the Enforcement Directive only refers to codes of conduct and administrative cooperation between Member States and the Commission.

In general, the Enforcement Directive, as finally adopted, contains many broad and vague, also a number of optional provisions which can arguably weaken its desired harmonizing objectives and effect. Importantly, special attention has not been finally paid to different types and characteristics of IP rights or expressed critical points as far as Community rights were concerned. Hence, certain confusion has been left which, on the other hand, opened possibilities for different interpretations of the provisions of the Directive by the national legislators and the national courts<sup>356</sup>.

2. Relation between the Enforcement Directive, other international standards on IP enforcement and EU directives
  - a) Part III of TRIPS Agreement: was the Enforcement Directive necessary?
    - (1) Community's competence to legislate on enforcement of IP rights

On 15 April, 1994 the Community, within its attributed competence (Article 5 of the EC Treaty), signed the WTO Agreement, also one of its pillars – TRIPS Agreement – and became a member of the WTO. The EU Member States, however, maintained their competence to sign agreements and/or legislate in the specific areas of the WTO Agreement, in particular GATS and TRIPS due to the notion of the “shared competence” between them and the Community<sup>357</sup>. As far as TRIPS was concerned, this meant that Member States were eligible to execute relevant documents as separate WTO members and independent contracting parties<sup>358</sup> by assuming obligations under the said agreement, *inter alia*, to ensure an effective enforcement system in their national legislations within the enforcement framework as provided in Part III of TRIPS and by being responsible for their own measures.

The said part of TRIPS provided minimum requirements for enforcement of IP rights<sup>359</sup>, being one of the major achievement of the negotiation<sup>360</sup>, by embodying

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356 Any interpretation of the provisions of the Enforcement Directive is to be concluded by referring to the general aims and objectives set out by the Directive and its Recitals.

357 The exclusive competence by the Community to conclude the TRIPS Agreement was based on Article 113 of the EC Treaty regarding the border measures contained in Section 4, Part III, of TRIPS only. See *Macrory et al. (ed.)*, WTO: Legal, Economic and Political Analysis, p. 1463; also *Dreier*, TRIPS and Enforcement of Intellectual Property Rights, p. 269; and *Explanatory Memorandum of the Commission's Proposal for a Draft Enforcement Directive (2003)*, p. 7.

358 See *Macrory et al. (ed.)*, WTO: Legal, Economic and Political Analysis, p. 1469. Latvia and Estonia joined the WTO in 1999 and Lithuania in 2000, thus by signing the TRIPS Agreement before the accession into the EU on 1 May, 2004. The accession to the WTO followed with certain changes in the field of enforcement of IP rights in the national legislations of the Baltic countries which mainly coincided with the accession into EU process starting in 1998. See also *refs. in supra* § 3B.III.2.

359 As noticed, the content of the TRIPS provisions, including the ones on enforcement of IP rights, mainly reflected the positions of the industrialized countries whose experience could contribute to necessary understanding of procedural rights, measures, remedies and their even

general obligations (Article 41), civil and administrative procedures and remedies (Articles 42 – 49), provisional measures (Article 50), special requirements related to border measures (Articles 51 – 60), and criminal procedures (Article 61) which had to be or could be (depending on their optional or mandatory character) implemented in the national legislation. Contrary to the substantive IP rights, procedural principles and rights on IP enforcement which are constituted in TRIPS can be asserted only when they are embodied in the national legislations (no direct effect or direct applicability<sup>361</sup>). The Community, however, maintained the right, as interpreted by the ECJ<sup>362</sup>, to further harmonize the national laws in the field of IP enforcement, provided that such harmonization was necessary for the proper functioning of the Internal Market. On the other hand, as rightly observed<sup>363</sup>, such harmonization could also mean the “back door” harmonization, *i.e.* that the Community was able to return to the areas which were not harmonized prior to TRIPS and which actually did not directly fall under the scope of its competence.

Considering the described observations regarding the Community’s competence to enter the TRIPS Agreement, also the nature of measures and principles, as embodied in Part III thereof, which were addressed to the national legislators of the Member States, the question can still remain if there was a justified actual need to adopt an EU-wide legal instrument harmonizing provisions on enforcement of IP rights.

## (2) Necessity to adopt a directive on enforcement of IP rights

It was argued by the European Commission that, by virtue of its general goals to combat counterfeiting and piracy by harmonizing IP enforcement provisions of the Member States, the Enforcement Directive was basically aimed to improve on TRIPS standards or, in other words, to supplement those standards (TRIPS-plus harmonization) in order to avoid disparities that existed among the national legislations on IP enforcement prior to the Commission’s Proposal for a Draft Enforcement

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interpretation. See *Straus*, Reversal of the Burden of Proof, the Principle of “Fair and Equitable Procedures” and Preliminary Injunctions under the TRIPS Agreement, p. 808; also *Dreier*, TRIPS and Enforcement of Intellectual Property Rights, p. 258; as well as *Correa*, A Commentary on the TRIPS Agreement, pp. 409-410. On the other hand, the interests of the developing countries have been considered, as referred in *Gervais*, The TRIPS Agreement: Drafting History and Analysis, p. 287.

360 See *Straus*, Reversal of the Burden of Proof, the Principle of “Fair and Equitable Procedures” and Preliminary Injunctions under the TRIPS Agreement, p. 807; also *Gervais*, The TRIPS Agreement: Drafting History and Analysis, p. 287.

361 See *Correa*, A Commentary on the TRIPS Agreement, p. 409; also *Dreier*, TRIPS and Enforcement of Intellectual Property Rights, pp. 269-270.

362 Opinion 1/94, 27 IIC 503 (1996).

363 According to the ECJ, “<...> external competence cannot be conferred if an internal power has not been exercised”, as pointed out in *Macrory et al. (ed.)*, in WTO: Legal, Economic and Political Analysis, pp. 1473, 1475.

Directive<sup>364</sup>. The improvements on the TRIPS standards under the Enforcement Directive meant either:

*First*, an introduction of the so-called super-TRIPS requirements (by adding certain provisions of TRIPS) such as (i) as far as damages were concerned, 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 right in question as a form of damages (Article 3(1)(b)<sup>365</sup>); (ii) a third party information about the participation in infringing activities (Article 8<sup>366</sup>); (iii) a seizure of infringing products from everyone possessing them, including private parties (Article 7<sup>367</sup>); or

*Second*, an introduction of fully new measures which were not set out in the TRIPS such as asset-freezing injunction, market recall and publication of judicial decisions (Articles 7, 10, 15<sup>368</sup>). The introduction of new measures was based on the best practices of some countries such as United Kingdom, France, the Benelux countries, Germany, the Netherlands which have had old legal traditions in the field of IP enforcement or particular institutes thereof and “which have proved their effectiveness”, as referred by the Commission in its Explanatory Memorandum<sup>369</sup>.

By claiming a necessity to improve on TRIPS standards, the Commission, however, did not provide any data, evaluation or assessment in relation to this very statement<sup>370</sup> by just expressing its general argumentation regarding the need of such EU-wide legal instrument. To the contrary, instead of revising how the EU Member States implemented the TRIPS provisions on IP enforcement and, on the basis of such revision, moving ahead with a proposal on what can be done from the Community’s side to reinforce the TRIPS standards, the finally adopted Enforcement Directive set basically the so-called low-platform *acquis* by leaving a possibility to various manoeuvres by the Member States (this is due to a number of broad provisions contained in the Directive<sup>371</sup>) and also a chance to regulate other IP-enforcement re-

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364 See *Explanatory Memorandum of the Commission’s Proposal for a Draft Enforcement Directive (2003)*, p. 7.

365 Or even more, alternatively, as “<...>damages set at double the royalties or fees <...>”, as provided in Article 17 of the *Commission’s Proposal for a Draft Enforcement Directive (2003)*; see also *Fourtou Report (2003)*, pp. 18-19.

366 Art. 9 of the *Commission’s Proposal for a Draft Enforcement Directive (2003)*.

367 Art. 8, *Ibid.*

368 Arts. 11, 12, and 19, respectively, of the *Commission’s Proposal for a Draft Enforcement Directive (2003)*.

369 See *Explanatory Memorandum of the Commission’s Proposal for a Draft Enforcement Directive (2003)*, p. 17.

370 It has been arrived at the same opinion in *Cornish et al.*, *Procedures and Remedies for Enforcing IPRs: The European Commission’s Proposed Directive*, see Ft. 2, p. 449.

371 See further discussion on the list of enforcement measures, procedures and remedies set out in the Directive in *infra* § 5A.II.

lated areas later<sup>372</sup>, especially those in relation to administrative and/or criminal measures<sup>373</sup>.

Despite the goal to improve on TRIPS standards, the Enforcement Directive, however, is silent on certain provisions that can be found in the TRIPS Agreement, e.g. the form of judicial decisions (Article 41(3)), revision of judicial decisions (Article 41(4)), declaratory judgements (Article 44(2)), thus confirming the statement that the Directive could be also seen as TRIPS-minus<sup>374</sup>. The TRIPS-minus standard can be also seen in a distinction between wilful and negligent IP infringements, also infringements carried out for commercial scale for which some civil remedies are to be differently applied according to the Directive<sup>375</sup>. By virtue of Article 41(1) of the TRIPS Agreement, an effective civil enforcement action is to be made permissible to any act of infringement of IP rights by making no distinction that arise from an application of the concept that “an infringement was carried out on a commercial scale”<sup>376</sup>.

Thus, considering various aspects regarding the provisions of the finally adopted Directive, it is difficult to provide unambiguous answer whether such EU-wide tool was necessary. Focus, on one hand, can be turned to the aspect on what outcomes and goals the Directive perceived. On the other hand, the speedy adoption of the Directive seems to reflect ‘aims justify means’ method which cannot be always acceptable.

- b) Enforcement Directive as the first extensive horizontal instrument on enforcement of the substantive IP rights
- (1) Prior EU-wide provisions on enforcement of IP rights

Although, as follows from the discussion on the necessity to adopt the EU Enforcement Directive, it can be questioned if such necessity was justified, the Directive is still to be considered as the first attempt to comprehensively harmonize certain as-

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372 See Ft. 8 in *Cornish et al.*, Procedures and Remedies for Enforcing IPRs: The European Commission’s Proposed Directive, p. 449.

373 *Ref.* to the Amended proposal for a Directive of the European Parliament and of the Council on criminal measures aimed at ensuring the enforcement of intellectual property rights (presented by the Commission). The critical position has been already expressed in *Statement of the Max Planck Institute for Intellectual Property, Competition and Tax Law on the Proposal for a Directive on Criminal Enforcement Measures (2006)*.

374 See *Massa, Strowel*, The Scope of the Proposed IP Enforcement Directive, p. 246; see more comprehensive discussion regarding the bases for TRIPS-plus and TRIPS-minus in *Straus*, The Impact of the New World Order on Economic Development: The Role of the IPRs System, pp. 53 et seq.

375 See further discussion in *infra* § 5C.II.

376 The distinction, however, is made with the reference to the criminal measures the application of which is limited to wilful trademark counterfeiting or copyright piracy on a commercial scale under Art. 61 of the TRIPS Agreement. See *Correa*, A Commentary on the TRIPS Agreement, p. 411; also *Gervais*, The TRIPS Agreement: Drafting History and Analysis, pp. 326-327.

pects of civil enforcement of IP rights on the so-called “horizontal” basis in the EU. The EU directives harmonizing substantive intellectual property rights or some aspects of them, which had been adopted prior to the Commission’s Proposal<sup>377</sup>, did not provide an extensive enforcement mechanisms, be they civil, administrative or criminal. Only episodic provisions could be found in some of the directives dealing with certain procedures or remedies in cases of infringements of IP rights. While adopting the Enforcement Directive, they have been reasonably taken out of the scope of its regulation<sup>378</sup>. The EC Regulation 1383/2003<sup>379</sup> can be seen as a “horizontal attempt” prior to the Directive, however, covering only the sectoral instruments such as measures which should be taken by or procedures applicable to national customs authorities.

Already in its Explanatory Memorandum the Commission pointed out the priority of the intervention of the Community into the field of enforcement of substantive intellectual property rights<sup>380</sup> by covering the rights which had been harmonized on the basis of the EU-wide instruments in order to ensure the proper functioning of the Internal Market, to create a homogenous, high and equal level of IP enforcement in the national legislations by virtue of the standards embodied in the TRIPS Agreement. The Commission clearly based its position on *ubi ius, ibi remedium* principle, aiming that *acquis communautaire* relating to the substantive IP rights was to be effective only having an instrument on enforcement of those rights.

Referring to the critics expressed towards the Enforcement Directive, such aim alongside with the more expressed goal of the Directive to combat piracy and counterfeiting did not sound promising from the beginning, though. It was due to the general complexity of the provisions on enforcement of IP rights as embodied in the Directive, also to a different nature of those IP rights<sup>381</sup>, for example, some enforcement measures or remedies applicable in cases of copyright infringements might not be effectively applicable to infringements of trademarks or patents rights. It is also due to a different nature of IP rights infringements themselves, *i.e.* those committed on large-scale and so-called ordinary small-scale infringements<sup>382</sup>.

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377 The Annex to the initial Commission’s Proposal for the Draft Enforcement Directive listed the directives on substantive IP rights. The list has been later introduced into the Statement by the Commission on the scope of Article 2 of the Enforcement Directive, see Statement 2005/295/EC by the Commission concerning Article 2 of Directive 2004/48/EC of the European Parliament and of the Council on the Enforcement of Intellectual property rights. OJ L 94, 13.4.2005, p. 37.

378 See *refs.* to the EU directives which partly dealt with the provisions on enforcement of IP rights in *infra* § 5C.II.1.

379 See *supra* Ft. 163 herein.

380 See *Explanatory Memorandum of the Commission’s Proposal for a Draft Enforcement Directive (2003)*, p. 5.

381 See *Massa, Strowel*, The Scope of the Proposed IP Enforcement Directive, p. 252; also *Kur*, Enforcement Directive – Rough Start, Happy Landing? P. 829.

382 As pointed out in *Kur*, Enforcement Directive – Rough Start, Happy Landing? P. 826, measures like destruction of goods and removal from the channels of commerce should be proportionally differentiated in terms of large-scale and small-scale infringements of IP rights.

## (2) Character of the provisions of the Enforcement Directive

By partially eliminating the distinction between infringements of IP rights carried out on a commercial scale and other infringements, the Directive strengthened its positions in terms of full-scale harmonization as far as civil enforcement measures were concerned. It left, however, the possibility for the national legislators to implement the Directive by choosing either “umbrella law” solution (by enacting one law which would cover all civil enforcement measures and procedures) or so-called “distributive” method of implementation (by enacting implementing amendments to each individual IP law)<sup>383</sup> and actually created a basis for various outcomes from the implementation process.

As follows from the character of some provisions embodied in the Enforcement Directive, the Member States, by implementing them, should consider the existing national legislation on the subject<sup>384</sup>. Moreover, there are also provisions which have an optional nature<sup>385</sup> and are to be implemented with the consideration of the general aim and objectives of the Directive which are embodied in its Recitals. Although it was clearly expressed by the Commission in its Explanatory Memorandum that the enforcement rules provided under TRIPS could vary, thus there was an actual need to harmonize them within the EU<sup>386</sup> by enacting an EU-wide legal instrument, the fact that the Directive contains many broad provisions can foster to make a reverse conclusion. The Directive can surely lead to the undesired situation when instead of the harmonization of certain enforcement measures, procedures and remedies, the outcome of having different enforcement means could be faced.

In view of the enforcement provisions embodied in the TRIPS Agreement, the following sub-chapter generally focuses on the list of the substantive and procedural enforcement measures, procedures and remedies under the Directive, their character and background, also their optional or mandatory nature and certain issues regarding their wording and interpretation which are important for their implementation into the selected national legislation of the examined jurisdictions – the Baltic countries.

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383 See *Massa, Strowel*, *The Scope of the Proposed IP Enforcement Directive*, p. 252.

384 Arts. 2(1), 4, 8(3), Dir.

385 Arts. 12, 13(2), 16, Dir.

386 See *Explanatory Memorandum of the Commission's Proposal for the Draft Enforcement Directive (2003)*, p. 12.

## II. *Review of the catalogue of enforcement measures, procedures and remedies under the Enforcement Directive: “grandfather” provisions and novelties*

### 1. Substantive provisions under the Directive

Six groups of substantive enforcement measures and remedies have been harmonized under the Enforcement Directive. The Directive constitutes:

- (1) Right of information (Article 8);
- (2) Corrective measures (Article 10);
- (3) Injunctions (Articles 11);
- (4) Alternative measures (Article 12);
- (5) Damages (Article 13), and
- (6) Publication of judicial decisions (Article 15).

All listed measures and remedies can be applied while adopting a court decision on the merits of the case. The right of information can be also asserted while considering an IP infringement case. The listed provisions on substantive enforcement measures can be furthermore divided to:

- (1) Measures that are not directly used to compensate damages suffered due to IP rights infringement (measures without compensatory nature), and
- (2) Measures that are related to adjudication of damages (measures with compensatory nature).

In practice, both groups of the listed measures can be applied in a complex manner. Notably, the provisions of the Enforcement Directive, which shall be implemented by the Member States, regarding the right of information by third parties, corrective measures, and injunctions are broadly formulated in terms of the list of natural or legal persons to whom those measures can be applied by the national judicial authorities. It can be agreed with an explanation that any widening of the circle of those persons should be critically considered in practice<sup>387</sup>.

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387 *E.g.*, the term “intermediaries” is not defined in the Directive, therefore, it can be interpreted as comprising any kind of intermediaries in one or other way involved in IP infringement cases. Such interpretation should be carefully considered by actually applying the listed civil enforcement measures, as argued in *Kur*, Enforcement Directive – Rough Start, Happy Landing? P. 829. It conveys the meaning that serious infringements from those committed on “accidental” basis should be separated.