



EU-China Trade Project

Support to China's Integration into the World Trading System

**THE LEGISLATION PROTECTING
INTELLECTUAL PROPERTY RIGHTS
AND ITS ENFORCEMENT**

A COMPARATIVE STUDY

PROJECT REFERENCE: **A0046**

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INTRODUCTION AND FUNDAMENTAL ASSUMPTIONS

DEFINITION OF THE ACT OF INFRINGEMENT

“In law, intellectual property or IP refers to a legal entitlement which sometimes attaches to the expressed form of an idea, or to some other intangible subject matter [...] enabl[ing] its holder to exercise exclusive control over the use of the IP. The term intellectual property reflects the idea that the subject matter of IP is the product of the mind or the intellect, and that once established, such entitlements are generally treated as equivalent to tangible property, and may be enforced as such by the courts.”ⁱ

In this definition, the most important word is "*exclusivity*". There are different kinds of objects for IP rights (inventions, designs, distinctive signs used in the course of trade, and artistic or other intellectual productions) but these rights have all in common the fact that, once they are to be protected, such protection takes the form of exclusivity.

The definitions of the act of infringement in the twenty-five member states of the EU and in China are very similar. All countries provide a specific definition of what an IP violation is for each type of IP. Even though the countries have worded their definitions on IPR infringements in a different way, it must be recognized that all definitions focus on one fundamental point which is that an act of infringement is the violation of an exclusive right, thereby harming the right of the right-holder to decide on who may use IP, under what circumstances and subject to which conditions.

It is neither relevant nor necessary to state all these definitions in this study as this would very much distract the reader from the prime objective which is to understand how the legislations of each country deal with the act of infringement and what measures they provide to sanction such an act and to achieve a certain degree of deterrence.

REMEDIES AND SANCTIONS TO AN ACT OF INFRINGEMENT: PRIVATE AND PUBLIC ACTIONS

The principle of exclusivity in case of intellectual property operates in the same way as for any tangible asset: taking somebody's car without the person's consent is theft, entering somebody's house without being invited is trespassing, and using somebody else's IP without the person's consent is an infringement.

When someone steals infringes an IP right, two simultaneous consequences occur.

<i>Violation of a private right</i>	The infringement constitutes a legal injury to the right holder, whether financial, moral or else. As such, the right holder is, therefore, entitled to take measures in order to put a stop to such infringement and to claim reparation against the infringer.
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<i>Disturbance of</i>	An IPR infringement however does not only affect the right of the IP owner. Misleading
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the public order consumers, damaging brand equity, causing tax and job losses, affecting corporate profit generation, affecting scientific and cultural innovation, threatening public health and safety as well as providing financing to organised crime are but a few of the ways in which a IPR infringements can affect public interests.

Private and public interests are respectively dealt with by distinct actions.

Private action: Private rights are usually protected against their misuse by others by the possibility to have recourse to judicial authorities, in order to obtain an injunction to stop such misuse and to obtain compensation for the prejudice caused by such misuse (such action shall be thereafter referred to as the "*Private Action*").

Public action: The power to impose a sanction upon an act disturbing the public order falls under the exclusive jurisdiction of public authorities, which can be administrative and/or judicial (for the sake of simplification, and comparison, we shall thereafter refer to such action as the "*Public Action*").

In addition to the above two actions, the Customs play an important role. They are responsible for controlling the flow of merchandises, which includes illegal merchandise, and therefore, infringing goods. Customs are a public service that serves both private and public interests.

The IP holder is in a position to use both the Private Action (by starting proceedings) and the Public Action (by filing a complaint with the authorities, or joining their action whenever they have acted out of their own initiative *ex officio*).

All in all, both Private and Public Actions as well as Customs Actions tend to be very closely interrelated. Given the fact that the deterrence impact - with regards to financial consequences and personal freedom – is stronger for the Public Action than for the Private Action, the third part of this study will thoroughly compare, in the legal environments of the Member States of the EU and for China, what is, by law, considered as an act of infringement, and what are the available sanctions provided by the law, in the framework of a Public Action.

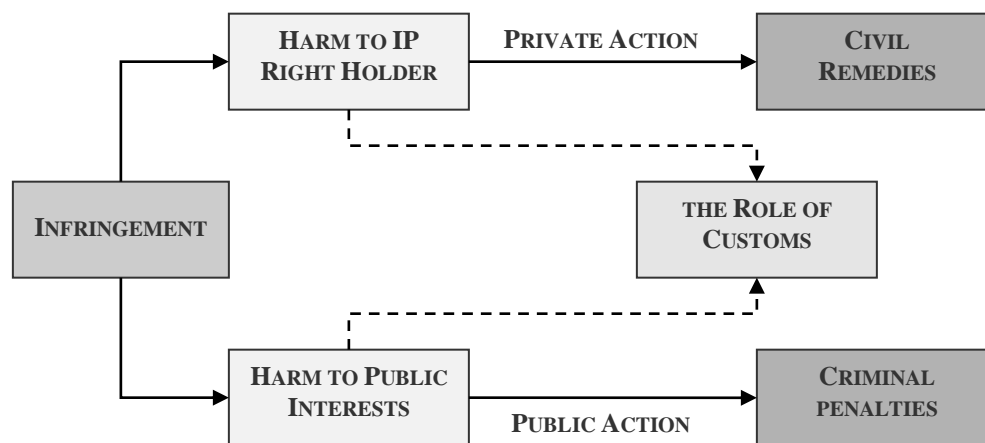


Table 1 – Private and Public Actions and the Role of Customs

FOREWORD TO THE IPR “*COMPARATIVE STUDY*”

BACKGROUND

The history lying behind the legislation protecting intellectual property and the enforcement thereof is long. It has witnessed numerous developments as well as the appearance of new types of Intellectual Properties linked to the development of new technologies and biotech. Nevertheless, along decades, the underlying idea of IP protection has never changed and has remained very basic: to promote creativity and innovation by granting protection to their respective inventors and investors.

It is in that perspective that the World Trade Organisation engaged in 1995, after almost ten years of negotiations, to strike for the protection of intellectual property as provided for in the TRIPS agreements.

It has been widely accepted that, since it became a member of the WTO, the People’s Republic of China has been making major progresses to comply with its obligations under those agreements.

OBJECTIVES

Various observations have been made by the international business community regarding certain issues in some areas of the Chinese enforcement system, including, but not limited to, the complexity of IPR enforceability, the scope of criminal prosecution against acts of counterfeiting, and the collection of evidence in litigation and the representation of a litigant by Chinese lawyers. Considering that such observations, if they were to be taken into consideration by China, could give ground for modifications of some fundamental laws of the People's Republic of China, it has been agreed that any further discussion and exchanges on these subject, should be based on the result of in-depth research

It has also been a general consensus between both Chinese and European industry and officials that such in-depth research should take the form of a comparative study, and that China and Europe would benefit from better knowing the specific conditions under which their respective laws and regulations are implemented. Improving such knowledge would allow industries of China to better protect their rights in Europe, and industries of Europe to better protect their rights in China.

It is, therefore, with a view to exchanging information that it has been decided, by the Authorities of China and the EU to undertake in depth research on “*The Legislation Protecting Intellectual Property Rights in the European Union and in China and its Enforcement*”, hereafter referred as the “*Comparative Study*”.

METHODOLOGY

The main purpose of the “*Comparative Study*” shall be to display European and Chinese systems and to compare them against each others. The study highlights the difference in a descriptive and factual manner.

In addition, the study shall take a deeper look into the common judicial IPR practice of China and of four selected European countries (France, Germany, UK and Czech Republic – ordered by accession date to the EU) in order to identify and compare, from the point of view of a IP holder, what specific procedures are available for handling IPR-related cases (Patents, Designs, Trademarks and Copyrights), how they are practically being brought and what is their overall efficiency.

The study team set out to collect detailed data related to the IPR laws and procedures and where possible, statistical data of China and selected European Member States.

All extracts from the relevant legislation¹, a brief historical background as well as the relevant statistical data for the countries that were more specifically focused on in this study can also be found in the annexes.

¹ Extracts relating to criminal sanctions in the twenty-five Member States but France, Germany, the United-Kingdom and the Czech Republic can be found in a study conducted by the International Study Centre on IP on the impacts of counterfeiting and piracy in Europe - (ordered by date of accession to the EU).

PART I

PRIVATE ACTION

FOREWORD ON EU HARMONISATION

On the 30th of January 2003, the European Commission accepted the proposal for a Directive² on the “*Enforcement of Intellectual Property Rights*” 2004/48/EC, based on “*best practice*” to “*bolster the fight against piracy and counterfeiting*”. This proposal came to complement “*the recent proposal for a Regulation to facilitate seizures by customs of counterfeit goods from outside the EU*” (cf. below) with the general objective of “*harmonis[ing] national laws on the means of enforcing intellectual property rights*”. The proposal was approved by the European Parliament and the Council respectively in March and April 2004 and all Member States have until April 2006 to set these “*measures, procedures and remedies available for right holders to defend their*” IPR.

The new Directive provides a set of procedures “*covering evidence and protection of evidence*” as well as “*provisional measures such as injunctions and seizure*”. The Remedies available include destruction, recall or permanent removal from the market of illegal goods as much as for financial compensation, injunctions and damages. The directive also provides for the “*right of information allowing judges to order certain persons to reveal the names and addresses of those involved in distributing the illegal goods or services, along with details of the quantities and prices involved*” and also signals such measures as publication of judicial decisions and development of professional codes of conduct. Safeguards against abuse have also been widely covered and will ensure the rights of the defence and refers “*to the protection of personal data and confidential information*”.

The directive aims at setting a new dimension on intra-communitarian cooperation by “*establish[ing] a general framework for the exchange of information between the responsible national authorities*”, hereby appoint[ing] national correspondents to cooperate and exchange information.

However, “*the adopted version of the Directive, unlike the original Commission proposal, does not contain provisions on criminal sanctions*.” (cf. below). However, it states that “*Member States are free to go further than the proposed Directive and the Commission hopes that the clear political signal being given in support of a strong stance against counterfeiting and piracy will also lead to a concerted information effort by national and regional authorities*”. This issue of including provisions on criminal sanctions has long gone “*under scrutiny by the European Court of Justice*”, allowing the commission to “*examine the possibility of proposing measures providing for criminal sanctions*”. Propositions have, indeed, been made in this regard, as will be seen in the second part of the Study.

² A Directive is the collective decision made by the member states, acting through their national Government Ministers in the Council of the European Union and the Parliament. A directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods.” (art. 249 ex.189).

PRIVATE ACTIONS IN THE EU AND IN CHINA

Private actions in France, Germany, the United-Kingdom, the Czech Republic and China shall be compared in accordance with the following steps:

- A. **Standing to sue:** *Who is entitled to bring an action to Court?*
- B. **Representation of the parties before the Courts:** *Are there any conditions to be met, by lawyers or other persons to represent a litigant?*
- C. **Courts geographical jurisdiction and specialisation:** *Which courts have jurisdiction to handle an IP case?*
- D. **Collection of evidence and pre-trial remedies:** *How does one constitute the evidence of an act of infringement?*
- E. **Procedures and remedies:** *What sort of civil procedures are available, and for what result?*
- F. **Mutual disclosure of evidence and arguments:** *During the procedure, how is the exchange of arguments operated between the litigants?*
- G. **Appointment of experts:** *What is the role of technical experts in IP procedures?*
- H. **Legal costs:** *Who pays?*
- I. **Publication of Cases:** *What cases are being published, where and how?*

A. Standing to Sue

In the five countries compared, the right to sue belongs primarily to the IPR owner.

In addition, the licensee of an IP right may also bring an action, but some of the countries provide specific conditions:

- In France, the licensee of a patent or a trademark must be exclusive, and the licensee must have unsuccessfully summoned the IPR to act. For copyright and designs, persons other than the owner may be designated by contract or by law (e.g. heirs).
- In Germany, in addition to the exclusive licensee, a non exclusive licensee, and even any other third party may be authorized by the IP owner to act.
- In the United Kingdom, exclusive licensees may sue for infringements that are within the scope of the licence, but the proprietor must also be a party, and if unwilling, it can be named as a defendant by the exclusive licensee. A non-exclusive licensee can call on the trade mark owner to bring infringement proceedings in relation to any matter which affects its interests. If the proprietor refuses to do so, or fails to do so within two months, the licensee may bring the proceedings in its own name; however, the IP owner must be joined in the proceedings (except in applications for interlocutory relief).
- The Czech Republic follows the same rule : the exclusive licensee has also the right to act.
- In China, licensees, legal heirs and successors as well as owners of related rights for copyrights are designated as "*interested parties*" having the right to sue.

B. Representation of Parties before the Court

The common rule to the five countries is that litigating parties are represented by lawyers admitted to practice in the country where the procedure takes place. The simple fact that the lawyer who appears in Court on behalf of his/her client is a registered lawyer is sufficient and, apart for the two exceptions mentioned below; no specific power of attorney is required.

- In **Germany**, it may happen that a party requires the other party to produce a legalised power of attorney; although this is rare.
- **China** present a double exception to the above principle:
 1. The representation of the parties is not restricted to lawyers. Non-lawyers may also appear in court, provided they are entrusted by a power of attorney. The letter of attorney to the lawyer (or the non-lawyer) must list the items of trust and the limit of powers. Where the litigant representative acts to recognize, abandon or alter the litigant request, lodge a counter-charge or file an appeal, he must have the special authorisation of the represented party.
 2. To become effectiveⁱⁱ, letters of attorney sent from outside the territory of the PRC *by foreigners, stateless persons, foreign enterprises or organisations that do not have a residence within the territory of the PRC* to Chinese lawyers or other persons must be:
 - certified by a notary public of the country where they reside,
 - authenticated by the Chinese embassy or consulate in that country, or certified in accordance with the procedure provided in the relevant treaties signed between the PRC and the country where they reside

C. Specialisation and Geographical Jurisdiction of Courts

1. Geographical jurisdiction

The choice of geographical jurisdiction is an important issue, especially in areas where the plaintiff might fear that the defendant could use local influence, because of its economic or political presence. Several criteria are usually referred to:

- the place where the defendant is located,
- the place where the act of infringement occurred, or
- the place where the damage was suffered, e.g. where the infringement goods are sold.

Consequently, the claimant may bring an action before the jurisdiction in the locality:

- of the defendant's headquarters; or
- where the wrongful act occurred.

In **France**, it is also specified that the claimant may bring an action before the jurisdiction in the locality where the damage was suffered.

In **China**, when an IP owner decides to sue the manufacturer, the manufacturer's location decides the jurisdiction. If the IP owner decides to sue the manufacturer in another place (which is sometimes advisable) it may do so in the location where the infringing good are sold, by suing the seller and at the same time the manufacturer.

2. Specialisation

Because of the specific and sometimes technical subject matters (such as patents), IPR are sometimes allocated to specialized courts. Specialisation may be regulatory or simply a question of practice.

- In **France**, of first instance civil Courts may handle IP infringement matters, but only 10 of them have jurisdiction over patent cases. The Paris Court maintains, in practice specialized IPR section (at the first level and at the Appeal level).

- In **Germany**, District Courts (“*Landgerichte*”) are competent in all litigation matters in the first instance, irrespective of the value in dispute. As some courts in Germany have specialized in IP matters, in practice, only a few of the German District Courts may handle given IP litigation cases (e.g. eleven courts for patent litigation cases with Düsseldorf, Munich, Hamburg and Mannheim as the most frequently used).
- In the **United Kingdom**, IP claims are allocated to different types of courts, depending on the nature of the IP concerned: Patents or registered designs are conducted in either the Patents Court or Patents County Court (PCC). Trade marks and other IP rights are conducted in the Chancery Division of the High Court, the PCC or any other county court where there is also a Chancery district registry. The civil division in the Court of Appeal deals with appeals from the high court and county court. Finally, the House of Lords deals with appeals from the Court of Appeal and in some circumstances the High Court.
- In the **Czech Republic**, there are no specialized IP courts. However, the Municipal Court in Prague has been designated to exclusively hear European Trademark infringement cases in the first instance.
- In **China**, IP cases are handled by specialized sections of the People's Courts. So far, more than 400 “*Intermediate*” Courts and 30 “*Higher*” Courts (and the Supreme Court) have a specialized section for civil IPR disputes.

D. Collection of Evidence and Pre-Trial Remedies

In all countries, the burden of proof lies with the plaintiff. It is therefore essential that evidence of the infringing activity can be collected in an undisputable way, so that the evidence so obtained can serve as undisputable fact in the course of the legal action, yet to be started.

The urgency of such matters leads the IP owner to seek for some immediate relief, at the same time as evidence is being collected, and before a proper trial can be organized: actual seizure of the infringing goods and orders to stop making or selling such goods.

1. Collection of evidence

All countries organise, in their own way, the possibility, for the IP owner, to “*legally*” collect and preserve evidence of the infringing act, which shall be used later during the procedure.

a) France (cf. annexes for chart on the collection of evidence in France)

Collection of evidence is strictly organised and controlled by the judicial authority, and is performed by a sworn legal professional: the Bailiff. Among their many attributions (such as enforcing judgments), Bailiffs are often entrusted by litigants to be an official witness of a scene, an activity, a fact. When the fact related to IPR violation, they must be appointed by the Court.

An application is, therefore, submitted in writing by a lawyer, representing the IPR owner, to the President of the Court (or his delegate) in the jurisdiction where the act of infringement occurred. In the request, the lawyer describes the IPR concerned and produces any relevant evidence to prove the identity of the plaintiff and his right to act and mentions what documents or objects need to be seized or simply described, and which persons (such as experts) should accompany the Bailiff, and what kind of seizure is requested.

The judge examines the request, sometimes in the presence of the lawyer and signs the Order prepared by the lawyer, with sometimes some handwritten deletions or modifications. Request and Order are handed over to the Bailiff who shall perform the collection of evidence (seizure), and serve to the Defendant a copy of the request and a copy of the order.

The "*descriptive seizure*", whereby the Bailiff shall simply describe the infringing objects, and possibly take (purchases) one or two samples, is a measure that cannot be refused by the judge. Further inspection may be necessary, in particular the accounts of the infringer. It is, therefore, possible to obtain the authorisation, in the Judge's Order, to inspect the accounting books by a certified expert accountant, who will verify and take whatever copies are necessary in order to collect evidence of the current and passed size of the activity concerned. It is also possible to ask the assistance of a locksmith and even the Police, if need be.

b) Germany

The German method for collecting evidence is far less "*intrusive*" than in France.

If the evidence available is (merely) sufficient to support a likelihood of infringement, an IP right holder may request an order that the defendant submit a sample of the infringing object, or certain documents. However, German courts tend to apply this instrument very restrictively and require that the plaintiff establish a high likelihood of infringement before the defendant can be ordered to submit a sample.

In addition, the court can order that even a third person, submit certain documents in its possession, that are referred to in the briefs to the court

c) The United-Kingdom

The courts have the power to grant an injunction for the preservation of evidence. Another method of collecting evidence, which is more specific to UK civil procedure, is by way of oral testimony which can include cross examination of witnesses.

A search order can be applied for at any time to enable inspection of premises where there is strong evidence that infringing documents or articles may be found. The search is conducted by the claimant without notice on the defendant and operates to preserve evidence of infringement. The search order enables a party to locate, review and safeguard evidence located on the premises of another party. The court will first need to be satisfied that, among other things, the evidence is relevant to the issues in dispute and is in danger of being destroyed or otherwise disposed of.

In sufficiently urgent cases, the court will hear the application immediately, whatever the time of day or night. In applying, the following documents must be filed with the court: (a) a claim form, summarising the substantive case; a request for an injunction; a draft order; a skeleton argument (summarising the legal arguments) and an affidavit, which sets out all the relevant facts (which must include those unfavourable to his own case).

d) The Czech Republic

The right holder may apply to a court to secure evidence before initiating the proceedings if there is doubt whether the evidence could be later secured at all or without excessive difficulty. The evidence will be secured *ex parte* if there is a threat of delay.

e) The People's Republic of China

In China, the most usual way to collect evidence would be to entrust a Notary Public to purchase a sample of the infringing product.

However, it is not always possible to directly purchase a sample. PRC law allows a party to apply to a court for the preservation of evidence prior to initiating an action, if such evidence might be destroyed, lost or difficult to obtain later. The court must render a ruling within 48 hours of receipt of the application, and the implementation of such a ruling is performed by the Court's own staff (as opposed to, for example the French Bailiff, who is an independent professional).

2. Pre-trial remedies

Collecting evidence that is admissible in court is indispensable. However, proceedings take time and it is often necessary to ensure that existing stocks of infringing products be seized and that the production of such goods be stopped. All countries provide, in their own ways, for such measures.

a) France

Upon request, the Judge may, in the same order that allows the “descriptive seizure” (cf. above) and the inspection of the infringing activity, order other measures, such as:

- “real seizure”, where the infringing objects are “sealed” and placed under judicial control. Such order may, upon the judges discretion, be subject to the payment of a financial guaranty.
- issue an injunction to the defendant to cease production, when there is no serious doubt about the reality of the infringement;
- order the confiscation of the infringing products and of the illegal revenues related thereto;

b) Germany

The most important that can be obtained in preliminary proceedings is an injunction to enjoin the infringer to refrain from manufacturing, selling, offering or putting into commerce infringing goods. A claim for information (origin, distribution channels,...) may be allowed in cases of obvious infringement. The claimant may, in extreme cases, even request and then enforce a claim of seizure of the infringing goods (carried out by a bailiff).

In order to obtain preliminary relief, the petitioner has to show that he will suffer severe damage if an injunction is not granted.

If the judge is not sufficiently convinced of the petitioner’s case, injunctions will not be granted without an oral hearing that usually takes place four to six weeks after the petitioner filed its request for a preliminary injunction.

Ex-parte injunctions can be granted in clear and straightforward trademark, copyright and design infringement matters and preliminary relief will be available within days, sometimes even within a few hours. Those, however, are a rare exception in patent and utility model infringement cases.

An injunction can be immediately enforced without a security as long as it has been served to the defendant. In case the defendant continues the infringing action, the petitioner is entitled to apply for a monetary fine against the infringer with the Court. The amount of the fine payable by the infringer to the Court depends on the recurrence of the infringing actions.

c) The United Kingdom

The court may, in the search order, allow the claimant to seize infringing articles and materials used to create any infringing goods, if there is good reason for doing so e.g. if there is a risk of irreparable harm or a risk of evidence being destroyed.

This may take the form of an order for delivery up of any infringing goods, material or articles and, anything specifically designed or adapted for producing those, from a person in possession, in the course of business, of a product infringing their right. The practice where an order for delivery up is made is that the goods are delivered to the premises of the claimant or its agent. They are then stored pending a final order for forfeiture, destruction, or (if infringement is not established) return to the defendant.

The judge may also grant other interlocutory injunction to prevent further infringement.

A copyright owner even enjoys, in the absence of any order, the right to seize, and detain infringing copies of his work found on sale (and which he would be entitled to apply to the court for an order for delivery up). This however is heavily restricted (for example the time and place of the proposed seizure must be given to the local police station, force can not be used, seizure at a permanent place of business is not allowed, and a notice as to whom seized the goods and under what authority they were seized must be left at the premises).

d) The Czech Republic

The substantive procedures may be predeceased by the preliminary injunction (order) issued on the ground of the application of the future plaintiff (*which would e.g. prohibit the infringer from disposing of the infringing goods or, alternatively require the defendant to pay a deposit*) in case it is necessary to settle provisionally the situation of the parties or if the execution of the future court decision is endangered.

The judge is also entitled, upon request, to order the infringer being sued to cease handling the infringing products or to pay a deposit. In such cases, the applicant also has to deposit CZK 100,000 (approx. EUR 3,333) as a guaranty, before the injunction is ordered.

e) The People's Republic of China

The IPR owner who shows that failure to promptly stop an infringement will cause irreparable damages to his legitimate rights and interests may file an application with the People's Court to obtain an order for immediate cessation of the infringing activity, before instituting legal proceedings in the People's Court.

3. Timeframe for Initiating Procedures

Once the IP owner has secured the evidence and/or obtained a preliminary injunction, it is necessary to start proceedings before the Court, otherwise, such measures shall become null and void.

In **France** and **China**, the deadline to introduce the proceedings is 17 days, from the date of the seizure.

In the **UK**, the time frame is even shorter : 10 days.

In the **Czech Republic**, the time frame is determined, in each case, in the Court order.

This data is not available for **Germany**.

E. Procedures and Remedies

1. France

The French civil procedure law has a unique system, not to be found as such in any of the other countries reviewed consisting of two parallel tracks, characteristically "*fast*" (summary procedure) and "*slow*" (substantive procedure). The former involves the President of the Court concerned (or alternatively one of the judges of the Court appointed by the President, with a delegation of powers), and the latter concerns cases tried before a panel of three judges, with full implementation of the civil procedure.

The French "*fast*" or "*summary*" procedures stand as an exception compared to other procedures in the other countries reviewed because it can be performed independently from the substantive procedure and that it is the plaintiff to decide which procedure to chose. In practice, it is used very often.

a) Summary procedures (cf. annexes for chart on the French summary procedures)

This procedure is suitable for cases where an impending damage is about to be caused and an urgent decision needs to be made. This is specifically provided for copyright, neighbouring rights, registered designs, patents and trademarks, in the Code of Procedure and in the Code of Intellectual Property.

The IPR owner (his lawyer) (i) reserves a hearing date with the Court's clerk (which can be at very short notice) and entrusts a Bailiff to serve a writ of summons on the infringer, to appear by himself, or represented by a lawyer, on the place, date and time indicated in the summons.

The writ contains the same items as in the request for collection of evidence, plus the claims submitted to the judge and the list of documents used as evidence.

At the hearing, the defendant will, usually, be represented by a lawyer, but it is not compulsory. Arguments are verbally, and briefly, submitted at the hearing, while lawyers have exchanged beforehand, their written pleadings and copies of any document to be shown to the judge, as evidence of their claim or defence. Such prior exchange is, in spite of the speed of the procedure, an absolute requirement.

The Judge has the power to order the immediate stop of a publication, or representation of a copyrighted work, or the provisional prohibition of the continuation of the allegedly infringing acts, or to subordinate such continuation to the constitution of a guaranty, in order to ensure the compensation of the trademark or patent owner.

However, these judgments, called "*Orders*" are only provisional, and even though they must be enforced (even in case of appeal), they can be challenged later on before the panel formation of the Court, which has jurisdiction on the substance of the case.

b) Substantive procedures (cf. annexes for chart on the French substantial procedures)

One of the main differences between the summary and the substantive procedure is that no hearing date is indicated in the Summons. The Summons, prepared by the lawyer, is served on the Defendant and a copy is remitted to the Clerk of the Court. The next step will be for the Defendant to appoint his lawyer who will officially notify the Plaintiff's lawyer that he will represent the Defendant in the procedure. Such notification is, then, filed with the Court and the procedure follows a series of short hearings, where from time to time (usually with one to three months distance) the judge in charge of supervising the evolution of the procedure checks that both litigants are duly exchanging their written pleadings (always with a copy for the Court) and their written pieces of evidence. When the case becomes ready for trial, the Court fixes a date, after which no more pleadings or evidence can be filed, as well as a date for the hearing.

Hearings are rather short: one or two hours, at most, for the two sides. The Court listens the successive oral pleadings, the lawyer leave their file (containing the written arguments and all the written evidence) with the Court who, thereafter deliberate privately and renders its judgment (usually) one month later.

The duration of a case is around twelve months, rarely less, but sometimes more.

The Court has the power to

- order the cessation of the infringing activity (with a fixed penalty called "*astreinte*" payable in case the infringer is caught again,
- grant a financial compensation (damages) to the Plaintiff,
- order the destruction of the infringing products or works,
- confiscate the equipment that were used to produce the infringing products,
- order the publication of the judgment in newspapers chosen by the Plaintiff, within a given budget,
- grant compensation for the legal costs (this notion is separated in two parts, one called "*taxable costs*", which correspond to some specific costs limited and fixed by law and regulation, and correspond to fees to the bailiff, deposit for the Court etc.. all rather limited, and the other one, which is "*non taxable*", and corresponds mainly to lawyers fees). The courts allow a certain sum, which however remains in practice very much lower than the actual amount of lawyers' fees.

Damages are calculated according to the general principle that the amount should correspond to "*all the prejudice, no less, no more*". The judges have an entire discretion to appreciate the amount to be assessed, and rely on the evidence and calculation produced by the Plaintiff. A distinction may be made between economic damage and "*moral*" damage. Economic damage corresponds to loss of profit, or of anticipated profits, and can be calculated from the number of infringing products sold, taking into consideration the reputation of the IPR concerned (in particular for trademarks). The amount of illegal revenues can also be taken into account. As to the "*moral*" damage, it is assessed on a case-by-case basis, and constitutes an additional ground that the Court can use, when detailed calculation is difficult. The reputation of the IPR is, also, an important aspect, and the Court tend to sanction the damage caused to the image and reputation, even if it cannot be mathematically proven.

Judgements become enforceable when they are final, i.e., when no appeal is possible (one month). However, the judgement may specifically state that the decision shall be immediately enforceable, even in case of appeal.

2. Germany

In Germany, there is only one kind of civil procedure, during which the parties submit written submissions in the proceedings, which at least include the plaintiff's statement of claims, a response submitted by the defendant and a further reply from the plaintiff.

By serving the statement of claims to the defendant, the court usually schedules a date for the hearing on the merits. In the oral hearing, parties normally do not plead the entire case, but just comment on issues that are either not clear from the written submissions or that are particularly tricky. As a consequence, the hearing on the merits is comparatively short and usually does not take longer than between 30 minutes and two hours, if witnesses are heard or a complex patent case is on trial up to one day.

In the main proceedings, the following evidence is admissible: visual inspection by the court, witnesses, experts, documents, interrogation of the parties and official information.

The court provides a written judgement with its reasoning usually within four weeks after the hearing, and will declare its decision as "*provisionally enforceable*" for the winning party.

The plaintiff is, however, liable for any damage the defendant suffers due to unjustified enforcement if the first instance judgement is overruled in appeal proceedings. To cover such damage, the enforceability of the decision is subject to the condition that the plaintiff provides the defendant with a security. The court will often allow the security to be in the form of a bank guarantee.

A judgement in favour of a right holder usually includes:

- a permanent injunctive relief in form of an order to cease and desist order by which the infringer is enjoined from further manufacturing, selling, offering distributing or possessing infringing goods (penalty of a disobedience fine (max. € 250,000,-) or arrest (up to 6 months) to be determined by the court
- a declaratory ruling that the defendant has to pay damages
- an order against the infringer to render account about his acts of infringement in order to enable the right holder to calculate his damages and to identify further infringers
- the imposition of court and attorneys' fees on the defendant
- Attorney fees, however, can only be recovered from the losing party in the amount as provided by the German statutory fee schedule, which often does not reflect the actual costs incurred.

In addition, the court can order:

- destruction of all infringing products on his expenses
- publication of the judgment

Three methods to calculate damages are available. The plaintiff can choose between:

- a reasonable royalty,
- skimming off infringer's profit
- compensation of his lost profits.

The plaintiff has to calculate the actual damages on the basis of the information provided by the defendant according to his information and accounting. In practice, only the first two possibilities are used as the requirements for the right holder to prove that he actually suffered lost profits are relatively high.

Among the two other methods, reasonable royalty or infringer's profit, the first one is still the most common method for calculating damages in Germany. However, it is expected that right holders will increasingly claim the profit of the infringer (recent changes in case law show that infringers will no more be allowed to deduct overhead costs from their turnover) as it may be estimated that the amount of damages awarded in Germany will be substantially higher in the future.

3. The United-Kingdom

The United Kingdom provides, like France, a "*fast*" and a "*slow*" version of the civil procedure, but the choice, here, is made after the case has been started, and depends on the appreciation by the judge, of the circumstances, whereas in France, it is the plaintiff who decides, from the start, which procedural venue to choose.

a) Summary procedures

The court may give summary judgment against a defendant if it is satisfied that the defendant has no real prospect of successfully defending the claim and there is no other compelling reason why the matter should proceed to trial. The claimant may apply for summary judgment as soon as the acknowledgement of service or defence has been filed. A defendant may also obtain summary judgment against the claimant if the court is satisfied that the claimant has no real prospect of succeeding on the claim.

If summary judgment can be obtained, it avoids the need to pursue the claim to a full trial. None of the steps outlined above would be required and a considerable saving in time and costs would therefore result.

Hearing a preliminary issue

Where a decisive issue in the litigation can be identified, the court may order that this aspect of the case be tried first as a preliminary issue.

Security for costs

In some circumstances a defendant may apply to the court for an order that the claimant should provide security for the defendant's costs of the proceedings. One of the grounds on which this may be sought is that the claimant is ordinarily resident out of the jurisdiction. Such an order might require the claimant to make a payment into court or provide a bank guarantee to ensure that if the claim fails, the defendant's costs will be met. A claimant may similarly be able to apply for security for costs against a defendant in respect of any counterclaim.

b) Substantive Procedures

Prior to starting an action, the normal course is for the aggrieved party to write a cease and desist letter to the alleged infringer. This is not always appropriate (e.g. in a counterfeiting case), but the United Kingdom courts ordinarily expect to see a plaintiff give a defendant an opportunity to stop the activity complained of before commencing proceedings.

The plaintiff completes a standard form known (**claim form** or previously known as writ), which sets out the names of the parties, the name and address of the plaintiff's representative (if any) and the nature of the relief that the plaintiff is seeking. The form is taken to court (court fee) and stamped and the action is listed in the court records. It

is then served on the defendant, which includes forms which the defendant is required to complete and return to the court.

At the same time the claim form is served on the defendant, or within 14 days of service, the plaintiff is required to serve his **particulars of claim**. This is a document setting out in detail the facts upon which the plaintiff's claim is based, the claimed legal consequences and the remedies sought.

Within 14 days of receipt of the particulars of claim, the defendant is required to serve his **defence**. This document will respond to all the matters set out in the particulars of claim and will include any other matters upon which the defendant proposes to rely by way of defence. It may include a counterclaim.

There is scope in the procedure for a plaintiff to reply to the defence and for the defendant to respond by way of a rejoinder to the reply.

The parties may agree extensions of time at virtually all stages of the procedure and, where there is no agreement, a party may apply to the court for an extension of time.

Allocation Questionnaire

After the defence has been lodged with the court, the court will issue to the parties what is known as an **Allocation Questionnaire**. It contains a number of questions designed to focus the parties' minds on what needs to be done before trial and to see to what extent directions for trial have been agreed.

The nature of the questions varies. It includes on whether:

- parties require a one month stay of proceedings to allow for settlement talks,
- parties want the trial to take place (and where),
- how many witnesses a party intends to call,
- expert evidence will be needed,
- there are any outstanding interim applications to be dealt with,
- the directions for trial have been agreed with the other party and
- on the value of the claim, the cost of the action to date, the likely cost of the action through to trial and the estimated length of the trial

The questionnaire should be filed with the court within 14 days of receipt.

Order for Direction

It is common practice, when sending the Allocation Questionnaire to the other side, to send a draft **Order for Directions** for trial (including time limits for the ensuing stages through to trial such as discovery, exchange of witness statements, expert evidence and preparation for trial,...), seeking the other side's agreement to those directions.

If the directions can be agreed with the parties, the draft order will be sent to court, counter-signed by both parties (or their representatives), and a Court Order will issue from the court embodying the agreed directions.

If the directions cannot be agreed, the parties will be required to attend court for a **Case Management Conference** (set up by way of an application) at which the directions will be discussed and an appropriate Order for Directions made by the court.

Discovery (Disclosure)

Parties must exchange lists of the documents which they have in their possession relating to the matters in dispute by the time provided for in the Order for Directions (about 6 to 8 weeks). Inspection of the documents listed usually

takes place 7-14 days thereafter. After inspection of a party's disclosure documents, the inspecting party can apply to the court for an order requiring further and better **discovery** if the disclosure is found to be inadequate.

Parties must also exchange **Witness Statements** (made and signed by the witnesses) they intend to call and exchange **reports of the experts**. The experts will be required to meet thereafter to see to what extent they can narrow the scope of their disagreement.

Trial Preparation

Following the lodging of the Allocation Questionnaire with the court, the court will provide the parties with a three month trial window within which the trial is to be fixed. For this purpose, the representatives of the parties will attend the office of the court official responsible for trial dates and a **date** will be fixed.

In the weeks leading up to the trial, the parties will agree what should be in the **trial bundles** (pleadings, correspondence, a selection of the discovery documents, witness Statements and experts' reports) which the plaintiff must supply to the court and to the defendant seven days before the trial.

24 hours before the trial, the parties (their representatives) will exchange outlines of their legal argument *or* **skeletons of argument** together with the legal provisions and case reports referred to in those skeletons.

Trial

The **trial** will be before a single judge who will usually have had a day or to look into the case. If at the start of the trial he has not had that opportunity, it is common to provide him with an agreed reading list and adjourn the hearing for a day to enable him to read into the case.

The hearing commences with the plaintiff or his representative **opening** the case to the judge and taking him through the pleadings, skeleton arguments and the main aspects of the plaintiff's case, including references to the witness statements and the relevant discovery documents. Witnesses will then be called (plaintiff, then defendant) and cross examined by the defendant or his representative. He may then be re-examined by the plaintiff or his representative.

The parties (their representatives) will then make closing submissions to the judge on the basis of the evidence put to the court and the law (defendant, then plaintiffs).

Judgment

Ordinarily, judgment will follow a few weeks later (detailed written document prepared by the judge and setting out the evidence, the legal argument and the judge's decision). Following the handing down of the decision, the parties (their representatives) will make representations to the judge as to the form of the final order, based on his decision.

The Judge may order measures, such as:

- order the offending sign to be erased, removed or obliterated from any infringing goods, material or articles in the case of Trade Mark infringement
- determine to forfeit the pirated goods to the right holder (as a way of compensation); and
- an award of damages or an account of profits.

It is at this hearing that the losing party will seek the judge's permission to appeal. If permission to appeal is refused, the applicant will have to go to the Court of Appeal for permission. There is no automatic right of appeal.

4. The Czech Republic

Information on civil procedure in the Czech Republic is limited.

The courts consider the cases of IPR infringement in substantive civil procedures. The petition of the plaintiff to the court initiates the procedure. The substantive procedures may be preceded by the preliminary injunction (cf. pre-Trial Remedies, above) if the execution of the future court decision is endangered. No summary procedure is applicable to the cases of IPR infringement.

Through civil procedure, the owner of an infringed intellectual property right may claim:

- a declaratory judgment confirming the ownership of the IPR (only specifically regulated in copyright law; may be sought in other cases under general civil procedure rules but the plaintiff would have to prove that it has an urgent legal interest in obtaining the declaratory judgment),
- preliminary injunction / injunction,
- disclosure of information concerning the origin of the counterfeit goods,
- restitution/reparation, e.g. withdrawal from the market and/or destruction of the infringing goods,
- apology,
- monetary compensation through damages or surrendering of unjust enrichment.

In the final judgment, the court may order the infringing goods to be withdrawn from the market and/or destroyed if the plaintiff so seeks. Destruction may only be ordered against the owner of the infringing goods and it is his responsibility to comply with the court decision. If he fails to do so, the court may impose fines as a mean to force the owner to destroy the infringing goods.

Under the rules of civil procedure, Czech courts are generally bound by the extent of the plaintiff's claims, i.e. a judge's discretion to opt for particular remedies is limited to cases specifically provided for by the law. Practice shows that plaintiffs most often claim monetary compensation in civil proceedings as, unlike liability for damages, the liability for this monetary compensation is strict. As regards seizure and destruction of the infringing goods, right holders tend to rely on Customs action in administrative proceedings (described below) for this purpose.

The law provides for specific information duties in connection with infringement of e.g. copyright, patents and trademarks. The owner of the infringed IPR has a right to information concerning the origin of the infringing goods. However the nature of this duty is based on substantial law rather than procedural, and it can therefore only be adjudged in the final judgment.

5. China

The procedure is operated according to the following steps :

- Filing a complaint with the Court, who may decide to accept or refuse it. Within five days, the Court sends the complaint to the defendant.
- Within 15 days (30 days for foreign defendants), the defendant must file a written defense, which is served in the five following days by the Court to the Plaintiff.
- Parties should, then exchange their evidence.
- Then, the Court decides on a date for a pre-trial hearing, during which evidence are examined and discussed by the parties, before the Court. Permissible evidence includes : documentary evidence, material evidence, statements by litigants, conclusions of experts, records of inspection. Most evidence, including expert evidence, is written? Evidence not in Chinese must be translated, notarized and legalized to be admissible before the People's Courts.
- In theory, the court may act as fact finder and order inspection, but usually, evidence is produced by the parties themselves.
- At the trial, the hearing starts with opening statements read by both parties, followed by oral debate on issues selected by the Court.
- At the end of the hearing, the Court asks the parties if they wish to settle the dispute. If they do, a settlement may be negotiated out of court, followed by a mere withdrawal of the case or signed in the presence of the Court. In such case, the Court endorses the agreement which shall then have an enforceable strength equivalent to that of a judgment.
- The judgement is delivered within a few months, depending on the complexity of the case.

In some complicated, or sensitive, cases, the decision shall be reviewed by a judicial committee composed of senior judges and other persons, but the parties do not get to be heard at such committee.

The court may apply the following measures:

- order to cease the infringements,
- confiscate infringing goods,
- confiscate infringing reproductions and materials as well as the tools and equipment used in the production of the infringing goods.ⁱⁱⁱ
- pay damages

It is to the people's court's discretion to issue the amount of compensation.

The amount of damages for infringing a patent right shall be calculated according to:

- the losses suffered by the IP owner, or
- the profits gained by the infringer out of the infringement, or
- the equivalent of royalties that the infringer shall have paid as a legitimate licensee.^{iv}

Where difficulties arise to determine the illicit profit that the infringer has earned or the loss suffered by the injured party, the People's Court may impose an amount of damages not exceeding RMB 500,000.

The amount of damages shall include the appropriate expenses of the IP owner for stopping the infringement.

F. Mutual Disclosure of Evidence and Arguments

The complete and timely disclosure of evidence and arguments is an essential characteristic of civil procedure.

It is interesting to compare, here, three very different approaches from UK, France and China.

1. United Kingdom

In the UK, the procedure itself is called "*discovery*". Under such rules, all documents must be produced, whether they support the party or might adversely affect its interest. "*Documents*" is a widely interpreted term and includes computer records, emails, drawings and video recordings.

A party may obtain disclosure of documents relevant to the proceedings which are in the custody or control of another. The courts may also order specific disclosure of a document though the usual order is for standard disclosure. The requirement is for full and frank disclosure of all documents upon which the party relies as well as those which adversely affect his or the other party's case or which supports it (CPR 31.6). A reasonable search should be made for such documents considering the circumstances of the proceedings. Privileged documents may be exempted i.e. correspondence between solicitor and client and parties should ensure that all documents, whether favourable or not, are preserved as soon as they become aware of an action being commenced

The court may also order disclosure against third parties, by way of a disclosure order. This will be done in circumstances where documents likely to support the applicant's case or adversely affect the case of the other party are in existence but in the power of a third party and it enables the claim to be disposed of fairly or for costs to be saved.

Under the court's jurisdiction IP rights holders are also able to obtain a court order requiring information relevant to the action (e.g. names and addresses, dates, quantities and sources) to be disclosed. These are known as "*Norwich Pharmacal*" orders. This can prove useful for example in relation to a dispute relating to an internet site: if the website domain name has been registered through a third party internet service provider, then information about the

identity of the website owner may be difficult to obtain without an order requiring the internet service provider to release the information it has on its records.

2. France

In France, it is both a procedural rule and an ethical obligation for the lawyers representing their clients, to produce in due time the evidence that they intend to rely upon. A list of such documents is attached to each of their written pleadings, so that the Court may verify that a document inserted in the file has been produced. Should a document not be listed, it shall be disregarded by the Court.

Arguments and documents are to be exchanged directly between lawyers, with enough notice before the trial to enable the other party to review the same and reply, or produce new evidence or arguments.

New arguments and new evidence can be used before the Court of Appeal.

3. China

As described above, the exchange of evidence takes place before and during a pre-trial hearing.

Arguments may be submitted orally, and it is not rare to appear in Court without knowing what will be the defensive arguments of the other party, if such party has not filed any written pleading. It may also happen that important documents, such as expert opinion, could be used during the trial without having been passed on to the other litigant, who therefore, has no possibility to review and comment.

G. Appointment of Experts

1. France

French law provides for the intervention of two kinds of experts.

- In the evidence collection stage of an IP case, experts do not need to be mentioned in a list of experts. Any person whose presence could be useful during the seizure (*saisie-contrefaçon*) may intervene as an expert: such as intellectual property counsel, photographer, locksmith, mechanic expert, electronic expert, chartered accountant, computer specialist, illustrator asked to recover the plan of the seized articles, architect,... Their number is not limited and they are chosen by the claimant in his request and/or by the bailiff himself (except if the claimant contests it).
- Other experts are appointed for specific missions and are limited by the order rendered by the judge.

Experts must be independent from the parties. However, that independence is not strictly interpreted i.e. the intellectual property counsel of a party is entitled to take the function of expert.

2. Germany

The appointment of a court expert is an exception rather than the rule at district court or higher regional court level. In practical terms, an expert is only appointed by a court

- in patent infringement cases: if complicated technical questions and/or the interpretation of a patent are at issue and the court cannot decide upon these questions on the basis of its own knowledge and experience. Usually, the parties have the right to suggest appropriate candidates and to comment on the other party's candidates. The expert would usually have an academic degree and in most of the cases is a German university professor or professor at a university of applied sciences in Germany.

- in trademark infringement cases: if enhanced distinctiveness of a registered trademark or acquired distinctiveness of a non-registered trademark is at issue, courts sometimes recourse to survey evidence which is introduced into the lawsuit in the form of an expert opinion (report on the survey's results).
- in copyright infringement cases: if either the creative/artistic character and the prior art has to be examined before e.g. granting copyright protection to a work of applied art (e.g. furniture design) or it has to be examined whether an alleged infringement results from an act of copying the original or is rather an independent creation, experts are involved.

The expert has to render a written opinion. The expert opinion is not binding for the court and the court may not base its findings entirely on the opinion, but has to collect and establish the facts on its own responsibility. The appointment of a court expert and the subsequent procedure of finding the right candidate and preparing the opinion usually delays infringement proceedings considerably.

3. The United-Kingdom

In the Patents Court the judge will often allow each party to appoint technical experts, though they will be restricted to that which is reasonably necessary to resolve the proceedings. This is due to the technological complexity that can result from some patent matters and the need to fully understand the technical subject matter. The experts have a duty to act as independent experts, but are paid by the party appointing them. The court also has the ability to appoint an expert to advise it directly, but this is rarely done. The judges in the Patents Court all have a scientific qualification as well as being a lawyer.

In contrast, the PCC very rarely appoints technical expert, nor does it allow them to be appointed. The judges sitting in the PCC, in addition of being lawyers, have scientific qualifications.

Any expert evidence that is heard in either court will be submitted in writing.

4. The Czech Republic

In the substantive civil proceedings judges do appoint technical experts if the decision on the matter depends on assessment of facts requiring expert knowledge.

5. China

PRC law does not provide any mandatory requirements in this regard. However, the Civil Proceeding Evidence Provisions stipulate that the party may apply to the court for the appointment of one or two experts to explain during the trial hearing some "*special issues*". Where the courts agree on the application, it is to the applicant to bear all costs. Nevertheless, neither these Provisions nor other PRC laws give further clarification on the effect of the expert's advice. It is not clear how the expert's opinion may affect the judges' decisions.

H. Legal Costs

In all countries, the losing party must bear the cost of the winning party, but the amounts and means of calculation differ.

1. France

"*Taxable charges*" (proportional or fixed amounts incurred for the filing of the case, serving procedural documents etc..) shall be borne in part or in full by the unsuccessful party unless otherwise ordered by the court. In addition, courts may order against the unsuccessful party the payment to the other party of an amount which shall be fixed on the basis of the sums spent by the successful party that are not included in the taxable charge (e.g. attorney's fees). Courts shall take into consideration the rules of equity and the economic condition of the party against whom it is ordered. In practice, such awards remain lower than the actual cost incurred.

2. Germany

The losing party bears the costs. If neither party has completely lost or won, costs will be allocated *pro rata*.

3. the United-Kingdom

Once the court has decided which party has won it will make an award for costs. Costs are at the discretion of the court (having regard to all the circumstances e.g. the conduct of the parties before and during the proceedings, the success of the case and any settlement efforts) and the general rule is that the unsuccessful party will be ordered to pay the other's costs. Therefore the successful party is likely to be able to recover all or a significant proportion of the fees and disbursements it has incurred during the litigation. If the claimant loses it may have to pay all its own costs and a proportion of the defendants and vice versa as well as any amount awarded by the judge.

Security for cost : Where the claimant is resident outside the jurisdiction (and not a party to the Brussels Regulation) in which the claim is brought or is unlikely to be able to pay costs if ordered to do so the defendant may ask for security for costs. Therefore if the claimant fails in an action and is ordered to pay the defendant's costs it will be difficult to enforce against the claimant without security. Security can be given by way of bank guarantee, money on deposit etc [CPR 25.13].

4. the Czech Republic

The losing party generally bears the costs of the proceedings.

5. China

Under PRC law, civil procedure costs will include the following:

- case acceptance fees. The plaintiff of a civil case will have to pay an acceptance fee to the court when filing a civil claim.
- fees for examination, verification, public announcement and/or translation;
- transportation fees, accommodation fees and compensation for work absence paid to the individuals conducting examination, verification and/or translation;
- fees for application for litigation preservation measures and actual expenses so incurred; and
- actual expenses incurred for enforcement of judgements/rulings/mediation agreements.

The costs of the procedure will be paid in the first instance by the plaintiff to the court (but the fee for application for enforcement will be paid by the applicant in the first instance).

As to who should finally bear the cost of the procedure, PRC law stipulates that, the case acceptance fee charged by the court should be borne:

- by the losing party;
- by both parties *pro rata* if neither party has completely lost or won; or,
- in a joint action, by the parties in accordance with the court's decision.

With respect to other procedural costs, the court will decide which party should bear them in accordance with the specific situations of the case.

If the court of second instance amends the judgment made by the court of first instance, it should also amend the original judgment relating to the costs of procedure.

I. Publication of Cases

In IPR cases, publication is an important part of the remedy sought by the IPR owner, who uses such publication to warn and deter other infringers.

1. France

Courts decisions can be published upon the party's request and at the counterfeiter's expenses. The courts decisions can be published in any media chosen by the claimant but the cost of the publication cannot exceed the maximum amount incurred for the offence.

2. Germany

Important Court decisions of the German Federal Supreme Court, higher regional courts, and sometimes also of district courts are published in law reviews. The leading cases the Federal Supreme Court deems landmark cases are also published in the so-called Official Law Report. In all these published decisions, the names of the parties are made anonymous; unlike in the US or UK, courts and legal scholars in Germany would never refer to a precedent by quoting the parties' names, but by indicating the volume and page of the law review.

Beyond that, German IP statutes confer the power to the courts to, upon the plaintiff's motion, publish the decision or parts of it on the infringer's expense. Parties and courts make relatively rarely use of this instrument. If such an order is issued, the parties' names will be published together with the decision in a review or newspaper that is addressed to the appropriate public – from very specific journals to nation-wide daily papers.

3. the United-Kingdom

There are a number of ways that decisions can be obtained such as via the court website, via the published case reports and by viewing the court file which is publicly available. Usually the publisher will bear the costs.

It is rare for a defendant to be ordered to pay the costs of publication however such an order requiring a defendant to place an advertisement or publish a decision would take the form of a mandatory injunction on the terms that the court thinks are fair.

4. the Czech Republic

The law explicitly provides for publication of court decisions only in copyright infringement cases. The decision is to be published at the infringer's expense. However this type of remedy is rarely sought.

5. China

Although Article 134 of the PRC Civil Procedure Law stipulates that courts shall publicly pronounce their judgments in all cases, whether tried in public or not, PRC law does not require that all courts' decisions be published. In practice, court decisions are rarely published. Most of the published court decisions are published by the court itself to make people aware of typical IPR cases.

According to the court decisions available, some courts order the infringer to apologize in public within the time limit, otherwise the court will publish the court decision for which the cost should be borne by the infringer.

PART II

THE ROLE OF CUSTOMS

EUROPEAN UNION

A. Foreword on EU Harmonisation

Between 1998 and 2001, the number of counterfeited and pirated articles intercepted at the EU's external frontiers increased in a tremendous way. It was therefore decided that a *“legislative response was necessary to improve the system”*. In response, the Commission launched a legislative initiative and the Council adopted Regulation (EC) No 1383/2003 on the 22nd of July 2003 showing a *“strong[] support to the Commission proposal and ensure its rapid adoption”*^v. Replacing Council Regulation (EC) No 3295/94, the new Regulation entered into force on the 1st of July 2004 with the major objective a strengthening customs action by:

- giving greater legal clarity,
- extending the scope of application of the law to take in further IP rights such as geographical indications, designations of origin and plant variety rights.
- simplifying access by owners of IPR,
- developing an effective legal instrument [...] to tackle this kind of fraud
- set[ting] out *“conditions under which customs authorities may intervene where goods are suspected of infringing intellectual property rights”*^{vi},
- setting out *“the steps to be taken by the authorities when goods are found to be illegal”*,
- making rules more accessible for right holders,

All in all, the new customs regulation is a *“powerful legal instrument to tackle this kind of fraud more effectively”*^{vii}, providing for more and more efficient protection for consumers. It fundamentally simplifies procedures and ultimately benefits to enterprises, more particularly SME, in various different ways:

- file applications *“for action submitted to customs authorities” free of charge through a standardised form with a validity extended to one year*^{viii}.
- the destruction of infringing products has been fundamentally facilitated and speeded up, notably in cases where *“goods present[...] a risk for the health and safety, which will enable SMEs to avoid costly and repetitive procedures”*^{ix}.
- the regulation *“abolishes fees and guarantees so as to help [SMEs] to use the system without incurring costs. The idea of guarantees is replaced by having the owner of the rights enter into an agreement to pay instead”*^x.
- it *“extends the scope of the ‘ex officio’ procedure; which allows the customs authorities to react without a prior application for action”*^{xi}. The use of this possibility has been considerably extended; which should be of particular benefit to SMEs:
- it *“allows samples to be given to the owners”*^{xii} for analysis in order to be able to pursue the procedure.

- finally, it “ends the need for the owner of the intellectual property right to take an action on the merits”^{xiii} which reduces costs involved in some cases.

The new customs regulation “increases the quality and amount of information given”^{xiv} to customs authorities, which ultimately increase the efficiency, especially in “targeted” customs control techniques which “involves analysing all of the documents at the disposal of the customs administrations” and gradually serves as a basis for future control as to reduce the number of checks and increase their efficient.

B. Customs Measures

1. Scope of competence

In the EU, customs' powers include the power to board, access and detain ships and other vehicles, to impose duty on imported goods and to impose fines. In addition, Customs has the authority to arrest any person who has committed, or whom the Commissioners have reasonable grounds to suspect has committed a customs offence. Both the IP-specific legislation and general Customs legislation permit Customs to inspect, detain, seize and condemn goods for destruction.

*In **France**, the scope of competence applies to the whole French territory, territorial waters and air space. Customs agents are allowed to control goods and visit means of transport. They can also visit any professional or residential place, take samples, withhold documents or take copies thereof.*

*In the **Czech Republic**, officials based in one district can perform raids in another district and without prior announcement, which is regarded as an important factor in eliminating corruption.*

In practice, customs measures in all EU member states are almost exclusively governed by EU law (Council Regulation (EC) 1383/2003, hereafter the ‘Regulation’), which applies to the entry into the Community and the export or re-export from the Community, of goods which infringe various of the rights holder’s Community or national IP rights. The Regulation does not, however, apply to:

- Grey market goods, which are defined as goods manufactured with the consent of the right-holder, but marketed without the consent of the right holder (that is, parallel trade goods); and goods manufactured or bearing a trade mark under conditions other than those agreed by the right-holder, that is, overruns. (Article 3(1) of the Regulation)
- Goods of a non commercial value, for example goods contained in a traveller’s personal luggage, and within the current value limit for relief from Customs duty. (Article 3(2) of the Regulation)
- Goods in free circulation, that is, goods which have already entered the EU and are moving between Member States.

Those are covered for by national customs regulations. Both community and national regulation provide for the withholding of infringing goods, on request and ex officio.

2. Withholding of Infringing Goods on Request

At the request of the IPR owner, who takes the form of a request renewed each year, the Customs may withhold suspicious goods, and immediately inform the IPR owner and the Public Prosecutor.

One can file a Customs application if they are the holder or authorised user (e.g., a licensee). Foreign right holders have to be represented by an attorney-at-law or patent attorney admitted to practice in the EU Member State where the application is submitted.

There are two types of customs monitoring applications:

- a National Rights Application if the rights holder is relying on national rights.
- a Community Rights Application, if the rights holder is relying solely on Community wide rights, i.e. Community trademarks, Community designs, Community plant varieties, a designation of origin, a geographical indication or a geographical designation of spirit.

National Customs monitoring applications must be lodged with the Customs authorities of the respective country. Community rights applications may be filed to cover all or an elected number of, EU Member States. The application must be filed with a Customs administration in a single country, and once the application has been accepted, that Customs department will forward the application to the elected Customs administrations whereon it will take effect subject to any national formalities. If a rights holder is seeking to rely on both national and Community wide rights, then he must file a national application.

To submit a request for assistance, the right holder (or their representative) must fulfil two conditions:

- the applicant must indeed be the holder of the right in question, and
- sufficiently accurate description must be submitted to make identification possible.

Customs therefore require that the rights holder submits the following information to support its application:

- Evidence of being a holder or authorised user of the IP right
- An accurate and detailed technical description of the authentic goods.
- Any specific information concerning the type or pattern of counterfeiting of those goods.
- The names and addresses of the contact persons appointed for administrative and technical matters.
- A written undertaking to cover for costs incurred by Customs in keeping goods under its control and be responsible for any liability towards the alleged infringer if seized goods are later found not to be infringing.
- If the Application is to be filed on ones behalf by a representative (e.g. law firm), a letter of authority confirming that the representative is authorised to act.

Where possible, the applicant should also provide information on:

- pre-tax value of the authentic goods on the legitimate market in the country in which the application is lodged;
- the location of the authentic goods and their intended destination;
- particulars identifying the consignment of packages;
- the scheduled arrival or departure date of the authentic goods;
- the means of transport used;
- the identity of the importer, exporter or holder of the authentic goods;
- the country or countries of production and the routes used by the traffickers;
- the technical differences, if known, between the authentic and suspect goods.

On interception of goods which it suspects are counterfeit or pirated, customs authorities will suspend release of the goods and arrange for the right holder to examine a sample. The right holder is then asked to give a written opinion as to whether the goods are counterfeit or pirated and why they infringe the rights of the right holder within ten working days from the date of notification by Customs. The goods will be released unless the IPR owner justifies to the Customs that he has obtained an order from the competent judicial authority, or that he has initiated a civil or criminal action.

Details concerning the infringer (sender, conveyer, consignee, quantities, etc.) must be disclosed by the Customs to the IPR owner if he so requests.³

³ This information may only be used for the purpose of determining whether or not the goods are counterfeit or pirated. It is an offence for the rights holder to use this information for any other purpose and therefore a rights holder cannot pursue civil action against any of the infringing parties. This restriction is currently under review.

The importer can oppose the border seizure within this same period of time or not (silence treated as acceptance), in which case, Customs authorities issue a confiscation order with respect to the seized goods.

If the importer opposes the border seizure, the right holder has, within two weeks, to obtain a court decision according to which the custody of the seized goods is to be upheld. This can take the form of:

- preliminary injunction from a civil court or
- a confiscation order rendered by a criminal court)

In case that the enforceable court order is not issued the customs authority will lift the seizure.

*In **Germany**, applications filed under the national customs seizure proceedings will be valid for 2 years. Seizure will be ordered only on security to be lodged by the applicant. This shall cover the full amount of damages likely to occur if the seizure is not justified.*

*In the **United-Kingdom**, where an individual or business files an application under the UK legislation (TMA or CDPA), there is an administration fee of £30,- plus VAT payable in respect of each notice which is lodged. Goods seized under the UK legislation which are covered by a notice lodged by a right holder are liable to forfeiture.*

*In the **Czech Republic**, after it is established by a civil court judgment that an IPR has been infringed under Czech law, the infringing goods shall be destroyed.*

3. Withholding of Infringing Goods Ex-Officio

In the event that Customs identify suspected infringing goods which are not covered by an application, Customs have the power to detain goods ex officio for a period of three working days. The relevant rights holder may be invited by Customs to lodge an application within that period (article 4 of the Regulation).

The period provided for giving a written opinion as to whether the goods are counterfeit or pirated and why they infringe the rights of the right holder as well as obtaining an order from the competent judicial authority, or initiating a civil or criminal action may then be extended by a maximum of ten more working days.

THE PEOPLE'S REPUBLIC OF CHINA

In September 1994, China began to carry out border protection of IPR. At present, the Chinese customs houses have established a complete system of IPR-related law enforcement measures, which includes such links as examination of customs declaration bills and certificates, inspection of imported and exported goods, detention and investigation of right-infringing goods, punishment of illegal importers and exporters, and disposal of right-infringing goods. In October 1995, China promulgated and implemented its first ever "Regulations on the Protection of Intellectual Property Rights by the Customs," and began to establish its system of IPR customs protection in accordance with WTO rules. In 2003, the Regulation has been revised.

As in the EU, China's Customs Law provides for measures on request and ex officio.

A. Withholding of Infringing Goods on Request

Owners of IPR may apply for the detention of suspected goods to Customs in the event that the suspected goods will be imported or exported by submitting an application letter and evidentiary documents sufficient to prove the allegations.^{xv}

Owners of IPR shall submit an application letter to register their IPR with the State Administration of Customs, which shall decide upon to register the application within 30 working days. The SAC may cancel the IPR registration if the IPR owners fail to factually provide relevant information or documents when applying for IPR recording.^{xvi} The registration shall be valid for 10 years, renewable 6 months prior to expiry. The recording will automatically be invalidated on expiry or if the IPR is no longer protected by the laws and regulations of PRC at the time of expiry. In the event of any alteration of the recorded IPR, IPR owners should apply to SAC for modification or cancellation within 30 working days from the alteration of the recorded IPR.^{xvii}

Customs shall detain suspected goods, give written notice to IPR owners and deliver the receipts of detention to assignors or assignees if the application for detention of suspected goods are in accordance with the requirements of Article 13 of this regulation and the IPR owners have provided a guarantee pursuant to Article 14.

When applying for detention of suspected goods to Customs, the owners of IPR shall provide a guarantee to Customs for the purpose of

- indemnifying the losses suffered by assignors and assignees
- paying for storage, custody, and disposal etc. arising from inappropriate applications

If the said goods are determined to be in infringement of IPR, Customs shall confiscate the detained suspected goods. The infringing goods shall be disposed as follows:

- transmitted to the relevant public welfare utility if the confiscated goods are deemed suitable for public welfare;
- transferred to IPR owners in return for adequate compensation if the IPR owners requires so;
- auctioned after removing the characteristics of infringement;
- destroyed if infringing characteristics cannot be removed.^{xviii}

If the goods are not in violation of IPR owners' legal rights, assignors or assignees shall submit a written statement and related evidentiary documents and may, after providing a guarantee, request Customs to release their goods. This guarantee shall be refund if the IPR owners fail to initiate litigation to People's Court within a reasonable time period.^{xix}

In addition, Customs shall also release suspected goods under detention if:

- notice of assistance on execution from People's Court hasn't been received
 - within 20 working days from the date of detainment,
 - or within 50 working days, after investigation cannot determine the infringement of the detained suspected goods
- consignors or consignees have sufficient evidence to prove that their goods are not in infringement of IPR of the IPR owners.^{xx}

After applying to Customs for the detention of goods suspected of violating IPR, the IPR owners may apply to the People's Courts for an injunction or for property preservation measures prior to litigation proceedings. Customs shall provide assistance upon receiving notice of execution of orders for injunction or for property preservation from the People's Court.^{xxi}

B. Withholding of Infringing Goods Ex Officio

Customs shall notify IPR owners in writing if they suspect that imported and exported goods have violated IPR rights.

If IPR owners submit an application within 3 working days after receipt of the notice acknowledging compliance, Customs shall detain the suspected goods, notify IPR owners in writing, and deliver receipt of detainment to assignors or assignees of the goods.

Customs shall not detain the goods if IPR owners fail to submit application or fail to provide guarantee within the required time limits.^{xxii}

PROCEDURES INITIATION & PENALTIES

As seen above, when being informed of the interception of suspected goods, a right holder will either be required to obtain an order from the competent judicial authority, or initiate a civil or criminal action if it wants those goods to be suspended from release.

If a consignment is seized and no appeal is lodged by the importer, then the goods will be condemned and liable for forfeiture. Customs powers of seizure also extend, in certain circumstances, to non-infringing goods that are “packed with” infringing goods.

Customs are empowered to pass details of the infringer/importer to other enforcement authorities, which may then investigate and pursue criminal action against the infringer/importer.

In given cases, customs will have the authority to initiate different procedures and impose fines. This differs in all countries.

A. France

For acts of smuggling products bearing infringed trademark, the French Customs Code provides for a whole range of specific Customs measures and specific penalties, which are separate and cumulative with the criminal offences of trademark infringement sanctioned by the Intellectual Property Code.

In such case, the Customs can proceed *ex officio*, without having to inform the IPR owner or the Public Prosecutor in any point of the territory. Penalties applying are as follow:

- < 3 years imprisonment and fine (< twice the value of the fraudulent goods)
- where related to dangerous goods or committed by an organised gang, < 10 years imprisonment and fine (< five times the value of the fraudulent goods)
- seizure of the goods / means of transportation
- temporary suspension of the right to practice
- suspension of the driving licence.

Other penalties include the:

- incapacity to appear before stock exchange,
- exercise functions of stockbroker,
- vote or be elected at the chamber of commerce, commercial courts and industry courts.

Posting of the judgement and publication at the expense of the condemned person

B. Germany

Beyond the customs procedure, customs may also institute criminal proceedings against infringers and have with this respect powers similar to the police authority.

In case of criminal offences against the Intellectual Property Laws or Copyright Act the petitioner may also institute criminal proceedings with the Customs Criminal Investigation Office (“Zollkriminalamt”) located in Cologne. In

such proceedings, customs officers are assistants of the prosecutor's office and consequently vested with powers similar to the ones of police officers.

Penalties are not issued by Customs authorities. Other penalties may be imposed in criminal proceedings (IP and tax related offences).

C. The United-Kingdom

As with domestic counterfeiting and pirating, Customs will often look to punish infringers through seizure of goods rather than prosecution. It is generally felt by enforcement agencies that this can be an adequate financial penalty as the infringers will have had to pay for the infringing goods. Customs may also explore other options with the right holder such as disposal to charitable organisations or used as training and education aids.

D. The Czech Republic

Customs have powers to conduct proceedings concerning certain administrative offences. These offences range from submitting a Customs declaration in respect of infringing goods to e.g. holding, storing or selling infringing goods which escaped Customs supervision on Czech territory, or achieving the release of infringing goods for free circulation by breach of Customs laws or regulations.

In these cases the Customs may initiate administrative proceedings against the infringer and may eventually:

- impose fines ranging from CZK 100,000 (approx. EUR 3,333) for submitting a Customs declaration in respect of infringing goods to CZK 20,000,000 (approx. EUR 666,667) for holding, storing or selling infringing goods which escaped Customs supervision on Czech territory. The amount of the fine shall often depend on the value of the infringing goods. The maximum fine may generally be imposed if the value of the infringing goods exceeds CZK 5,000,000 (approx. EUR 166,667).
- declare the infringing goods forfeit and be destroyed under the supervision of three Customs officials.). The expenses shall be borne by the declarant, owner or holder of the infringing goods, if known, otherwise by the right holder. If the infringing goods do not belong to the infringer, the forfeiture is only an option if it is necessary for safety of persons or property or other general interest.

In certain cases, goods infringing a trademark may be, with the right holder's consent and after having removed the infringing trademarks, donated to a charitable entity for humanitarian purposes.

The Czech Trade Inspectorate (COI) has powers similar in their nature and scope to those of Customs but its powers extend to all infringing goods on the territory of the Czech Republic. Inspectors of COI are authorised to seize infringing goods, keep them in detention out of the reach of the infringer and dispose of them as do customs authorities.

PART III

PUBLIC ACTION

SECTION 1 –PENALTIES IN THE EU₂₅ AND THE PRC

Sanctions provided for acts of infringement are a very powerful mean that have two key ends: punish and deter.

- First and for all, sanctions schemes must be designed in such a way as to punish infringers proportionally to the seriousness of their act.
- Second and most importantly, the scheme of sanctions must be deterrent. In other words, sanctions provided for an act of infringement should transmit a very clear message to potential infringers that infringing an IP can not be cheaper than producing this IP. Should the sanctions be too low, infringers will continue to violate IP rights as the cumulated risk of being caught and the level of the punishment are not deterrent.

A. Penalties in the EU

1. criminal sanctions

All member states of the EU provide for criminal sanctions, but not necessarily for all types of IPR. This shall change if the draft Directive on Criminal Procedures and the Framework Decision on Criminal Sanctions will be approved by the European Parliament and the Council (cf. European Harmonisation, below).

In some member states, sanctions are provided in the relevant IP law, whereas in others, sanctions are provided for in their respective Criminal Code.

	Austria	Belgium	Cyprus	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Italy	Ireland	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Poland	Portugal	Slovak Republic	Slovenia	Spain	Sweden	UK	Bulgaria	Roumania	Turkey
Patent	x	-	?	x	x	?	x	x	x	-	x	x	-	-	?	-	x	x	x	x	x	x	x	x	-	?	x	x
Design	x	-	?	x	x	?	x	x	x	-	x	x	x	x	?	-	x	x	x	x	x	x	x	x	-	x	x	x
TM	x	x	?	x	x	x	x	x	x	x	x	x	x	x	?	⁴	x	x	x	x	x	x	x	x	x	x	x	x

⁴ The Benelux Convention signed on 1st March 1962 provides for the protection of trademarks, and leaves to each state the possibility to provide for criminal sanctions.

Copyright x

x x x

Table 2 – Criminal Sanctions in the 25 Member States +2 +1
 [x: sanction available | ?: no data available | -: no criminal sanctions]

2. Conditionality

Some EU member states condition the application of a sanction to certain circumstances: intention on the part of the infringer and/or commercial exploitation

Some differences exist between the twenty-five EU member states, with regards to the conditions in which the sanction may be imposed by the judicial authority to the infringer. The term "*condition*" applies, not on whether an act of infringement shall be qualified as a criminal offence, but on whether other conditions (intentionality of the act, seriousness of the act) need to be met for the sanction provided by law to be imposed, or whether aggravating circumstances justify a heavier sanction.

a) No condition

In some member, namely Ireland, Italy, Portugal, the Slovak Republic, Slovenia, and the United Kingdom, the judge has full discretion to decide, depending on the circumstances of the case, whether the sanction provided by the law should be imposed, and at what level. In such countries, there is no requirement to prove that the act was intentional.

b) Intentionality

Intention to commit the act of infringement

Other countries refer to the intentionality of the infringement act in a very clear way by simply referring to the intent of the act. This is not applied horizontally for all IP rights and might even be specific for a particular case for a particular right. In Austria for example, copyright act refers to the "*intentional circulation or detention of a device designed to suppress protection of copyrighted material for commercial exploitation*" whilst no particular condition for intentionality is provided for other cases. Others generally use the following terms:

- intentionally *or* with intention (Estonia, Austria,...),
- deliberately (Netherlands,...),
- knowingly (Latvia, Cyprus,...),
- willingly (Belgium,...)

Intention to harm

The legislation of some EU member states refer to the harm that originates from the act of infringement. It is being referred to in different ways who could be potentially harmed.

Some countries very simply refer to the idea of harming. For example:

- harm (Finland,...),
- serious harm (Denmark, Sweden,...)
- willingly harm (France,...)
- mischievous (Belgium, Luxembourg,...),
- harm to third parties (Spain)
- financial harm (Hungary)

Intention to carry on commercial exploitation

Finally, some member states refer to the infringer's exploration to generate illegal revenue which clearly states the intentionality of the act. Some, such as Hungary, combine this to the intention to harm and thereby refer to "*causing a financial harm*" or to the generation of an "*illegal profit*" by causing "*financial loss to the right-holder*" more particularly for copyright.

Other member states refer to the intentionality of generating illegal revenue in the following forms:

- with intent to gain or in view to gain or for their own personal profit (Germany, Malta,...),
- commercial exploitation (Spain, Bulgaria, Lithuania,...),

Definition of "commercial exploitation" (Lithuania)

It is interesting to note that the Lithuanian copyright law defines a minimum level of what can be considered as commercial exploitation. As such, the minimum value of pirated products produced, held or sold is equivalent to 125 Litas or 46 US\$. This value is calculated on the basis of the retail price of a genuine product sold to the unit, thereby lying at a significant low (less than 10 units).

c) Interpretation of Conditionality

It is important to note that, where a member state provides for conditionality, there is no given level required for the court to decide on whether a condition is met. The court will take a look at all circumstances of every single case:

- who committed the crime,
- what are the infringer's antecedents,
- under what circumstances did the infringement occur,
- how was the infringement executed,
- what is the amplitude of sales and damages caused
- ...

The public prosecutor has discretionary power in any case of infringement whether they accuse the infringer or close the proceedings (in smaller cases). The court would not rely on thresholds to sentence a certain result as each individual case is difference. Instead, it will apply a remedy that it deems proportionate to the gravity of the act of infringement. Possible results are:

- incarceration,
- prison on probation,
- fine,
- no court proceeding but payment of fine.

Whilst rules and regulations do not provide for thresholds, it is important to note that case law sets some guidelines to help judges in their interpretation. For example, according to German jurisprudence, intent "*to gain*" or to make commercial exploitation (cf. aggravating circumstance, below) means that the infringers:

- intends to create a continuing source of income
- of a certain duration and volume
- by repeated infringement.

More specifically, the interpretation of judges is of the highest importance in cases dealing with trade mark infringements. Legislation related to EU community trade mark and other national trade mark legislations provide that both identical and similar copies of trade marks are considered to infringe IP rights and it is to the public prosecutor to identify whether a trade mark has been infringed.

3. Level of the sanctions

	Fine (EUR)	Incarceration (in years)			
		P	D	TM	C
EU Framework Decision	300.000 ⁵	4 ⁶			
Czech Rep. ⁷	165,738 ⁸	2			5 ⁹
France	300,000 ¹⁰	3 ¹¹			
Germany	Fine ¹²	3			5 ¹³
UK ¹⁴	7,247 ¹⁵	-	-	10 ¹⁶	2 ¹⁷

Table 3 – Simplified Scheme of Criminal Penalties in the EU
EU Draft Framework Decision, France, Germany, the UK and the Czech Republic
(cf. to annexes for full data on 25 Member States)

4. Aggravating circumstances

In general, all EU member states provide circumstances that increase the seriousness or outrageousness of a given crime, and that in turn increase the wrongdoer's penalty or punishment. National legislations related to IP refer to various circumstances that aggravate an act of infringement. Those include commercial exploitation, recidivism and organised crime amongst others.

Some countries such as Denmark, Ireland and the United-Kingdom provide for penalties in aggravated circumstances but leave this to the interpretation of the judge, without further enumerating conditions.

Others are more specific:

Commercial exploitation

As in determining the condition of intentionality of an act of infringement, some member states refer to commercial exploitation as an aggravating circumstance. Countries merely referring to commercial exploitation as such include Austria and the Netherlands where the maximum incarceration penalty quadruples, Estonia, Germany (maximum incarceration penalty passes from 5 years).

In France, "industrial exploitation" is considered as a circumstance justifying an aggravation of the sanction.

Other countries such a Poland and Spain refer to such aggravating circumstances where the act of infringement provides permanent or regular revenue, consequent profit, and considerable economic gain or where the act of infringement has been perpetrated at a large scale such as in the Slovak Republic.

In Hungary, the seriousness of a given crime increases where a substantial or considerable

⁵ With a minimum of at least 100,000 to 300,000 EUR

⁶ Minimum

⁷ 0.03 EUR/CZK 01/08/2005

⁸ Minimum of 66.3 EUR

⁹ Minimum of 6 months

¹⁰ In the case of Trademarks, this threshold is brought to 400.000 EUR when there is clear intention to gain a financial profit by commercialising.

¹¹ In the case of TM, the penalty is brought to 4 years when there is clear intention to gain a financial profit by commercialising.

¹² In Germany, all IP infringements are sanctioned with a fine. No further data is available.

¹³ For an offence with indictment (minimum of 6 months); 2 years for summary offence (can be more if case is serious)

¹⁴ 1.45 EUR/GBP 01/08/2005

¹⁵ Level 5 fine

¹⁶ For offence with indictment; 6 months for summary offence

¹⁷ For offence with indictment; 6 months for summary offence

financial damage is caused and increases the penalty to up to 8 years

In Spain again, aggravating circumstances are available where the situation is particularly serious and where the perpetrator can be imposed an interdiction to practice.

Recidivism Recidivism is the continued, habitual or compulsive commission of law violations after first having been convicted of prior offences. Countries referring to recidivism directly in their IP legislation include **Belgium**, **Cyprus**, **Latvia** and **Luxembourg**.

Organised crime Another noticeable aggravating circumstance is the perpetration of an act of infringement as part of organised crime. In **Italy**, for example, where this problematic is high, aggravating circumstances in the case of organised crime are available horizontally for all different types of IP.

Other countries referring to organised crime directly in their IP legislation include **France**, **Latvia**, **Poland** and the **Slovak Republic**.

In the **Slovak Republic**, there is a difference to be made as where the perpetrator acts as the organiser, the planner or merely as a member.

5. EU harmonisation

On the 12th of July 2005, the Commission submitted new proposals for a Directive and for a Framework decision¹⁸ on European criminal-law provisions to combat infringements of IPR. These proposals aim at harmonizing national criminal laws, by “*improv[ing] European cooperation*”¹⁹ and “*form[ing] a basic platform underpinning [the] joint efforts to eradicate these phenomena which are undermining the economy*”²⁰. The proposals give a clear “*political signal reflecting the determination to combat piracy and counterfeiting*”^{xxiii}, with a specific focus on criminal organisations, which are increasingly “*investing in these activities which are often more lucrative than other types of trafficking*”, thereby “*jeopardis[ing] legitimate businesses and threaten innovation [and posing] a real danger to public health and safety*”^{xxiv}.

The proposed measures “*apply to all types of infringements of intellectual property rights*”^{xxv} and treat all intentional infringements (a commercial scale, and attempting, aiding or abetting and inciting such infringements) as criminal offences.

The Proposal for a Framework sets a “*standard for criminal penalties*”^{xxvi}, providing at least four years' imprisonment and applicable fines of at least EUR 100,000 to 300,000 “*for cases involving criminal organisations or posing a risk to public health and safety*”^{xxvii}. As for the Directive on Enforcement of Intellectual and Industrial Property Rights, the directive proposal and the framework decision on criminal sanctions allow Member States to “*apply tougher penalties*”^{xxviii}.

These various pieces of legislation make it very clear on how much the European dimension in the field of intellectual property rights enforcement becomes more visible. It is difficult to say by now on whether the directive and framework decision on the criminal sanctions will be approved by the parliament and the council. This could very much be the case however as there is a constant will amongst the twenty-five member states to join their efforts in fighting threats that are not limited within national borders

¹⁸ With the entry into force of the Treaty of Amsterdam (1999), Decisions and Framework Decisions make action for matters of police and judicial cooperation in criminal matters (third pillar) more effective. Framework decisions are used to approximate (align) the laws and regulations of the Member States. They have to be adopted unanimously and are binding on the Member States as to the result to be achieved but leave the choice of form and methods to the national authorities. Decisions are used for any purpose other than approximating the laws and regulations of the Member States. They are binding and any measures required to implement them at Union level are adopted by the Council, acting by a qualified majority.

¹⁹ Counterfeiting and piracy: the Commission proposes European criminal-law provisions to combat infringements of intellectual property rights (IP/05/906) in Recent Press Releases, Europa, 12/07/2005

²⁰ Franco Frattini, Vice-President of the European Commission and Commissioner to Directorate General “Justice, Freedom and Security”

(cf. to “*European Union Law*”, below for more information on EU law terminology)

B. Public Action in the PRC

Where EU member states only provide for criminal sanctions, to punish and deter counterfeiting, the public action leading to a sanction in the PRC (cf. above) is divided in two: Administrative and Criminal.

1. Administrative actions and sanctions

Where an act of infringement is constituted upon investigation, the administrative authority shall prepare the decision on penalty. Each IP law provides for specific administrative sanctions, as shown below:^{xxix}

Patents If the parties are not willing to settle the disputes through consultation or the consultation fails to reach an agreement, the patentee or any interested party may request the authorities for patent work to handle the matter.

In addition of imposing immediate stop of the infringing activities, authorities in charge have the power to:

- Confiscate the illegal income;
- Impose a fine of no more than 3 times this illegal income *or* where no illegal income, impose a fine of no more than 50,000 RMB

Trademark When parties are reluctant to resolve their dispute through consultation or where the consultation fails, the interested party may:

- Institute a legal proceedings may be instituted in the People's Court
- or request the administrative authority for industry and commerce for actions.

The case handling authority may

- order immediately cessation of the infringing activities,
- confiscate and destroy the infringing goods and tools specially used for the manufacture of the infringing goods
- impose a fine not exceeding three times the amount of the illegal business turnover or, alternatively a fine not exceeding RMB 100,000.^{xxx}

The interested party may, if dissatisfied with decision on handling the matter, institute legal proceedings in the People's Court according to the Administrative Procedure Law of the People's Republic of China within fifteen days from the date of receipt of the notice.

Copyright An act of copyright infringement shall be subjected to such administrative penalties as:

- ceasing the infringing act,
- confiscating unlawful income from the act,
- confiscating and destroying infringing reproductions
- Impose a fine of no more than 3 times this illegal income *or* where no illegal income, impose a fine of no more than 100,000 RMB
- confiscate the materials, tools, and equipment mainly used for making the infringing reproductions;^{xxxi}

	ADMINISTRATIVE AUTHORITY	DESCRIPTION OF VIOLATION	SANCTION (MAXIMUM)
TRADE MARKS	Administration for Industry and Commerce (AIC)	Infringement of the exclusive right to use a registered trade mark	3 x illegal turnover / 50,000 RMB if not possible to calculate turnover or if no profit
COPYRIGHT INFRINGEMENT	Copyright Administration	Copyright infringement	

PATENTS	(NCAC)		
	Patent Administration (SIPO)	Passing off the patent of another person	
		Passing any non-patented product/process off as patented product or passing any non-patented process/process	50,000 RMB
GENERAL	Customs	Failing to factually provide relevant information or documents when applying for IPR recording	
		Importing or exporting of goods infringing IPR	30% of the value of the goods

Table 4 - Administrative Sanctions in China

2. Criminal prosecution and sanctions

Each IP law provides, in addition to the above mentioned penalties, that when the case constitutes as a crime, it shall be handled in accordance to the provisions of the Criminal Code of China, which also provides for criminal penalties, under articles 213 to 218, when the relevant acts of IP violations are considered as "serious" or "especially serious".

a) Penalties

TYPE OF INFRINGEMENT		PENALTY
TRADE MARKS		
ART. 213	Use an IDENTICAL ²¹ trade mark	Serious (circumstances): < 3 years and/or fine
		Especially serious (circumstances): 3 to 7 years + fine
ART. 214	Selling goods bearing a counterfeited trade mark	Relatively huge (income): < 3 years and / or fine
		Huge (income): < 3 years and / or fine
ART. 215	Forging representations of a trade mark	Serious (circumstances): < 3 years criminal detention or public surveillance, and/or fine
		Especially serious (circumstances): 3 to 7 years and/or fine
PATENTS		
ART. 216	Infringement of patent	Serious (circumstances): < 3 years criminal detention and/or fine
COPYRIGHTS		
ART. 217	Infringement for the purpose of making profits	Relatively huge (illegal gain): < 3 years and/or fine
		Huge (illegal gain): 3 to 7 years / fine

²¹ Only the identical reproduction may be considered as a crime, which in principle, excludes the imitation of a trademark. However, the Judicial Interpretation mentioned in paragraph b) below brings a modification to this principle and provides that: "The term identical trademark, as stipulated in Article 213 of the Criminal Law, shall mean a trademark which is identical with an infringed registered trademark, or which shows no noticeably visual differences with an infringed registered trademark, to the point of misleading the public".

ART. 218	Selling knowingly, for the purpose of making profits, infringing reproductions	“Huge” (illegal gain): < 3 years and/or fine
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b) Threshold

Contrary to the administrative sanction, a prerequisite condition must be met before a criminal action is started. Indeed, the act of infringement shall only be considered as a crime if it reaches a certain degree of seriousness, in terms of size of business, volume or losses caused to the IP owner. Below such "threshold", the public action remains exclusively within the competence of the administration concerned.

A definition of the threshold has been promulgated in a *Judicial Interpretation* by the Supreme People's Court and the Supreme Peoples Procuratorate as shown below:

SERIOUS [relatively large]			
	Business Volume (RMB)	Gain (RMB)	Copies
TM Counterfeit > 2 Selling TM Forging > 2	> 50,000	> 30,000	-
	> 30,000	> 20,000	-
	> 50,000	-	-
	> 50,000	> 30,000	> 20,000
	> 30,000	> 20,000	> 10,000
Patent > 2	> 200,000	> 100,000	-
	> 100,000	> 50,000	-
	Or direct economic loss > 500,000		
Copyright	> 50,000	> 30,000	> 1,000
Or other circumstances of a serious nature.			
These criteria apply to individuals and shall be three times higher for crimes committed by a unit.			

Table 5 – “Serious” cases apply for criminal prosecution

The value of an illegal business volume can be computed in various different ways depending on the case, according to the:

1. prices at which such products are actually sold;
2. labelled prices or the actual prices found to be sold at after investigation;
3. middle market prices of such products for products that are not labelled or whose actual prices are impossible to be ascertained.

c) Aggravating circumstances

ESPECIALLY SERIOUS [large quantity / huge]			
	Business Volume (RMB)	Gain (RMB)	Copies
TM Counterfeit	> 250,000	> 150,000	-

Selling TM Forging > 2	> 2	> 150,000	> 100,000	-
		> 250,000	-	-
		> 250,000	> 150,000	> 100,000
	> 2	> 150,000	> 100,000	> 50,000
Copyright		> 250,000	> 150,000	> 5,000
Or other circumstances of an especially serious nature.				
These criteria apply to individuals and shall be three times higher for crimes committed by a unit.				

Table 6 – “Extremely serious” cases apply for aggravating circumstances

d) Calculation of the threshold

The threshold is calculated by valuating the past sales and/or the seized stock of infringing goods, on the basis of the price indicated by the infringer (Semi-finished goods are not taken into account). In the absence of indication, the price retained shall be that of previous sales made by the infringer. And in absence of information available relating to previous sales, the price retained shall be that of the average price in the authentic goods, as provided by an official evaluation organization.

SECTION 2 – IPR ENFORCEMENT PROCEDURES IN PUBLIC ACTIONS**A. The European Union****1. France**

As mentioned before, the IPR owner has a choice between the Private Action (civil) and the Public Action (criminal). But the separation between these two procedural avenues is not so clear-cut, because the Public Action presents some aspects that are common to the private action. The most important common point is that the IPR owner can become an active party in the criminal procedure, accede to all the information contained in the file, and to file a claim for compensation, at or before the hearing in Court, and obtain a judgment which, apart from pronouncing a fine and/or a sentence of prison, shall also condemn the infringer to compensate the prejudice.

Collection of evidence

The collection of evidence is performed by the Police. There is a specialised Police squad, in charge of IPR criminal offences. When a case is reported, the Police has the power to visit the premises, interrogate and arrest (for a limited time), and seize stock and equipment. This procedure is, therefore, particularly adapted to cases where it is suspected that the infringing acts are performed by an organized group of people.

Direct summons

When the case is simple and evidence is not seriously questionable, the IPR owner may ask the Prosecutor's office to serve a summons on the infringer, for a fixed date, before the criminal Court. At the hearing, the IPR owner may appear in person or be represented by a lawyer, or an employee, and file a claim for compensation, while the Prosecutor will request the criminal sanction.

Complaint

The IPR owner may also file a complaint with the Prosecutor's office, requesting the Prosecutor to start the Public Action. There are two kinds of complaints:

- "simple" complaint : the Prosecutor will follow up, and instruct the Police to

investigate, at his entire discretion. This discretion to decide on the opportunity to pursue or not pursue is one of the essential characteristics of the French criminal procedure. Then, depending on the findings of the case, the Prosecutor will have request the criminal Court to set up a hearing, where the infringer will receive a trial. At the hearing, the IPR owner, who is kept informed, may appear and file his own claim for compensation.

- Complaint with "*registration as a civil plaintiff*": in this case, the IPR owner will be considered as a party concerned throughout the whole procedure. He is required to deposit a guaranty. He has access to the entire file and knows exactly how the investigation is made. And the investigation is conducted by a specialized "*investigating*" judge, who in the end decides, either to terminate the case with no charges, or to send the infringer to trial. At the trial, the IPR owner will appear and present his civil claim for compensation.

It is, therefore, possible to compare the advantages and inconveniences of the two procedures, civil and criminal. Civil procedure is easier to start, can be very fast, is more costly, but allows a better chance to obtain a thorough evaluation of the compensation. Criminal procedure allows a much more thorough investigation, with the cooperation of the Police, is less costly, but ends up with a lesser amount of compensation. However, its deterrent impact is the highest, because of the strict and severe sanction that can be applied.

2. Germany

To submit a case of IP rights infringement before a Criminal Court by lodging a complaint to the public prosecution authorities is an extremely rare exception. In fact, criminal procedure – although wilful IP right infringement is a punishable misdemeanour –, hardly plays any role in IP enforcement in Germany, except for rare cases of organized crime and large-scale, industrial imitation.

The main reason is that the right holder normally does not aim at seeing the infringer sentenced, but at obtaining compensation for damages and to prevent further infringements. Initiating criminal proceedings would often counteract or at least delay the realisation of this aim.

The German Criminal Law system distinguishes between so called "*public offences*" ("*Offizialdelikt*") and so called "*petition offences*" ("*Antragsdelikt*").

In the case of a public offence, the public prosecutors are obliged to order an enquiry if they obtain clues that such an offence has been committed and if the public prosecution authority acknowledges a "special public interest" in the prosecution.

Petition offences will in principle only be pursued, if the injured party lodges an official complaint.

The usual proceeding is that the public prosecution's department opens an enquiry after it has received a complaint by the injured party (injured party first gets to know any relevant facts about possible infringements).

Cases of 'ex officio' enquiries are the rare exception and take place, when Customs authorities confiscate suspicious goods.

Collection of evidence

The investigations are conducted by the Public Prosecution and the police authority. Specific investigations which may affect the rights of the offender have to be ordered by the investigation judge. In practice, the most common investigation methods are interrogation of the suspicious person and witnesses, search and seizure.

Direct summons

In less severe cases an order imposing punishment may be issued without previous trial.

Complaint If there is enough evidence to bring a public action before court, the public prosecutor is in cases of public offences obliged to do so. Otherwise, the proceeding is terminated. In minor cases, the prosecutor is entitled upon approval by the court to abstain from an action.

In cases of petition offences of public interest, the public prosecutor is also obliged to bring an action before court. Generally, public interest will be acknowledged if the dimension of the infringement is severe.

The IPR owner may also file a complaint with the Prosecutor's office, requesting the Prosecutor to start the Public Action. There are two kinds of complaints:

- Simple complaints: In simple complaints the injured party brings the facts of the respective case to the attention of the prosecutor's office. After examination of the facts the prosecutor will decide as to whether he initiates any proceeding which can end up in the dismissal of the criminal proceedings or with the conviction of the infringer.
- "Privatklageverfahren" (private prosecution): if the injured party files a petition the public prosecutor is allowed to abstain from prosecution in cases of low importance. Insofar it is correct to say that an infringement needs to reach a certain level of seriousness (e.g. value, quantities,...) to trigger prosecution. In such cases of low importance, the injured party has to take action itself in the so-called "private prosecution". This procedure is characterised by the special feature that the injured party itself is entitled to file a criminal suit before court and that the prosecutor does not participate.

3. The United Kingdom

Although criminal proceedings are available, private criminal prosecutions are rare and usually brought by trade associations. Criminal proceedings are usually brought by trading standards authorities, part of local government. Such proceedings are brought in the usual criminal courts: a magistrate court or the crown court depending upon the seriousness of the offence.

Collection of evidence The police have general powers of search, entry and seizure under the Police and Criminal Evidence Act 1984 (PACE)

In addition, a Justice of the peace has the power to grant a search warrant where he is satisfied by the evidence of a constable given on oath that a relevant offence has been or is about to be committed. The search warrant lasts 28 days from its issue and may authorise persons to accompany any constable. The constable is authorised to use such reasonable force as is necessary and to seize an article if he reasonably believes it is evidence of the offence.

In Northern Ireland the Police Service has a specific Intellectual Property Crime Unit which deals with all aspects of IP crime. This is the only part of the UK where the police take primary responsibility for enforcing IP rights.

The Trade Marks Act, Copyright, Designs and Patents Act and Trade Descriptions Act allow trading standards officers to enter premises and seize goods and documents if they have reasonable cause to believe that an offence is occurring. The goods are seized in order to ascertain whether an offence has been committed, or to be used as evidence of such an offence.

Direct summons Upon the laying of appropriate information, a Justice of the peace may issue a **summons** directed to a person who has or is suspected of committing an offence, requiring him to

appear before a magistrates' court.

Complaint

Any person may commence criminal proceedings but this is usually done through the Director of Public Prosecutions (**DPP**) and the Crown Prosecution Service and the Trading Standards Authorities (only cases of counterfeiting and piracy).

Proceedings begin with a warrant for arrest or a summons being issued by a Justice of the peace following the laying of appropriate information before him (as described above).

Three kind of proceeding exist that may be brought

- In summary proceedings, the information is set to the defendant who is then asked to plead guilty or not guilty. If he pleads guilty, the court may sentence without hearing evidence but, if he pleads not guilty, the evidence on both sides will be given and the court will then sentence if found guilty.
- Where a person is charged on indictment he will appear in the Magistrate's court for a preliminary hearing to decide whether there is *prima facie* a case to answer and if so it will continue for trial by jury at the Crown court.

In a trial on indictment, the indictment is read to the defendant who is then asked to plead to each count contained therein. The prosecution must then set out their evidence and prove beyond reasonable doubt that the accused committed the offence charged in the indictment. If the prosecution fail to establish this so that no reasonable jury could convict on the evidence before them then the defence may make a submission of no case to answer and the judge may stop the trial. The judge may require the jury to acquit the accused on that count. A decision over whether there is a case to answer is made away from the jury.

- An offence which is triable either way first requires a decision whether it will be tried summarily or on indictment. The Magistrate's court will consider all the factors including the relative sentencing powers of the courts. If a decision is made to try summarily the defendant must be asked whether he consents, if he consents then the court will proceed to try summarily but if he does not consent the court will act as examining justices to decide whether there is a *prima facie* case with which to proceed to trial by jury.

The right holder is, in theory, able to issue concurrent civil proceedings in addition to criminal action being pursued by the DPP or other relevant prosecuting authority. It is recommended that, in cases where the police or other enforcement agencies have begun a criminal investigation, concurrent civil action should not normally be undertaken without prior consultation with the investigatory officer and/or the Crown Prosecution Service or any other relevant prosecuting authority. In most cases such civil action should only be commenced after the conclusion of criminal proceedings.

4. The Czech Republic

IPR owner may file a claim for compensation within the framework of criminal proceedings if the damage was caused by a criminal conduct or before the hearing in Court. It should be noted however that only natural persons may be subject to criminal liability under Czech law, i.e. Czech law does not recognise criminal liability of legal entities, although its introduction is being discussed. On the other hand, it appears from the judgments that Czech courts tend to be rather lenient in such cases and do not seem to fully exploit the possibilities given to them by the law.

Collection of Before a criminal charge is filed in court the crime is investigated by the police under the

evidence supervision of a state prosecutor who may also conduct the investigation on his own or at least give the police instructions.

The collection of evidence is performed by the Police. Police officers may *inter alia* enter apartments, any other closed space and vehicle or seize items under criminal proceedings *ex officio* or by notification of any person. As a general rule, they need a previous consent of the prosecutor, but this rule may be by-passed if the seizure can bear no delay. In addition, they need a previous consent of a judge to search a home. As mentioned above, police are supervised by a state prosecutor who may give them instructions.

Complaint Criminal proceedings may be initiated either *ex officio* or by filing a criminal complaint.

The prosecutor plays a dominant role during the preliminary proceeding. He may also stop the proceeding if found that e.g. no crime was committed, the crime committed not by the accused person, pass the case to other institution or adjourn the proceeding. Injured party may appeal against such decision except if adjourned. The injured party has several rights during the proceedings e.g. propose a mean of evidence, appeal against decisions or view the file.

The prosecutor shall file criminal charges in court if the results of the investigation provide sufficient grounds. Unlike in civil procedure, criminal cases regarding IPR are generally heard before district courts in the first instance. A single judge hears the cases, and Czech law does not recognise a trial by jury.

The court firstly reviews the charge to confirm that it provides solid grounds for conducting the trial, and if it does, it commences the trial. It is bound by law to also seek evidence not identified by the prosecutor or the defendant in order to properly clarify the relevant facts.

The proceedings are generally closed by a judgment which may be appealed against.

Furthermore, the holder of the IPR may claim damages from the infringer within the frame of criminal proceedings by so called "*ancillary proceedings*". However if the issue of damages turns out to be complicated, the court may refer the right holder to separate civil proceedings.

The general advantage of the criminal proceeding is the duty of the state (police, prosecutor or judge) to seek evidence as distinct from the civil proceeding where it is solely up to the plaintiff to identify the evidence. It is however allowed to suggest own means of evidence as the injured party. The civil judges are also quite congested with cases; the criminal proceeding may be therefore the fastest way how to reach a decision. The injured party is however mostly referred to the separate civil proceedings. The criminal proceeding is also free of any court fee unlike the civil proceeding.

B. The People's Republic of China

1. Administrative Procedure

In China, an IP owner whose right is being infringed has a wider choice of action : to submit its claim to the People's Civil IPR Court, or to the relevant branch of the administration, or to request the start of a criminal action, but only when the IP infringement can be proved as "serious", as defined above.

When an infringement behaviour affects more than one type of IP (e.g. a trademark and copyright, or a patent and a trademark) it shall be necessary, if the administrative procedure is chosen, to select one of the competent administrations and to "drop" the other one. On the other hand, if the civil procedure is chosen, the People's IPR Court shall have full jurisdiction on the whole case.

Patents & Designs

Acting upon request from the IP owner, the Administrative authority for patent affairs may

- Investigate and collect evidence ~~according to its functions and authority.~~
- Review and copy contracts, account books and other relevant documents relating to the case,
- question the interested parties and witnesses
- conduct on-site inspection (measuring, photographing and recording).
- require the person being investigated to conduct on-site demonstration.
- Take samples as evidence

Evidence shall be taken into notes, which shall be signed and sealed by the staff member handling the case and by the entity or individual investigated.

If there are reasons to believe that evidence is likely to be lost or difficult to obtain afterward, the authority may take and keep record of the evidence, and make a decision within 7 days. ^{xxxii}

Trademarks

Acting upon request from the trademark owner, the Administration for Industry and Commerce in charge of trademarks enforcement may exercise the following actions:

- investigate the relevant facts of the infringement, and identify interested parties involved;
- review and take copy of contracts, receipts, account books and other relevant materials;
- inspect the site where the interested party committed the alleged infringement
- inspect, seal or seize any articles relevant to the infringement

In case time is not sufficient for finalising the handling of the case, the enforcement personnel of the AIC may adopt the following measures:

- Issue and order preventing further infringement;
- Make a record for further disposal, of the infringing goods and of materials, tools and equipment mainly used for the infringing activity;
- Collect and take relevant evidences.

However the AIC does not have the power to impose the opening of premises that are not open for inspection, nor do they have the power to arrest and detain the interested party, for interrogation.

The State Administration for Industry and Commerce (SAIC) at or above the county level may investigate and handle an act suspected of infringement of a registered trademark, in cases where the copy is identical. ^{xxxiii}

Copyrights

Acting upon request from the copyright owner, the enforcement personnel of the National Copyright Administration may adopt the following means for collecting the relevant evidences:

- investigate and require from the interested, persons within a specified time schedule, any relevant evidence concerning the suspected infringement;
- consult and copy documents and archives, books and accounts and other written materials relating to the suspected infringement;
- take and keep samples of the suspected infringing duplicates;
- register suspected infringing duplicates for preservation in advance.

Once the investigation conducted by the relevant Administration proves that the act of infringement is constituted the Administration issues the decision on the penalty, as described above. ^{xxxiv}

2. Criminal procedure

In China, criminal prosecution includes private procedures and public procedures (which can be considered, at first glance, as a similarity with France):

Collection of evidence With respect to a criminal case that has been filed, the public security organ shall carry out an investigation and collect evidence.

In China, criminal protection includes private procedure and public procedure:

Private Procedure IPR holders can directly initiate criminal proceedings before a court without involvement of the Public Security organs (the Police) or the People's Procuratorate. This is not possible, however, when the case is considered as presenting "serious danger to public order and state interests".

In fact, such direct action is – at least in IPR cases – practically never used. It is, indeed, extremely difficult for an IP owner to gather and produce full evidence that the IPR violations constitutes a crime, i.e., that the threshold requirements are met.

Public Procedure The complaint needs to be filed with the Public Security organs.

The complaint is usually filed by the victim, but any unit or individual, upon the discovery of evidence of a crime related to infringement of an IP right has the right to report the case or provide information to a Public Security organ.

The Public Security organs have the power to detain suspects and interrogate them. They may also summon witnesses (such as employees) to come to their office and declare what they know about the infringing activity. They, of course, can search and inspect premises without restraint.

Where the Public Security organs have concluded that the infringement may be qualified as a crime, they transfer the case to the People's Procuratorate for examination. The People's Procuratorate shall, if the qualification as a crime is confirmed, change the status of the suspects from "detained" into "arrested", and start the prosecution until the persons concerned are brought to the Criminal People's Court.

Within three days from the date of receiving the file of a case, the People's Procuratorate notifies the victim that he has the right to entrust an agent ad litem (for example a lawyer), who may consult, extract and duplicate documents relevant to the case. Other agents ad litem, with permission of the People's Procuratorate, may also consult, extract and duplicate the above-mentioned material.

If the victim has suffered material losses as a result of the defendant's criminal act, he shall have the right to file an incidental civil action during the course of the criminal proceeding. If losses have been caused to State property or collective property, the People's Procuratorate may file an incidental civil action while initiating a public prosecution.^{xxxv}

EU-CHINA COMPARATIVE ANALYSIS

The protection of Intellectual Property is commonly understood as a need, and for all members of the WTO, as an obligation. The purpose of such protection is to stimulate technical development and artistic creation, secure the stability of commercial activities, and protect the interests and security of the consumers.

The principle of protection, however, becomes a reality only if it is effectively and fully enforced. Detailed enforcement methods may vary from one country to another, whilst basic principles remain the same. They can be summarised as follows:

An act of infringement provokes two simultaneous **consequences**:

1. A damage to the interests of the IP owner, which needs to be stopped and repaired, and
2. A disturbance to the public interest which needs to be stopped, and punished, so as to deter the infringer from committing the act again. The risk of being punished may also have a deterrent effect on other potential infringers.

Different **actions** are available, in all countries, to act against infringement of IP:

1. “*private*” actions, led by the IP owner, aim at obtaining an order to stop the illegal activity and obtain a financial compensation for the damage caused,
2. “*public*” actions, led by Law Enforcement Authorities representing the State (Police, Prosecutors) , aim at imposing a penalty (fine and/or prison) on the persons responsible for the act of infringement,
3. customs’ actions, performed by the authorities in charge of controlling the circulation of illegal merchandises (counterfeit goods being one of them), and which constitutes a powerful tool for IP owners and law Enforcement Authorities to stop the circulation of infringing cargo.

The purpose of the “*Comparative Study*” is to review the conditions in which private and public actions as well as the role of Customs are performed in four selected EU countries (France, Germany, the United-Kingdom and the Czech Republic) and in the People’s Republic of China.

The overall conclusions of this study may be summarised as follows:

PRIVATE ACTIONS

All private actions are performed before Civil Courts, and it can be observed that all civil procedures share the common goal of providing adequate remedies against the act of infringement, thereby [1] ordering the cessation of

infringing activities, [2] imposing a penalty on the infringing party (*by granting financial compensation to the damaged party*), and [3] taking measures to disseminate the decision to the public.

- ❖ Usually, the infringed party files a complaint with the competent local civil court. This could be the court where the defendant is domiciled, although any court where the infringement occurred or is likely to occur also has jurisdiction for IP infringements, both in China and in the EU. As infringing products or services are normally offered nationwide, the prospective plaintiff has the choice to select the most appropriate court ('forum shopping'). In the EU, this has resulted in some further specialisation of specific courts.
- ❖ Pursuant to the requirements of the TRIPS agreement, all countries provide for the possibility to obtain a preliminary injunction prior to trial in order to preserve evidence. As such, the seizure of a sample can be ordered upon request by a judge. A difference appears at the implementation stage, performed by a Bailiff in France or by a court staff in China. It is important to not that some countries have recourse to this practice more than others, France being the jurisdiction where this system ("*saisie-contrefaçon*") is not merely used as a mean to preserve evidence where it is likely to disappear, but as the most essential tool at the disposal of the plaintiff to gather evidence (samples, accounting data,...).

There are, however, some significant differences with regard to:

- ❖ Legalisation of power of attorney: In China, where a litigant does not have a permanent establishment in the PRC, it should provide its Chinese lawyer with a power of attorney, notarised and legalised before the Chinese Consulate in its country. None of the EU countries reviewed request for lawyers admitted to practice before national courts to produce power of attorney signed by his/her client (with the exception of Germany where a party may request such proof),
- ❖ Notarisation and legalisation of written evidence originating from another country is a basic requirement provided for by the Chinese Code of Civil Procedure. This does not exist as such in the EU countries reviewed, where the requirement for the notarization and legalization exists for official documents only.
- ❖ Complete and timely disclosure between the litigants: There are very significant differences with respect to the exchange of evidence and written arguments, between China and European countries such as France and UK. In China, such exchange of evidence is made in a formal way, during a pre-trial hearing, but at the hearing arguments can be expressed orally, together with additional documents not considered as "evidence" (such as experts opinions), without the other party having a chance to review the same in advance. In the UK, where this stage of the procedure is called "discovery", and in France, where the Court may only base its decision on written arguments and documents duly exchanged between the parties, in a complete and timely manner, the rules appear to be more strict.

With regards to the civil procedure, another general comment may be made:

- ❖ in the European countries observed, the procedure – with each country's specificity – is conducted primarily by the litigants, under the supervision of the judge who, during the procedural phase, plays rather the role of a passive arbitrator, organizing the agenda and making sure that rules are properly observed by the litigants, so as to ensure fairness and complete exchange of evidence and arguments;
- ❖ In China, the judge plays a more prominent role both in terms of managing the agenda and exchanging evidence and pleadings.

A detailed overview of the similarities and dissimilarities throughout the private (civil) action in the EU countries reviewed and China follows:

	European Union	Peoples Republic of China
<i>Standing to Sue</i>	IPR owner and persons with an exclusive right. Under certain conditions, non-exclusive licensees (Germany, UK) and even third parties (Germany)	IPR owner, licensees, legal heirs and successors as well as owners of related rights for copyrights (interested parties)
<i>Representation of</i>	A lawyer admitted to practice before the respective	A lawyer admitted to practice before PRC

<i>Parties</i>	national courts.	courts. The lawyer must present a letter of attorney signed or sealed by the party that entrusted the representative to the people's court. When representing foreigners, stateless persons, foreign enterprises and organizations letters of attorney must be certified by a notary public of the country where they reside and authenticated by the Chinese embassy or consulate in that country
<i>Courts' Jurisdiction</i>	Generally intermediate courts having jurisdiction over the locality where the infringing acts took place or where the defendant is located, and also, in France, in the locality where the damage was suffered	Intermediate People's Court or a court above located in the district where the infringing acts takes place or where the defendant is located.
<i>Collection of Evidence</i>	Right holders may apply to courts to issue an order for securing evidence if there is reason to believe that this evidence would disappear or be difficult to find at a later stage. In France, the "saisie-contrefaçon" (seizure) constitutes the most essential tool for collecting evidence prior to trying a case. The plaintiff must be accompanied by a Bailiff, and where necessary, experts, locksmith and even Police authorities.	For the purpose of stopping infringing conduct, a party may apply to a court for the preservation of evidence
<i>Mutual Disclosure of Evidence</i>	Under the UK "discovery", all documents must be produced, whether they support the party or adversely affect its interest. In France, it is procedural rule and ethical obligation for lawyers to produce evidence in due time before the trial takes place. Germany and the Czech Republic apply procedures deriving from those.	The exchange of evidence takes place before and during a pre-trial hearing. Arguments may be submitted orally, and it is not rare to appear in Court without knowing what will be the defensive arguments.
<i>Calculation of Damages</i>	Two methods are available for the calculation of damages, based on the infringer's profit or on the right holder's loss of profits. Germany also provides for a calculation of damages based on a reasonable royalty applying to the relevant industry.	Damages shall be calculated according to [1] the losses suffered by the IP owner, [2] the profits gained by the infringer out of the infringement, or [3] the equivalent of royalties that the infringer shall have paid as a legitimate licensee.
<i>Costs of Procedures</i>	The losing party bears cost incurred by the action (including attorney fees) as indicated by the court. This does not always reflect the actual costs incurred.	The case acceptance fee charged by the court should be borne by [1] the losing party, [2] both parties pro rata if neither party has completely lost or won; or [3] in a joint action, by the parties in accordance with the court's decision
<i>Publication of Cases</i>	Courts decisions may be published upon the party's request and at the expense of the counterfeiter. Some countries use this more than others.	Most of the published court decisions are published by the court itself to make people aware of typical IPR cases

Table 7 - Similarities/Dissimilarities throughout the Private Action in the EU and China

THE ROLE OF CUSTOMS

Customs authorities, being involved in the control of international circulation of merchandises, are by nature inclined to international coordination. It is not surprising, therefore, that the rules applicable in Europe and in China are extremely similar.

One difference remains concerning the payment of a "bond". The TRIPS agreement provides for the possibility to request IP owners to pay a financial guaranty when they file an application with the customs authorities. Nevertheless, in view of the aggravation of the phenomenon of counterfeiting, and in particular the fact that such activities are more and more performed by criminal organisations, the request for a "bond" does not exist in the EU Customs Regulation that entered into force in July 2004. In China, however, right holders are still requested to pay such a financial guarantee when filing an application.

PUBLIC ACTIONS

This part of the study, which involves the relation between the act of infringement and its possible qualification and treatment as a crime, refers to the 25 European states.

The comparison between the European Member States shows that:

- All 25 countries provide that an act of infringement is punishable as a crime.
- Some countries provide that the penalty is contingent to certain conditions: the act is intentional and/or performed at a commercial scale.
- Some countries provide for specific aggravating circumstances, such as the size of the commercial or industrial activity, the fact that it is carried on in the context of a criminal organization, or recidivism.

The comparison between the four selected European countries and China shows that the detailed procedures differ, but that, in general, the IP owner may join the case and submit a claim for compensation before the Court. In France, there is a possibility, for the IP owner, to initiate the criminal action directly before the Court, a relatively easy procedure, or to file a complaint and join the criminal investigation as a party concerned at any time of the procedure. Such possibility to directly initiate a criminal action also exists in China, but is practically never used, due to the difficulty to prove that the act of infringement constitutes a crime.

It is in this regard that China presents its most essential difference: the double enforcement system executed by administration authorities on the one hand (*with specific and independent administrative services for the different types of IP right*) and by the Law Enforcement Authorities on the one hand (*Police and People's Procuratorates*). Administrative and Criminal enforcement are separated by a fixed threshold, below which an infringement cannot be alleged as "serious" or involving a "relatively large quantity", as provided for in the Criminal Code. According to the Interpretation of the Supreme Court and Supreme Procuratorates, this threshold is set, for most IP violations, at 50.000 RMB when carried by an individual and three times higher (150.000 RMB) for a company.

The main purpose of this comparison between European countries and China is, therefore, to highlight and analyze this essential difference between systems (EU) where infringement is punished as a crime, and a system (China) where infringement is punished as an administrative offence until it reaches a certain degree of seriousness and becomes a crime, punishable as such. Taking for a fact that an enforcement procedure consisting in Public Security organs investigation, detainment, arrest, followed by a criminal procedure and ending with prison and/or fine is more deterrent than a simple "administrative raid", only involving confiscation and fine, it is interesting to compare, from such a deterrence point of view, the enforcement procedures of Europe and China.

This shall be done successively from three view points : (i) the conditions for imposing a criminal penalty, (ii) by whom the penalty is imposed , and (iii) how the enforcement is implemented in practice.

- (i) the Conditions Some European countries provide no conditions at all : in these countries, an act of infringement constitutes a crime regardless of the circumstances. In other countries the criminal responsibility of the infringer is conditional: it must be proven that the infringement act was "*intentional*" or that it has been committed in a "*commercial*" context, which is

defined as the search for profit.

In China, the terms "*intentional*" and "*commercial*" are replaced by "*serious circumstances*" or "*relatively large illegal profits*".

Based on the *Judicial Interpretation of the Supreme Court and Supreme People's Procuratorate* of December 2004, which provide that in general, seriousness only starts with an illegal turnover of 50,000 RMB (for an individual) and 150,000 RMB (for a legal entity), it can be said that there is a large gap between the European concept of *intentionality* or *commercial activity* and the Chinese concept of *seriousness*.

For example, if a legal entity makes infringing products for a value equivalent to 145,000 RMB, such activity would most certainly be considered as intentional or commercial in Europe, hence liable to criminal liability, whereas in China, the case would be not considered as serious, and the infringer would only face administrative penalties.

(ii) the Actors

In all European countries, the decision to impose a penalty is in the exclusive jurisdiction of one authority, the criminal court. The judge may decide, within the limits set out in the law, which penalty corresponds to the case, according to the circumstances.

In China, an infringement case is potentially subject to two distinct authorities that may decide on a penalty: the IP administration concerned or the criminal Court. This dual capacity creates sometimes a complicated situation, when a case, which has been started by an administrative authority, needs to be transferred by such administrative authority to the Public Security organs, because the criminal criteria seem to be reached. This transfer can prove difficult.

(iii) Practical Implementation

In Europe, it is relatively easy to prove the intentionality, or commercial scale, of an act of infringement. Such notions are based on common sense. Where the price paid for a fake is significantly lower than the price of an authentic product, or where the quantities involved are inconsistent with a normal individual consumption, it would be extremely difficult for the infringer to claim ignorance or lack of commercial activity.

Of course, the effective implementation of the criminal procedure depends on local habits, culture, etc... and the severity or leniency depends on the actual circumstances of the case.

In China, minor cases are handled by each IP Administration. There is no doubt that the administrative enforcement system has the advantage of speed and limited cost, easy access, national coverage, hence an immediate efficiency. However, the powers of the Administration are limited, in particular when in depth inspection and investigation is necessary. Administrative staff may not detain infringers for interrogation, and may not force the entry of closed premises. As a result of this lack of investigative powers, it may happen that cases, that would have been proven as criminal if the Public Security organs had been able to act from the beginning, would easily escape a criminal penalty by remaining under the criminal threshold defined by the Supreme Court.

Indeed, when a case is brought before a Chinese criminal court, the prosecution faces needs to prove, against any possible argumentation to the contrary, that the condition of "*seriousness*" is met, which, given the practical conditions surrounding the collection of evidence, is difficult. Counterfeiters have many ways to make such proof difficult to provide (for example by indicating very low prices, so as to remain under the threshold). As a consequence, Police and Procuratorates will hesitate to pursue a case if the outcome is not sure.

Furthermore, it is a known fact that administrative agencies are sometimes reluctant to

transfer criminal cases over to the Public Security organs, and insist on imposing themselves impose a financial penalty. This created a situation of "competition" between Administration and Public Security, which seems beneficial to the counterfeiters.

A further dissimilarity exists in the way in which public actors deal with cases related to trade mark infringements. All legislation in the EU countries reviewed provide that both identical and similar illicit reproductions of trade marks are IP infringements and it can generally be said that the law enforcement authorities in those jurisdictions interpret “similar” in its broad way. In China, however, administrative agencies and law enforcement authorities have a more restricted interpretation of this term, which is especially true for the latter where “similar” is often assimilated to “virtually identical”.

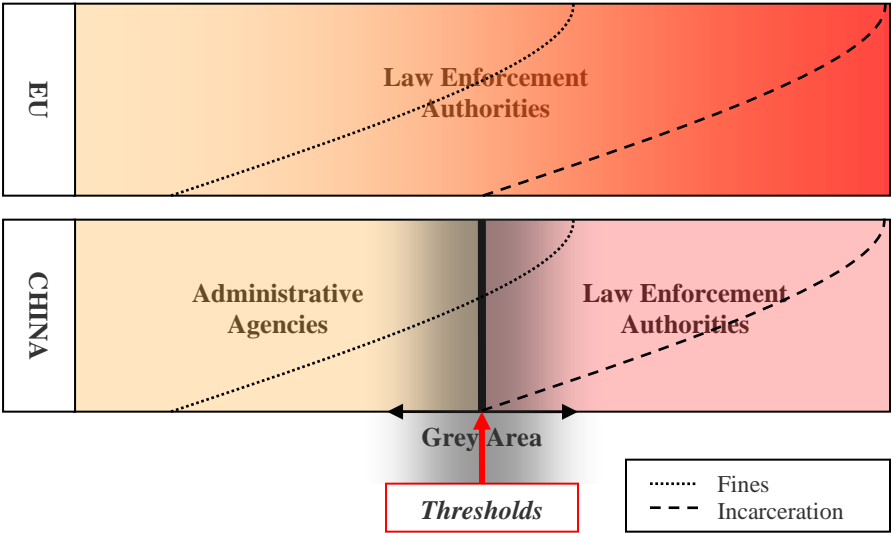


Table 8 - Public Enforcement in the EU and in the PRC

Based on the above observations and comparisons, it appears that further research could be considered on [1] improving the coordination of the work carried out by the Chinese Administrations and Law Enforcement Authorities, and [2] on a further reconsideration of the criminal threshold.

ANNEXES

HISTORICAL BACKGROUND ON IPR ENFORCEMENT

A. Key stages of IPR Enforcement at the EU level

More information on the procedures can be found in the different parts along the study.

1994	Customs Regulation - Regulation (EC) No 3295/94
1998	Green Paper on Combating Counterfeiting and Piracy in the Single Market
2000	Action Plan
2003	Regulation improving the mechanisms for customs action against counterfeit or pirated goods
2004	Directive harmonising the enforcement of intellectual property rights within the Community ²²
2004	Europol empowered to cover piracy and counterfeiting + Study on a methodology for the collecting, analysing and comparing of data on counterfeiting and piracy
2005	Council Framework Decision on approximation of national legislation and sanctions on counterfeiting and piracy (legislative initiative)

Table 9 – Key Stages of IPR Enforcement at EU level^{xxxvi}

B. France

Creations of the mind have always existed, from the day that human beings started to make use of their intellectual capacities, discovering fire, creating weapons, designing hunting strategies or painting on cavern walls. The concept of immaterial creation appeared later, during the Roman Empire, where authors started to be remunerated in consideration for their works. Plagiarism however, was not sanctioned and the protection was introduced at a much later stage when the economical value of inventions appeared with the invention of printing.

HISTORICAL INTROSPECTIVE

16th Century

King grants privileges to inventors to encourage industry and to publishers

18th Century

1777 Implementation of the authors' and publishers' rights (1791, 1793)

1791 Promulgation to the 1st law related to patents

²² 2004 also saw the arrival of the European Strategy for the Enforcement of IPR in Third Countries

19th Century**1824** Promulgation of 1st TM regulation and implementation of infringement offence**1844** Introduction of patentability criteria**1857** TM implementation of the principle of 1st use

Specifications on the duration of author's rights and introduction of moral rights

20th Century**1909** Law relating to designs and models**1957** Complete statute for authors taking account of new medium development (Completed in 1985)**1964** Making it compulsory to register a TM**1968** Amendment of patentability criteria**1990** Modification of some aspects of patent laws**1991** Implementation of the EU Directive harmonizing TM legislation in MS**1992** Codification in the French IP code

The first rights appeared at the beginning of the 16th century when the King granted privileges to publishers enabling them to prevent other publishers from editing the same works. Privileges were also granted to inventors to encourage industry. However, there were no criteria to grant privileges as they were at the discretion of the King.

The first laws appeared in the 18th century with a set of acts implementing the authors' and publishers' rights whilst establishing the offence of infringement (1777, 1791 and 1793), and with the first "*patent*" law (January 7th, 1791). This law, however, failed to implement patentability criteria, which were introduced only later by the law dated 5 July 1844, subsequently amended by the law dated 2 January 1968.

The trademark infringement offence was first promulgated and implemented with the 1824 regulation, under which the use by an unauthorised third party of a trading name constituted an infringement and had to be sanctioned. Further regulations (1857) were enacted to implement the principle of first use. Acquiring the right over a trademark by its first use was an easy task, though difficult to trace. Consequently, well established firms started being abused years after they started using a trademark which they thought to be original. Since the law dated 31 December 1964, the trademark registration is mandatory to acquire the rights.

The 19th century also welcomed various regulations that further specified the duration of the author's rights (i.e. fifty years after the author's death extended to seventy years) and introduced the concept of moral right. Complete authors' statute was setup with the 1957 law and completed by another law on 3 July 1985 taking into account the development of new medium.

Under French law, designs and models may be subject to a double protection (Copyright law as well as Designs and Models law (1909), which is still in application even if it has been modified) as reasserted by the copyright law (1957).

A new reform came into force in 1990 to improve the information concerning patents and modified some aspects of the patent law (national priority right, improvement of the fight against infringement, modification of the licence system...). The 1964 trade mark law was abrogated and replaced by the law dated 4 January 1991 which implemented the European Directive (1988) harmonizing trademarks legislations of the European Members States.

On July 1st, 1992, all laws were codified in the French Intellectual Property Code (the "*IPC*").

C. Germany

The interest in IP rights has a long tradition in Germany. In the Middle Ages products were already branded with marks to indicate their origin. All merchants and craftsmen were obliged to join guilds, which were at the heart of handicraft and trade organisation protected by developed trademark laws. Given that members had to follow the rules set by the guilds, there was no free trade and little competition. Any inventions were considered common property of the relevant guild.

Beginning with the 15th century, some rulers of German states awarded so-called privileges to tradesmen (including printers) and inventors to their discretion. These gave their holders an exclusive right to carry on his trade or to exploit his invention. A privilege granted by the German Emperor was valid in all states of the Holy Roman Empire.

Towards the end of the Middle Ages, some guilds took the view that designers should be protected against unauthorized imitations. Europe knew for some time statutes that prohibited the imitation of cloth designs.

The strong fragmentation prevented Germany from introducing a modern protection system so that the privilege system was maintained until the 19th century. Then, influenced by the modern systems for industrial property rights in France and England, Germany became aware that the introduction of an efficient protection of industrial property rights was necessary.

HISTORICAL INTROSPECTIVE

Middle Ages

Introduction of privileges to businesses and inventors reserving exclusive rights for a specific period

German Reich

1870 Copyright Act enacted

1874 Trademark Act enacted

1876 Copyright Act supplemented by a law

1877 Patent Act enacted

1894 Amendments to the Trademark Act

National Socialism

1936 Post-war Patent Act of 1936

1936 Fusion of all trademark laws

Post-War

1953 Patent Act republished

1965 Copyright Act amended

1967 Patent Act amended (EU laws compliance)

1976 Design Act passed

German Reunification

1995 Trademark Act amended (EU laws compliance)

21st Century

2004 Design Act amended (EU laws compliance)

It became common to pay royalties to authors in the 17th century, but they were only a one-time remuneration for the transfer of rights to a publisher. The German states kept to the privilege system, which favoured the publishers, until 1837. In that year, Prussia adopted a modern copyright law. At the same time the German states agreed to prohibit all unauthorized copying in their territories. In 1870, the *Norddeutscher Bund* (Northern German Union) adopted a law on copyright, which in 1871 was extended to the *Deutsches Reich*. Those were supplemented by a law in 1876. The first Design Act was passed also in 1876. It was recently replaced by the new Design Act of June 1, 2004 which implemented a European directive in national law.

When the guilds were abolished, the use of trademarks had to be regulated by laws. Bavaria and Wuerttemberg introduced trademark registers, while the other German states only punished the illicit use of names and trademarks. The law on the protection of trademarks in 1874 was the first IP-law of the *Deutsches Reich*. It was replaced in 1894 by a new law, which recognized word marks and introduced a formal registration procedure.

It was also much debated whether monopolies on technology should be granted at all. Most merchants objected to the idea, as they feared restrictions to the freedom of trade. In the end the concerns prevailed that inventors might

leave the country or keep their inventions secret, thereby hindering the technological and economical development. In 1877, the *Deutsches Reich* adopted the first common patent law. As the patent authorities in the *Deutsches Reich* refused to award patents for inventions with a lesser degree of inventive ingenuity, a law was adopted in 1891 which specifically deals with these inventions (utility models).

As several specific war and post-war provisions confused the trademark law, the new Trademark Act of 1936 led to a reunion of the trademark law. This reform also introduced a protection for the notoriously known trademark. In the same year, the 1877 Patent Act was replaced, then republished in 1953. The Patent Act was significantly amended in 1967.

In the area of copyright law, the courts recognized the creator's moral rights in 1912 and the right to broadcast. During the reign of National Socialism (1933-1945) the creator was made "*trustee of the work*" in the public interest.

After the Second World War, Western Germany introduced deferred examination into its Patent law and further significant changes were brought about by Europeanisation (European Patent for the Common Market, 1975), which, in turn, also harmonized Utility Model Laws. In 1995, a revised law on trademarks came into force, which implemented EC directive 89/104. The copyright law was influenced strongly by the recognition of a general personality right in 1954 and saw several reforms (e.g. protection extension from 50 to 70 years *post mortem*). Last but not least, the *Produktpirateriegesetz* (Law against counterfeiting and piracy) brought about changes to all German IP laws. This piece of legislation aimed at improving the protection of intellectual property rights by means of stricter sanctions and the introduction of new claims. Most notably, according to the revised patent law, the owner may request the detention or destruction of goods that evidently infringe his rights.

In Eastern Germany, the law on intellectual property was changed fundamentally after 1945. Amongst the most important changes was the introduction of an "*economy patent*" which could be licensed by the patent authority without the consent of the inventor. Another new instrument was a law on improvements, which granted a claim to honour and remuneration to anyone who suggested an improvement to the production process. In trademark law, the GDR law returned to the control function of trademarks by forcing all producers of industrial goods to apply trademarks. The instrument of utility models was abolished in 1963.

When Germany was reunified in 1990 the Western German law replaced the GDR law. Since then, all parts of the law of intellectual property have been influenced heavily by European Union legislation.

D. The United Kingdom

In the United-Kingdom, IPR enforcement was introduced from as early as 1623 with the Statute of Monopolies – precursor to modern patent law – as the first attempt to achieve a balance between the encouragement of new industry and the maintenance of competition. Copyrights were first recognised under the common law and then subsequently by a series of statutes dating from 1709. However, statutory copyright to unpublished works appeared in 1911 only.

HISTORICAL INTROSPECTIVE

17th Century

1623 Statute of Monopolies

18th Century

1707 Copyright was first recognised under the common law and subsequently by a series of statutes dating

19th Century

1853 UK Patent Office was founded

1873 Judicature Acts 1873-75

1875 Trade Marks Registration Acts 1875-77.

20th Century

- 1911** Copyright Act gives statutory copyright in unpublished works
- 1938** Introduction of a definition of infringement
- 1949** Registered Designs Act 1949 (RDA) for designs capable of registration
- 1949** Patents Act
- 1956** Copyright Act main provisions in existence today were first introduced.
- 1977** Patents Act (as amended by the CDPA) and creating specialist court
- 1988** Copyright, [unregistered] Designs and Patents Act 1988 (CDPA)
- 1994** Current TMA came into force

21st Century

- 2002** Increase the criminal penalties for dealing with counterfeit goods and increased the search powers of the police
- 2004** CDPA and TMA amended (EU laws compliance)

Historically, proceedings to enforce a patent monopoly had to be commenced before the common law courts for damages. Injunctive relief could only be obtained in Chancery if an action at law had first succeeded. The “*modern*” patent action was made possible after the Judicature Acts 1873-75. A couple of years after, the Trade Marks Registration Acts 1875-77 introduced the concept of a registered trade mark into English law and created the Trade Mark Registry. Under this early Acts, there was no definition of infringement, but this was introduced under the 1938 Act. The registered proprietor was merely granted the “*exclusive use*” of the trade mark and it was left to the common law to establish the scope of infringement.

In 1949, 31 Acts of Parliament (since 1623) were consolidated into the Patents Act. However, “*modern*” patent legislation is found in the Patents Act 1977.

The Registered Designs Act (RDA), also dating from 1949, entrusted a series of exclusive right to the registered proprietor (making, importing, selling, hiring,...). These rights are infringed by anyone who does any of the exclusive acts without the consent of the proprietor. Relief obtainable by a proprietor whose design has been infringed (damages, injunctions, delivery up and costs). The registered owner of an unregistered design (dealt with by the CDPA, cf. below) has specific automatic right.

The main provisions in existence today in Copyright law were first introduced in the Copyright Act of 1956.

The Copyright, Designs and Patents Act (CDPA) from 1988 included new medium and also created moral rights. This Act also provides for criminal offences. Offences will normally be dealt with by the Crown Prosecution Service on reference from the police or by Trading Standards Officers, and more commonly nowadays by private prosecutions brought by special interest groups such as the Federation against Copyright Theft.

The current TMA (1994) makes it possible to establish an infringement where there is a likelihood of confusion having regard to the identity or similarity of the marks and the identity or similarity of the goods or services. It is also possible to bring an action for use of a mark which has a reputation in the UK in respect of goods and services dissimilar to those for which it is registered.

The Copyright, Designs and Patents and Trade Marks (Offences and Enforcement) Act 2002 increased the criminal penalties for dealing with counterfeit goods and increased the search powers of the police to enable more effective enforcement of the TMA.

The Customs Regulation, which came into force on 1 July 2004, amends certain provisions of the CDPA and TMA to bring them in line with regulation EC/1383/2003.

E. Czech Republic

As a former part of the Austro-Hungarian Empire, the Czech tradition of IPR protection dates from the early 19th century (member of international IPR treaties such as the Paris and Berne Conventions, respectively 1883 and 1886). In the first half of the 20th century, IPR protection and enforcement developed further and achieved a high standard. The period starting 1948 until 1989, however, marked a downturn in IPR developments in the Czech Republic, then Czechoslovakia. Due to the political climate, in which the state played a dominant role, and for the private nature of IPR, further developments were limited.

After 1989, the relevant laws were either amended or abolished. As of today, the Czech Republic has adopted modern laws which reflect both EU and international requirements. However, despite modern legislation, the practical enforcement of IPR still needs to be developed further if the Czech Republic is to achieve the EU₁₅ standards.

HISTORICAL INTROSPECTIVE

Austro-Hungarian Empire

- 1811** Austrian Civil Code
- 1832** Patent Law enacted
- 1846** Copyright Law enacted
- 1890** Trademark Act adopted
- 1895** Act No. 197/1895 (protection of creators' rights to literary, artistic and photographic works) adopted (following Berne convention)
- 1897** Patent Act amended

Post WWI – Constitution of Czechoslovakia

- 1919** Specialised Patent Court
- 1926** Copyright Act replaced (Act No. 218/1926)

Post WWII – Change of Regime

- 1952** New Patent Act (limiting extent of traditional rights of patent holders. mandatory to offer a new patent to the state)
- 1952** New Trademark Act (lost its primary function)
- 1953** New Copyright Act No. 115/1953 (change of regime)
- 1965** Copyright Act amended (No. 35/1965) limiting authors rights)

Post USSR - Change of regime

- 1989** Copyright Act amended (No. 35/1965) (Czech Republic)
- 1990** New Patent Act No. 527/1990 adopted

1993 – Constitution of the Czech Republic

- 2000** Copyright Act amended (No. 121/2000) (EU & Int'l law compliance)
- 2003** New Trademark Act No. 441/2003 (EU laws compliance)

The first patent law on the territory of today's Czech Republic was introduced as early as 1832 and was effective until 1897 when a relatively modern Patent Act (No. 30/1897) was adopted. The latter became part of the new laws of Czechoslovakia and was valid until 1952. In 1846, the first copyright law was introduced, protecting works against copying and unlawful publishing (certain aspects of copyright were already contained in the Austrian Civil Code, 1811). A new Act (No. 197/1895) was adopted following the Berne Convention in 1886. As for trademark law, its origins date back to 1890, when the Austro-Hungarian Empire adopted a Trademark Act. This legislation continued to be effective on the territory of Czechoslovakia until 1952.

Following the First World War and after the establishment of Czechoslovakia as an independent state in 1918, the Copyright Act was replaced by Act No. 218/1926 which provided for a period of protection lasting 50 years and it

also included developed methods of enforcement through civil, administrative and criminal procedures. During the same period, a specialised Patent Court was established in 1919.

After the Second World War, and as a result of the change of political regime, a new Copyright Act (No. 115/1953) was adopted and replaced in 1965 (Copyright Act No. 35/1965). These two acts considerably limited authors' rights. A licence, for example, could be substituted by an administrative consent of the Ministry of Culture or Ministry of Education. Furthermore, authors' fees were prescribed by a government regulation. Copyright law was even effectively used as a method of censorship. The change of political situation also resulted in a new patent legislation, limiting the traditional rights of patent holders that, e.g. had the obligation to offer a new patent to the state. Trademark law also lost its primary function in the environment of state planned economy. Trademarks became effectively non-transferable during this period.

After 1989, the Copyright Act (No. 35/1965) was amended several times although the need for a new modern legislation was pressing. In 1990, a new Patent Act No. 527/1990 was adopted, which, after several amendments, is still the valid law of the Czech Republic. This Patent Act is based upon modern principles of patent law and is compatible with the relevant international treaties.

Today's applicable copyright and trademark law in the Czech Republic lie in Copyright Act (No. 121/2000) and Trademark Act (No. 441/2003), which were drafted in accordance with all relevant EU legislation as well as new international treaties.

The Czech Republic is a signatory member of WTO since 1995 and adhered to the following WIPO treaties (Note: dates of accession of the Czech Republic reflect the fact that the Czech Republic, as an independent state, has existed only from 1 January 1993. The legal predecessors of the Czech Republic were, in many cases, among the original founding members of the treaties.):

- WIPO Convention, since January 1993.
- Paris Convention (Industrial Property), since January 1993.
- Berne Convention (Literary and Artistic Works), since January 1993.
- Patent Cooperation Treaty, since January 1993.
- Patent Law Treaty, since June 2000.
- Madrid Agreement (International Registration of Marks), since January 1993.
- Madrid Agreement (False or Deceptive Indications of Source on Goods), since January 1993.
- Madrid Protocol (International Registration of Marks), since September 1996.
- Nice Agreement (International Classification of Goods and Services), since January 1993.
- Lisbon Agreement (Appellations of Origin), since January 1993.
- Rome Convention (Performers, Producers of Phonograms and Broadcasting Organisations), since January 1993.
- Locarno Agreement (International Classification for Industrial Designs), since January 1993.
- Strasbourg Agreement (International Patent Classification), since January 1993.
- Geneva Convention (Unauthorized Duplication of Phonograms), since January 1993.
- Budapest Treaty (Deposit of Micro-organisms), since January 1993.
- Trademark Law Treaty, since August 1996.
- WIPO Copyright Treaty, since March 2002.
- WIPO Performances and Phonograms Treaty, since May 2002.

In addition, the Czech republic is a **member of other bodies/treaties:**

- Member of the Central European Free Trade Agreement (CEFTA) since December 1992.
- Member of Universal Copyright Convention, since March 1993.
- Member of the International Union for the Protection of New Varieties of Plants (UPOV) since January 1993.

F. The People's Republic of China

Since the 1980s, the State has promulgated a number of laws and regulations covering the major aspects of IPR protection. These include the:

- Patent Law of the People's Republic of China, (1984),
- Trademark Law of the People's Republic of China (1982),
- Copyright Law of the People's Republic of China (1990),
- Regulations on the Protection of Computer Software (2001),
- Regulations on the Protection of Layout Designs of Integrated Circuits (2001),
- Regulations on the Collective Management of Copyright (2004),
- Regulations on the Management of Audio-Video Products (2001),
- Regulations on the Protection of New Varieties of Plants (1997),
- Regulations on the Protection of Intellectual Property Rights by the Customs (2003),
- Regulations on the Protection of Special Signs (1996),
- Regulations on the Protection of Olympic Logos (2002).

China has also promulgated a series of relevant rules for the implementation of these laws and regulations, and their legal interpretation. In 2001, when China was admitted into the WTO, China made revisions to these laws and regulations and their legal interpretation in order to comply with the WTO's "Agreement on Trade-related Aspects of Intellectual Property Rights" and other international rules on IPR protection.

A parallel protection mode, namely, administrative and judicial protection, has emerged in China. Administrative measures have played a very important role for IPR protection in China. Several departments in China are assigned with the duty to protect IPR. They include primarily the State Intellectual Property Office, State Administration for Industry and Commerce, Press and Publication General Administration, State Copyright Bureau, Ministry of Culture, Ministry of Agriculture, State Forestry Administration, Ministry of Public Security, General Administration of Customs, Supreme People's Court and Supreme People's Procuratorate. In 2004 China established the State IPR Protection Work Team headed by a Vice-Premier of the State Council, responsible for planning and coordinating the work regarding IPR protection throughout the country. Lately, especially after China was admitted into the WTO, China has gradually strengthened the judicial protection for IPR. For example, the revised PRC Trademark Law, Patent Law and Copyright Law all established the judicial review system for administrative decisions.

In recent years, China has adopted measures to increase cooperation between administrative law enforcement organs, public security organs and people's procuratorates with respect to IPR protection. In October 2000, the relevant departments jointly issued the "Notice on Strengthening Cooperation and Coordination in the Work of Investigating and Dealing with Criminal Cases that Infringe Intellectual Property Rights", which contains provisions on relevant issues. In July 2001, the State Council promulgated the "Regulations on the Transfer of Suspected Criminal Cases by Administrative Law Enforcement Organs", which includes provisions on how the administrative law enforcement organs should transfer suspected criminal cases to public security organs in a timely manner. In March 2004, the relevant departments jointly issued the "Opinions on Increasing Work Contacts between Administrative Law Enforcement Organs and Public Security Organs and People's Procuratorates".

China has joined or signed many major international conventions and agreements on IPR protection. Following its accession to the World Intellectual Property Organisation in 1980, China successively joined or signed more than ten international conventions, treaties, agreements and protocols, such as the:

- *Paris Convention for the Protection of Industrial Property,*
- *Patent Cooperation Treaty,*
- *Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure,*
- *Locarno Agreement Establishing an International Classification for Industrial Designs,*
- *Madrid Agreement Concerning the International Registration of Marks,*
- *Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks,*
- *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks,*
- *Agreement on Trade-related Aspects of Intellectual Property Rights,*
- *International Convention for the Protection of New Varieties of Plants,*
- *Berne Convention for the Protection of Literary and Artistic Works,*
- *Universal Copyright Convention,*
- *Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication.*

[source: New Progress in China's Protection of Intellectual Property Rights
PRC State Council Office, 21 April 2005 (the "2005 China IPR Protection Report")]

THE ACT OF INFRINGEMENT AS A CRIMINAL OFFENCE IN THE EU₂₅, BULGARIA, ROMANIA AND TURKEY: CONDITIONALITY, PENALTIES AND AGGRAVATING CIRCUMSTANCES

A. General Notes

Member States: The proposal Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights and the proposal Framework Decision to strengthen the criminal law framework to combat intellectual property offences (COM(2005)276) will, if approved by the European Parliament and the Council, provide for homogenised criminal penalties. (applicable fines of at least EUR 100,000 to 300,000 [criminal organisations or posing a risk to public health and safety] and at least four years' imprisonment).

Benelux Countries: Designs & Models in the Benelux countries are regulated uniformly by the Brussels Convention (1973). The convention does not provide for any criminal penalties.

Trademarks on goods and services are regulated uniformly by the Benelux Convention (1971). The convention does not provide for any criminal penalties; however it leaves this possibility to national legislators.

Belgium: A draft regulation providing for homogenized criminal penalties on all IPR infringements is currently under review. Penalties provided for amount to 500,000 EUR fines and three years incarceration.

Spain: Fines refer to an amount of incarceration months which have a specific financial value.

Caption

[?]: no data provided

[-]: does not exist

B. Patents

	Condition on Intentionality	Penalties Fine / Incarceration	Aggravating Circumstances
Austria	committed w/ intention	225,000 Schillings / 3 months to one year incarceration or cumulated	?
Belgium	-	-	-
Cyprus	?	?	?
Czech Republic	Intention or negligence	2,000 – 5 ml. CZK / 2 years	-
Denmark	Intentional harm	Both (no precision)	Up to one year incarceration
Estonia	?	?	?
Finland	No condition / in case of a patented process, when exploitation whilst aware of	Fine / maximum two years	?

	interdiction		
France	Willingly harm	300,000 EUR / 3 years	Organised crime = 500.000 EUR / 5 years
Germany	No condition	Fine / 3 years	Commercial exploitation = 5 years
Greece	-	-	-
Hungary	Causing financial harm	Fine / 2 years (or public interest work)	Negligence = 1 year / Commercial exploitation with substantial financial damage = 3 years / Considerable financial damage = 5 years / up to 8 years
Ireland	-	-	-
Italy	No condition	2,000 EUR / 3 years	Organised crime
Latvia	-	-	-
Lithuania	?	?	?
Luxemburg	-	-	-
Malta	For own personal profit	10,000 MTL / 3 years	?
Netherlands	Deliberately	1,500 NLF / 3 years	?
Poland	No condition	Fine / limitation of freedom / 1 year	Material profits or personal gain = fine / limitation of freedom / two years,
Portugal	No condition	360 – 179,567 EUR / 3 years	?
Slovak Republic	No condition	? / 3 years	?
Slovenia	No condition	3 years	?
Spain	commercial / industrial exploitation whilst aware of registration (knowingly)	Fine (equivalent to 6-24 incarceration months) / 6 months to 2 years	?
Sweden	Serious offence or intentional	Fine / 2 years	?
UK	No condition	Fine not exceeding statutory maximum / 6 months (summary)	Fine / 2 years (indictment)
Bulgaria	?	?	?
Romania	No condition	50,000 – 100,000 ROL / 3 months to 2 years	?
Turkey	No condition	600 ml. – 1 bn. TRL / 2 – 4 years	?

C. Designs

	Condition on Intentionality	Penalties Fine / Incarceration	Aggravating Circumstances
Austria	No condition	360 daily subsistence allowances	?
Belgium	-	-	-
Cyprus	?	?	?
Czech Republic	Intention or negligence	2,000 – 5 ml. CZK / 2 years	-
Denmark	Intentional harm	Both fines and incarceration	Up to one year incarceration

Estonia	?	?	?
Finland	No condition / in case of a patented process, when exploitation whilst aware of interdiction	Fine / 2 years	?
France	Willingly harm	300,000 EUR / 3 years	Organised crime = 500.000 EUR / 5 years
Germany	No condition	Fine / 3 years	Commercial exploitation = 5 years
Greece	-	-	-
Hungary	Causing financial harm	Fine / 2 years (or public interest work)	Negligence = 1 year / Commercial exploitation with substantial financial damage = 3 years / Considerable financial damage = 5 years / up to 8 years
Ireland	No condition	1,000 IEP / 1 year (summary)	100,000 IEP / 5 years (indictment)
Italy	No condition	2,000 EUR / 3 years	Organised crime
Latvia	Intentional	Max. 100 times minimum monthly wage / 1 years / custodial arrest / community service	Recidivism / substantial harm = max. 200 times minimum monthly wage / 5 years / deprivation of engaging in entrepreneurial activities for 2-5 years.
Lithuania	?	?	?
Luxemburg	-	-	-
Malta	For own personal profit	10,000 MTL / 3 years	?
Netherlands	Intentionally	Fine (5 th category) / 1 year	?
Poland	No condition	Fine / limitation of freedom / 2 years	-
Portugal	No condition	360 – 179,567 EUR / 3 years	?
Slovak Republic	No condition	Fine / 3 years	?
Slovenia	No condition	? / 3 years	?
Spain	No condition	Fine (equivalent to 6-24 incarceration months) / 6 months to 2 years	Particularly serious (value of counterfeits / importance of harm caused) = Fine (8 -24) / 2 - 4 years /interdiction to practice
Sweden	Serious offence or intentional	Fine / 2 years	?
UK	No condition	Fine not exceeding statutory maximum / 6 months (summary)	Fine / 2 years (indictment)
Bulgaria	No condition	500 – 5,000 BGL	?
Romania	No condition	Fine / 6 months to 2 years	?
Turkey	?	?	?

D. Trademarks

	Condition on Intentionality	Penalties Fine / Incarceration	Aggravating Circumstances
Austria	No condition	Fine (360 <i>per diem</i> rate) / -	?
Belgium	Fraudulently use / wittingly sell or circulate	130 up to €10,000 and/or 8 days up to 6 months	€40,000 and/or imprisonment up to 1 year.
Cyprus	?	?	?
Czech Republic	Import, export or circulate with intention or negligence	2,000 – 5 ml. CZK / 2 years	-
Denmark	Voluntary / Intentional	both	Up to one year incarceration
Estonia	No condition	Fine / 3 years	Commercialisation = 300 “units” fine / 5000 DKK for corporate bodies
Finland	Harm	Fine / 2 years	?
France	No condition / industrial production / willingly deliver	300,000 / 3 years (400,000 EUR / 4 years if for sales/delivery/rent)	Organised crime = 500,000 EUR / 5 years
Germany	No condition	Fine / 3 years	Commercial exploitation = 5 years
Greece	No condition	300,000 drachmas / 3 months	?
Hungary	Causing a financial harm	Fine / 2 years if misleading (or public interest work) 3 years if imitating	Negligence = 1 year / Commercial exploitation with substantial financial damage = 3 years / Considerable financial damage = 5 years / up to 8 years
Ireland	No condition	1,000 IEP / 6 months (summary)	100,000 IEP / 5 years (indictment)
Italy	No condition	2,000 EUR / 3 years	Organised crime
Latvia	Intentional	Max. 100 times minimum monthly wage / 1 years / custodial arrest / community service	Recidivism / substantial harm = max. 200 times minimum monthly wage / 5 years / deprivation of engaging in entrepreneurial activities for 2-5 years.
Lithuania	?	?	?
Luxemburg	?	?	?
Malta	No condition	10,000 MTL / 3 years	?
Netherlands	No condition / intentionality import	Fine (5 th category) / 1 year	?
Poland	No condition	Fine / 2 years	Infringing as regular source of income / consequent profit = 6 months to 5 years
Portugal	No condition	240 – 119,711 EUR / 2 years	?
Slovak Republic	No condition	Fine / 1 year	Organised crime (organiser/member)
Slovenia	No condition	Fine / 3 years	
Spain	commercial / industrial exploitation whilst aware of registration (knowingly)	Fine (equivalent to 6-24 incarceration months) / 6 months to 2 years	Particularly serious (value of counterfeits / importance of harm caused) = fine (8 -24) / 2 - 4 years / interdiction to practice
Sweden	Serious harm / Intentional	Fine / 2 years	?
UK	No condition	5,000 GBP / 6 months (summary)	Fine / 10 years (indictment)

Bulgaria	Commercial exploitation	5,000 BGL / 3 years	?
Romania	No condition	15 ml. ROL / 3 months to 2 years	?
Turkey	No condition	600 ml. – 1 bn. TRL / 2 – 4 years	?

E. Copyrights & Related Rights

	Condition on Intentionality	Penalties Fine / Incarceration	Aggravating Circumstances
Austria	No condition / intentional circulation or detention of device designed to suppress protection (for commercial exploitation)	360 daily subsistence allowances / 6 months	Commercial purposes = 2 years
Belgium	Mischievous and fraudulent / wittingly sell, distribute and rent	€ 500 up to € 500.000	€ 500 up to € 500,000 and/or 3 months - 2 years and possible temporary or final closing of infringer's business
Cyprus	Knowingly	1,500 CYP / 2 years	Recidivism = 2,000 CYP / 3 years
Czech Republic	With intention or negligence	2,000 – 5 ml. CZK / 2 years	Benefit from the crime (≥CZK 500 000) considerable extension of the crime: 2,000 – 5 ml. CZK / 6 months - 5 years
Denmark	Intentional or serious harm	Fine / 1 year (if commercial exploitation)	Up to one year incarceration
Estonia	With intention	Fine / 3 years (1 year if public representation)	?
Finland	No condition	Fine / 2 years	?
France	No condition	300,000 EUR / 3 years	Organised crime = 500,000 EUR / 5 years
Germany	No conditions	Fine / 3 years	Commercial exploitation ²³ = 5 years
Greece	No condition	1 – 5 ml. drachmas / 1 year	?
Hungary	Illegal profit / financial loss for right holder	Fine / 2 years if misleading (or public interest work)	Negligence = 1 year / Commercial exploitation with substantial financial damage = 3 years / Considerable financial damage = 5 years / up to 8 years
Ireland	No condition	1,500 IEP / 12 months (summary)	100,000 IEP / 5 years (indictment)
Italy	No condition	10 ml. ITL / 3 years	Organised crime

²³ Commercial exploitation is a planned and repeated intentional offence to an IP right in the view of generating benefits and revenue.

Latvia	Deliberate (not expressly required for unlawful acts with pirated copies)	Max. 100 times minimum monthly wage / custodial arrest / community service	Recidivism / organised crime = Max. 150 times minimum monthly wage / 2 years / custodial arrest / community service [] unlawful acts = Max. 200 times minimum monthly wage / 5 years
Lithuania	No condition / commercial exploitation if value is higher than 100 MGL (+/-45 EUR) = price of genuine products	Fine / 2 years	?
Luxemburg	Mischievous or fraudulent / willingly	10,001 – 10 ml. LUF [] if use of right holder's name = fine / 3 months – 2 years	Recidivism = 20.000 – 20 ml. LUF / 3 months – 2 years
Malta	Commercial exploitation / in view to gain profit	5,000 MLT / 1 year	?
Netherlands	Intentionally / for related rights = intentionally and knowingly	Fine (4 th category) / 1 year [] if use of right holder's name = 5 th category / 2 years [] if related rights = Fine (4 th category) / 6 months	Commercial exploitation = Fine (5 th category) / 4 years
Poland	No condition	Fine / 2 years	Permanent source of revenue / leading organised crime = 3 years
Portugal	No condition	50 - 74,820 EUR / - [] 150 - 124,700 EUR / 3 years if intentional	?
Slovak Republic	No condition	? / 2 years	Considerable gain / large scale = fine / 6 months – 5 years [] organised crime
Slovenia	No condition	Fine / 6 months – 1 years [] exploitation = fine / 3 months – 3 years [] performance = fine / 6 months	?
Spain	In view to gain / harm third party / intentionally import	Fine (equivalent to 6-24 incarceration months) / 6 months to 2 years	Considerable economic gain / particularly serious offence = 1 – 4 years
Sweden	Serious offence / intentional	Fine / 2 years	?
UK	No condition	5,000 GBP / 6 months (summary)	5,000 GBP / 2 years (indictment)
Bulgaria	No condition	1,000 – 3,000 BGL / 3 years	?
Romania	No condition	500,000 - 10 ml. ROL / 3 months to 5 years	?
Turkey	No condition	10 - 150 bn. TRL / 4 years	?

STATISTICS

A. Cases handled by the Respective Competent Authorities

Proposed note (however, important to pay attention as Chinese want all our statistics)

It is important to note that detailed statistics could not be provided by all EU Member States the short lapse of time in which this study has been completed.

However, based on comments of practicing lawyers and attorneys at law specialised in IP matters, it has been verified that similar patterns of case handling shares can be applied to most EU Member States, i.e. no less than +/- 4/5 of IPR infringement cases are being dealt with by the civil courts.

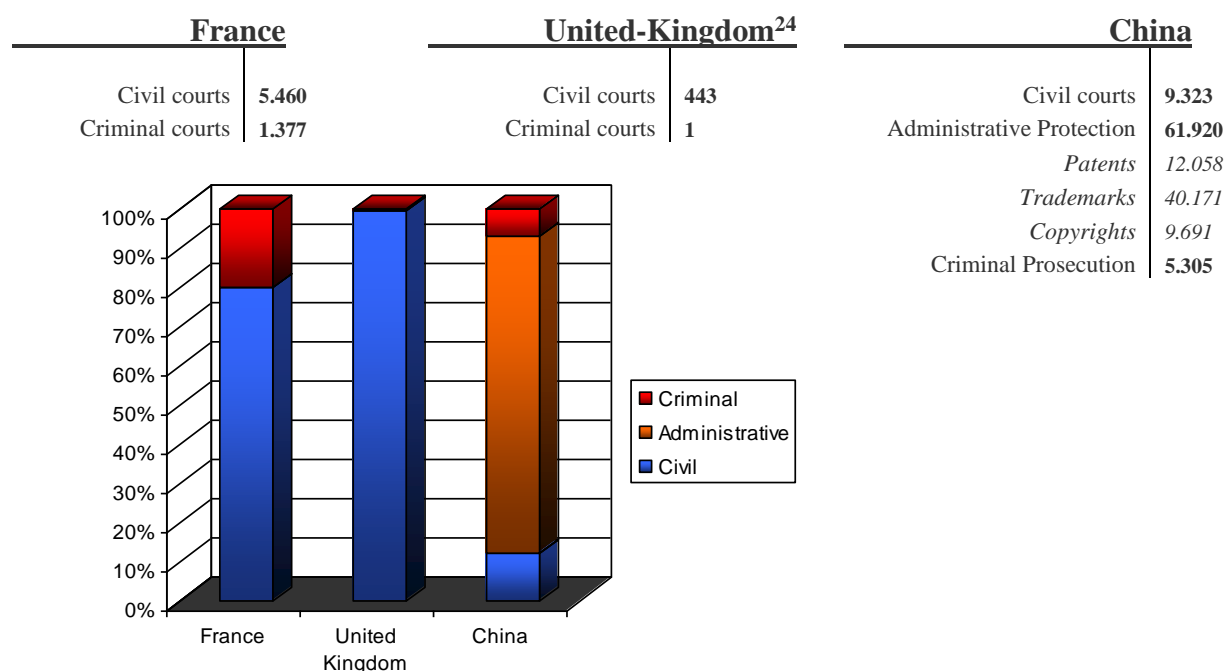


Table 10 - Cases handled by the Respective Competent Authorities

EXTRACTS COLLECTION OF THE RELEVANT LEGISLATION IN THE EU (FRANCE, GERMANY, THE UNITED-KINGDOM, THE CZECH REPUBLIC) AND IN THE PEOPLES' REPUBLIC OF CHINA

The present collection refers to legislation from the four EU Member States that were subject to an in depth analysis in this report (France, Germany, the United-Kingdom and the Czech Republic) and from the People's Republic of China. It primarily concentrates at identifying the nature of an infringement under these countries and on establishing what criminal penalties are being provided by law. This study is based on a broader range of legislation including the 25 member states as well as rules related to civil and criminal proceedings and customs measures

²⁴ These figures show the number of IP cases, both Civil and Criminal, that were recorded for the period in two major IP databases produced by a leading private legal publisher. Some cases might appear in both databases.

A. European Union Law

1. Brief Introduction

The major legislative acts of the European Union (EU) are regulations, directives and decisions.

Regulations have a general scope, and are obligatory in all its elements and directly applicable in all Member States of the European Union. Because regulations have direct effect, the individual countries do not need to pass local laws to bring them into effect, and indeed any local laws contrary to the regulation are overruled, as European Union Law is supreme over the laws of the Member States. An example of matters introduced by regulation is the European-level 'Community Design Right'. An example of currently debated project of regulation is the Community Patent.

A **Directive** is the collective decision made by the member states, acting through their national Government Ministers in the Council of the European Union and the Parliament. A directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods. (art. 249 ex.189).

With the entry into force of the Treaty of Amsterdam (1999), **Decisions** and **Framework Decisions** make action for matters of police and judicial cooperation in criminal matters (third pillar) more effective. Framework decisions are used to approximate (align) the laws and regulations of the Member States. They have to be adopted unanimously and are binding on the Member States as to the result to be achieved but leave the choice of form and methods to the national authorities. Decisions are used for any purpose other than approximating the laws and regulations of the Member States. They are binding and any measures required to implement them at Union level are adopted by the Council, acting by a qualified majority.

2. Directive 2004/48/ec of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights ("Enforcement Directive")

CHAPTER III

SANCTIONS BY MEMBER STATES

Article 16

Sanctions by Member States

Without prejudice to the civil and administrative measures, procedures and remedies laid down by this Directive, Member States may apply other appropriate sanctions in cases where intellectual property rights have been infringed.

3. Council Regulation (EC) No 1383/2003 of 22 July 2003 ("Customs Regulation")

Article 2

1. For the purposes of this Regulation, 'goods infringing an intellectual property right' means:

(a) 'counterfeit goods', namely:

- (i) goods, including packaging, bearing without authorisation a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder's rights under

- Community law, as provided for by Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark (4) or the law of the Member State in which the application for action by the customs authorities is made;
- (ii) any trademark symbol (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol), even if presented separately, on the same conditions as the goods referred to in point (i);
 - (iii) packaging materials bearing the trademarks of counterfeit goods, presented separately, on the same conditions as the goods referred to in point (i);
- (b) ‘pirated goods’, namely goods which are or contain copies made without the consent of the holder of a copyright or related right or design right, regardless of whether it is registered in national law, or of a person authorised by the right-holder in the country of production in cases where the making of those copies would constitute an infringement of that right under Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (5) or the law of the Member State in which the application for customs action is made;
- (c) goods which, in the Member State in which the application for customs action is made, infringe:
- (i) a patent under that Member State's law;
 - (ii) a supplementary protection certificate of the kind provided for in Council Regulation (EEC) No 1768/92 (1) or Regulation (EC) No 1610/96 of the European Parliament and of the Council (2);
 - (iii) a national plant variety right under the law of that Member State or a Community plant variety right of the kind provided for in Council Regulation (EC) No 2100/94 (3);
 - (iv) designations of origin or geographical indications under the law of that Member State or Council Regulations (EEC) No 2081/92 (4) and (EC) No 1493/1999 (5);
 - (v) geographical designations of the kind provided for in Council Regulation (EEC) No 1576/89 (6).
2. For the purposes of this Regulation, ‘right-holder’ means:
- (a) the holder of a trademark, copyright or related right, design right, patent, supplementary protection certificate, plant variety right, protected designation of origin, protected geographical indication and, more generally, any right referred to in paragraph 1; or
 - (b) any other person authorised to use any of the intellectual property rights mentioned in point (a), or a representative of the right-holder or authorised user.
3. Any mould or matrix which is specifically designed or adapted for the manufacture of goods infringing an intellectual property right shall be treated as goods of that kind if the use of such moulds or matrices infringes the right-holder's rights under Community law or the law of the Member State in which the application for action by the customs authorities is made.

4. Proposal for a European Parliament and Council Directive on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights

Article 4 Penalties

1. For the offences referred to in Article 3, the Member States shall provide for the following penalties:
 - a) for natural persons: custodial sentences;
 - b) for natural and legal persons:
 - i) fines;
 - ii) confiscation of the object, instruments and products stemming from infringements or of goods whose value corresponds to those products.
2. For the offences referred to in Article 3, the Member States shall provide that the following penalties are also available in appropriate cases:
 - (a) destruction of the goods infringing an intellectual property right;
 - (b) total or partial closure, on a permanent or temporary basis, of the establishment used primarily to commit the offence;
 - (c) a permanent or temporary ban on engaging in commercial activities;
 - (d) placing under judicial supervision;
 - (e) judicial winding-up;
 - (f) a ban on access to public assistance or subsidies;
 - (g) publication of judicial decisions.

5. Proposal for a Council Framework Decision to Strengthen the Criminal Law Framework to Combat Intellectual Property Offences

Article 2

Level of penalties

1. Each Member State shall take the measures necessary to ensure that, when committed by natural persons, the offences referred to in Article 3 of Directive/EC are punishable by a maximum sentence of at least four years' imprisonment when committed under the aegis of a criminal organisation within the meaning of Framework Decision on the fight against organised crime, or where they carry a health or safety risk.
2. Member States shall take the measures necessary to ensure that, when committed by natural persons or legal entities, the offences referred to in Article 3 of Directive/EC are punishable by effective, proportionate and dissuasive penalties. These penalties shall include criminal and non-criminal fines:
 - (a) to a maximum of at least EUR 100 000 for cases other than the most serious cases;
 - (b) to a maximum of at least EUR 300 000 for cases referred to in paragraph 1.
3. Paragraphs 1 and 2 shall be without prejudice to the application of more serious sentences, including in the case of risk of death or infirmity.

B. France

1. Intellectual Property Code (Legislative Part)

a) Patents

L. 613-3.

The following shall be prohibited, save consent by the owner of the patent:

(a) making, offering, putting on the market or using a product which is the subject matter of the patent, or importing or stocking a product for such purposes;

(b) using a process which is the subject matter of the patent or, when the third party knows, or it is obvious in the circumstances, that the use of the process is prohibited without the consent of the owner of the patent, offering the process for use on French territory;

(c) offering, putting on the market or using the product obtained directly by a process which is the subject matter of the patent or importing or stocking for such purposes.

L. 613-4.

1. It shall also be prohibited, save consent by the owner of the patent, to supply or offer to supply, on French territory, to a person other than a person entitled to work the patented invention, the means of implementing, on that territory, the invention with respect to an essential element thereof where the third party knows, or it is obvious from the circumstances, that such means are suited and intended for putting the invention into effect.

2. [Paragraph 1](#) shall not apply where the means of implementation are staple commercial articles, except where the third party induces the person supplied to commit acts prohibited by [Article L. 613-3](#).

3. Persons carrying out the acts referred to in items (a), (b) and (c) of Article L. 613-5 shall not be deemed persons entitled to work the invention within the meaning of [paragraph 1](#).

L. 613-5.

The rights afforded by the patent shall not extend to:

(a) acts done privately and for non-commercial purposes;

(b) acts done for experimental purposes relating to the subject matter of the patented invention;

(c) the extemporaneous preparation for individual cases in a pharmacy of a medicine in accordance with a medical prescription or acts concerning the medicine so prepared.

L. 613-6.

The rights afforded by a patent shall not extend to acts concerning a product covered by that patent which are done on French territory after such product has been put on the market in France by the owner of the patent or with his express consent.

[...]

L. 615-14.

1. Any person who has knowingly infringed the rights of the owner of a patent, as defined in [Articles L. 613-3 to L. 613-6](#), shall be liable to a two-year prison term and a fine of 1,000,000 francs.

2. The provisions of [paragraph 1](#) above shall enter into force on January 1, 1993.

b) Designs and Models

Article L521-4

(Law No. 94-102 of 5 February 1994 Art. 7 Official Journal of 8 February 1994)

Any knowingly committed infringement of the rights guaranteed by this Book shall be punishable with a two-year prison term and a fine of FRF 1,000,000.

In addition, the court may order the total or partial, permanent or temporary closure, for a period not exceeding five years, of the establishment that has served for the commission of the offense.

Temporary closure may not be a cause of either termination or suspension of employment contracts, or of any monetary consequence prejudicial to the employees concerned. Where permanent closure causes the dismissal of staff, it shall give rise, over and above the indemnity in lieu of notice and the termination indemnity, to damages as provided in Articles L122-14-4 and L122-14-5 of the Labor Code for the breach of employment contracts. Failure to pay those indemnities shall be punishable with a six-month prison term and a fine of FRF 25,000.

c) Trade Marks Rights

Article L716-9

(Law No. 94-102 of 5 February 1994 Art. 13 Official Journal of 8 February 1994)

Any person shall be punished with a two-year prison term and a fine of FRF 1,000,000 who has:

- a) Reproduced, imitated, used, affixed, removed or altered a mark, a collective mark or a collective certification mark in violation of the rights conferred by the registration thereof and the prohibitions deriving therefrom;
- b) Imported, under any customs regime, or exported goods presented under an infringing mark.

Article L716-10

(Law No.98-1194 of 23 December 1998 art. 29 III Official Journal of 27 December 1998)

Shall be liable to the penalties provided for in the foregoing Article any person who:

- a) Without lawful reason, holds goods he knows to bear a counterfeit mark or has knowingly sold, offered for sale, furnished or offered to furnish goods or services under such mark;
- b) Has knowingly delivered a product or furnished a service other than that requested of him under a registered mark;

The offence, pursuant to the criteria set forth in b, shall not be constituted in case of the exercise by a pharmacist of the faculty of substitution provided for in Article L. 512-3 of the Code de la santé publique.

[...]

Article L716-14

In the event of conviction for infringement of Articles L716-9 and L716-10, the Court may order confiscation of the goods and of the tools that have served to commit the offense.

The Court may order that the confiscated goods be delivered up to the owner of the mark that has been infringed, without prejudice to any damages.

The Court may also order their destruction.

d) Copyrights and Related Rights

Article L333-2

(Law No. 98-536 of 1 July 1998 art. 4 Official Journal of 2 July 1998)

Amounts due, on account of exploitation for gain or following assignment of literary or artistic property rights, to authors, composers or artists or to a surviving spouse against whom there exists no final decision of separation or under-age children in their capacity of successors in title, shall not be subject to seizure insofar as they constitute maintenance.

[...]

Article L333-4

(Law No. 98-536 of 1 July 1998 art. 4 Official Journal of 2 July 1998)

The provisions under this Chapter shall not prevent seizure ordered under the provisions of the Civil Code relating to unpaid maintenance.

[...]

Article L335-6

(Law No.92-1336 of 16 December 1992 art. 331 Official Journal of 23 December 1992 in force on 1 March 1994)

(Law No. 98-536 of 1 July 1998 art. 4 Official Journal of 2 July 1998)

In the cases referred to in the four preceding Articles, the court may order confiscation of all or part of the proceeds obtained by reason of the infringement and confiscation of all phonograms, videograms, articles and copies that are infringing or have been unlawfully reproduced and of the equipment specifically installed for the purpose of committing the offense.

It may also order, at the cost of the convicted person, the posting of the judgment in compliance with the conditions and subject to the penalties laid down in Article 131-35 of the Penal Code, and its publication in full or as extracts in such newspapers as it may designate, without however the costs of such publication exceeding the maximum amount of the fine incurred.

C. Germany

1. German Patent Law (PatG)

a) Definition of an Infringement

9. A patent shall have the effect that the patentee alone shall be authorized to use the patented invention. A person not having the consent of the patentee shall be prohibited

1. from making, offering, putting on the market or using a product which is the subject matter of the patent or importing or stocking the product for such purposes;
2. from using a process which is the subject matter of the patent or, when he knows or it is obvious from the circumstances that the use of the process is prohibited without the consent of the patentee, from offering the process for use within the territory to which this Law applies;
3. from offering, putting on the market, using or importing or stocking for such purposes the product obtained directly by a process which is the subject matter of the patent.

b) Criminal provisions

142. (1) Any person who, without the necessary consent of the patentee or the holder of the supplementary certificate of protection ([Sections 16a](#) and [49a](#))

1. makes or offers, puts on the market, uses or imports or stocks for these purposes a product which is the subject matter of a patent or a supplementary certificate of protection (Section 9, second sentence, item 1); or
2. uses or offers for use within the territory to which this Law applies a process which is the subject matter of a patent or a supplementary certificate of protection (Section 9, second sentence, item 2),

shall be liable to imprisonment not exceeding three years or a fine.

The first sentence, item 1, shall also apply if there is a product which has been directly produced by a process which is the subject matter of a patent or a supplementary certificate of protection (Section 9, second sentence, item 3).

(2) Where the offender acts by way of trade, he shall be liable to imprisonment of up to five years or a fine.

(3) The attempt to commit such an offense shall be punishable.

(4) Offenses under subsection (1) shall only be prosecuted on complaint unless the prosecuting authorities deem that *ex-officio* prosecution is justified in view of the particular public interest.

(5) Objects implicated in an offense may be confiscated. Section 74a of the Penal Code shall apply. Where the claims referred to in Section 140a are upheld in proceedings under the provisions of the Code of Criminal Procedure with regard to compensation of the injured party (Sections 403 to 406c), the provisions on confiscation shall not be of application.

(6) If a penalty is pronounced, the Court shall, at the request of the injured party and if the latter can show a justified interest, order publication of the judgment. The nature of the publication shall be laid down in the judgment.

[Amended by Laws of March 7, 1990 and March 23, 1993]

c) Provisions concerning customs

142a. (1) A product that infringes a patent protected under this Law shall be subject, at the request of the holder of the rights and against his security, to seizure by the customs authorities, on import or export, in those cases where the infringement is obvious. This provision shall apply in trade with other Member States of the European Union and with the other Contracting States to the Agreement on the European Economic Area only insofar as controls are carried out by the customs authorities.

(2) Where the customs authorities order a seizure, they shall advise the person entitled to dispose, and also the petitioner thereof without delay. The origin, quantity and place of storage of the product, together with the name and address of the person entitled to dispose, shall be communicated to the petitioner; the secrecy of correspondence and of mail (Section 10 of the Basic Law [*Grundgesetz*]) shall be restricted to that extent. The petitioner shall be given the opportunity to inspect the product where such inspection does not constitute a breach of commercial or trade secrecy.

(3) Where no opposition to the seizure is made, at the latest within two weeks of service of the notification under the first sentence of subsection (2), the customs authorities shall order confiscation of the seized product.

(4) If the person entitled to dispose opposes seizure, the customs authorities shall inform the petitioner thereof without delay. The petitioner shall be required to declare to the customs authorities, without delay, whether he maintains the request under subsection (1) in respect of the seized copies.

1. If the petitioner withdraws his request, the customs authorities shall lift the seizure without delay.

2. If the petitioner maintains his request and submits an executable court decision ordering the impounding of the seized copies or the limitation of the right to dispose, the customs authorities shall take the necessary measures.

Where neither of the cases referred to in [items 1](#) and [2](#) is applicable, the customs authorities shall lift the seizure on the expiry of two weeks after service of the notification to the petitioner under the first sentence; where the petitioner can show that a court decision according to [item 2](#) has been requested, but has not yet been received, the seizure shall be maintained for a further two weeks at most.

(5) Where the seizure proves to have been unjustified from the beginning and if the petitioner has maintained the request under [subsection \(1\)](#) in respect of the seized product or has not made a declaration without delay (second sentence of [subsection \(4\)](#)), he shall be required to compensate the damages that seizure has occasioned to the person entitled to dispose.

(6) The petition under [subsection \(1\)](#) is to be submitted to the Regional Finance Office and shall be effective for two years unless a shorter period of validity has been requested; the request may be repeated. The cost of official acts related to the request shall be charged to the petitioner in accordance with Section 178 of the Fiscal Code [*Abgabenordnung*].

(7) Seizure and confiscation may be opposed by the legal remedies allowed by the fixed penalty procedure under the Law on Minor Offenses in respect of seizure and confiscation. The petitioner shall be heard in the review proceedings. An immediate appeal shall lie from the decision of the Local Court; it shall be heard by the Provincial High Court.

[Added by Law of March 7, 1990 and amended by Law of July 16, 1998]

2. German Trade Mark Act (MarkenG)

a) Definition of an Infringement

Exclusive Right of the Proprietor of a Trade Mark; Injunctive Relief; Damages Sec. 14.

(1) The acquisition of trade mark protection pursuant to [Section 4](#) shall confer on the proprietor of the trade mark exclusive rights therein.

(2) Third parties shall be prohibited from using in the course of trade, without the consent of the proprietor of the trade mark,

1. any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is protected;
2. any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trade mark; or,
3. any sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is protected; where the trade mark has a reputation in the Federal Republic of Germany and where the use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of such trade mark.

(3) If the prerequisites specified in [subsection \(2\)](#) are met, the following, in particular, shall be prohibited:

1. affixing the sign to goods or to their packaging or wrapping;
2. offering the goods, putting them on the market or stocking them for these purposes under that sign;
3. offering or supplying services under that sign;
4. importing or exporting the goods under that sign;
5. using the sign on business papers or in advertising.

(4) Without having the consent of the proprietor of the trade mark, third parties shall be prohibited in the course of trade from:

1. affixing a sign which is identical with or similar to the trade mark to packaging or wrappings or to means of marking such as labels, tags, sewn-on labels or the like;
2. offering packaging, wrappings or the means of marking under a sign which is identical with or similar to the trade mark, putting them on the market or stocking them for these purposes under that sign; or,
3. importing or exporting packaging, wrappings or means of marking under a sign which is identical with or similar to the trade mark,

if there is a risk that the packaging or wrappings are being used for the packaging or the wrapping of goods or services, or the means of marking for marking goods or services, in respect of which, pursuant to [subsections \(2\)](#) and [\(3\)](#), third parties would be prohibited from using that sign.

(5) Any person who uses a sign in breach of [subsections \(2\)](#) to [\(4\)](#) may be sued by the proprietor of the trade mark to enjoin such use.

(6) Any person who undertakes such infringing action intentionally or negligently shall be liable for compensation to the proprietor of the trade mark for damage suffered therefrom.

(7) Where an employee or an authorized representative undertakes such infringing action in a business establishment, the proprietor of the business establishment may be sued by the proprietor of the trade mark to enjoin such use and, where the employee or authorized representative has undertaken such action intentionally or negligently, compensation for damages may also be claimed from the proprietor of the business establishment.

b) Criminal provisions

Punishable Infringement of Signs

Sec. 143.

(1) Any person who, in the course of trade, unlawfully

1. uses a sign contrary to [Section 14\(2\), No. 1](#) or [2](#),
2. uses a sign with the intention of taking advantage of or of impairing the distinctive character or the repute of a mark which has a reputation contrary to [Section 14\(2\), No. 3](#),
3. affixes a sign contrary to [Section 14\(4\), No. 1](#), or offers for sale, puts on the market, stocks, imports or exports a packaging or wrapping or a means of marking contrary to [Section 14\(4\), No. 2](#) or [3](#), insofar as third parties would be prohibited from using the sign
 - (a) under [Section 14\(2\), No. 1](#) or [2](#),
 - (b) under [Section 14\(2\), No. 3](#), and the act is committed with the intention of allowing the distinctive character or the repute of a mark which has a reputation to be taken advantage of or to be impaired,

4. uses a designation or a sign contrary to [Section 15\(2\)](#), or
5. uses a designation or a sign contrary to [Section 15\(3\)](#) with the intention of taking advantage of or of impairing the distinctive character or the repute of a commercial designation which has a reputation,

shall be punished by imprisonment of up to three years or by a fine.

(2) If the offender acts on a commercial basis, he shall be punished by imprisonment of up to five years or by a fine.

(3) The attempt to commit such an offense shall be punishable.

(4) Where the cases referred to in [subsection \(1\)](#) are applicable, the offense shall only be prosecuted upon request unless in the opinion of the prosecution authority *ex officio* intervention is required in view of the particular public interest in criminal prosecution.

(5) Objects implicated in the offense may be confiscated. Section 74a of the Penal Code shall apply. Where the claims to destruction referred to in [Section 18](#) are upheld in proceedings under the Code of Criminal Procedure with regard to the compensation of the injured party (Sections 403 to 406c of the Code of Criminal Procedure), the provisions on confiscation shall not be applicable.

(6) In the case of conviction, the sentence shall be published if the injured party so requests and if he has a legitimate interest in so doing. The scope and nature of the publication shall be determined in the judgment.

c) Provisions concerning customs

Seizure in Case of Infringement of Rights to a Sign Sec. 146.

(1) Goods which unlawfully bear a mark or a commercial designation protected by this Law shall be subject, upon request by the holder of the rights and against his security, to seizure by the customs authorities, on import or export, in those cases where the infringement is obvious and unless Council Regulation (EEC) No. 3842/86 of December 1, 1986, Laying Down Measures to Prohibit the Release for Free Circulation of Counterfeit Goods (*OJ EC* No. L 357, p. 1) applies. This provision shall apply in trade with other Member States of the European Union as well as the other Contracting States of the Convention Concerning the European Economic Area only insofar as controls are carried out by the customs authorities.

(2) Where the customs authorities order a seizure, they shall advise the person entitled to dispose and the petitioner thereof without delay. The origin, quantity and place of storage of the goods, together with the name and address of the person entitled to dispose, shall be communicated to the petitioner. The secrecy of correspondence and mail (Section 10 of the Basic Law [*Grundgesetz*]) shall be restricted to that extent. The petitioner shall be given the opportunity to inspect the goods where such inspection does not constitute a breach of commercial or trade secrecy.

3. German Copyright Act (UrhG)

a) Definition of an Infringement

Article 15 General

(1) The author shall have the exclusive right to exploit his work in material form; his right shall comprise in particular:

1. the right of reproduction ([Article 16](#));
2. the right of distribution ([Article 17](#));
3. the right of exhibition ([Article 18](#)).

(2) The author shall further have the exclusive right to communicate his work to the public in non-material form. (right of communication to the public); his right shall comprise in particular:

1. the right of recitation, performance and presentation ([Article 19](#));
2. the right of broadcasting ([Article 20](#));
3. the right of communication by means of video or audio recordings ([Article 21](#));
4. the right of communication of broadcasts ([Article 22](#)).

(3) The communication of a work shall be deemed public if it is intended for a plurality of persons, unless such persons form a clearly defined group and are connected by personal relationship with each other or with the organizer.

b) Criminal provisions

Article 106 Unauthorized Exploitation of Copyrighted Works

(1) Any person who, other than in a manner allowed by law and without the right holder's consent, reproduces, distributes or publicly communicates a work or an adaptation or transformation of a work shall be liable to imprisonment for up to three years or a fine.

(2) The attempt to commit such an offense shall be punishable.

Article 107 Unlawful Affixing of Designation of Author

(1) Any person who:

1. without the author's consent, affixes a designation of author ([Article 10\(1\)](#)) to the original of a work of fine art or distributes an original bearing such designation,
2. affixes a designation of author ([Article 10\(1\)](#)) on a copy, adaptation or transformation of a work of fine art in such manner as to give to the copy, adaptation or transformation the appearance of an original or distributes a copy, adaptation or transformation bearing such designation,

shall be liable to imprisonment for up to three years or a fine if the offense does not carry a more severe penalty under other provisions.

(2) The attempt to commit such an offense shall be punishable.

Article 108 Infringement of Neighboring Rights

(1) Any person who, other than in a manner allowed by law and without the right holder's consent:

1. reproduces, distributes or publicly communicates a scientific edition ([Article 70](#)) or an adaptation or transformation of such edition;
2. exploits a posthumous work or an adaptation or transformation of such work contrary to [Article 71](#);
3. reproduces, distributes or publicly communicates a photograph ([Article 72](#)) or an adaptation or transformation of a photograph;
4. exploits a performance contrary to [Articles 74, 75\(1\) or \(2\)](#) or [Article 76\(1\)](#);
5. exploits an audio recording contrary to [Article 85](#);
6. exploits a broadcast contrary to [Article 87](#);
7. exploits a video or video and audio recording contrary to [Article 94](#) or [Article 95](#) in conjunction with [Article 94](#);
8. uses a database contrary to [Article 87b \(1\)](#),

shall be liable to imprisonment for up to three years or a fine.

(2) The attempt to commit such an offense shall be punishable.

Article 108a Unlawful Exploitation on a Commercial Basis

(1) Where the person committing the acts referred to in [Articles 106 to 108](#) does so on a commercial basis, the penalty shall be imprisonment for up to five years or a fine.

(2) The attempt to commit such an offense shall be punishable.

Article 109 Criminal Prosecution

Offenses under [Articles 106 to 108](#) shall only be prosecuted on complaint unless the prosecuting authorities deem that ex officio prosecution is necessary in view of the particular public interest.

Article 110 Confiscation

Objects implicated in an offense under [Articles 106, 107\(1\), item 2, 108 and 108a](#) may be confiscated. Article 74a of the Penal Code shall apply. Where the claims referred to in [Articles 98 and 99](#) are upheld in proceedings under the provisions of the Code of Criminal Procedure with regard to the compensation of the injured party (Articles 403 to 406c), the provisions on confiscation shall not be applied.

Article 111 Publication of the Judgment

If in cases covered by [Articles 106 to 108a](#) a penalty has been pronounced, the court shall, at the request of the injured party and if the latter can show a justified interest, order publication of the judgment. The nature of the publication shall be laid down in the judgment.

c) Provisions concerning customs

Article 111a

(1) Where the manufacture or distribution of copies infringes copyright or any other right protected by this Law those copies, insofar as the Council Regulation (EEC) No. 3295/94 of December 22, 1994, Laying Down Measures to Prohibit the Release for Free Circulation, Export, Re-Export or Entry for a Suspensive Procedure of Counterfeit and Pirated Goods (OJ EC No. L 341, p.8) is not applicable in its applicable version, shall be subject, at the request of the holder of the rights and against his security, to seizure by the customs authorities, on import or export, in those cases where the infringement is obvious. This provision shall apply in trade with other Member States of the European Economic Community and with other Contracting States of the Convention Concerning the European Economic Area only insofar as controls are carried out by the customs authorities.

(2) Where the customs authorities order a seizure, they shall advise the person entitled to dispose and also the petitioner thereof without delay. The origin, quantity and place of storage of the copies, together with the name and address of the person entitled to dispose, shall be communicated to the petitioner; the secrecy of correspondence and of mail ([Article 10](#) of the Basic Law) shall be restricted to that extent. The petitioner shall be given the opportunity to inspect the copies where such inspection does not constitute a breach of commercial or trade secrecy.

(3) Where no opposition to the seizure is made, at the latest within two weeks of service of the notification under the first sentence of [paragraph \(2\)](#), the customs authorities shall order confiscation of the seized copies.

(4) If the person entitled to dispose opposes seizure, the customs authorities shall inform the petitioner thereof without delay. The petitioner shall be required to declare to the customs authorities without delay, whether he maintains the request under [paragraph \(1\)](#) in respect of the seized copies.

1. If the petitioner withdraws his request, the customs authorities shall lift the seizure without delay.
2. If the petitioner maintains his request and submits an executable court decision ordering the impounding of the seized copies or limitation of the right to dispose, the customs authorities shall take the necessary measures. Where neither of the cases referred to in [items 1 and 2](#) are applicable, the customs authorities shall lift the seizure on the expiry of two weeks after service of the notification to the petitioner under the first sentence; where the petitioner can show that a court decision according to [item 2](#) has been requested, but has not yet been received, the seizure shall be maintained for a further two weeks at the most.

(5) Where the seizure proves to have been unjustified from the beginning and if the petitioner has maintained the request under paragraph (1) in respect of the seized copies or has not made a declaration without delay (second sentence of paragraph (4)), he shall be required to compensate the damages that seizure has occasioned to the person entitled to dispose.

(6) The petition under paragraph (1) is to be submitted to the Regional Finance Office and shall be effective for two years unless a shorter period of validity has been requested; it may be repeated. The cost of official acts related to the request shall be charged to the petitioner in accordance with Article 178 of the Fiscal Code.

(7) Seizure and confiscation may be opposed by the legal remedies allowed by the fixed penalty procedure under the Law on Administrative Regulatory Offenses in respect of seizure and confiscation. The petitioner shall be heard in the review proceedings. An immediate complaint shall lie from the decision of the Local Court; it shall be heard by the Higher Regional Court.

(8) In proceedings under the Council Regulation (EEC) No. 3295/94 paragraphs 1 to 7 shall apply mutatis mutandis unless otherwise provided by the Council Regulation.

D. The United-Kingdom

1. Copyright, Designs and Patents Act 1988

a) Designs

226.- (1) The owner of design right in a design has the exclusive right to reproduce the design for commercial purposes—

- (a) by making articles to that design, or
- (b) by making a design document recording the design for the purpose of enabling such articles to be made.

(2) Reproduction of a design by making articles to the design means copying the design so as to produce articles exactly or substantially to that design, and references in this Part to making articles to a design shall be construed accordingly.

(3) Design right is infringed by a person who without the licence of the design right owner does, or authorises another to do, anything which by virtue of this section is the exclusive right of the design right owner.

(4) For the purposes of this section reproduction may be direct or indirect, and it is immaterial whether any intervening acts themselves infringe the design right.

(5) This section has effect subject to the provisions of Chapter III (exceptions to rights of design right owner).

227.- (1) Design right is infringed by a person who, without the licence of the design right owner—

- (a) imports into the United Kingdom for commercial purposes, or
- (b) has in his possession for commercial purposes, or
- (c) sells, lets for hire, or offers or exposes for sale or hire, in the course of a business,

an article which is, and which he knows or has reason to believe is, an infringing article.

(2) This section has effect subject to the provisions of Chapter III (exceptions to rights of design right owner).

b) Copyrights

16. - (1) The owner of the copyright in a work has, in accordance with the following provisions of this Chapter, the exclusive right to do the following acts in the United Kingdom—

- (a) to copy the work (see section 17);
- (b) to issue copies of the work to the public (see section 18);
- (c) to perform, show or play the work in public (see section 19);
- (d) to broadcast the work or include it in a cable programme service (see section 20);
- (e) to make an adaptation of the work or do any of the above in relation to an adaptation (see section 21);

and those acts are referred to in this Part as the "acts restricted by the copyright".

- (2) Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorises another to do, any of the acts restricted by the copyright.
- (3) References in this Part to the doing of an act restricted by the copyright in a work are to the doing of it—
 - (a) in relation to the work as a whole or any substantial part of it, and
 - (b) either directly or indirectly;

and it is immaterial whether any intervening acts themselves infringe copyright.

- (4) This Chapter has effect subject to—
 - (a) the provisions of Chapter III (acts permitted in relation to copyright works), and
 - (b) the provisions of Chapter VII (provisions with respect to copyright licensing).

Infringement of copyright by copying.

17.- (1) The copying of the work is an act restricted by the copyright in every description of copyright work; and references in this Part to copying and copies shall be construed as follows.

- (2) Copying in relation to a literary, dramatic, musical or artistic work means reproducing the work in any material form.

This includes storing the work in any medium by electronic means.

- (3) In relation to an artistic work copying includes the making of a copy in three dimensions of a two-dimensional work and the making of a copy in two dimensions of a three-dimensional work.
- (4) Copying in relation to a film, television broadcast or cable programme includes making a photograph of the whole or any substantial part of any image forming part of the film, broadcast or cable programme.
- (5) Copying in relation to the typographical arrangement of a published edition means making a facsimile copy of the arrangement.
- (6) Copying in relation to any description of work includes the making of copies which are transient or are incidental to some other use of the work.

Infringement by issue of copies to the public.

18.- (1) The issue to the public of copies of the work is an act restricted by the copyright in every description of copyright work.

- (2) References in this Part to the issue to the public of copies of a work are to the act of putting into circulation copies not previously put into circulation, in the United Kingdom or elsewhere, and not to—
 - (a) any subsequent distribution, sale, hiring or loan of those copies, or
 - (b) any subsequent importation of those copies into the United Kingdom;

except that in relation to sound recordings, films and computer programs the restricted act of issuing copies to the public includes any rental of copies to the public.

[...]

107 Criminal liability for making or dealing with infringing articles

1. A person commits an offence who, without the licence of the copyright owner:

- makes for sale or hire, or
- imports into the United Kingdom otherwise than for his private and domestic use, or
- possesses in the course of a business with a view to committing any act infringing the copyright, or
- in the course of a business:
 - sells or lets for hire, or
 - offers or exposes for sale or hire, or
 - exhibits in public, or
 - distributes, or
- distributes otherwise than in the course of a business to such an extent as to affect prejudicially the owner of the copyright,

an article which is, and which he knows or has reason to believe is, an infringing copy of a copyright work.

2. A person commits an offence who:

- (a) makes an article specifically designed or adapted for making copies of a particular copyright work, or
- has such an article in his possession,

knowing or having reason to believe that it is to be used to make infringing copies for sale or hire or for use in the course of a business.

[(2A) A person who infringes copyright in a work by communicating the work to the public:

- (b) in the course of a business, or
- (c) otherwise than in the course of a business to such an extent as to affect prejudicially the owner of the copyright,

commits an offence if he knows or has reason to believe that, by doing so, he is infringing copyright in that work.]

3. Where copyright is infringed (otherwise than by reception of a [communication to the public]):

- (d) by the public performance of a literary, dramatic or musical work, or
- by the playing or showing in public of a sound recording or film,

any person who caused the work to be so performed, played or shown is guilty of an offence if he knew or had reason to believe that copyright would be infringed.

4. A person guilty of an offence under subsection (1)(a), (b), (d)(iv) or (e) is liable:

- (e) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both;
- on conviction on indictment to a fine or imprisonment for a term not exceeding [ten] years, or both.

- [(4A) A person guilty of an offence under subsection (2A) is liable:
- (f) on summary conviction to imprisonment for a term not exceeding three months or a fine not exceeding the statutory maximum, or both;
 - (g) on conviction on indictment to a fine or imprisonment for a term not exceeding two years, or both.]
5. A person guilty of any other offence under this section is liable on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding level 5 on the standard scale, or both.
6. Sections 104 to 106 (presumptions as to various matters connected with copyright) do not apply to proceedings for an offence under this section; but without prejudice to their application in proceedings for an order under section 108 below.

2. Copyright, etc. and Trade Marks (Offences and Enforcement) Act 2002

Amendment of the Copyright, Designs and Patents Act 1988.
Confer to <http://www.opsi.gov.uk/acts/acts2002/20020025.htm>.

3. Registered Designs Act 1949 (as amended by Copyright Designs and Patents Act 1988, Registered Design Regulations 2001, Registered Design Regulations 2003)

Infringements of rights in registered designs

- 7A.-** (1) Subject as follows, the right in a registered design is infringed by a person who, without the consent of the registered proprietor, does anything which by virtue of section 7 of this Act is the exclusive right of the registered proprietor.
- (2) The right in a registered design is not infringed by—
- (a) an act which is done privately and for purposes which are not commercial;
 - (b) an act which is done for experimental purposes;
 - (c) an act of reproduction for teaching purposes or for the purpose of making citation provided that the conditions mentioned in subsection (3) below are satisfied;
 - (d) the use of equipment on ships or aircraft which are registered in another country but which are temporarily in the United Kingdom;
 - (e) the importation into the United Kingdom of spare parts or accessories for the purpose of repairing such ships or aircraft; or
 - (f) the carrying out of repairs on such ships or aircraft.
- (3) The conditions mentioned in this subsection are—
- (a) the act of reproduction is compatible with fair trade practice and does not unduly prejudice the normal exploitation of the design; and
 - (b) mention is made of the source.
- (4) The right in a registered design is not infringed by an act which relates to a product in which any design protected by the registration is incorporated or to which it is applied if the product has been put on the market in the European Economic Area by the registered proprietor or with his consent.

- (5) The right in a registered design of a component part which may be used for the purpose of the repair of a complex product so as to restore its original appearance is not infringed by the use for that purpose of any design protected by the registration.
- (6) No proceedings shall be taken in respect of an infringement of the right in a registered design committed before the date on which the certificate of registration of the design under this Act is granted.

[...]

Offences

33.- If any person fails to comply with any direction given under section five of this Act or makes or causes to be made an application for the registration of a design in contravention of that section, he shall be guilty of an offence and liable—

- (a) on conviction on indictment to imprisonment for a term not exceeding two years or a fine, or both;
- (b) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both.

Falsification of register, etc.

34.- If any person makes or causes to be made a false entry in the register of designs, or a writing falsely purporting to be a copy of an entry in that register, or produces or tenders or causes to be produced or tendered in evidence any such writing, knowing the entry or writing to be false, he shall be guilty of an offence and liable—

- (a) on conviction on indictment to imprisonment for a term not exceeding two years or a fine, or both;
- (b) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both.

4. Trademarks Act 1994

10 Infringement of registered trade mark

1. A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

2. A person infringes a registered trade mark if he uses in the course of trade a sign where because:

- (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
- (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

3. A person infringes a registered trade mark if he uses in the course of trade[, in relation to goods or services,] a sign which:

- (a) is identical with or similar to the trade mark, . . .
- (b) where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

4. For the purposes of this section a person uses a sign if, in particular, he:
- (a) affixes it to goods or the packaging thereof;
 - (b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;
 - (c) imports or exports goods under the sign; or
 - (d) uses the sign on business papers or in advertising.
1. 5. A person who applies a registered trade mark to material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, shall be treated as a party to any use of the material which infringes the registered trade mark if when he applied the mark he knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.
2. 6. Nothing in the preceding provisions of this section shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying goods or services as those of the proprietor or a licensee.
- 2.1 But any such use otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

[...]

92 Unauthorised use of trade marks in relation to goods

- (1) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—
- (a) applies to goods or their packaging a sign identical to, or likely to be mistaken for, a registered trade mark, or
 - (b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign, or
 - (c) has in his possession, custody or control in the course of a business any such goods with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b).
- (2) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—
- (a) applies a sign identical to, or likely to be mistaken for, a registered trade mark to material intended to be used:
 - (i) for labelling or packaging goods,
 - (ii) as a business paper in relation to goods, or
 - (iii) for advertising goods, or
 - (b) uses in the course of a business material bearing such a sign for labelling or packaging goods, as a business paper in relation to goods, or for advertising goods, or
 - (c) has in his possession, custody or control in the course of a business any such material with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b).
- (3) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—
- (a) makes an article specifically designed or adapted for making copies of a sign identical to, or likely to be mistaken for, a registered trade mark, or

- (b) has such an article in his possession, custody or control in the course of a business, knowing or having reason to believe that it has been, or is to be, used to produce goods, or material for labelling or packaging goods, as a business paper in relation to goods, or for advertising goods.
- (4) A person does not commit an offence under this section unless—
- (a) the goods are goods in respect of which the trade mark is registered, or
 - (b) the trade mark has a reputation in the United Kingdom and the use of the sign takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the trade mark.
- (5) It is a defence for a person charged with an offence under this section to show that he believed on reasonable grounds that the use of the sign in the manner in which it was used, or was to be used, was not an infringement of the registered trade mark.
- (6) A person guilty of an offence under this section is liable
- (a) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both;
 - (b) on conviction on indictment to a fine or imprisonment for a term not exceeding ten years, or both.

E. The Czech Republic

1. Act No. 527/1990 Coll., on Inventions (Patents)

Section 75 – Infringement of Rights

(1) Any person suffering a prejudice due to infringement of rights protected under this Act may, in particular, request prohibition of the infringement of his rights and suppression of the unlawful consequences thereof. If damages have been incurred through the infringement, the injured party shall be entitled to claim indemnification; the indemnification shall consist in the loss of value suffered by the injured party's property by reason of the prejudice (actual prejudice) and of the profits that the injured party would have obtained but for the prejudice (loss of profit). If the infringement causes an immaterial prejudice, the injured party shall be entitled to appropriate compensation, which may, depending on the circumstances, consist of a monetary indemnity.

(2) The damaged party may request that the court order to the jeopardiser or infringer of the rights to destroy products, the production or placing on the market of which has jeopardised or infringed the right protected by this Act, or to destroy the material and implements having been intended or used exclusively or predominantly in activities, jeopardising or infringing rights protected by this Act. The court shall not order the destruction, if the products in question are not property of the person, against which the proposal is directed or if the jeopardy or infringement of the right could be removed otherwise and the destruction would not be in proportionality with the jeopardy or infringement.

(3) Disputes arising from legal relationships with respect to inventions and rationalisation proposals shall be heard and decided by the courts or by economic arbitration boards, as appropriate except where this Act affords jurisdiction to the Office.

Section 75a - Right of information

The holder of the right protected by this Act shall have towards everybody, who jeopardises or infringes his rights, the right to be informed about the source of the product including information concerning placing of products on the market; the court shall not grant the right of information, if there is no proportionality in relation to the severity of the threat or infringement.

Section 75b

- (1) If a preliminary measure is requested in proceedings concerning the infringement of right to the invention, the court can order the plaintiff to provide a security, sufficient to indemnify the defendant and to prevent the misuse of the protection granted to the proprietor of patent.
- (2) The court, which is competent to order a preliminary measure either
- a) orders the plaintiff to provide the security under the paragraph 1 within 7 days as from the filing date of the request and decides upon the request for the preliminary measure within 7 days from the date on which the court finds that the plaintiff has provided the security, or
 - b) decides on the request for the preliminary measure within 7 days at the latest from the filing date of the request.

2. Act No. 207/2000 Coll., on Industrial Designs

Section 20 - Threatened infringement or infringement of the right

- (1) In case of an unauthorised interference to design right upon registration, its holder can claim in court in particular the injunction and removal of consequences of such an infringement. If the aforementioned infringement has caused prejudice, the industrial design holder has right to damages. The provisions of Civil Code will be applied to these damages. If this infringement has caused immaterial prejudice, the industrial design holder has right to appropriate compensation, which may consist in monetary indemnity.
- (2) The industrial design holder can demand that the court orders to threatening person or infringer to destroy products, which production or placing on the market would menace or infringe right protected by this Act, or to destroy the material and apparatus destined or used exclusively or mainly in activities, menacing or infringing rights protected by this Act. The court does not order the destruction, if the products in question are not in the possession of the person, against which the proposal is directed or if the menace or infringement of the right could be removed otherwise and the destruction would not be reasonable in comparison with the menace or infringement.

Section 21 - Right to the information

The holder of right conferred by the design right upon registration has towards everybody menacing or infringing his right, the right to be informed about the origin of the product in which the design is incorporated or to which it is applied, including information concerning placing of such products on the market; the court shall not adjudicate the right to the information, if it would be disproportional to the severity of the menace or infringement.

Section 22

- (1) If the issuing of interlocutory order is demanded in matters concerning the infringement of the rights conferred by a design right upon registration, the court may order to submitter to deposit a security, whose amount should be sufficient to cover eventual indemnification of person, against which the proposal is directed, and thus to prevent the misusing of the protection granted to the holder of the industrial design.
- (2) The court competent to ordering the interlocutory order
- a) shall order to the submitter to give security in terms of the paragraph 1 by the 7th day at the latest from the submission of the proposal and decides of the proposal for the interlocutory order within the period of 7 days at the latest after getting knowledge that the submitter has given the security, or
 - b) shall decide of the proposal for the interlocutory order within the period of 7 days at the latest after its submission.

3. Act No. 441/2003 Coll., on Trademarks

Article 8

(1) The proprietor of the trade mark shall have the exclusive right to use the trade mark in relation to the goods or services covered by the trade mark. The proprietor of the trade mark proves his rights by means of an abstract from the Register, or by means of a certificate of registration. The proprietor of the trade mark has the right to use the sign ® together with the trade mark.

(2) Unless otherwise provided by this Act (Sections 10 and 11), third parties may not use without the consent of the proprietor of the trade mark in the course of trade

a) any sign which is identical with the trade mark for goods or services which are identical with those for which the trade mark is registered;

b) any sign where because of its identity with or similarity to the trade mark and because of the identity or similarity of the goods or services to which the trade mark and that sign are affixed, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trade mark;

c) any sign identical with or similar to the trade mark for goods or services which are not similar to those for which the trade mark is registered, where the trade mark has a good reputation in the Czech Republic and where the use of that sign would without due course take advantage of or be detrimental to the distinctive character or the good reputation of the trade mark.

(3) For the purposes of paragraph 2, the use in the course of trade means, in particular,

- a) affixing the sign to goods or the packaging thereof,
- b) offering goods for sale, putting them on the market or stocking them for those purposes under the sign, or offering or supplying services under the sign,
- c) importing or exporting goods under the sign,
- d) using the sign on business papers or in advertising.

(4) In case of infringement of trade mark rights the proprietor of the trade mark has the right to apply to the court for an order prohibiting the infringement or the impending infringement and the consequences of the infringement be remedied; the proprietor of the trade mark may also claim appropriate satisfaction, including pecuniary appropriate satisfaction. The right to claim the surrender of unjustified enrichment and to claim the damages shall not be affected.

(5) The proprietor of the trade mark may also claim damages caused by actions committed after the date of publication of the application for registration. The court shall decide upon the merits of the case after the registration of the trade mark in the register.

(6) The proprietor of the trade mark has towards any third person who puts or intends to put on the market goods or to offer services, to which or to the packaging of which or in the documents accompanying them a mark identical or similar with his trade mark is affixed, the right to obtain information on the origin of the goods or of the documents accompanying the goods or services; the authority to decide on this right lies with the court; the court shall refuse the legal action if this would be out of proportion to the seriousness of the infringement or endangering.

(7) The proprietor of the trade mark may apply to the court to order any third party infringing or endangering his trade mark rights to withdraw from the market and to destroy goods, whose manufacturing or introduction on the market would endanger or infringe the rights protected by this Act, or to destroy materials and tools which are to be used or which are used exclusively or predominantly for activities endangering or infringing the rights protected by this Act. The court shall not order the destruction, if the person against whom the claim is directed is not the proprietor of the goods, or where the endangering or the infringement of the right could be remedied otherwise and the destruction would not be proportionate to the endangering or the infringement. The removal of the sign or the

counterfeit trade mark from the goods before their introduction on the market may be allowed only in exceptional cases.

(8) If the trade mark has been registered in the name of the agent without the consent of the proprietor of the trade mark (hereinafter referred to as “the trade mark registered in the name of the agent”), the proprietor of the trade mark has the right to prohibit the agent from using the trade mark, unless the agent justifies his action.

4. Act No. 121/2000 Coll., on Copyrights and Related Rights

Article 40

(1) The author whose rights have been infringed or whose rights have been exposed to infringement may claim, namely

- a) recognition of his authorship,
- b) prohibition of the exposure of his right, including impending repetition of exposure, or of the infringement of his right, especially the prohibition of the unauthorized production, unauthorized commercial sale, unauthorized import or export of the original or reproduction or imitation of his work, unauthorized communication of the work to the public, as well as its unauthorized promotion including advertising and other forms of campaigns,
- c) disclosure of details of the origin of the illicitly made reproduction or imitation of his work, of the manner and scope of its utilization, and of the identity of the persons who have participated in the unauthorized making of the reproduction or of its unauthorized distribution, as the case may be,
- d) remedy of the consequences of the infringement of his right, namely by:
 1. seizure of the illicitly made reproduction or imitation of the work or of the aid pursuant to Article 43 from sale or other utilization,
 2. the destruction of the illicitly made reproduction or imitation of the work or of the aid pursuant to Article 43,
- e) provision of appropriate satisfaction for the nonfinancial damage caused, namely in the form of
 1. apology
 2. payment of a financial amount where the acknowledgement of a different kind of satisfaction would prove inadequate; the amount of the financial satisfaction shall be determined by a court which will take into account, especially, the gravity of the damage incurred and the circumstances under which the infringement of the right occurred; this shall not preclude an amicable settlement,

(2) The court may recognise in its judgement the right of the author whose claim has been acquitted to publish the decision at the cost of the party who lost the action and, depending on circumstances, also determine the scope, form and manner of publication.

(3) The entitlement to compensation of damage and to the surrender of unjust enrichment pursuant to a special law shall remain unaffected; the amount of unjust enrichment incurred on the part of whoever uses the work unlawfully without having been granted the necessary licence shall be double the remuneration that would have been awarded under habitual conditions at the time of unauthorised use of the work.

Article 43

(1) Copyright shall also be infringed by whoever, for the purpose of achieving economic gain, develops, produces, offers for sale, rental or lending, imports, disseminates or utilizes, as a part of the provision of services or for any other purpose, aids designed for the removal, deactivation, or limitation of the function of technical devices or of other means applied for the protection of rights.

(2) Other means pursuant to paragraph (1) shall mean any procedure, product or component integrated into a procedure, device or product designed to avoid or prevent infringement of copyright to a work which is made available only by application of a code or of another method enabling decoding.

Article 44

(1) Unauthorised intervention into copyright shall also mean:

- a) removal or alteration of any electronic data identifying rights,
- b) distribution of reproductions of the work, including their import, as well as communication to the public of works whose electronic data identifying the rights to the work have been removed or altered without the author's consent.

(2) Data identifying rights to a work pursuant to paragraph (1) shall mean data expressed in figures, codes or in any other manner, which by decision of the author accompany the work to identify the work and the rights relating to it.

Article 45

Copyright shall also be infringed by whoever uses for his work a title or external design that has been legitimately used earlier by another author for a work of the same kind if this could lead to the danger of confusion of the two works, unless ensuing otherwise from the nature of the work or from its designation.

5. Criminal Code of the Czech Republic (Act No. 140/1961 Coll.) (in Czech only)

§ 32

Přestupky na úseku kultury

(1) Přestupku se dopustí ten, kdo

- a) neoprávněně užije autorské dílo, umělecký výkon, zvukový či zvukově obrazový záznam, rozhlasové nebo televizní vysílání nebo databázi,
- b) poruší zvláštním právní předpis o ochraně předmětů nebo souborů předmětů kultovní, muzejní nebo galerijní hodnoty,
- c) poruší zvláštní právní předpis ve věcech ochrany církví a náboženských společností.

(2) Za přešupek podle odstavce 1 lze uložit pokutu do 15 000 Kč.

[...]

§ 150

Porušování práv k ochranné známce, obchodnímu jménu a chráněnému označení původu

- (1) Kdo doveze, vyveze nebo uvede do oběhu výrobky nebo služby neoprávněně označované ochrannou známkou, k níž přísluší výhradní právo jinému, nebo známkou snadno s ní zaměnitelnou, bude potrestán odnětím svobody až na dvě léta nebo peněžitým trestem nebo propadnutím věci.
- (2) Stejně bude potrestán, kdo pro dosažení hospodářského prospěchu
 - a) neoprávněně užívá obchodní jméno nebo jakékoliv označení s ním zaměnitelné, nebo
 - b) uvede do oběhu výrobky neoprávněně opatřené označením původu, k němuž přísluší výhradní právo jinému, nebo označením původu snadno s ním zaměnitelným.

§ 151

Porušování průmyslových práv

Kdo neoprávněně zasáhne do práv k chráněnému vynálezu, průmyslovému vzoru, užitému vzoru nebo topografii polovodičového výrobku, bude potrestán odnětím svobody až na dvě léta nebo peněžitým trestem.

§ 152

Porušování autorského práva,

práv souvisejících s právem autorským a práv k databázi

- (1) Kdo neoprávněně zasáhne do zákonem chráněných práv k autorskému dílu, uměleckému výkonu, zvukovému či zvukově obrazovému záznamu, rozhlasovému nebo televiznímu vysílání nebo databázi, bude potrestán odnětím svobody až na dvě léta nebo peněžitým trestem nebo propadnutím věci.
- (2) Odnětím svobody na šest měsíců až pět let nebo peněžitým trestem nebo propadnutím věci bude pachatel potrestán,
 - a) získá-li činem uvedeným v odstavci 1 značný prospěch, nebo
 - b) dopustí-li se takového činu ve značném rozsahu.

F. The People's Republic of China

1. The definition of infringement

a) Patent

[i] PRC, Patent Law (2nd Revision)

Article 63: None of the following shall be deemed an infringement of the patent right:

- i. where, after that sale of a patented product that was made or imported by the patentee or with a licence from the patentee or directly obtained by the patented process, any other person uses, promises to sell or sells that product;
- ii. where, before the date of the application for patent, any person who has already made the identical product, used the identical process, or made necessary preparations for its making or using, continues to make or use it within the original scope only;
- iii. where any foreign means of transport which temporarily passes through the territory, territorial waters or territorial airspace of China uses the patent concerned, in accordance with any agreement concluded between the country to which the foreign means of transport belongs and China, or in accordance with any international treaty to which both countries are parties, or on the basis of the principle of reciprocity, for its own needs, in its devices and installations;
- iv. where any person uses the patent concerned solely for the purposes of scientific research and experimentation.

If a person who uses or sells a patented product for production or business purposes without the knowledge that it is a patented product made and sold without a licence from the patentee or a product directly obtained by a patented process without a licence from the patentee, can prove that the product is from a lawful source, he will not be liable for damages.

[ii] PRC Patent Law Implementing Rules (Revised)

Article 84: The following acts constitute passing off a third party's patent:

1. affixing, without a licence, a third party's patent number on products or the packaging of products one manufactures or sells;
2. using, without a licence, a third party's patent number in advertising or other publicity materials, thereby causing people to confuse the technology involved with the patented technology of such third party;
3. using, without a licence, a third party's patent number in a contract, thereby causing people to confuse the technology under the contract with the patented technology of such third party;
4. forging or altering a third party's patent certificate, patent documents or patent application documents.

Article 85: The following acts constitute the passing off of non-patented products as patented products or the passing off of a non-patented process as a patented process:

1. the manufacture or sale of non-patented products bearing a patent marking;
2. continuing to affix a patent marking on products that one manufactures or sells after a patent right has been invalidated;
3. referring to non-patented technology as patented technology in advertisements or other publicity materials;
4. referring to non-patented technology as patented technology in a contract;
5. forging or altering patent certificates, patent documents or patent application documents.

b) Trademark**[i] PRC, Trademark Law (2nd Revision)**

Article 52; The following shall be infringement of an exclusive right to use a registered trademark:

1. use of a trademark that is the same as or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant;
2. sale of goods that infringe the exclusive right to use a registered trademark;
3. forgery or unauthorized manufacture of representations of another's registered trademark, or sale of representations of a registered trademark that were forged or manufactured without authorization;
4. substituting the trademark of a trademark registrant without his consent and putting back on the market goods bearing such substituted trademark; or
5. causing other harm to another's exclusive right to use a registered trademark

[ii] PRC Trademark Law Implementing Regulations

Article 50: Any of the following acts constitutes an infringement of an exclusive right to use a registered trademark as referred to in Item (5) of Article 52 of the Trademark Law:

- (1) use as the name or trade dress of goods, of a sign that is the same as or similar to another person's registered trademark for the same or similar goods, thereby misleading the public; or
- (2) intentional provision of conditions facilitating the infringement of another person's exclusive right to use a trademark such as storage, transportation, mailing or concealment.

c) Copyright**[i] PRC, Copyright Law (Revised)**

Article 46: Anyone who commits any of the following infringing acts shall undertake civil liability by ceasing the infringement, eliminating the effects, apologizing, paying damages, etc., depending on the circumstances:

1. publication of a work without permission from the owner of the copyright therein;
2. publication of a joint work without permission from the other co-authors as a work created solely by oneself;
3. affixing one's name to another's work in pursuit of fame and profit where one has not participated in the creation of such work;
4. distortion and mutilation of a work;
5. plagiarizing of another's work;
6. unless this Law provides otherwise, use of a work in ways such as exhibiting, cinematizing or treating by a process analogous to cinematizing, or use of a work through adapting, translating, annotating, etc., without permission from the copyright owner;
7. use of another's work without paying remuneration when remuneration should be paid;
8. unless this Law provides otherwise, rental of a cinematographic work, work created by a process analogous to cinematography, computer software or sound or video recording without the permission of the owner of the copyright or neighbouring rights therein;
9. use, without the permission of the publisher, of the layout of a book or periodical published by it;
10. live broadcast of a performer's performance, or public transmission of his live performance or recording of his performance without his permission; or
11. other infringements of copyright or neighbouring rights.

Article 47: Anyone who commits any of the following infringing acts shall undertake civil liability by ceasing the infringement, eliminating the effects, apologizing, paying damages, etc., depending on the circumstances; if his act also prejudices the public interest, he may be subjected by a copyright administration department to an order to cease the infringing act, confiscation of unlawful income, confiscation and destruction of the infringing reproductions and the imposition of a fine; if the circumstances are serious, the copyright administration department may also confiscate the materials, tools, equipment, etc. mainly used in the manufacture of the infringing reproductions; if a criminal offence is constituted, his criminal liability shall be pursued in accordance with the law:

1. reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network, without permission from the owner of the copyright therein, unless this Law provides otherwise;
2. publishing a book in which another person has the exclusive right of publication;
3. reproducing and/or distributing a sound or video recording of a performance or communicating the same to the public via an information network without permission from the performer, unless this Law provides otherwise;
4. reproducing and/or distributing a sound or video recording or communicating the same to the public via an information network without permission from the producer thereof, unless this Law provides otherwise;
5. broadcasting or reproducing a radio or television broadcast without permission, unless this Law provides otherwise;
6. deliberately circumventing or cracking the technical measures taken by a copyright owner or owner of neighbouring rights to protect his copyright or neighbouring rights in a work, sound recording, video recording, etc. without the permission of such copyright owner or owner of neighbouring rights, unless otherwise provided in laws or administrative regulations;
7. deliberately removing or modifying the electronic rights control information contained in a work, sound recording, video recording, etc. without the permission of the copyright owner or the owner of neighbouring rights, unless otherwise provided in laws or administrative regulations; or
8. producing or selling a work on which another's signature is passed off.

2. Administrative and Criminal Sanctions

a) Patent

[i] PRC, Patent Law

Article 57: Any exploitation of a patent without the authorization of the patentee constitutes an infringement of the patent right. Any dispute arising therefrom shall be resolved by the parties through mutual consultation. In cases where the parties are not willing to consult each other or consultation fails, the patentee or any interested party may institute legal proceedings in the people's court, or may request a patent administration authority to handle the matter. When the patent administration authority requested to handle the matter determines that there is an infringement, it may order the infringer to forthwith stop the infringing act. Any party dissatisfied may, within 15 days from the receipt of the notification, institute legal proceedings in the people's court in accordance with the PRC, Administrative Litigation Law. Where the infringer neither institutes legal proceedings nor terminates the infringing act within the time limit, the patent administration authority may petition to the people's court for compulsory execution. The patent administration authority may, upon request of the parties, mediate the amount of damages for the infringement of the patent. Where mediation fails, the parties may institute legal proceedings in the people's court in accordance with the PRC Civil Procedure Law.

Where any patent infringement dispute involves a patent for an invention that is a new process for the manufacture of a product, any work unit or individual manufacturing the same product shall furnish proof of the process used in the manufacture of its or his product is different from the patented process. Where the dispute involves a utility model, the people's court or the patent administration authority may require the patentee to provide the search report completed by the Patent Administration Authority of the State Council.

Article 58: Where any person passes off the patent of another person, in addition to the civil liabilities that he shall bear in accordance with the law, the patent administration authority shall order him to rectify the situation, announce his act, confiscate the illegal income, and may impose a fine of not more than three times of the illegal income. Where there is no illegal income, a fine of not more than *Rmb* 50,000 may be imposed. Where the matter constitutes a criminal offence, criminal liability shall be pursued.

Article 59: Where any person passes any unpatented product off as patented product or passes any unpatented process off as patented process, the patent administration authority shall order him to rectify the situation, announce his act, and may impose a fine of not more than *Rmb* 50,000.

Article 60: The amount of damages for patent infringement shall be determined on the basis of the losses suffered by the patentee, or the benefits gained by the infringer, resulting from the infringement. Where the losses to the infringed party or the benefits to the infringers are difficult to ascertain, an amount shall be reasonably determined by referring to the multiples of the exploitation fee of the patent.

[ii] Patent Civil Dispute Cases Interpretation

Article 20: When the court pursue the infringer's tort liabilities in accordance with Article 57 in PRC Patent Law, the court may, according to the IPR owner's application, determine the amount of damages on the basis of the losses suffered by the IPR owner, or the benefits gained by the infringer, resulting from the infringement.

The losses suffered by the IPR owner may be calculated by multiplying the reduced quantity of the patent products of the patentee resulting from the infringement and each patent product's reasonable profit. Where the reduced quantity is difficult to ascertain, the result of multiplying the total quantity of the infringing products sold in the market and each patent product's reasonable profit may be deemed as the losses suffered by the IPR owner.

The benefits gained by the infringer from the infringement may be calculated by multiplying the total quantity of the infringing products sold in the market and each patent product's reasonable profit. Such benefits gained by the infringer usually calculated on the basis of the infringer's revenue. However, for those infringers whose only business is infringement, then the benefits can be calculated based on their profits.

Article 21: Where the losses to the infringed party or the benefits to the infringers are difficult to ascertain, if there exists patent licensing fee for reference, the court may, according to the category of the patent, the nature and severity of the infringement, the amount of the patent licensing fee, the category, scope and period of the licensing, to determine the damage by referring to the multiples of one to three times of the patent licensing fee; without the patent licensing fee for reference or the licensing fee is obvious not reasonable, the court may, according to factors such as the category of the patent, the nature and the severity of the infringement, determine the damage which is normally more than RMB 5000 but less than RMB 300,000 and with a cap of RMB 500,000.

Article 22: Based on the IPR owner's request and the specific case facts, the court may include in the damage the reasonable expenses incurred by IPR owner in investigating or stopping the infringement.

b) Trademark

[i] PRC, Trademark Law (2nd Revision)

- **Article 53:** If the commission of any of the infringements of a party's exclusive right to use a registered trademark enumerated in Article 52 hereof leads to a dispute, the parties shall resolve such dispute through consultations. If a party is not willing to hold consultations or if consultations are unsuccessful, the trademark registrant or a materially interested party may institute proceedings in a people's court; alternatively, such party may request an industry and commerce administrative department to handle the matter. If the matter is handled by an industry and commerce administrative department and such department determines that an infringement was indeed committed, it shall order an immediate cessation to the infringing conduct and the confiscation and destruction of the infringing goods and the tools specifically used to manufacture the infringing goods and forge the representations of the registered trademark and may additionally impose a fine. If a party is dissatisfied with the decision on the handling of the case rendered by the industry and commerce administrative department, he may institute proceedings with a people's court in accordance with the PRC, Administrative Litigation Law within 15 days of the date on which he receives notification of the decision. If the infringer has neither instituted proceedings nor complied with the decision by the expiration of the time limit, the industry and commerce administrative department may apply to a people's court for enforcement. At the request of a party concerned, the industry and commerce administrative department handling the matter may conduct mediation in respect of the measure of damages for the infringement of the exclusive right to use the trademark. If mediation is unsuccessful, a party may institute proceedings with a people's court in accordance with the PRC, Civil Procedure Law.

Article 56: The measure of damages for infringement of the exclusive right to use a trademark shall be the benefits gained by the infringer, or the losses suffered by the party whose rights were infringed (including the reasonable expenses incurred by such party in stopping the infringement), during the period of infringement as a result of the infringement.

If the benefits gained by the infringer, or the losses suffered by the party whose rights were infringed, as a result of the infringement mentioned in the preceding paragraph, are difficult to establish, the people's

court shall, depending on the circumstances of the infringing conduct, render a judgment awarding damages not exceeding *Rmb* 500,000.

If someone who sold goods that he did not know to be infringing upon the exclusive right to use a trademark is able to prove that he obtained the same lawfully and identifies the supplier, he shall not be liable for damages.

Article 59: If a trademark identical to a registered trademark is used for similar goods without the consent of the registrant of the registered trademark and such act constitutes a criminal offence, the infringer shall, in addition to compensating for the damages suffered by the party whose rights have been infringed, be prosecuted according to law.

Where the forgery or unauthorized manufacture of representations of another's registered trademark, or the sale of trademark representations that were forged or manufactured without authorization, constitutes a criminal offence, the infringer shall, in addition to compensating for the damages suffered by the party whose rights have been infringed, be prosecuted according to law.

Where the sale of goods that one is fully aware to be goods bearing counterfeits of a registered trademark constitutes a criminal offence, the infringer shall, in addition to compensating for the damages suffered by the party whose rights have been infringed, be prosecuted according to law.

[ii] PRC Trademark Law Implementing Regulations

Article 52: The amount of a fine imposed for infringement of the exclusive right to use a registered trademark shall not be more than three times the illegal turnover or, if it is impossible to calculate the illegal turnover, not more than *Rmb* 100,000.

Article 53: If a trademark owner is of the opinion that his well-known trademark has been registered by another person as such person's enterprise name and that such registration may cause the public to be deceived or give rise to misunderstanding among the public, he may apply to the authority in charge of enterprise name registration for cancellation of the enterprise name registration. The authority in charge of enterprise name registration shall handle the matter in accordance with the *Administration of the Registration of Enterprise Names Provisions*.

[iii] Trademark Civil Dispute Cases Interpretation

Article 13: When a people's court determines an infringer's liability for compensation in accordance with the first paragraph of Article 56 of the Trademark Law, it can calculate the measure of damages in accordance with the method of calculation chosen by the rights holder.

Article 14: The benefits gained from the infringement referred to in the first paragraph of Article 56 of the Trademark Law can be calculated by multiplying the unit profit by the sales quantity of the infringing product. Where it is impossible to ascertain the unit profit, the unit profit of the products using the registered trademark shall be used for the calculation.

Article 15: The losses suffered from the infringement referred to in the first paragraph of Article 56 of the Trademark Law can be calculated according to the reduction in the sales amount of the product suffered by the rights holder because of the infringement or can be calculated by multiplying the sales amount of the infringing product by the unit profit of the products using the registered trademark.

Article 16: Where it is difficult to calculate both the benefit gained by the infringer because of the infringement or the loss suffered by the rights holder because of the infringement, the people's court can, in accordance with the

parties' request or on an ex officio basis, apply the provisions of the second paragraph of Article 56 of the Trademark Law in order to determine the measure of damages.

When a people's court is determining the measure of damages, it should make an overall determination having considered factors such as the nature, the period and the consequences of the infringement, the reputation of the trademark, the amount of trademark licensing royalties, the types, periods and scope of trademark licences for the mark, the reasonable expenses incurred in stopping the infringement, etc.

Where the parties reach an agreement on the measure of damages in accordance with the first paragraph of this Article, this should be permitted.

Article 17: The "reasonable expenses incurred in stopping the infringement" referred to in the first paragraph of Article 56 of the Trademark Law include reasonable expenses of the rights holder or an appointed agent in investigating and collecting evidence regarding the infringing act.

In accordance with a party's statement of claim or the specific facts of the case, a people's court can include lawyers' fees that comply with the stipulations of the relevant State departments within the calculation of the scope of compensation.

Article 21: Where a people's court is trying a dispute involving the infringement of exclusive rights to use a registered trademark, in accordance with the provisions of Article 134 of the Civil Law General Principles and Article 53 of the Trademark Law and the specific circumstances of the case, the court can issue a judgment ordering the infringer to bear such civil liability as stopping the infringement, removing obstructions, eliminating dangers, compensating loss, eliminating the effect of the infringement, etc. It can also issue a decision for such civil sanctions as imposing fines and/or confiscating the infringing goods, the forged trademark representations and property such as materials, tools and equipment, etc., specially used to manufacture the infringing products. The amount of the fines can be determined by reference to the relevant provisions under the PRC Trademark Law Implementing Regulations.

Where an administrative department for industry and commerce has already imposed an administrative penalty in respect of the same act of infringing the exclusive rights to use a registered trademark, the people's court shall not impose any additional civil sanction.

c) Copyright

[i] PRC, Copyright Law

Article 47: Anyone who commits any of the following infringing acts shall undertake civil liability by ceasing the infringement, eliminating the effects, apologizing, paying damages, etc., depending on the circumstances; if his act also prejudices the public interest, he may be subjected by a copyright administration department to an order to cease the infringing act, confiscation of unlawful income, confiscation and destruction of the infringing reproductions and the imposition of a fine; if the circumstances are serious, the copyright administration department may also confiscate the materials, tools, equipment, etc. mainly used in the manufacture of the infringing reproductions; if a criminal offence is constituted, his criminal liability shall be pursued in accordance with the law:

1. reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network, without permission from the owner of the copyright therein, unless this Law provides otherwise;
2. publishing a book in which another person has the exclusive right of publication;
3. reproducing and/or distributing a sound or video recording of a performance or communicating the same to the public via an information network without permission from the performer, unless this Law provides otherwise;
4. reproducing and/or distributing a sound or video recording or communicating the same to the public via an information network without permission from the producer thereof, unless this Law provides otherwise;

5. broadcasting or reproducing a radio or television broadcast without permission, unless this Law provides otherwise;
6. deliberately circumventing or cracking the technical measures taken by a copyright owner or owner of neighbouring rights to protect his copyright or neighbouring rights in a work, sound recording, video recording, etc. without the permission of such copyright owner or owner of neighbouring rights, unless otherwise provided in laws or administrative regulations;
7. deliberately removing or modifying the electronic rights control information contained in a work, sound recording, video recording, etc. without the permission of the copyright owner or the owner of neighbouring rights, unless otherwise provided in laws or administrative regulations; or
8. producing or selling a work on which another's signature is passed off.

Article 48: When copyright or neighbouring rights are infringed upon, the infringer shall pay damages based on the actual losses of the right holder. If the actual losses are difficult to calculate, the damages paid may be based on the illegal income earned by the infringer. The measure of damages shall also include the reasonable expenses incurred by the right holder in halting the infringing act.

Article 51: When hearing a case, a people's court may confiscate the illegal income, the infringing reproductions and property used in the commission of illegal activities of the party that has infringed upon copyright or neighbouring rights.

[ii] PRC Copyright Law Implementing Regulations

Article 36: If an infringing act as mentioned in Article 47 of the Copyright Law is committed and such act also prejudices the public interest, the copyright administration department may impose a fine of not more than three times the amount of the illegal turnover or, if the amount of the illegal turnover is difficult to calculate, a fine of not more than Rmb 100,000.

[iii] Copyright Civil Dispute Cases Interpretation

Article 24: The actual loss suffered by the copyright owner may be calculated based on the multiples of the reduced quantity of the reproduction of the owner or the quantity of infringing and the profit of each of owner's reproduction. If the reduced quantity of the reproduction of the owner is difficult to ascertain, the calculation shall be based on the infringing products' quantity sold in market.

Article 26: The reasonable expenses for stopping the infringement stipulated in Article 48 under PRC Copyright law include the reasonable expenses incurred for the copyright owner or his entrusted representatives to conduct the investigation and collect the evidence.

Based on the party's petition claim and the specific case facts, the court may also include in the compensation package the lawyer's fees complying with relevant PRC laws.

3. Customs' Sanctions

Article 27: Where impounded goods suspected of infringing upon rights are confirmed as having infringed upon Intellectual Property Rights after investigation by customs, customs shall confiscate the goods.

After customs has confiscated the goods that have infringed upon Intellectual Property Rights, it shall notify the owner of the Intellectual Property Rights in writing of the relevant details of such goods.

Where confiscated goods that have infringed upon Intellectual Property Rights can be used for public welfare, customs shall transfer the goods to the relevant public welfare organizations to be used for public welfare. Where the owner of the Intellectual Property Rights wishes to acquire the goods, customs may transfer the goods to the owner

of the Intellectual Property Rights for compensation. Where confiscated goods that has infringed upon Intellectual Property Rights cannot be used for public welfare and the owner of the Intellectual Property Rights does not wish to acquire the goods, customs may auction off the goods according to law after removing the infringing characteristics. Where the infringing characteristics cannot be removed, customs shall destroy the goods.

Article 28: Where articles carried or sent by mail by individuals into or out of China exceed the amount for personal use or the reasonable amount and infringe upon the Intellectual Property Rights stipulated in Article 2 hereof, customs shall confiscate such articles.

Article 29: Where, after customs has accepted an application for record filing of protection of Intellectual Property Rights and for adoption of protective measures for Intellectual Property Rights, an owner of Intellectual Property Rights cannot provide precise details and as a result, the goods infringing upon rights are not discovered, or the protective measures are not adopted in a timely manner or effectively, the owner of the Intellectual Property Rights shall bear the liability himself.

Where, after an owner of Intellectual Property Rights has requested customs to impound goods suspected of infringing upon rights, customs cannot confirm whether the impounded goods suspected of infringing upon rights has infringed upon the Intellectual Property Rights of the owner of Intellectual Property Rights, or the people's court rules that the goods have not infringed upon the Intellectual Property Rights of the owner of Intellectual Property Rights, the owner of Intellectual Property Rights shall be liable for compensation according to law.

Article 30: Where the import or export of goods that infringe upon Intellectual Property Rights constitutes a criminal offence, criminal liability shall be pursued according to law.

4. Criminal Law

a) Criminal Law of the People's Republic of China

Article 213: Using an identical trademark on the same merchandise without permission of its registered owner shall, if the case is of a serious nature, be punished with imprisonment or criminal detention of less than three years, with a fine, or a separately imposed fine; for cases of a more serious nature, with imprisonment of over three years and less than seven years, and with fine.

Article 214. Knowingly selling merchandise under a faked trademark with a relatively large sales volume shall be punished with imprisonment or criminal detention of less than three years, with a fine or a separately imposed fine; in cases involving a large sales volume, with imprisonment of more than three years but less than seven years, and with fine.

Article 215. Forging or manufacturing without authority or selling or manufacturing without authority other's registered trademarks or identifications shall, for cases of a serious nature, be punished with imprisonment or criminal detention, or restriction for less than three years, with a fine or a separately imposed fine; for cases of a especially serious nature, with imprisonment of over three years and less than seven years, and with fine.

Article 216. Whoever counterfeits other people's patents, and when the circumstances are serious, is to be sentenced to not more than three years of fixed-term imprisonment, criminal detention, and may in addition or exclusively be sentenced to a fine.

Article 217. Whoever, for the purpose of reaping profits, has committed one of the following acts of copyright infringement and gains a fairly large amount of illicit income, or when there are other serious circumstances, is to be sentenced to not more than three years of fixed-term imprisonment, criminal

detention, and may in addition or exclusively be sentenced to a fine; when the amount of the illicit income is huge or when there are other particularly serious circumstances, he is to be sentenced to not less than three years and not more than seven years of fixed-term imprisonment and a fine:

- (1) copy and distribute written, musical, movie, televised, and video works; computer software; and other works without the permission of their copyrighters;
- (2) publish books whose copyrights are exclusively owned by others;
- (3) duplicate and distribute audiovisual works without the permission of their producers;
- (4) produce and sell artistic works bearing fake signatures of others.

Article 218. Whoever, for the purpose of reaping profits, knowingly sells the duplicate works described in Article 217 of this Law, and gains a huge amount of illicit income, is to be sentenced to not more than three years of fixed-term imprisonment, criminal detention, and may in addition or exclusively be sentenced to a fine.

Article 219. Whoever engages in one of the following activities which encroaches upon commercial secrets and brings significant losses to persons having the rights to the commercial secrets is to be sentenced to not more than three years of fixed-term imprisonment, criminal detention, and may in addition or exclusively be sentenced to a fine; or is to be sentenced to not less than three years and not more than seven years of fixed-term

imprisonment and a fine, if he causes particularly serious consequences:

- (1) acquire a rightful owner's commercial secrets via theft, lure by promise of gain, threat, or other improper means;
- (2) disclose, use, or allow others to use a rightful owner's commercial secrets which are acquired through the aforementioned means;
- (3) disclose, use, or allow others to use, in violation of the agreement with the rightful owner or the rightful owner's request of keeping the commercial secrets, the commercial secrets he is holding. Whoever acquires, uses, or discloses other people's commercial secrets, when he knows or should know that these commercial secrets are acquired through the aforementioned means, is regarded as an encroachment upon commercial secrets.

The commercial secrets referred to in this article are technical information and operation information that are unknown to the public, can bring economic profits to their rightful owners, are functional, and are kept as secrets by their rightful owners.

The rightful owners referred to in this Article are owners of the commercial secrets and users who have the permission of the owners.

Article 220. When a unit commits the crimes stated in Article 213 through Article 219, it is to be sentenced to a fine; its directly responsible person in charge and other personnel of direct responsibility should be punished in accordance with the stipulations respectively stated in these Articles of this section.

5. Interpretation of the SPC

Article 1 Using an identical trademark on the same merchandise without permission of its registered owner in any of the following circumstances falls under the definition of "the circumstances are serious" stipulated in Article 213 of the Criminal Law and shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined for committing the crime of forging registered trademarks:

- (1) the amount of illegal business volume being more than RMB 50,000 or that of illegal gains being more than RMB 30,000;
- (2) forging more than two registered trademarks, the amount of illegal business volume being more than RMB 30,000 or that of illegal gains being more than RMB 20,000;
- (3) other circumstances of a serious nature.

Whoever having any of the following acts that falls under the definition of "the circumstances are especially serious" stipulated in Article 213 of the Criminal Law shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined for committing the crime of forging registered trademarks:

- (1) the amount of illegal business volume being more than RMB 250,000 or that of illegal gains being more than RMB 150,000;
- (2) forging more than two registered trademarks, the amount of illegal business volume being more than RMB 150,000 or that of illegal gains being more than RMB 100,000;
- (3) other circumstances of an especially serious nature.

Article 2 Whoever knowingly sells commodities bearing counterfeited registered trademarks, if the amount of sales is more than RMB 50,000, and thus falls under the definition of "the amount of sales is relatively large" stipulated in Article 214 of the Criminal Law shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined for committing the crime of selling commodities bearing counterfeited registered trademarks.

Whoever selling such commodities of more than RMB 250,000 in value falls under the definition of "the amount of sales is huge" stipulated in Article 214 of the Criminal Law and shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined for the crime of selling commodities bearing counterfeited registered trademarks.

Article 3 Whoever forges or makes representations of another person's registered trademarks without authorization of the person or sells such representations in any of the following circumstances and thus falls under the definition of "the circumstances are serious" stipulated in Article 215 of the Criminal Law shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance and shall also, or shall only, be fined for committing the crime of illegally making registered trademarks and selling illegally-made registered trademarks:

- (1) the amount of the representations of other person's registered trademarks forged or made without authorization or that of the sold representations of other person's registered trademarks forged or made without authorization being more than 20,000 copies, or the amount of illegal business volume being more than RMB 50,000, or the amount of illegal gains being more than RMB 30,000;
- (2) the amount of the representations of other person's registered trademarks forged or made without authorization or that of the sold representations of more than two of other person's registered trademarks forged or made without authorization being more than 10,000 copies, or the amount of illegal business volume being more than RMB 30,000, or the amount of illegal gains being more than RMB 20,000;
- (3) other circumstances of a serious nature.

Whoever having any of the following acts that falls under the definition of "circumstances of an especially serious nature" stipulated in Article 215 of the Criminal Law shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined for committing the crime of illegally making registered trademarks and selling illegally-made registered trademarks:

- (1) the amount of the representations of other person's registered trademarks forged or made without authorization or that of the sold representations of other person's registered trademarks forged or made without authorization being more than 100,000 copies, or the amount of illegal business volume being more than RMB 250,000, or the amount of illegal gains being more than RMB 150,000;
- (2) the amount of the representations of other person's registered trademarks forged or made without authorization or that of the sold representations of more than two of other person's registered trademarks

forged or made without authorization being more than 50,000 copies, or the amount of illegal business volume being more than RMB 150,000, or the amount of illegal gains being more than RMB 100,000;

- (3) other circumstances of an especially serious nature.

Article 4 Whoever counterfeits the patent of another person in any of the following circumstances and thus falls under the definition of "the circumstances are serious" stipulated in Article 216 of the Criminal Law shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined for committing the crime of counterfeiting the patent of another person:

- (1) the amount of illegal business volume being more than RMB 200,000 or that of illegal gains being more than RMB 100,000;
- (2) causing direct economic loss of more than RMB 500,000 to the owner of patent;
- (3) counterfeiting more than two patents, the amount of illegal business volume being more than RMB 100,000 or that of illegal gains being more than RMB 50,000;
- (4) other circumstances of a serious nature.

Article 5 Whoever, for the purpose of making profits, commits any of the acts of infringement on copyright mentioned in Article 217 of the Criminal Law, if the amount of illegal gains is more than RMB 30,000, and thus falls under the definition of "the amount of illegal gains is relatively large"; or whoever has any of the following acts and thus falls under the definition of "there are other serious circumstances" shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined for committing the crime of infringing on copyright:

- (1) the amount of illegal business volume being more than RMB 50,000;
- (2) reproducing and distributing more than 1,000 illegal copies of a written work, musical work, motion picture, television program or other visual works, computer software or other works without permission of the copyright owner;
- (3) other circumstances of a serious nature.

Whoever, for the purpose of making profits, commits any of the acts of infringement on copyright mentioned in Article 217 of the Criminal Law, if the amount of illegal gains is more than RMB 150,000, and thus falls under the definition of "the amount of illegal gains is huge"; or whoever has any of the following acts and thus falls under the definition of "there are other especially serious circumstances" shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined for committing the crime of infringing on copyright:

- (1) the amount of illegal business volume being more than RMB 250,000;
- (2) reproducing and distributing more than 5,000 illegal copies of a written work, musical work, motion picture, television program or other visual works, computer software or other works without permission of the copyright owner;
- (3) other circumstances of an especially serious nature.

Article 6 Whoever, for the purpose of making profits, commits any of the acts stipulated in Article 218 of the Criminal Law, if the amount of illegal gains is more than RMB 100,000, and thus falls under the definition of "the amount of illegal gains is huge" shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined for committing the crime of selling works reproduced by infringing on the copyright:

Article 7 Whoever commits any of the acts stipulated in Article 219 of the Criminal Law to cause losses of more than RMB 500,000 to the obligee of business secrets and thus falls under the definition of "causing heavy losses to the obligee of business secrets" shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined for committing the crime of infringing on business secrets.

Whoever causes losses of more than RMB 2.5 million to the obligee of business secrets and thus falls under the definition of "the consequences are especially serious" stipulated in Article 219 of the Criminal Law shall be

sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined for committing the crime of infringing on business secrets.

Article 8 "Identical trademarks" as stipulated in Article 213 of the Criminal Law refers to the trademarks either identical to the registered trademarks infringed on, or showing no notable visual difference from the trademarks infringed on and thus being misleading to the public.

"Use" as stipulated in Article 213 of the Criminal Law refers to such acts as applying registered trademarks or counterfeited registered trademarks to commodities, commodity packing and containers, commodity user guides and commodity transaction documents, or using registered trademarks or counterfeited registered trademarks for advertisement, publicity, exhibitions and other business activities.

Article 9 "Amount of sales" as stipulated in Article 214 of the Criminal Law refers to all the illegal incomes gained or ought to be gained by selling commodities bearing counterfeited registered trademarks.

Any of the following circumstances shall be regarded as falling under the definition of "knowingly" stipulated in Article 214 of the Criminal Law:

- (1) Knowing that the registered trademarks on the commodities that he/she sells have been altered, replaced or covered;
- (2) Selling the same commodities for which one has already been given administrative penalty or has borne civil responsibilities for selling commodities bearing counterfeited registered trademarks;
- (3) Counterfeiting or altering the authorization documents of the registrant or knowing such documents have been counterfeited or altered;
- (4) Other circumstances in which the fact that the registered trademarks borne by the commodities are counterfeited is known.

Article 10 Any of the following acts falls under the definition of "counterfeiting patent of another person" stipulated in Article 216 of the Criminal Law:

- (1) Citing patent number on the commodities or the packing of the commodities one produces or sells without permission of the owner of the patent;
- (2) Citing patent number in advertisement or other publicity materials without permission of the owner of the patent so as to make people think that the involved technology is the patented technology of another person;
- (3) Citing patent number in contract without permission of the owner of the patent so as to make people think that the involved technology in the contract is the patented technology of another person;
- (4) Counterfeiting or altering the patent certificates, patent documents or patent application documents of another person.

[...]

Article 12 "Illegal business volume" as stipulated in the Interpretation refers to the value of the products produced, stored, transported and sold by the doer in the course of infringing on intellectual property. Value of the products produced by infringing on intellectual property shall be computed according to the prices at which such products are actually sold. Value of the products produced by infringing on intellectual property produced, stored, transported, and those not sold shall be computed according to the labeled prices or the actual prices found to be sold at after investigation. Value of the products produced by infringing on intellectual property without labeled prices or whose actual prices are impossible to be ascertained shall be computed according the middle market prices of such products.

Values of illegal business volume, illegal gains and amount of sales shall be computed cumulatively in cases of repeatedly infringing on intellectual property where such acts have not yet been given administrative penalty or have not so far initiated criminal procedures.

"Copies" as stipulated in Article 3 of the Interpretation refers to one piece of representation of the complete logo of the trademark.

CONCISE BIBLIOGRAPHY**A. Ad-hoc Reports**

“*The Legislation Protecting Intellectual Property Rights in the European Union and in China and its Enforcement – A Comparative Study*” is based on an extensive source of data which has been provided on an *ad-hoc* basis by a significant number of contributors, including but not limited to Law Firms, Intellectual Property Offices and Agencies, Ministries, Administrative and Judicial Bodies as well as Public Security and Customs Enforcement Bodies.

The editors of this study gratefully acknowledge the contributions of all the *co-publishers* of “*Comparative Study*” and a list of those can be found on the first page of the present document.

B. Concise sources of Legislation**1. Important Note**

The present bibliography refers to legislation from the four EU Member States that were subject to an in depth analysis in this report (France, Germany, the United-Kingdom and the Czech Republic) and from the People’s Republic of China. However, this study is based on a broader source of legislation including the 25 member states. More in depth information can be found from the following sources which have been extensively used all along the preparation and drafting of the “*Comparative Study*”

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- WIPO, WIPO Guide to Intellectual Property Worldwide, Country Profiles
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2. European Union Legislation

COUNCIL REGULATION (EC) No 1383/2003 of 22 July 2003

DIRECTIVE 2004/48/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 on the enforcement of intellectual property rights

Proposal for a COUNCIL FRAMEWORK DECISION to strengthen the criminal law framework to combat intellectual property offence

Proposal for a EUROPEAN PARLIAMENT AND COUNCIL DIRECTIVE on criminal measures aimed at ensuring the enforcement of intellectual property rights

3. EU Member States Legislation

a) Czech Republic

- Act No. 121/2000 on Copyright, on Rights related to Copyright and on the Amendment to some Acts, April 2000
- Act No. 140/1961 Coll., the Criminal Law, as amended - Act No. 256/2004 Coll.
- Act No. 207/2000 on the Protection of Industrial Designs and the Amendment to Act No. 527/1990 on Inventions, Industrial Designs and Rationalization Proposals as amended, June 2000.
- Act No. 441/2003 Coll. of 3 December 2003 On Trademarks and on amendments to Act No. 6/2002 Coll. on judgments, judges, assessors and state judgment administration and on amendments to some other Acts
- Act No. 527/1990 on Inventions and Rationalization Proposals, as amended by Act No. 519/1991, Act No. 116/2000 of April 2000, and Act No. 207/2000 of June 2000

b) France

- Law No. 92-597, July 1992, on the Intellectual Property Code (Legislative Part)

c) Germany

- Copyright Act, September 1965, as last amended September 2000 (UrhG)
- Designs Law, January 1876, as last amended in July 1998
- Law on the Protection of Trade Marks and Other Signs (Trade Mark Law), October 1994, as last amended in July 1998 and art. 8, as amended in September 1998, November 1998, April 1999, May 1999, July 1999 and December 1999 (MarkenG)
- Patent Law, December 1980, as last amended in December 1999 (PatG)

d) United-Kingdom

- Copyright, Designs and Patents Act 1998
- Copyright, etc. and Trade Marks (Offences and Enforcement) Act 2002
- Registered Designs Act 1949 (as amended by Copyright Designs and Patents Act 1988, Registered Design Regulations 2001, Registered Design Regulations 2003)
- Trademarks Act 1994, as amended

4. Chinese Law

- Copyright Civil Dispute Cases Interpretation
- Copyright Law (Revised)
- Interpretation by the Supreme People's Court and the Supreme People's Procuratorate on Several Issues of Concrete Application of Laws in Handling Criminal Cases of Infringing Intellectual Property
- Patent Law (2nd Revision)
- Patent Law Implementing Rules (Revised)
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ⁱⁱ 参见《民事诉讼法》第 241、242 条。

ⁱⁱⁱ 参见最高院《关于审理商标民事纠纷案件适用法律若干问题的解释》第 21 条，最高院《关于审理著作权民事纠纷案件适用法律若干问题的解释》第 29 条。

^{iv} 参见《专利法》第 60 条。

^v IP/05/906, Counterfeiting and piracy: the Commission proposes European criminal-law provisions to combat infringements of intellectual property rights

^{vi} *ibidem*

^{vii} *ibidem*

^{viii} *ibidem*

^{ix} *ibidem*

^x DG Taxation and Customs Union, Counterfeit and Piracy: Commission Initiatives

^{xi} *ibidem*

^{xii} *ibidem*

^{xiii} *ibidem*

^{xiv} *ibidem*

^{xv} 参见《海关保护条例》第 12—13 条。

^{xvi} 参见《海关保护条例》第 7—9 条。

^{xvii} 参见《海关保护条例》第 10—11 条。

^{xviii} 参见《海关保护条例》第 27 条。

^{xix} 参见《海关保护条例》第 18—19 条。

^{xx} 参见《海关保护条例》第 21、22、24 条。

^{xxi} 参见《海关保护条例》第 23 条。

^{xxii} 参见《海关保护条例》第 16 条。

^{xxiii} Cf. IP/05/906

^{xxiv} *Ibidem*

^{xxv} *Ibidem*

^{xxvi} *ibidem*

^{xxvii} *ibidem*

^{xxviii} *ibidem*

^{xxix} 参见《商标法》第 53—54 条，《专利法》第 57—59 条，《专利行政执法办法》，《《著作权法》第 47 条，《著作权条例》第 36—37 条。

^{xxx} 参见《商标条例》第 52 条。

^{xxxi} 参见《著作权法》第 47 条。

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^{xxxiii} 参见《商标法》第 55 条。

^{xxxiv} 参见《商标法》第 53—54 条，《专利法》第 57—59 条，《专利行政执法办法》，《《著作权法》第 47 条，《著作权条例》第 36—37 条。

^{xxxv} 参见《刑诉》第 77、78 条。

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