



# EUROPEAN COMMISSION

Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

Director-General

Brussels,  
GROW.F.5/HK/cm  
grow.ddgl.f.5(2017)1655339

## NOTE FOR THE ATTENTION OF MR TOMASZ HUSAK HEAD OF CABINET OF COMMISSIONER ELŻBIETA BIEŃKOWSKA

**Subject:** Evaluation and review of the IPR enforcement directive – quo vadis?

### *Context*

In the Digital Single Market and the Single Market Strategies the Commission announced that it will review the EU intellectual property enforcement framework. In response to this announcement DG GROW evaluated the functioning of Directive 2004/48/EC on the enforcement of intellectual property rights (IPRED) and prepared a review of the Directive. Recent discussions between the relevant Cabinets and services involved revealed a fundamental disagreement on the general orientation of the initiative. This note outlines options to overcome this deadlock.

### *State of play of collegial discussions*

We understand that at a Strategic Jour Fixe on 14 February 2017 in Strasbourg on the evaluation and review of IPRED, attended by VPs Ansip and Katainen and Commissioners Bieńkowska and Jourova, VP Ansip called for caution for the review with a view to the ongoing copyright review. COM Jourova also stressed the need to take their own work strands into account when shaping the potential review. A dedicated Inter-Service Meeting was held on 9 March 2017 to discuss sensitive issues identified at the SJF at services level. The outcome of these meetings was meant to allow Cabinets to take informed decisions with regard to the orientation of the initiative.

While that meeting was supposed to discuss (1) the focus of IPR enforcement policy on commercial-scale infringements and (2) the role of intermediaries in IPR enforcement some services used the opportunity to share their general position on the initiative. CNECT and TRADE in particular questioned the overall need or added-value of reviewing the Directive, in particular because of the risk of derailing the negotiations of the copyright package and the upcoming platform initiative (eg through discussions in injunctive relief against intermediaries in IPRED), the lack of sufficient compelling evidence calling for an ambitious legislative review and a general fear of potentially rather weakening the current framework as a result of the legislative negotiations. JUST and TAXUD also voiced concern but to a lesser extent and on specific issues. In bilateral contacts JUST took a very cautious approach also on the specialisation of the judiciary and rules on (cross-border) evidence. The LS was very hesitant to go beyond the case-law of the Court of Justice (CJEU) on the key question of involvement of intermediaries in IPR enforcement; a limitation that would substantially reduce the value added of the review on this particular point. EAC supports the initiative but also identifies difficulties in the implementation.

### *Assessment and possible next steps*

It is remarkable that CNECT - and thus presumably also VP Ansip - have fundamentally changed their position on the initiative - from initiator and strongest *demandeur* to most vocal opponent. The evaluation and review of IPRED had initially been announced in the copyright chapter of the DSM Strategy - to a certain extent politically motivated as a trade-off for copyright holders in view of a potential weakening of (territorial) copyright protection. It seems that such trade-off is no longer considered necessary given the final scope of the copyright proposals which do not materially cut into right holders positions.

While GROW's evaluation of the Directive identified certain shortcomings of the Directive, the evidence base essentially points to a divergent interpretation and application of the provisions of the Directive across Member States as the major problem, which supports legal clarifications and incremental changes rather than an ambitious, in-depth overhaul of IPRED (see note on the scoping options in the annex). This is also reflected in the comments made by other services and SG that so far they do not see the case made for substantial legislative amendments which would need to be demonstrated very clearly in the Impact Assessment. This plays in the hands of the political argument claiming that it is not worth to endanger the negotiations on the copyright reform for potentially limited adjustments in IPRED.

In view of these developments we can identify two possible options for pursuing the work:

- 1. Seek political support from VP Katainen and possibly the President's Cabinet for a review in principle, and on that basis continue the review of IPRED and present a legislative proposal**

Without a clear commitment of the VP and PRES CAB to improving the legislative base for IP enforcement, the review process has little prospect of success. Absent a decision in principle in favour of an IPRED reform proposal despite the ongoing copyright work, there is the risk of spending considerable resources in fruitless discussions with other services on the Impact Assessment, which would only be used as a pretext to delay the proposal to the infinite.

To respond to concerns of negative spill-over, the timing of the initiative could be postponed to Autumn in order to let the negotiations of the copyright review and the platform initiative mature further. In terms of scope, the level of ambition would most likely still have to be limited, in particular as regards measures addressing intermediaries. This scope may be watered down further in the legislative process by those opposed to a legislative review of IPRED, in particular when it reaches the Council after difficult negotiations on the copyright package.

### **2. Alternatives to a legislative review of IPRED**

The evaluation and possible review could be concluded with an evaluation report only. For some of the issues raised in the scoping note (see annex) alternative measures could be proposed. Clarification on the application of the rules on the identification of the infringer, the proportionality principle, damages and legal costs could be provided in form of Commission guidance on the interpretation of the Directive. A specialisation of the judiciary in IPR matters could be encouraged by a Commission recommendation. The timing of these initiatives could again be adjusted to the timeline of the copyright review and the platform initiative in order to ensure complementarity and coherence and avoid negative spill-overs.

However, alternatives cannot be designed for all the areas where we identified scope for improvement. Guidance on the involvement of intermediaries in IPR enforcement would need to

follow the existing jurisprudence of the CJEU and would thus be of no substantial added value for right holders. The question of cross-border enforcement could also not be tackled by Commission guidance. For some issues reference could be made to ongoing initiatives of other services.

The involvement of intermediaries in IPR enforcement for example is an issue discussed in CNECT's initiative on helping online platforms tackle illegal content. This initiative looks at the possibility to provide guidance on what proactive actions platforms can take without losing the liability protection of the e-Commerce Directive, to encourage more effective self-regulation. It would be complemented by establishing common rules and criteria (through hard or soft law initiative) for illegal content removal – notice and action. We understand that CNECT tends towards a Framework Directive on platforms which would include the above and other issues related to the B2C and B2B relations on platforms.

#### *Position of Member States and stakeholders*

It can be expected that proposing alternative measures instead of a legislative review will be criticised by right holders (see the recent letter of an important coalition of 80 brand owners to President Juncker), and those Member States calling for a strengthening of the legislative framework (FR, IT). However, the expectation of this group is very much focussed on strengthening the involvement of intermediaries in IPR enforcement, for example by harmonising intermediary liability in IPRED and obliging intermediaries to take more pro-active measures. This is a very far reaching call which does not fit into IPRED systematically and it is at least doubtful if such an initiative would be in line with the E-Commerce Directive and the announcements made by the Commission in the 2016 Communication on platforms to respect the liability regime for platforms. It was therefore not among the measures we would propose to include in a review (which would focus on the conditions and scope of injunctive relief against intermediaries).

Other Member States opposed to a legislative review of IPRED (DE, FI, NL, SE) should welcome alternative measures. Industrial property (ie. patent) right holders, except for trade mark and copyright holders on the question of intermediaries, have in general not been very vocal or demanding.

#### *Timing and practical next steps*

As requested at the February Strategic Jour Fixe we continue work on the Impact Assessment. In terms of available instruments to implement policy options the assessment could now put more emphasis on guidance and recommendations as an equivalent or even better alternative to legislative amendments. The Impact Assessment will then be the basis for discussion at the next – and possibly last – Inter-Service Meeting in April. The outcome of that meeting should then indeed allow Cabinets to have an informed orientation debate and a Strategic Jour Fixe in May could take the final decision on the scope and form of the initiative. The adoption of the DSM mid-term review on 10 May will outline the Commission's further work on platforms which will further complete the political context for our project.

We still believe that we should keep the objective on an IP package before the summer. Should the option of guidance on IPRED be retained, then the IPRED evaluation report could be published as a standalone document as part of that package. It could provide an outlook on the measures to follow, which could be scheduled for autumn and take into account the progress made in the negotiations of the copyright review and on the platform initiative.

We seek your feedback on the above considerations.

(e-signed)  
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Annex: Scoping note IPRED

## The review of the IPR enforcement directive (IPRED) – scoping options

In October 2016 SG circulated a note to Cabinets, drafted in close cooperation with DG GROW and other DGs concerned, to provide the basis for a political discussion on scope and content of the IPRED review.

The review should achieve a proposal which improves IPR enforcement thus contributing to jobs and growth, while keeping the right balance between the different rights involved. Building on the discussions that take place so far, this note presents and discusses possible options for the political decision. It includes also some more far reaching proposals which shall be analysed in the IA process but for which feasibility is more doubtful and which are highly sensitive. The options that are not presented in this note are deemed to be non-sensitive and non-conflictual and backed by a large majority in the public consultations.

### Overview: Key themes to be addressed

Based on stakeholder feedback and the evaluation, the key themes to address in the review of IPRED are the following:

- 1) Strengthening **fairness and balance** in the IPR civil enforcement framework
- 2) Making IP enforcement fit for the **digital age**
- 3) Towards an **internal market** for IP enforcement
- 4) Improve **speed, quality and access** to IP enforcement

*Within* each theme, there is a range of options, which are discussed below in turn.

### I. Strengthening fairness and balance in the IPR civil enforcement framework

#### Possible measures

- **Clarification** of the rules for the calculation and allocation of **damages**
- **Clarification** of the rules applicable to reimbursement of **legal costs**
- **Definition** of "**commercial scale**"
- A package of **safeguards** to counter possibilities of abuses of the system, including inter alia sanctions for abuse of litigation and proportionate use of the right of information

#### **A. Damages**

Many stakeholders ask for more legal clarity on the calculation of damages and their fairer allocation arguing that the amount of damages ordered by the courts often does not cover the harm suffered by the right holder, does not sufficiently deter the infringer from

carrying out the infringement and thus provides no incentive to seek legal redress in the first place. In practice this can provide a competitive advantage to the infringer.

Possible ways to address this issue include:

1. Clarifying the rules for the calculation and allocation of damages in IPRED (Art 13) (option 8 in the CAB note annexed), stating that any injury suffered must be compensated in full (including interest) and ensuring that due account is given to all possible sources of harm, and not only the forgone royalties.

This option will provide enhanced guidance to national courts and is backed up by existing CJEU jurisprudence. In order to facilitate the calculation and allocation of damages an additional option could be

2. to ensure that (a) the burden of proof required by Member States for the quantification of harm suffered does not make the right to damages practically impossible to exercise or excessively difficult and that (b) national courts are empowered to estimate the amount of prejudice suffered if it is practically impossible or excessively difficult to quantify precisely the harm suffered.<sup>1</sup>

An additional option could be:

3. Raising the minimum level of damages in case of lump sum damages to double the royalties or fees (option 9).

This option would provide an increased baseline for damages, has the advantage of simplicity and would improve deterrence. A recent CJEU judgement (Case C-367/15) concluded that such a provision at national level, as foreseen in Polish law, would be compatible with the general principles of IPRED, at least where the court seized has an opportunity to lower the amount in exceptional cases in order to avoid abuses.

This option, however, runs the risk of being perceived, in some cases, as “punitive”: proposing to bind national courts to this minimum might give rise to overcompensation in cases where the lump sum exceeds the actual loss (or it could constitute an abuse of rights prohibited by Article 3(2) IPRED) and there is not sufficient evidence proving that double the royalties corresponds on average to the real harm suffered. At the same time, it may result in under-compensation: it risks making it more difficult for right holders to claim damages higher than this lump sum where it is merited, as judges will tend to stick to this benchmark. In addition, this option was included in the initial IPRED proposal and considered unacceptable by the co-legislators.

## **B. Costs**

Within the same rationale, we could also include an additional element which has been less debated compared to the damages issue, namely

4. clarifying the rules applicable to legal costs ( Art. 14) in IPR cases (options 10, 11, 12 and 13) in line with indications from existing case law.

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<sup>1</sup> This option is inspired by a similar approach in Directive 2014/104/EC on certain rules governing actions for damages under national law for infringements of competition law.

This would include clarifying that at the very least a significant and appropriate part of the reasonable costs incurred by the successful party are to be borne by the unsuccessful party (irrespective of limitations in national law), that the term "other expenses" refers to costs that are directly and closely related to the judicial proceedings concerned (including essential expert costs) and that compensation of legal costs and other expenses does not depend on fault on the part of the unsuccessful party.

While such clarifications based on existing case law can be expected to be uncontroversial, it does involve the risk that the relevant provisions are altered during the legislative process, which may lead to a situation that is less favourable than the present one.

### **C. Focus on commercial scale infringements**

In order to enhance legal clarity and emphasize that certain measures provided for in IPRED cannot be invoked in respect of individuals acting in their private sphere this option could:

5. clearly define "commercial scale" in IPRED.

The Directive so far elaborates on the concept of commercial scale only in recital 14<sup>2</sup>. A possible wording for a definition in the operative part of the Directive would be based on this recital which reads

*"Acts carried out on a commercial scale are those carried out for direct or indirect economic or commercial advantage; this would normally exclude acts carried out by end consumers acting in good faith."*

Any wording would need to provide a corrective element to the definition, to avoid that it also covers consumers. Otherwise an illegal download of a film for free could already be considered commercial scale as the consumer saves the retail price:

### **D. Counterbalancing safeguards**

Strengthening the protection of IPRs, which is an important objective, should at the same time not lead to increased abuses to the detriment of the users of protected goods. At the same time, the advent of the digital age has also meant that fundamental rights can be violated in new ways. Given the importance of this issue, and bearing in mind the experience with ACTA, it is essential to ensure that the delicate balance between the fundamental right to property, including IP, and the other fundamental rights, is respected. This would be achieved by

6. a package of safeguards to counter concerns of abuses of the system, comprising the following elements:
  - a) allowing the competent judicial authorities to impose sanctions in case of abuse of litigation
  - b) ensure that the right of information, in particular, is applied by the competent judicial authorities in a proportionate manner, striking a fair balance between the different fundamental rights

<sup>2</sup> Recital 14 reads: *Acts carried out on a commercial scale are those carried out for direct or indirect economic or commercial advantage; this would normally exclude acts carried out by end consumers acting in good faith.*

- c) sanctions on any person who misuses the right of information for other purposes than the commencement of proceedings
- d) establish the possibility of the defendant to present a protective brief<sup>3</sup> to the courts, to limit the curtailment of the alleged infringer's right to be heard and the right to and procedure for obtaining a declaration of non-infringement in all Member States
- e) mandate a more systematic publication of judicial decisions to create more transparency.

The importance of achieving the right balance among the various rights needs to be made clear.

## II. Making IP enforcement fit for the digital age

### Possible measures

- Define "intermediary" in IPRED to ensure that any intermediary whose services are used by an infringer can be enjoined
- Clarify that **injunctions** against intermediaries would be explicitly available to **prevent repetitive infringements**
- Reinforce the role of **codes of conduct**
- Define **digital evidence**, and clarify access to and preservation of such evidence

### A. The role of intermediaries in IPR enforcement

Different stakeholders ask for a clarification of the scope of provisional and permanent injunctions, in particular with regard to intermediaries. A broad call is also made to generally strengthen the involvement of intermediaries in IPR enforcement. In order to meet at least some of these demands, the Directive could:

1. Define in IPRED the term "intermediary" whose services are used by a third party to infringe IPR. In addition, clarify that preliminary and provisional measures as well as permanent injunctions would be explicitly available not only to bring to an end IPR infringements by users of the intermediary but also to prevent further infringements of that kind ("take down and stay down").

According to the ECJ case-law<sup>4</sup>, "*for an economic operator to fall within the classification of 'intermediary' [...], it must be established that it provides a service capable of being used by one or more other persons in order to infringe one or more intellectual property rights, but it is not necessary that it maintain a specific relationship with that or those persons*".

The Court is using this definition indistinctively for online and offline intermediaries, in the context of Article 11 IPRED and Article 8(3) of the InfoSoc Directive (No 2001/29).

In order to avoid that certain intermediaries would by definition fall completely outside the scope of the provision, the starting point would be a broad definition of intermediary.

<sup>3</sup> A protective brief provides a possibility for the defendant to present arguments to the courts to balance the limitation of the right to be heard in ex-parte proceedings. Those arguments would be deposited at the court in anticipation of an ex parte injunction procedure (already practice in DE, NL and ES).

<sup>4</sup> C-494/15, *Tommy Hilfinger*, para 23; C-314/12, *UPC Telekabel*, paras 32 and 35.



Although the precise definition may need to be further refined, "intermediary" could therefore mean any service provider which derives commercial benefit from bringing together or facilitating interactions between third parties.

An injunction however could then **only be granted** against intermediaries which services **are actually used** by a third party to infringe an IPR.

To avoid the risk of injunctions being granted against intermediaries very distant to the infringement (such as an electricity company), under this option the proposal would stress the need for the judicial authorities to apply the **proportionality principle** on a case by case basis, to ensure that only intermediaries that contribute in a significantly directly and material manner to the infringement are enjoined.

In addition, this option would codify the approach of the EJC that for the injunction against an intermediary to be effective and dissuasive a judicial authority should finally be able to grant an injunction that does not only bring to an end an infringement of a right by users of that intermediary but also prevents further infringements of that same kind<sup>5</sup>. Such types of injunctions are issued today in practice by courts in a majority of Member States. The injunction could however not entail a general monitoring obligation which would be incompatible not only with Article 15 of the e-Commerce Directive (No 2000/31) but also with Article 3 of IPRED (proportionality). Obligations of the intermediary would be based on a judicial decision linked to a concrete infringement of a right and the direct follow-up to be given to ensure its elimination.

This option will respond to right holders' demands while keeping a fair balance between right holders and intermediaries and is backed up by existing CJEU jurisprudence.

A more far reaching option would be to:

2. Harmonise the liability of intermediary service providers (either within the directive or through a separate stand-alone legal instrument) if they fail to act having knowledge that their services are used by a third party to infringe an IPR.

The current evidence base however is not sufficient to justify and defend it. It would be difficult to implement while keeping it in line with other Commission policies on intermediaries, notably the e-Commerce Directive (which exempts certain online intermediaries from liability) and the approach to platforms and would be difficult to apply to the – in theory – indefinite number of intermediary service providers covered by the Directive without more precise evaluation of the scale of the problem.

## **B. Codes of conduct**

Self- and co-regulatory agreements aimed at depriving commercial scale IPR infringers of their revenue streams and involving right holders and different types of intermediaries can be effective means to complement the legal IPR enforcement framework. In order to promote and strengthen such agreements an option would be to

3. reinforce the role of codes of conduct and voluntary cooperation initiatives involving different intermediaries in the protection of IPR.

## **C. Digital evidence**

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<sup>5</sup> Confirmed by the ECJ in Case C-324/09, *L'Oréal*, para. 144.

As the Directive so far does not explicitly refer to the use and presentation of digital evidence but only physical evidence we further suggest a package of complementary measures on digital evidence, including:

4. a definition of digital evidence, a clarification of the access to and preservation of such evidence and consequences for the destruction of digital evidence (options 18, 19 and 20).

### III. Towards an internal market for IP enforcement

#### Possible measures

- Provide that judicial authorities may take into account relevant evidence and decisions obtained in other MS
- Harmonise the conditions for granting injunctions across MS
- Define the IPRs covered by IPRED

#### **A. Obtaining civil enforcement measures against different intermediaries for similar infringements in different jurisdictions ("cross-border enforcement")**

Due to the lack of a European right (except for trademarks and designs), obtaining interlocutory or permanent injunctions for the same infringement against infringers or intermediaries from several jurisdictions in the EU is often cumbersome for certain IPR, in particular copyright. In order to streamline the conditions for interlocutory or permanent injunctions in multiple jurisdictions and to facilitate their use the following option could be considered:

1. Provide in IPRED that judicial authorities may take into account relevant evidence used by the applicant in similar proceedings in other Member States or judicial decisions obtained by the applicant in similar proceedings against the defendant in other Member States when assessing if the conditions for granting an interlocutory injunction are met to a sufficient degree of certainty

A higher level of harmonisation may be achieved with the following option:

2. Approximate the availability of and the conditions for granting interlocutory injunctions in IPRED.

While it would need to be further assessed which conditions are to apply precisely, the following elements could be subject to harmonisation under this option: The Directive could mandate Member States to ensure that the judicial authorities may issue an interlocutory injunction if the party has presented reasonably available evidence sufficient to support its entitlement to the claim, the urgency of the claim and, if relevant, the use of the services of an intermediary by a third party to infringe an intellectual property right. The judicial authorities should be satisfied to a sufficient degree of certainty that these conditions are met.

While such provision would be a major call by right holders, rules on injunctions go deeply into Member States' general procedural law and in some instances of substantive civil law. Therefore, this proposal would require a significant political effort in the negotiations. If pursued, the ongoing evaluation should provide sufficient evidence to justify and defend this option.

An even more radical approach would be:

3. An EU regulation on granting interlocutory and permanent injunctions, providing a single title for the whole EU (29th regime) .

However, this approach has major drawbacks: It may be, depending on its precise content and objective, that such an instrument could not be based on the internal market legal basis (Article 114 TFEU) which is currently used for IPRED, but on Article 81 TFEU (judicial cooperation in civil matters). It could not be finalised by May 2017 (current target date) and negotiations of similar instruments have shown that progress in Council and Parliament in this area is very difficult and lengthy.

#### **B. Scope of IPRED**

IPRED covers all infringements of IPR without containing any definition of IPR. The technique used by the Directive has the advantage of providing a high degree of flexibility as the scope adapts to changing definition of IPR both at EU and national level. However, in the public consultation, a number of respondents from the judiciary and legal profession flagged the issue of lack of clarity of the scope of IPRED.

4. Include a **a list of those IPRs that should fall within the scope of the Directive** in IPRED, thus clarifying the scope of application of the IPR enforcement framework.

This option would incorporate the non-legally binding Commission statement (2005/295/EC) into the Directive and is not expected to be particularly controversial.

### **IV. Speed, quality and access to enforcement**

#### **Possible measures**

- Mandate that infringements of IPR are dealt with by **specialised members of the judiciary**
- **Access to information and evidence** can be sought **before the commencement of proceedings** on the merits of the case
- Introduce a **mandatory legal standing for collective bodies**

#### **A. Specialisation of the judiciary**

Judges specialised in IPR matters would provide an added value compared to legal action dealt with in non-specialised courts (shorter length of proceedings, more fit-for-purpose proceedings and better quality judgments).

A first and rather uncontroversial option to address this issue is:

1. Promote and incentivize the specialisation of national judges in matters of infringement and validity of IPR through a non-legislative initiative.

Similar experience in another technical field is the training of judges EU programme as regards competition law, run by DG COMP and DG JUST since more than a decade.

A significantly more far reaching option would be:

2. Mandate that infringements of IPRs are dealt with by specialised members of the judiciary, providing training and ensuring capacity to respond effectively.

This option touches upon the judicial organisation in the Member States and therefore needs to be carefully assessed. It would likely be very controversial. A number of Member States already have positive experience with the specialisation or concentration of the judiciary in IPR matters. Such specialisation or concentration exists in Austria, Belgium, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, the Netherlands, Portugal, Romania, Sweden, Slovakia and the UK. It is important to note, however, that the degree of specialisation varies, that it does not necessarily cover all court levels and that not all IP types are covered by all. Other Member States, such as Spain, currently discuss the introduction of a specialisation of the judiciary in IPR matters.

The Commission has recently included a similar provision on the specialisation of members of the judiciary in its proposal for a directive on Insolvency, Restructuring and Second Chance, adopted on 22 November 2016 (COM(2016) 723), i.e. for an area in which specialisation is already much more advanced than in IP issues. The evaluation will look into the similarities and differences between the two areas.

#### **B. Upstream access to evidence**

According to stakeholders, speed and quality of decisions could be improved if the parties could start to prepare their case effectively upstream of the trial. To address this, the Directive could

3. Ensure that access to information and evidence can be sought before the commencement of proceedings on the merits of the case.

#### **C. Mandatory legal standing**

Small right holders in particular have raised the lack of an efficient means to ensure access to justice. This would be most effectively addressed by:

4. Introducing a mandatory legal standing for collective rights management and professional defence bodies in all MS.

Currently this possibility is subject to permission by national law. Except for Cyprus and Finland, Member States permit collective rights-management bodies to take legal action, for infringement of their own rights or on behalf of the IPR holder, for infringements of copyrights and related rights. Only half of the Member States however do permit professional defence bodies to take legal action, for infringement of their own rights or on behalf of the IPR holder, for infringements of industrial property rights.

In the public consultation right holders argued that enabling right holder associations, trade associations, and professional defence bodies to take civil proceedings on behalf of members would have a positive impact on the enforcement of IPR held by SMEs.

The proposal would be in line with the Commission Recommendation of 11 June 2013 on common principles for injunctive and compensatory collective redress mechanisms in the Member States concerning violations of rights granted under Union Law (2013/396/EU), although that Recommendation attached certain conditions to such legal standing for collective bodies.

The IPRED proposal of 2003 however already included an unconditional legal standing for these bodies which was made conditional on national law by the co-legislators. For some Member States mandatory legal standing for representative entities might go too deeply into national general procedural law; hence we might expect potential resistance in the negotiations.

## **Annex**

### **Position of Member States and stakeholders**

#### **A. Position of Member States**

##### **Germany**

- Germany believes that IPRED has helped effectively in protecting IP and preventing IP infringements. The Directive has added measures to an effective enforcement system in Germany and German courts have developed vast experience in applying these measures.
- Germany recognizes certain challenges of right holders to enforce IPR in the digital environment. It also considers however that the involvement of intermediaries in IPR enforcement should be limited, also safeguarding the e-commerce framework.
- Germany believes that the current legal framework for IPR enforcement is providing efficient and balanced means to enforce IPR and does not ask for any amendments to that framework.

##### **France**

- France believes that IPRED has achieved a high, equal and homogeneous level of protection for intellectual property rights in the internal market and also strengthened the protection of IPR in France.
- At the same time France considers that IPRED needs to be revised. This concerns first of all the steadily growing importance of internet intermediaries calling for more important responsibilities in better enforcing copyright and trademarks but also the protection of global supply chains against IPR infringements. France also calls for measures to increase deterrence against IP infringements.

##### **UK**

- The UK believes that IPRED did not fundamentally change the enforcement framework in the UK as it was already well developed. UK considers itself (and is seen by many) as the IPR enforcement champion in the EU.
- With the rise of the internet as a means of commerce as well as a source of infringement it is important for the UK that enforcement mechanisms and the broader legal framework are continually scrutinised to ensure their effectiveness.
- The UK therefore calls on the Commission (a) to provide for a flexible and effective injunctions system, including against intermediaries who are not themselves directly responsible for the infringing activity, (b) to deliver better implementation of the existing provisions of IPRED in other Member States, (c) to recognise the importance of accessibility and transparency in justice systems within the EU, (d) to support judicial cooperation and (e) to recognise that the effective collection of damages/enforcement of financial awards is a key element to the functioning of the enforcement system.

- Other main issues of the UK concern the E-Commerce Directive, not IPRED.

### **Italy**

- Italy believes that IPRED has not achieved a high, equal and homogeneous level of protection for intellectual property rights in the internal market.
- Italy states that the current rules do not guarantee adequately the protection of IPR and also their practical application by the national courts does not guarantee an adapted implementation to prevent future recurrence of the violations.
- The Italian authorities ask for a clarification of the role and responsibilities of intermediaries, more cross-border enforcement and for a facilitation of the right of information.

### **Spain**

- Spain believes that the existing rules have helped effectively in protecting IP and preventing IPR infringements, however, there are many areas where they believe there is need to improve.
- Spain mainly asks for improved cross border enforcement (mainly for copyright), namely: cross border effect for injunctions, damages awarded by national court for EU-wide harm, simplified single EU instrument for granting interlocutory and permanent injunctions (29th regime). Spain also asks for catalogue-wide injunctions.
- Spain believes that the current rules on secondary liability for intermediaries need to be clarified, to avoid differences at national level leading to forum shopping.
- Spain also calls for clarification in IPRED that an injunction can be issued against any intermediary both to stop an infringement and to avoid one taking place.
- Spain believes that injunctions currently take too long to be granted, causing harm to the right holder.
- Spain supports the development of voluntary agreements by industry, especially advertising and payments (follow the money approach) and calls for more support at EU level and cooperation between public authorities.
- Other concerns expressed by Spain relate to the E-Commerce Directive, not IPRED.

### **Poland**

- Poland believes the existing rules have helped in preventing infringements of copyright and related rights but do not offer sufficient protection against online infringements.
- Poland therefore calls for clarification and improvement, in particular with regard to infringements committed on the internet.

- It asks for procedures to facilitate the identification of infringers and the pursuing of claims against service providers established in another EU Member State. A coherent system should concentrate on commercial infringements, involve as many entities operating on the European digital market as possible and, at the same time, respect the rights of internet users.
- Both legislative measures and 'soft' measures should be considered.

#### **Finland**

- Finland considers based on appreciation from stakeholders that at the moment the IPRED provides a workable framework for IPR enforcement in its current format and that a revision of the IPRED is not necessary at this stage.
- The Commission should focus instead on making sure that the IPRED is implemented correctly (this concerns provisions on intermediaries in particular) and that all the remedies that it provides are at the disposal of the rightholders in all the Member States in practice.
- More discussion is needed on the role of advertisers and payment providers in the context of the directive.
- The enforcement of IPR should be developed at EU level by focusing on civil law matters and questions relating to the criminal enforcement of IPR should be left to the discretion of the Member States.
- Cross border collaboration and judicial assistance between the judiciaries, police, customs and other authorities should be improved.

#### **Estonia**

- Directive 2004/48/EC has had a positive impact on protecting intellectual property rights in civil law.
- The Directive created a clear legal framework for enforcing intellectual property rights that provide relatively comparable protection in different Member States.
- Open to proposals regarding the specification of the regulation of collection and preservation of evidence in the Directive, particularly in relation to internet-based evidence.
- In this respect an option of additional and proportional regulation in relation to guaranteeing the preservation of data by service providers (e.g. that a service provider must preserve data for a specific certain period of time after receiving an inquiry from the court) could also be considered.
- No changes necessary with regard to damages and costs.
- With regard to the role and responsibility of intermediaries Estonia supports more effective and uniform application of the existing legislation and, if necessary, the development of cooperation between those who apply legislation, to the establishment of new provisions. No general monitoring obligation for intermediaries.



## B. Position of stakeholders

Issue	Position Rightholders: Copyright	Position rightholders: Other IP	Position intermediaries	Position IP users and civil society
Damages	++	+/o	o	-
Legal costs	+	+	+/o	o
Safeguards against abuse	-	o/-	o	++
Define intermediary	++	+	-	o/-
Injunctions against repetitive infringements	++	+/o	--	-
Codes of conduct	+	+	+	+
Digital evidence	+	+	o	o
Consider evidence cross border	++	o	-	-
Harmonise conditions for injunctions	++	o	o	o
Define scope of IPRED	+	+	o	o
Specialised courts	++	++	+	+
Upstream access to evidence	++	+	o	-
Legal standing for collective bodies	++	+	o	o

