



European Communities Trade Mark Association

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ECTA SUBMISSION FOR THE PUBLIC CONSULTATION ON THE PROTECTION AND ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS IN THIRD COUNTRIES

I. INTRODUCTION

In the framework of the European Union's Strategy for the Enforcement of Intellectual Property Rights in Third Countries, the European Commission (DG Trade) has launched a public consultation in order to gather information on the state of intellectual property and enforcement in non-EU countries.

In this paper, we distinguish between third countries in which the state of IPR protection and enforcement gives rise to some level of concern and should be included on the list of the „priority countries“ for the next two years, and those in which no major problems arise and which should not, therefore, be added to the list.

Kindly note that ECTA members come from a variety of jurisdictions from within and outside of the EU, however, ECTA governing bodies are composed exclusively of EU members and only EU members (ordinary members) have the voting rights within the ECTA structure. Considering this, even though ECTA was able to source the information from its non-EU members included in this submission (compilation), it is not possible for ECTA to verify the accuracy of such input via the usual ECTA review and approval procedures as is done for other ECTA papers and submissions which concern the EU relevant issues. Nevertheless, we consider that the enclosed information would be useful to the European Commission, but we at the same time encourage the European Commission to verify the information provided through its other available sources.

II. COMMENTS

1. ALBANIA

- (i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs**

In general, Albanian legislation on IP is in accordance with EU legislation.

- (ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement**

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Procedural deficiencies: The National Market Surveillance Inspectorate (NMSI) is active, however, the procedures conducted by them are rather deficient and ineffective. In particular, their activity is limited only to imposing fines on the infringers without actually seizing the suspected products. The NMSI does not provide detailed information about the enforcement actions taken. It only informs the complainant about the action undertaken against the suspicious businesses and the penalty given to the infringer, without specifying the violation or the amount of the fine imposed.

Lack of expertise: Judges at the local courts and examiners at the PTO still need to be properly trained in the field of IP law. The lack of expertise has resulted in many court decisions that are inconsistent with the law.

Corruption: The level of corruption is **high** in Albania, which also has a negative impact on IPR protection and enforcement.

Lack of political will: It is obvious that the government is not willing to provide sufficient support to the authorities in charge of IPR protection and enforcement.

Lack of awareness: The local businesses and general public have little knowledge of IPRs.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The local Customs authorities are slow to act and seize counterfeit goods. When they do take action, it takes years before the goods are finally destroyed.

The judges in the local courts do not have sufficient knowledge in the field of IPRs. There are no specialised panels in this field. The judges lack proper training and specialisation.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

There is a lack of transparency in the communication between the rights holders and the administrative bodies.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

A concrete timeframe should be prescribed under national Customs law regarding the destruction of counterfeit goods once authorisation to proceed with the destruction has been given.

The Police and the prosecutor's office should be more active in combating IP crimes.

The courts at all instances should establish specialised panels of judges trained in IP.

Online databases containing information on trade marks, designs, patents, etc. should be created and managed by the local PTO.

(vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed

Within the last two years, Albania has made significant progress regarding the legislative and administrative reforms on IPRs.

A new IP Strategy for 2016-2020 was approved in 2016, which defines the actions to be undertaken by each state authority in charge of IPR protection and enforcement, in order to make the procedures more effective and improve the cooperation between the administrative bodies on IPR protection.

(vii) Conclusion

We believe that Albania should be included on the list of the “Priority 3” countries.

2. ASIA (Mainland China and Hong Kong)

Some of our members have recently experienced difficulties in the course of dealing with trade mark matters in Mainland China and Hong Kong.

(i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

There used to be no provision in the Chinese Trademark Act prohibiting bad-faith filing of trade marks that are identical/similar to trade marks that are well-known or famous only in foreign countries. In our view, this was not compatible with international norms or standards in the trade mark area. By contrast, the Japanese Trademark Act, for example, does have such a provision (Article 4(1) (XIX) of the Trademark Act). Fortunately, the Chinese Trademark Act has recently been amended to solve this issue (see below under (vi)). However, it remains to be seen how the new provisions will be applied.

(ii) Practical challenges and limitations (such as procedural deficiencies, backlogs, non-deterrent level of sanctions, lack of expertise, corruption, lack of political will, lack of awareness and lack of transparency) which have a negative impact on IP protection and enforcement

The Chinese authorities have been showing signs of improvement in the last years (see point (vi) below). However, it is still complex for foreign enterprises at times to obtain satisfactory results for a variety of reasons, including, among others, a lack of real awareness of local practices concerning Intellectual Property and difficulties to produce *ad hoc* evidences for

supporting their proceedings in local courts. Moreover, there are differences in implementing the laws in different regions, with difficulties and challenges such as local protectionism and lack of awareness of the importance of protection IPRs in some less developed areas in western China. It is hoped that those issues will be resolved gradually along with the improvement of China's legal system and the initiatives aimed at raising awareness of the need to strengthen IPR protection.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs (e.g. IP offices, customs, police and courts)

Mainland China:

In November 2018, Ryohin Keikaku Co.,Ltd. a famous Japanese retail company, lost a trade mark infringement case in Mainland China filed by a Chinese free-riding trader who has been doing business under a similar trade mark to that of Ryohin Keikaku.

This case is now at the appeal stage. It remains to be seen whether the first-instance ruling will stand in appeal.

Hong Kong:

The Hong Kong Registry faces challenges in dealing with so-called 'shadow companies', i.e. companies incorporated under a name which is identical or similar to a third party's trade name or trade mark, without permission from the owner of that trade name or trade mark. Such 'shadow companies' are not doing business in Hong Kong and are set up only for the purpose of preventing a rights holder from tracking its counterfeiting conducts in Mainland China.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

The legal system in Mainland China is not always capable of protecting the interests of foreign companies, because it sometimes puts an emphasis on China's own state interests rather than foreign companies' interests without any sense of reciprocity and fairness. As this approach might come from cultural and historical backgrounds linked to Mainland China, it might not be easy for some Chinese people to truly understand by themselves the concepts of reciprocity and fairness.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

It appears from the annual statistics published by DG TAXUD regarding the application of Regulation (EU) No 608/2013 on the customs enforcement of IPRs that counterfeit and pirated goods entering the EU mostly come from Mainland China. Those goods have a great

negative impact on the EU economy. Although many efforts on tackling this issue have been made so far, it is not easy to fix this issue.

Since around October 2018, the United States has now been taking a decisive stance against Mainland China in terms of IPR protection. This stance is expected to last for several years, taking into account that both the Democrats and Republicans seem to agree with it. The EU should take this opportunity to work together hand-in-hand with the US toward a common vision of ensuring protection of its IPRs.

The EU should also take a leading role in pushing the authorities in Mainland China to take strong measures against counterfeit goods during the possible discussions regarding the so-called 'Belt and Road Initiative'. In the light of the fact that many counterfeit goods are currently coming from China, this Initiative could massively increase the number of counterfeit goods along the Belt and Road coming into the EU, unless strong measures are taken by the Chinese authorities.

In its resolution of 12 September 2018 on the state of EU-China relations, the European Parliament prompted the Chinese authorities to take measures to strengthen the protection of IPRs:

'23. Welcomes the commitments made by President Xi Jinping to further open up the Chinese market to foreign investors and improve the investment environment, to complete the revision of the negative list on foreign investment and lift restrictions for European companies, and to strengthen the protection of intellectual property rights and level the playing field by making the PRC's market more transparent and better regulated; calls for the fulfilment of these commitments;'

"37. Notes with concern the conclusions of the Commission's report on the protection and enforcement of intellectual property rights in third countries, which singles out the PRC as the chief concern; reiterates the need to ensure protection for the European knowledge-based economy; calls on the PRC to fight the illicit use of European licences by Chinese companies;'

(vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed (e.g. legislative or administrative reforms, structural reorganisations such as the establishment of specialised IP courts, new IP strategies, training programmes, awareness raising campaigns and cooperation with rights holders)

- The Chinese authorities have been showing signs of improvement in the last years resulting in higher damages awarded for infringements and new judicial instruments available also to foreign enterprises on a wider range of issues faced in the jurisdiction (including trade mark infringements, unfair competition issues as well as online sale of counterfeit products). Additionally the latest administrative reorganisation (i.e. recent institution of CNIPA - China National Intellectual Property Administration) and developments of the competent courts in charge of evaluating such infringements (i.e. new specialised IP Courts, currently 19 around the country),

are expected to result into swifter and more competent enforcement results and decisions in the future.

- The cheap costs associated with trade mark filings has been one of the factors resulting in massive bad-faith applications in Mainland China (many Chinese people think that a trade mark application is a kind of low-cost financial product). Still today, many trade mark applications are filed without any intention of using the trade mark, and then the registrations are sold at a higher price. Fortunately, the Chinese Trademark Law has been amended to provide trade mark holders with a new ground of action based on bad-faith filing: a new provision (Article 4) prohibits the filing of trade mark applications without the intention of use. This amendment will enter into force on 1 November 2019. The EU should ascertain if the new provision works adequately within a proper timeframe.

(vii) Conclusion

Mainland China and Hong Kong are known as “the world’s factories” and, as such, they continue to play an important role in counterfeiting and piracy. While a great work has been done in the framework of the bilateral dialogues and exchanges between the EU and China, and China has been doing a lot (in practice far more than other countries) to strengthen IPR protection over the years, we believe it is still too early to remove Mainland China and Hong Kong from the list of “Priority 1” countries in the Strategic Plan for the next two years. Although the improvements achieved so far seem to us, as practitioners, encouraging, there are still aspects that need to be further improved. The lack of effective customs checks along the Belt and Road is one of the most worrying issues.

3. BOSNIA AND HERZEGOVINA

- (i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs**

The Bosnian Law on Trademarks prescribes a **statute of limitation** for filing a trade mark infringement claim by stating (in Article 85) that an action for the infringement of a trade mark, or for the infringement of rights conferred by a trade mark application, may be brought within a period of three years from the day on which the plaintiff learned of the infringement and the infringer, and not later than five years from the day on which the infringement was committed for the first time.

- (ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement**

Procedural deficiencies: The local courts are very slow. The proceedings usually last for more than three years and the hearings are often delayed for procedural reasons.

Backlogs: Both the courts and the PTO are facing backlogs, which makes legal proceedings very lengthy.

Lack of expertise: Judges at the local courts and examiners at the PTO are not properly trained in the field of IP law. Such lack of expertise has resulted in many court and administrative decisions that are against the law and/or inconsistent with the CJEU's case-law.

Corruption: The level of corruption is **high** in Bosnia and Herzegovina, which also has a negative impact on IPR protection and enforcement.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The Police and the public prosecutor's office are very slow and often unwilling to fight IP crimes.

The decisions issued by the PTO usually lack proper explanation regarding the reasons for their issuance, which prevents the creation of consistent practice.

The Customs authorities are highly inefficient when it comes to seizing counterfeit/pirated goods. They are seizing very low amounts of counterfeit/pirated products and also charging rights holders high storage and destruction costs.

The judges in the local courts do not have sufficient knowledge in the field of IPRs. There are no specialised panels in this field, so the judges lack proper training and specialisation.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

Bosnia and Herzegovina is divided into three entities with different procedural rules and practice by the administrative bodies. Sometimes the administrative bodies from the different entities are not supporting and communicating with each other as much as they should, which is widely exploited by counterfeiters.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

The Customs authorities should be more active in seizing counterfeit products.

The Police and the prosecutor's office should be more active regarding IP crimes.

The courts at all instances should establish specialised panels of judges trained in IP.

The PTO should increase the number of examiners and the examiners should be trained and educated.

(vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed

N/A.

(vii) Conclusion

In light of the foregoing, we believe that Bosnia and Herzegovina should be included on the list of the “Priority 3” countries.

4. CANADA

Canada has made significant changes to its IP laws in the last five years. Of particular note is the fact that Canada and the EU signed the CETA, which entered into force on 21 September 2017. CETA included a number of IP provisions. Accordingly, we suggest waiting to see how the changes in law are interpreted by the Courts before further changes are required.

(i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

Canadian legislation in the field of IP is in line with international norms and standards.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

The following challenges can be identified:

- There is currently a backlog in the Canadian Intellectual Property Office. Canadian Trademark applications are often not reviewed until approximately 14 months after filing. This means that applications will usually not proceed to registration until 2 years after filing.
- The Canadian Trademarks Act (including the Act coming into force on 17 June 2019) does not have statutory trade mark damages. This means that the calculation of damages for counterfeit products is a more involved process.
- The Canada Border Services Agency (CBSA) process can prevent counterfeit products from entering Canada. However, the process does not stop products that infringe industrial designs. The only IPR reviewed by the CBSA are copyright and registered trade marks.

- No simplified destruction procedure of customs remedies is available: when goods are seized by CBSA a judicial determination (or settlement) is required before the goods are destroyed.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

Please see the list above under (ii).

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

N/A.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

We suggest waiting to see if the new changes to Canadian law (see below under (vi)) impact the challenges and deficiencies listed above.

(vi) A description whether and to what and to what extent progress has been made over the last 2 years by the countries listed

Canada has made significant changes over the last number of years. In summary, the changes are:

- Combating Counterfeit Products Act (CCPA): Received Royal Assent on 9 December 2014. Some of the most significant changes are:
 - Trademarks Act includes criminal provisions;
 - Trademarks Act includes prohibition against selling known counterfeit goods on a commercial scale and knowingly manufacturing, importing or exporting such goods;
 - Trademarks Act includes provisions making the infringers liable for more significant fines and possibly imprisonment;
 - Copyright Act was amended to include prohibition against the exportation of counterfeit copyrighted goods;
 - Canadian Border Services Agency (CBSA) has been given the power to seize and detain counterfeit products when a Request for Assistance has been filed;
- Canada-EU Comprehensive Economic and Trade Agreement (CETA): Entered into force in Canada on 21 September 2017. Of particular note is the fact that Canada made changes to the protection of geographic indications.

- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): Entered into force in Canada on 30 December 2018. Canadian trade mark law was substantially in compliance.
- Economic Action Plan, No.1: Provisions come into force June 17, 2019. Some of the most significant changes are:
 - Canada is eliminating the use requirement when filing trade mark applications. It is expected this will result in a rise in trade mark squatters and pirates;
 - Expanded definition of marks that can be protected.
- USMCA (not yet in force): Some of the expected changes to Canadian law are:
 - Increased copyright term to 70 years following the life of the author;
 - Border measures for in-transit shipments; and
 - Administrative process added to address geographical indications.

(vii) Conclusion

In our opinion, Canada should not be given a high priority either in the next Strategy.

5. KOSOVO

(i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

In general, Kosovo's laws on IP are in accordance with EU legislation.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

Bearing in mind that Kosovo is a newly established country and that the local PTO and other administrative bodies in charge of IPR protection and enforcement were established about 11 years ago, rights holders are still facing many practical challenges. The most significant challenges are the following:

- **Backlog:** Since 2008, when a large number of trade marks were revalidated from Serbia, the newly established PTO has had neither the capacities nor the appropriate workflows and procedural rules for handling that volume of work. This has created the huge backlog that is now a significant obstacle to effective proceedings at the PTO. As a consequence, many trade mark applications and revalidation requests as well as oppositions have remained unexamined or unresolved to this day. This backlog continues to be a major problem that affects not just the effectiveness of the PTO but also prevents other administrative bodies from taking effective enforcement actions

(i.e. many trade mark applications have been pending for more than 10 years and it is not possible to effectively enforce them until they are registered).

- Lack of expertise: Judges at the local courts and examiners at the PTO still need to be properly trained in the field of IP law. Such lack of expertise has resulted in many court decisions that are inconsistent with the law.
- Corruption: The level of corruption is **very high** in Kosovo, which also has a negative impact on IPR protection and enforcement
- Lack of political will: Many high-ranked officials in the local PTO and other administrative bodies were elected politically despite the fact they lacked professional qualifications. The consequence of this practice (which is still happening today) is ineffective leadership of the administrative bodies dealing with IPR protection and enforcement.
- Lack of awareness: The local businesses and general public have little knowledge of IPRs.
- The issue of Kosovo's UN membership: Kosovo is still unable to become a member of the UN, which prevents it from entering into the international agreements regarding IPRs (e.g. The Paris Convention and related agreements). This makes effective IPR protection in Kosovo even more difficult.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The local PTO does not have a proper structure and allocation of staff and other resources. Most of the staff are working on trade marks, few (not to say only one) in patents, and no staff have been assigned to work on designs. Moreover, there is no publicly available online database of registered IPRs.

The judges in the local courts do not have sufficient knowledge in the field of IPRs, especially because some judges with more experience have retired and some new inexperienced judges were recently elected. Therefore, the judges lack proper training.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

N/A.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

The number of examiners at the PTO should be raised and the examiners should attend more training courses.

The backlog at the PTO should be dealt with by either forming a department working exclusively on IPRs, or by increasing the number of examiners in the trade marks department.

Better coordination and joint activities of the PTO and enforcement bodies would help to raise awareness of IPRs among the public and strengthen IPR protection and enforcement.

The courts at all instances should set up specialised panels of judges trained in IP.

Online databases containing information on trade marks, designs, patents, etc. should be created and managed by the local PTO.

(vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed

Budget: Based on the local PTO Annual Report from 2018, an extra budget was assigned for issuing decisions and conducting other administrative work. This change has a positive effect, since in 2018 and 2019 more decisions granting industrial property rights were issued by the PTO.

Digitalization: The PTO has:

- made available an electronic form for issuing invoices to be paid by rights holders;
- started digitalization of the archive and scanning of trade mark applications;
- made available an electronic database that, even though it does not contain all the information needed, is greatly helping rights holders (and their representatives) to access the necessary information in an easier way. The process of digitalization is still ongoing.

Training courses and awareness: In the last two years some training courses were organised by the PTO (in particular on designations of origin and industrial designs in 2018). Moreover, in 2018 and 2019 the PTO launched awareness-raising campaigns that received significant attention from the local media.

(vii) Conclusion

In light of the foregoing, we believe that Kosovo should be included on the list of the “Priority 3” countries.

6. NORTH MACEDONIA

(i) Legal provisions (with the titles of legal acts as well as their respective articles and paragraphs) which, in your view, are not compatible with

international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

The North Macedonian legislation in the field of IP is in line with international norms and standards.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

Procedural deficiencies: The local Customs authorities are initiating criminal procedures for almost every seizure, which prevents effective destruction of the goods seized by Customs. Instead the goods remain detained until the criminal proceedings are finally resolved, which can take years.

Backlogs: The local PTO is facing a huge backlog, which is slowing them down significantly.

Lack of expertise: The judges at the local courts and the examiners at the PTO are not properly trained in the field of IP law. This lack of expertise has resulted in many court and administrative decisions that are inconsistent with the law and/or the CJEU's case-law.

Corruption: The level of corruption is **very high** in North Macedonia, which also has a negative impact on IPR protection and enforcement.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The Customs authorities are highly inefficient when it comes to seizing counterfeit/pirated goods. They initiate criminal proceedings for almost every seizure, which delays the destruction process.

The Police and other enforcement bodies are only acting upon the rights holder's request, which has resulted in a significant increase of counterfeit/pirated goods on the local market.

The judges in the local courts do not have sufficient knowledge in the field of IPRs. There are no specialised panels in this field. The judges lack proper training and specialisation.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

N/A.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

The Customs authorities should be more active in seizing counterfeit/pirated products and more efficient in destroying them.

The Police and the public prosecutor's office should combat IP crimes more actively.

The courts at all instances should establish specialised panels of judges trained in IP.

The PTO should increase the number of examiners and these examiners should be properly trained and educated.

- (vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed (e.g. legislative or administrative reforms, structural reorganisations such as the establishment of specialised IP courts, new IP strategies, training programmes, awareness raising campaigns and cooperation with rights holders)**

N/A.

- (vii) Conclusion**

In light of the foregoing, we believe that North Macedonia should be included on the list of the "Priority 3" countries.

7. MEXICO

- (i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs**

While there are no specific legal provisions (acts or laws) that are directly "incompatible" with international IP enforcement norms or standards, in the sense that any such legal provisions would hinder or could otherwise be considered as an obstacle to the effective enforcement of IPRs, there are a number of laws that are lacking or should be heavily revised to foresee more efficient procedures and endow the authorities with sufficient legal powers to act in this specific area, including, amongst others, the Industrial Property Law, Customs Law and Federal Civil Procedure Code.

- (ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement**

Ineffective IP enforcement, particularly for counterfeit goods and online piracy, remains a significant challenge in Mexico. Pirated and counterfeit goods are widely available in Mexico, both online and at notorious physical marketplaces, such as Tepito in Mexico City and San Juan de Dios in Guadalajara, and the steps taken towards enforcement against suspected infringing goods at the border remains hampered by overly restrictive policies. Mexico continues to be one of the top countries for the online sharing of infringing video game files and music piracy online, including via unauthorised stream-ripping.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

Although Mexico ratified the WIPO Internet Treaties in 2002, Mexico has yet to enact effective legislation to protect against the circumvention of Technological Protection Measures (TPMs). The investigation and prosecution of IP crimes (particularly regarding online IP crimes) continues to be grossly inadequate, due in part to continued government-wide budget cuts. Patent infringement proceedings are lengthy, and stakeholders report concerns about insufficient protection against damages. In administrative procedures concerning infringement, preliminary measures can be lifted without any burden of proof on the alleged infringer if the latter posts a counter-bond, which makes injunctions against continued infringement ineffective. Furthermore, as of this date Customs officials have no legal powers to investigate, detain or otherwise exert a cautionary measure in the import/export operation involving IP-infringing merchandise.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

Mexico has yet to improve coordination among federal and local (State) officials, as IP crimes and infringements continue to be only a matter of Federal jurisdiction. Furthermore, as of this date Customs officials have no legal powers to investigate, detain or otherwise exert a cautionary measure in the import/export operation involving IP-infringing merchandise.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

It would be appropriate to devote additional resources to IPR enforcement, including the training of qualified professionals (prosecutors, expert witnesses and police) and quality investigations that would lead to effective IP-crime related prosecutions, considering that a significant part of such crimes are related to organised crime syndicates and other violent crimes. Moreover, the existing laws should be amended to impose penalties (both in terms of fines and imprisonment) that are more effective at serving as deterrents against infringers.

(vi) A description whether and to what and to what extent progress has been made over the last 2 years by the countries listed

Some progress has been achieved as the Customs authorities have developed an improved trade mark recordation system and launched a system to provide seizure information and automated notifications to rights holders. The Specialised IP Unit has also increased seizures and arrests.

Regarding legislative efforts, in May 2018 Mexico passed amendments to the Industrial Property Law to strengthen the trade mark opposition system and provide protection for non-traditional marks. Mexico has also made some progress toward much-needed legislative

initiatives to enhance seizure authorities and improve Customs procedures, and to amend the Criminal Code to include camcording as an offence without the need to prove commercial profit.

Mexico should urgently amend several laws to provide its Customs officials with full authority to take action 'ex officio' against counterfeit, pirated or other IP-infringing merchandises that are being introduced or imported into the country, especially addressing the much-debated issue of "in-transit" or "transshipped" counterfeit or pirated goods.

(vii) Conclusion

In our opinion, Mexico should be added to the list of "Priority 1" countries, given the size of the market.

8. MONTENEGRO

(i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

Montenegrin legislation in the field of IP is pretty much in line with EU law.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

Procedural deficiencies: The local courts are very slow. The proceedings usually last for more than three years and the hearings are often delayed for procedural reasons.

Lack of expertise: The judges in the local courts still need to be properly trained in the field of IP law. Such lack of expertise has resulted in many court decisions that are inconsistent with the law.

Corruption: The level of corruption is **high** in Montenegro, which also has a negative impact on IPR protection and enforcement.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The Police and the public prosecutor's office are very slow and often unwilling to fight against IP crimes.

The judges in the local courts do not have sufficient knowledge in the field of IPRs. There are no specialised panels in this field. The judges lack proper training and specialisation.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of

counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

Despite being a transit country with several big harbours, Montenegro has done very little to stop counterfeit or pirated goods coming from Turkey *en route* to the EU.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

The Customs authorities should be more active in seizing counterfeit and pirated products.

The Police and the public prosecutor's office should be more active in combating IP crimes.

The courts at all instances should establish specialised panels of judges trained in IP.

(vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed

Several training programmes have been organised by the local PTO in the last couple of months.

(vii) Conclusion

In light of the foregoing, we believe that Montenegro should be included on the list of the "Priority 3" countries.

9. PARAGUAY

(i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

There are no legal provisions colliding with international norms and standards in the area of IP.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

Although the legislation in this field can always be improved, Paraguay is the only country in the region with Public Prosecutor's Offices specialised in IP. As practical challenges, we note that judges are not keen to impose substantial fines on infringers.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The fines imposed in court are not a sufficient deterrent for infringers. Specialised IP courts should be promoted.

- (iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders**

The level of awareness is continually rising, so governmental institutions are enhancing their cooperation and filling the gaps in the observance of IPRs.

- (v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU**

The EU could increase its attention and funding towards the continued training of judges, and the Judiciary as a whole.

- (vi) A description whether and to what and to what extent progress has been made over the last 2 years by the countries listed**

Recently, the Customs authorities have restructured their organisation to be more inclusive in their operations and achieve even more meaningful results.

- (vii) Conclusion**

Whereas there is room for improvement, we do not believe that Paraguay should be added to the lists of priority countries for the next 2 years.

10. PERU

- (i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs**

In our opinion, the problems affecting the effectiveness of the protection and enforcement of IPRs in Peru do not result from an incompatibility between national legal provisions and international norms/standards in the area of IPRs. In fact, the relevant legislation on IPRs in Peru (and in the Andean Community region; see Decision 486 - Common Industrial Property Regime for the Andean Community) has been designed in accordance with international treaties/norms/standards in the area of IPRs. Also, it is not a problem of lack of legal provisions regulating IPRs in Peru, since in Peru such regulation does exist and is quite complete.

As to the ineffectiveness of the protection and enforcement of IPRs in Peru, we consider that the core issue in this area is that the competent authorities in Peru interpret and apply the law in an inadequate manner.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

On the part of the competent authorities, there is an inappropriate interpretation and application of IP regulation. In most cases these deficiencies are due to a lack of knowledge and expertise (for instance, in the handling of non-traditional trade marks and their protection). A noticeable case is the handling of colour marks. Even though paragraph e) of Article 134 of Decision 486 expressly provides for the protection of colour marks, the appeal instance of the Peruvian Trademark Office (PTO) has taken the position that colour marks as such are not recognised by current trade mark legislation and colours *per se* can only be registered as a device mark. The PTO confuses or does not distinguish between ‘colour marks’ and ‘marks with colour’.

Also, regarding the lack of knowledge and expertise of the competent authorities, another problem encountered frequently is the non-compliance of and/or deviation from supranational criteria and case-law regarding IP.

The penalties imposed by the competent authorities upon infringers are not dissuasive.

No ‘ex officio’ control/monitoring activities are carried out by the competent authorities for the purposes of protection/ enforcement of IPRs.

There is also a lack of transparency. The PTO is very keen and proactive in publicising its achievements regarding the increase in the number of trade mark registrations. However, quite the opposite is the case when it comes to its achievements and efficiency in connection with trade mark infringement proceedings. In this regard, the PTO does not show any interest in actively promoting the collecting and publicising of data regarding the results of infringement proceedings. Recently we made a formal request to the PTO asking it for a list of the infringement proceedings regarding non-traditional trade marks, and in reply to our request we received a letter from the PTO informing us that it does not have the requested information. The absence of such information represents a problem of transparency, since the results of the infringement proceedings constitutes an important indicator as to whether or not there is an effective enforcement of IPRs, and the lack of such data poses difficulties for gaining clarity as to the effective work on the protection and enforcement of IPRs in Peru.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

In many cases infringers achieve having the fines imposed upon them by the PTO in the first instance being reduced by means of an appeal to the PTO’s appeal process, with the result that for the infringer it is more “cost-effective” to pay the fine and continue infringing third-party’s IPRs rather than stopping the infringing activities. Within this context, the payment of fines becomes a sort of “associated cost” and is part of the infringer’s commercialisation strategy.

In Peru there are several known points of sale of counterfeit and/or pirated goods; however, the competent authorities (IP Office, Customs, Police) do not undertake any continuous 'ex officio' actions to inspect and effectively put pressure on these points of sale. Among the authorities there is an absence of an institutionalised 'zero tolerance' policy towards piracy and counterfeiting activities.

Only 5% of all PTO appeal decisions challenged before the judiciary are overturned. Basically, this situation is due to very little knowledge about IP matters among judges who, given their scarce knowledge and expertise in matters of IP, are very likely to follow the position taken by the PTO's appeal decision. With the result that the vast majority of all PTO appeal decisions challenged before the judiciary are confirmed.

- (iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders**

The level of cooperation between the competent authorities and trade mark owners is low.

The authorities are permissive towards piracy and counterfeiting activities; in certain regions of Peru these activities represent the households' main income and function as the main source of employment.

- (v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU**

The problems set out in the paragraphs above show that Peru does not comply with the obligations established in the Free Trade Agreement between Peru and the EU (Title I, Chapter 2, Article 4, paragraph g), in particular regarding the adequate and effective protection of IPRs, in accordance with international standards.

These deficits have been addressed by European corporations in the course of negotiations to accept Peru's planned accession to the OECD.

- (vi) A description whether and to what and to what extent progress has been made over the last 2 years by the countries listed**

In recent years the Peruvian government has launched several campaigns intended to inform people in Peru and raising people's awareness about the value of IP, its relevance in Peru's economic and enterprise development and the severe economic damages resulting from piracy, counterfeiting and smuggling activities in Peru. One of the most important information campaigns was the national information campaign "BUY LEGAL, BUY ORIGINAL", presented in the media and on social networks, especially Facebook and Twitter, but also on YouTube and other online platforms.

In addition, the Peruvian government, through the Ministry of Production, also financed in Peru a series of nationwide workshops, training programmes and seminars with the purpose

of training and qualifying the personnel of the different public entities that are actively involved in the fight against counterfeiting and Customs offences in Peru.

(vii) Conclusion

Considering the above, we believe that Peru should be added to the list of “Priority 3” countries for the next 2 years.

11. SERBIA

(i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs

The Serbian Law on trade marks¹ contain the following provisions that negatively affect the commercial exploitation of IPRs:

- According to Article 26, paragraph 1, both absolute **and relative** grounds for refusal are examined by the PTO. Thus, Serbia is the only country in Europe with no opposition system in place.
- According to Article 38, paragraph 3, point 3, the **placing of goods in transit does not amount to a trade mark infringement**. In this regard, this provision is not in line with Article 10(4) of the EU Trade Mark Directive.
- According to Article 74, paragraph 1, there is a **statute of limitations** for filing a trade mark infringement action setting the maximum time limits at three years as from the day on which the plaintiff became aware of the infringement and the infringer, but not later than five years from the day of the first infringement.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

Procedural deficiencies: The local courts are very slow to handle petitions for injunctive relief. They usually take more than 6 months to grant it and almost never issue a motion *ex parte*.

Lack of expertise: The judges in the local courts still need to be properly trained in the field of IP law. Such lack of expertise has resulted in many court decisions that are inconsistent with the law.

Corruption: The level of corruption is **high** in Serbia, which also has a negative impact on IPR protection and enforcement.

¹ As last amended on 30 January 2013 (Official Gazette of the Republic of Serbia No 104/09 and 10/2013); in force since 7 February 2013.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The Police and the public prosecutor's office are very slow and often unwilling to fight against IP crimes.

The judges in the local courts do not have sufficient knowledge in the field of IPRs. There are no specialised panels in this field. The judges lack proper training and specialisation.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

The practice of the local PTO has become very inconsistent in the last couple of years. In some cases, it is completely contrary to the CJEU's case-law and the practice of the EUIPO.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

The legislation in the field of trade marks should be changed as soon as possible to amend the legal provisions above.

The PTO should align with the EUIPO's practice.

The Police and the public prosecutor's office should be more active in combating IP crimes.

The courts at all instances should establish specialised panels of judges trained in IP.

(vi) A description whether and to what extent progress has been made over the last 2 years by the countries listed

There is a slow but visible increase in the effectiveness of the Customs enforcement procedures and the procedures of IPR enforcement followed by the Market Inspectorate.

Only recently has the Supreme Court (Court of Cassation) issued a ruling under which the unauthorised parallel importation of trade mark goods is recognised as a trade mark infringement.

(vii) Conclusion

In light of the foregoing, we believe that Serbia should be included on the list of the "Priority 3" countries.

12. UNITED STATES

In our opinion, the United States (“US”) should not be given priority by the European Commission. No practical challenge/limitations have been identified in those jurisdictions, except as specified below, which have a negative impact on IPR protection and enforcement; and it has few or no deficiencies of administrative and judicial mechanisms. There are also no systemic problems on remedies for counterfeiting and piracy and the level of cooperation between enforcement authorities and rights holders is high.

- (i) **Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs**

The legal provisions of the US in the area of IP are compatible with international norms and standards.

The following laws and regulations in the US deal with trade mark protection and enforcement:

Lanham Act and The Trademark Counterfeiting Act

While there are other state and federal laws that address counterfeiting in the US, the US anti-counterfeiting regime is primarily grounded on two distinct federal statutes, namely: **(i) the Lanham Act (15 USC § 1051)**, which addresses the establishment of trade mark rights as well as provides civil remedies for trade mark infringement and counterfeiting; and **(ii) the Trademark Counterfeiting Act 1984 (18 USC § 2320)**, which makes violating the Lanham Act’s anti-counterfeiting provisions a federal criminal offence.

In accordance to **Section 45 (15 USC § 1127)** of the Lanham Act, a counterfeit mark is defined as a “spurious mark which is identical to or substantially indistinguishable from a registered mark”. Therefore, the ownership of a valid US trade mark registration is a prerequisite to making a successful counterfeiting claim under US law. In light of the above definition, liability for counterfeiting also requires a higher degree of similarity than mere trade mark infringement cases, which often apply the ‘likelihood of confusion’ standard. In order to qualify as counterfeit, the accused trade mark must be “identical or substantially indistinguishable” from another’s registered trade mark. If such prerequisites are fulfilled, additional remedies are available that do not apply to ordinary trade mark infringement. In addition, criminal enforcement and border measures are available to combat counterfeit marks.

US Customs and Border Protection

US Customs and Border Protection (CBP) is the primary federal agency responsible for addressing counterfeit goods at the US border, having the authority to examine, inspect and search all persons, baggage, vessels, vehicles, cargo and merchandise entering the US for any breach of US law (**19 USC §§ 1581, 1582**).



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The CBP's regulations incorporate the Lanham Act's definition of counterfeiting and provide for the detention of any goods that bear a suspected counterfeit trade mark (**19 CFR § 133.21**). On identifying suspected counterfeit goods, the CBP will notify the importer within five days that it has detained suspected goods. Further, the importer will have seven days to respond by showing the CBP that the mark is not counterfeit. If the importer cannot demonstrate that the mark is not counterfeit or fails to submit a reply, the CBP may notify the trade mark owner, requesting him to assist in the examination of the detained goods. If the CBP finds that the detained goods are indeed counterfeit, the goods will be seized and forfeited. In addition, the CBP may impose a civil monetary penalty against the importer.

In order to benefit from this procedure, a trade mark owner should record its US trade mark registration with the CBP, which can be done online. Trade mark owners are also encouraged to offer seminars as well as provide additional information (e.g.: the names of authorized licensees and manufacturers; the name of prior infringers; elements that may help to differentiate authentic goods from counterfeits etc.) that can help CBP's agents to identify counterfeit goods.

Furthermore, US Immigration and Customs Enforcement (ICE), which has the mission to protect America from the cross-border crime and illegal immigration that threaten national security and public safety, plays a key role in tackling counterfeiting. For instance, recently, ICE agents seized more than 181,000 counterfeit items worth nearly \$43 million in Laredo, Texas, considered the biggest counterfeit seizure for ICE's Homeland Security Investigation (HSI) in the area.

Moreover, it is also important to mention the National Intellectual Property Rights Coordination Center (IPR Center), which stands at the forefront of the US Government's response to global IP theft. The mission of the IPR Center is to ensure national security by protecting the public's health and safety, the US economy, and the war fighters, and to stop predatory and unfair trade practices. In order to achieve this goal, the IPR Center brings together the key US investigative agencies involved in the federal criminal enforcement of IP laws in a task force setting. Partner agencies include the above-mentioned CBP and ICE as well as many others, such as: Federal Bureau of Investigation, Food and Drug Administration, US Postal Inspection Service, Department of Commerce International Trade Administration, US Patent and Trademark Office, Naval Criminal Investigative Service, Defense Criminal Investigative Service, US Army Investigative Command-Major Procurement Fraud Unit, General Services Administration-Office of Inspector General, Consumer Product Safety Commission, Defense Logistics Agency-Office of Inspector General, INTERPOL, Royal Canadian Mounted Police and the Government of Mexico Tax Administration Service. We also work closely with the Department of Justice (DOJ) Computer Crime and Intellectual Property Section.

International Trade Commission

The US International Trade Commission (ITC), a quasi-judicial agency composed by administrative law judges, can also issue exclusion orders to block counterfeit goods from entering the US borders. Under **Section 337 of the Tariff Act 1930 (19 USC § 337)**, a US trade mark owner with sufficient domestic industry activities may file a complaint seeking an



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exclusion order from the ITC. On receipt of a complaint, the ITC will conduct an investigation of the alleged importation of counterfeit goods into the US. The trade mark owner, the accused counterfeiter as well as the ITC-appointed investigative attorney, who represent the public interest, participate in the investigation. With a few differences, this proceeding is similar to a trial in a US federal court.

At the end of the investigation, the ITC holds an evidentiary hearing to determine whether counterfeiting has occurred or not. If the ITC finds a violation of Section 337, it may issue an exclusion order barring counterfeit products from entry into the US, and/or a cease and desist order against respondents that has significant operations in the US. Although the ITC lacks authority to award monetary damages, it may impose fines for violations of its cease and desist orders. The CBP enforces exclusion orders issued by the ITC, while cease and desist orders are enforced by the ITC.

Criminal prosecution

In order to initiate a criminal enforcement in the US, the trade mark owner can report the crime to various state and federal law enforcement authorities. A trade mark owner may also report counterfeiting to the IPR Centre online at www.iprcenter.gov or by emailing the information to iprcenter@dhs.gov. After receiving a report, investigators will gather evidence of the counterfeiting operation and, once the authorities have satisfactory evidence in the case, they may pursue counterfeiting charges against the accused party through the Justice Department or the US Attorney's Office in the relevant jurisdiction.

If convicted, the defendant will face criminal penalties for intentional or unauthorized use of a counterfeit trade mark. For an individual, the criminal penalties for first-time offenders are up to 10 years' imprisonment and a fine up to \$2 million, and up to 20 years' imprisonment and a fine of up to \$5 million for a repeat offender. For Corporations and other entities, the fine could reach \$5 million for first-time offences and \$15 million for repeat offences (**18 USC § 2320**). Furthermore, convicted counterfeiters are usually ordered to pay restitution to their victims, including the trade mark owners. Moreover, the prosecution may seek enhanced penalties in cases involving criminal counterfeiting of military goods or drugs and for acts of counterfeiting which cause serious bodily injury, including life imprisonment where an individual knowingly or recklessly causes or attempts to cause death in connection with criminal counterfeiting.

Besides prosecuting the manufacturer of the counterfeit goods, Law enforcement may also investigate others who are actively trafficking in counterfeit goods, what can lead the authorities to seize any equipment, property, storage facilities and vehicles associated with the manufacture and transport of counterfeit goods.

Civil enforcement

Considering that trade mark owners have little or no control over timing, level of aggressiveness of the prosecution and other aspects of criminal enforcement and due to limited government resources, they generally choose to seek relief through civil litigation. In a civil case for damages, the trade mark owner may request that the trial be decided either by

a jury or by a judge. Although juries often award higher actual damages and are usually sympathetic to victims of counterfeiting, when facts of the case are complex and/or the measurement of damages complicated, a trade mark owner may prefer bench trials instead.

If the defendants are found liable, the trade mark owner may be awarded actual damages or profits, injunctive relief as well as attorneys' fees. Typically, in intentional acts of counterfeiting without extenuating circumstances, courts are instructed to enter judgment for three times the base profits or damages awarded, whichever amount is greater, along with attorneys' fees.

Civil seizures

As a first step in a civil counterfeiting case, trade mark owners typically request an *ex parte* seizure order (**15 USC § 1116(d)**), which, if granted, can immediately take the counterfeit goods off the market as well as prevent defendants from destroying, concealing or otherwise disposing of the counterfeit goods. As a result, plaintiff can preserve the evidence of counterfeiting and have a more precise determination of damages. To obtain an *ex parte* seizure order, the following must be demonstrated:

- An *ex parte* seizure order is the only adequate remedy for the case;
- The trade mark owner is likely to succeed on the merits of its claim;
- The trade mark owner will suffer immediate and irreparable injury if the seizure is not ordered;
- The harm to the trade mark owner is greater than any legitimate interests;
- The counterfeit goods to be seized will be located at the place identified by the trade mark owner; and
- The counterfeiter will destroy, move or hide the goods if it is given advance notice of the seizure.

The civil seizure request has to be supported by the affidavits produced after the preliminary investigation and are frequently accompanied by requests for a preliminary injunction, temporary restraining order, asset freeze and expedited discovery.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

N/A.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs: Problem with fraudulent foreign trade mark applications

To the extent that the US has any issues with trade mark registration it involves the substantial number of applications filed with the USPTO coming primarily from China and Hong Kong, many of which contain false specimens and/or false information. In order to address that problem, the USPTO is taking the following steps:

Post Registration Audit

The first step that the USPTO is taking to address the problem is the implementation of the post-registration audit pilot program, in which the USPTO is randomly auditing trade mark registrations and requiring trade mark owners to file declarations along with supportive evidence in order to confirm that their trade marks are still being used.

Expedited Cancellation Program

The expedited cancellation pilot program is another tool that is being used by the USPTO to ensure the accuracy and integrity of the Trademark Register. In order to simplify and accelerate the proceedings, the Trademark Trial and Appeal Board (TTAB) is actively selecting recent filed cancellation proceedings with abandonment or non-use claims to participate in the Accelerated Case Resolution (ACR) program.

US Counsel Requirement for Foreign Pro se Applicants

Last but not least, recently, also in order to ensure that what is being filed is accurate, the USPTO has posted a proposed rule change that requires trade mark applicants from outside of the US to hire US licensed attorneys to file and prosecute their applications.

- (iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders**

N/A.

- (v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU**

N/A.

- (vi) A description whether and to what and to what extent progress has been made over the last 2 years by the countries listed**

N/A.

- (vii) Conclusion**

Accordingly, for the above-mentioned reasons, the US should not be given any priority by the European Commission.

13. URUGUAY

- (i) Legal provisions which, in our view, are not compatible with international norms and standards in the area of IP or which otherwise negatively affect the commercial exploitation of IPRs**

We are not aware of any legal provisions that would not be compatible with international norms and standards in the area of IP or which would otherwise negatively affect the commercial exploitation of IPRs.

(ii) Practical challenges and limitations which have a negative impact on IP protection and enforcement

The current backlog that the UPTO is experiencing represents a considerable practical challenge and has a negative impact on IP protection.

(iii) Concrete examples of deficiencies of administrative and judicial mechanisms in the area of IPRs

The most important deficiency in Uruguay is not having IP courts.

(iv) Any other systemic problems in the country concerned, including information on the nature, scope and economic dimension of counterfeiting and piracy as well as on the level of cooperation between enforcement authorities and rights holders

Although the level of cooperation between the judicial authorities and the Customs authorities is acceptable, it should be improved.

(v) Concrete suggestions on how the problems and challenges identified could be addressed by the EU

If possible, the EU should take a leading role in pushing the Uruguayan authorities, especially the Customs authorities, to take stronger measures against counterfeit goods.

(vi) A description whether and to what and to what extent progress has been made over the last 2 years by the countries listed

Law number 19.276 establishes a new modern set of laws for Customs procedures.

(vii) Conclusion

Whereas there is room for improvement, we do not believe that Uruguay should be added to the lists of priority countries for the next 2 years.

14. OTHER JURISDICTIONS

Turkey, Thailand and Ukraine should also be added as “Priority 1” countries; Russia and India should also be considered. In Ukraine, a network of falsified medicines was recently dismantled; the penalties imposed by the courts were very low.

In Africa, the situation regarding fake pharmaceuticals is very worrying. The penalties are usually not very deterrent, and the authors quickly released. However, some countries seem to be aware of the public health issues of falsified medicines. In Cameroon, the situation is particularly deplorable. In the course of legal proceedings in a case involving counterfeit vaccines, one of the seized samples disappeared from the Prosecutor's Office. One of the accused was acquitted and the other was sentenced to 15 month's imprisonment, which is not deterrent given the public health risks.

III. FINAL REMARKS

We hope that this submission is useful to the European Commission. Should you have any questions or require further information, please feel free to revert to us.

ECTA, which was formed in 1980, is an organisation concerned primarily with trade marks and designs. ECTA has approximately 1,500 members, coming from all the Member States of the EU, with associate Members from more than 50 other countries throughout the world. ECTA brings together those practicing in the field of IP, in particular, trade marks, designs, geographical indications, copyright and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house lawyers concerned with IP matters, and other specialists in these fields. ECTA does not have any direct or indirect links to, and is not funded by, any section of the tobacco industry.



The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established ECTA at the highest level and has allowed the Association to achieve the status of a recognised expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
- European Union Trade Mark Regulation and Directive;
- Community Design Regulation and Directive;
- Organisation and practice of the EUIPO.

In addition to having close links with the European Commission and the European Union Intellectual Property Office (EUIPO), ECTA is recognised by WIPO as a non-Government Organisation (NGO).

ECTA does also take into consideration all questions arising from the new framework affecting trade marks, including the globalization of markets, the explosion of the Internet and the changes in the world economy.