



European Communities Trade Mark Association

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EU OBSERVATORY – PUBLIC CONSULTATION OF STAKEHOLDERS ECTA COMMENTS

On 5 June 2012, Regulation (EU) No. 386/2012 entrusting the OHIM with tasks related to IP enforcement, including the assembling of public and private sector representatives as a European Observatory on Infringements of Intellectual Property Rights (hereafter, “the Observatory”), entered into force.

On the same date, the OHIM launched an extensive consultation to gather stakeholders’ views, concerns and priorities in order to establish the Observatory work programme for 2013.

ECTA was invited to indicate the priorities in four specific areas, which reflect the essence of the Regulation:

- Supporting policymaking by providing research-based knowledge,
- Supporting enforcement bodies by providing intelligence and knowledge, as well as tools and techniques,
- Supporting businesses and right holders to improve their strategies with knowledge and tools,
- Raising awareness of all relevant actors.

Further, the questionnaire covers two general questions:

- What are the major issues/challenges that IP will face over the coming years on a global level and in particular for your sector? And how do you think they should be addressed?
- What should the Observatory’s main goals be and what objectives need to be set in order to achieve them?

ECTA can summarize its views on the above as follows.

1. Supporting policymaking by providing research-based knowledge

- (a) ECTA supports the approach *'first understand – then act'* proposed by the Office.
- (b) ECTA shares the view that it is paramount to have **data on the positive economic impact of intellectual property rights in the EU**: it is for example important to know how many companies and jobs depend on intellectual property rights. This data on the positive economic impact of intellectual property rights is required **to better understand the negative impacts of intellectual property right infringements**.
- (c) ECTA agrees that it is necessary to study the scope, scale and impact of intellectual property right infringements in order to allow policymakers to take informed decisions on the foundation of research-based knowledge. Likewise, research on the scope, scale and impact of intellectual property right infringements is also necessary **to educate the general public on the plague of counterfeiting and piracy**, because it is easier to explain the economic and social consequences of intellectual property rights infringements if the public can be provided with research-based figures.
- (d) Other leading economies have data available on the positive economic impact of intellectual property rights and the scope, scale and impact of intellectual property right infringements.
- (e) ECTA has supported the Rand study because the project has been far advanced and because it believes that one should only comment on, or criticise such a project when the first practical tests have been accomplished. This is why ECTA has widely circulated the information amongst its members and provided Rand with the name of a volunteer company. This being said, ECTA would like to receive the reassurance that the scope, scale and impact of intellectual property rights infringements take into account all social and economic factors, and not only the impact of counterfeiting and piracy on sales. ECTA has noted that the Rand methodology does not account for counterfeit or pirated products purchased knowingly by consumers, however, even such products cause economic damage to right-holders and legitimate businesses (if the consumer who knowingly buys a counterfeit polo shirt would not necessarily have bought the original, he/she nevertheless contributes to the damage of the image of such brand. In addition, instead of buying a no-name polo shirt from a legitimate economic actor, the consumer funds illegal activities).
- (f) ECTA firmly believes that the following economic and social consequences of intellectual property right infringements should be accounted for: consequences on investments and innovation, consequences on economic growth, social impacts, including consequences on employment and social welfare dues, fiscal consequences due to tax evasion and money-laundering, consequences for the health and safety of consumers.
- (g) ECTA considers that the work performed within the Sub Group of Legal Experts of the Observatory, where ECTA was represented through several members of its Anti-Counterfeiting Committee, should be continued and extended in order to achieve a **convergence of practices also at the stage of enforcement**. Experienced and recognised lawyers from each Member State who are confronted in their daily work with the implementation of the EU Enforcement Directive should be invited to participate to the work of such Group.

2. Supporting enforcement bodies by providing intelligence and knowledge, as well as tools and techniques

- (a) It is common knowledge that anti-counterfeiting is a field of the enforcement of intellectual property rights which involves specific issues, the majority of them deriving from the clandestine nature of the type of infringement in question and its relationship with organised crime, implying solutions adapted to these specificities as regards its prevention and repression.
- (b) It is generally accepted that, in certain EU Member States, different solutions and judicial measures are used in the fight against counterfeiting. Civil proceedings are exclusively or preferably used in some Member States (given that they are, in those jurisdictions sufficiently flexible, not too expensive and, above all, very swift, thus providing an adequate answer to the problem). In many other Member States, however, criminal proceedings are favoured, for they make it possible to take urgent measures, which are swifter and better adapted to the nature of this phenomenon (e.g. Police raids). In other Member States, the actions of search and seizure are carried out by the Customs authorities, whereas in the remaining Member States these actions are carried out by the Police (and Customs are exclusively limited to border measures).
- (c) ECTA believes that **it is fundamental to learn how, in each Member State, the fight against counterfeiting is carried out (in particular, which are the judicial measures used) and which are the entities and authorities involved in this activity.**
- (d) ECTA believes that it would also be fundamental to identify, in as much detail as possible, what difficulties are encountered in each Member State by the said authorities in their anti-counterfeiting activity – difficulties deriving from the respective legal systems, of an operative nature, merely related to logistics, human resources or others.
- (e) For this purpose, ECTA proposes that the Observatory carries out, in certain Member States, an inquiry on the judicial measures used in each one for the fight against counterfeiting, the local authorities who carry it out and the problems faced by these authorities in this activity.
- (f) This inquiry should also include the **mapping of the various entities and authorities** existing at international and EU level (e.g. EUROPOL, EUROJUST, OLAF, WCO) that already have or may have in the future a relevant role in the enforcement of intellectual property rights and how they interact, or may interact in the future, with the national authorities.
- (g) ECTA further proposes that the above suggested inquiry also focuses on the question of the degree of cooperation which the various authorities involved in the fight against counterfeiting have established with one another in the Member States.
- (h) ECTA, within the scope of the work of its Anti-Counterfeiting Committee, carried out in 2012 a first study, which covered some of the questions of the above proposed inquiry – the *ECTA Survey on national authorities engaged in the fight against counterfeiting* – which will be published shortly.

- (i) ECTA believes that the Observatory should analyse the viability of, and if possible promote, **the creation in each Member State of entities acting as communication and cooperation platforms between the various authorities** (e.g. the Police, Trading Standards or other Market Inspection Authorities, Customs) involved in anti-counterfeiting. These cooperation platforms should include the Customs, the Intellectual/Industrial Property Offices and also representatives of the judicial authorities which are competent in this field of enforcement.
- (j) These national entities (communication and cooperation platforms) could also be a prime means to liaise with the Observatory.
- (k) ECTA proposes to schedule regular (annual) meetings of the representatives of the enforcement authorities, the right holders and their representatives in order to discuss the experience and define common strategies for the future, as well as to set up the frameworks for an effective cooperation and training sessions for the authorities.
- (l) ECTA believes that the Observatory should aim to make its activities as practical as possible. Instead of conferences, the Observatory should provide practical training “on the ground”, which would include case studies, discussions on recent developments of the judicial practice, seminars and best practice exchanges among the authorities, including enforcement offices, public prosecutors and judges. Administrative (or “government affairs”) members of the Observatory should be accompanied by the relevant **“on the ground” officers**.
- (m) ECTA sustains that action should be taken aimed at the setting up and maintenance of a database, in a very secured environment, with practical tools including high level information on how to recognise counterfeit products.
- (n) It has become apparent that, in particular, officers from Eastern Europe have so far been rather reluctant to participate in various trainings, given their limited linguistic capabilities. Alternatively, administrative (instead of operational) staff participated at such events, which has led to limited further use in practice. ECTA proposes that the Observatory should provide more practical training and it should in principle be available in all EU languages.
- (o) As regards border measures, ECTA sustains that special emphasis should be given to the resolution and improvement of solutions for some practical issues, as is clearly the case of the “risk analysis” techniques, aiming at an increase in the number of inspections of goods crossing the EU borders, without jeopardising the flow of legitimate commerce.

3. Supporting businesses and right holders to improve their strategies with knowledge and tools

- (a) Most of the actions proposed above will also ultimately enable the right holders to improve their enforcement strategies.
- (b) The right holders should be invited and encouraged to actively participate in the training programs carried out by the authorities, such as those indicated in point 2 (k) and (l) above.
- (c) ECTA proposes that right holders contribute and have access to the databases indicated in point 2 (m) above.

- (d) ECTA proposes that useful manuals be created (including short video explanations) for right holders showing how to take practical steps to protect their intellectual property rights (i.e. explaining the operation of the border measure system in layman's terms, explaining how to file a customs application, what to do if their trade marks are infringed).
- (e) ECTA considers that it is also important to provide right holders with an easy accessible and constantly updated database including the contact details of all competent authorities in the fight against counterfeiting in the EU as well as abroad.
- (f) ECTA believes that from the point of view of right holders, the communication and cooperation entities and/or platforms indicated in point 2 (i) and (j) could further play an important role in overcoming language barriers, which exist especially in Southern, Central and Eastern European Member States.
- (g) ECTA believes that the setting up of a system to organise the destruction and environmental friendly recycling of the counterfeit products should be encouraged.

4. Raising awareness of all relevant actors

- (a) **Strategy:** ECTA believes that to be successful, an awareness campaign should fine-tune research before taking action. The campaign could combine paid and free, on line and off line media, and target the general public as well as select constituencies.
- (b) **Message Development:** ECTA recommends that the campaign focuses on economic impact and safety issues but also on subsequent misuse of personal data and financial information so as to best involve stakeholders. ECTA also believes that the message should be research-based. To this end, ECTA recommends reviewing existing data regarding the attitude of public opinion, the media and policy-makers and, when needed, commissioning additional research.
- (c) **Operations:** ECTA estimates that the campaign should feature targeted communications, either in the form of media production and placement, press relations, on-site exhibitions or speaking engagements, and target both the general public and select constituencies.
- (d) **General Public:** ECTA believes that the campaign should involve media production, paid media, press relations as well as Internet and the social media. In this aim, ECTA recommends co-producing media content in national languages to be broadcast on pan-European and national TV channels, organising a one-shot pan-European advertising campaign in selected printed media , selecting national spokespersons with industry or policy backgrounds, training them to share their views of the issue with a global audience and placing interviews and op-eds of these spokespersons in selected media. ECTA also recommends launching a dedicated website and making Twitter, Facebook and other social media a core element of the campaign.

- (e) **Young Public:** ECTA recommends training national spokespersons to share their views of the issue with a young audience and arranging conferences in secondary schools and academic institutions.
- (f) **Consumers:** ECTA believes that the campaign should feature press relations and travelling exhibitions. To this end, ECTA recommends devising and placing content in specialised media outlets, developing exhibition materials and arranging their circulation throughout shopping centres and in the departure/arrivals areas of airports.
- (g) **Right holders:** ECTA recommends developing joint actions with business organisations, national industry unions and relevant government agencies to educate inventors, entrepreneurs and SMEs on rules and available procedures, such as EU-wide customs surveillance.
- (h) **National Policy-Makers:** ECTA believes that the campaign should feature direct mail, parliamentary events and involve established think tanks. In this aim, ECTA recommends addressing personalised letters to Committee Chairs and members of the EU and national Parliaments interested in the issue, organising seminars featuring EU and industry leaders along with national Ministers and members of Parliament, and developing joint programs with pan-European and local think tanks having good access to the targeted national policy-makers.

5. What are the major issues/challenges that IP will face over the coming years on a global level and in particular for your sector? And how do you think they should be addressed?

6. What should the Observatory's main goals be and what objectives need to be set in order to achieve them?

- (a) ECTA is of the opinion that the level of harmonisation in the area of intellectual property is still largely unsatisfactory, as the practices among Member States in approaching intellectual property rights infringements are very different.
- (b) It is common knowledge that the (apparent) quality of counterfeit goods is improving.
- (c) Many counterfeit articles apart from infringing intellectual property rights also pose a threat to the health and safety.
- (d) Focus should be on the **internet environment** (online infringements should not be treated any differently to those committed in the offline environment).
- (e) Products are increasingly being ordered through the internet and shipped in small consignments, often claiming to be 'for private use'.
- (f) Counterfeiting is relevant to all sectors and no sector should be privileged over another. Practice from several countries has proved that sectors such as tobacco and alcohol, because of the tax income to the State, continue to be a priority over other sectors, such as counterfeit clothes, cosmetics, household products or electronics. While ECTA believes that the combat against contraband tobacco and alcohol is of

utmost importance, there are numerous other sectors which suffer from heavy counterfeiting and action to tackle them is often viewed as secondary.

- (g) Currently there are several on-going projects related to the **creation of databases** which would comprise of confidential information regarding counterfeiting trends and contact details of the various right holders. Currently, we are aware of at least 3 projects (WCO database, COPIS database, which is a project of the European Commission's DG TAXUD and another database is currently being designed by the OHIM, which is planned to be accessible not only by the customs officers, but also by other enforcement bodies). ECTA welcomes these initiatives but in order to maximise the use of the information contained in these databases, the relevant authorities should ensure that there is **interoperability** among the various systems. Given that the databases will contain a lot of sensitive information and personal data, the relevant authorities will need to ensure the **security of information contained therein**.
- (h) As regards the enforcement of IP rights through border measures, it is a well-known fact that infringers take advantage of the existence of EU borders where customs control is less effective and/or more difficult to carry out. ECTA believes that an assessment should be made of which are, in the EU, the borders where Customs control is less effective, these borders being consequently more vulnerable to the passage of counterfeit products. ECTA points out that this should in fact be a permanent task, considering that the efficacy of a given Customs office in the inspection of counterfeit products may vary from time to time.