



European Communities Trade Mark Association

To:

**Nicola Zingaretti, MEP**

*President of the Italian Delegation in the  
Socialist Group*

European Parliament

Antwerp, 17 November 2005

Dear Mr. Zingaretti,

**Re: Comments on the proposal for a directive on criminal measures aimed at ensuring the enforcement of IP rights and the proposal for a council framework decision to strengthen the criminal law framework to combat IP offences (COM 2005/276 final).**

Further to your letter dated November 2, 2005, ECTA, the European Communities Trade Mark Association, which brings together European IP practitioners from the independent professions and from industry, is pleased to submit these comments in preparation of the hearing to be held on November 22, 2005.

ECTA welcomes the European Commission's approval of this legislative proposal intended to harmonize within the Community criminal measures for the fight against counterfeiting and piracy. Criminal law may be one of the most effective instruments in the fight against this phenomenon, and ECTA therefore considers this legislative initiative to be in line with the objectives which were firstly pursued with Directive 48/2004 of 29 April 2004 on the enforcement of intellectual property rights (OJ L195 of 2 June 2004), dealing with civil and administrative measures.

However, ECTA believes that the wording of the proposed Directive needs to be better articulated and defined and the actual scope of its application requires greater consideration. In other words, ECTA considers it necessary to define with greater accuracy which are the infringements of intellectual property that fall within the scope of counterfeiting and piracy activity and must be treated as criminal offences.

In the first place ECTA notes that art. 61 of the Trips Agreement sets out a mandatory framework for criminal procedures and penalties only for cases of willful trade mark counterfeiting and copyright piracy on a commercial scale<sup>1</sup>. On the other hand, criminal procedures and criminal penalties for other kind of infringements are optional<sup>2</sup>. It is ECTA's opinion that the optional

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<sup>1</sup> : *"Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence"*.

<sup>2</sup> : *"Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale"*.

character, which art. 61 gives to other unspecified kinds of infringements, indicates the difficulty of identifying which such infringements merit criminal sanctions.

Secondly, the applicability of criteria such as willfulness and commercial scale (which, although not specifically defined in the proposed Directive, is defined in the third sentence of the 14<sup>th</sup> Whereas of Directive 48/2004: “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”) seems justified when applied to very specific narrow instances. To define the threshold for criminal sanctions in respect of trade mark counterfeiting or copyright piracy, by reference to willfulness and commercial scale, appears appropriate since these factors increase the gravity of these actions and raise legitimate social and other concerns as to the possibility that organized crime may be involved.

On the contrary, the applicability of the “direct or indirect economic or commercial advantage” (“the commercial scale”) criteria to trade mark<sup>3</sup> or copyright infringements is scarcely of any relevance. Such criteria do not really provide an appropriate threshold for differentiating between what should be punished and what should not. Small, medium and large companies and individual entrepreneurs by definition operate in the pursuit of an economical result and their business choices are normally voluntary. Application of the criteria of willfulness and commercial scale would lead to the result that any trade mark or copyright infringements would automatically entail a criminal penalty.

For the above reasons ECTA urges the Council and the Parliament to revise the language and the scope of article 3, so as to confine (at least for the time being and pending further harmonization among Member States), the imposition of criminal sanctions to cases that involve acts of trade mark counterfeiting and copyright piracy. In any event, if criminal penalties are to be introduced in respect of cases that fall outside the categories of counterfeiting and piracy, they should be defined narrowly, possibly with the addition of requirements other than willfulness and commercial scale. In this respect we suggest providing clear definitions for the various terms used in article 3 so as to define clearly the scope of application of this provision and to facilitate the implementation of the Directive by the member states.

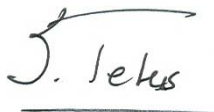
As for the specific measures to be adopted against criminal infringements committed in this area, ECTA supports the measures laid down in Article 4 in the Proposal for a Directive. However, we suggest that it is appropriate to extend the harmonization of the penalty of imprisonment included in the Framework Decision to cases other than those involving criminal organizations or a threat to health and safety.

ECTA is and remains available to give any further assistance which may be required, included for instance, the drafting of appropriate definitions.

Yours sincerely,



Max Oker-Blom  
President of ECTA



Sandrine Peters  
Legal Coordinator  
On behalf of the Anti-Counterfeiting and Law Committees

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<sup>3</sup> For instance, a trade mark infringement takes place when a likelihood of confusion takes place (cf. art. 4(1)(b) Directive 89/104).