



# Procedure file

| Basic information                                                                                                                                   |                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| COD - Ordinary legislative procedure (ex-codecision procedure)<br>Directive                                                                         | 2005/0127(COD)<br>Procedure lapsed or withdrawn |
| Criminal measures aimed at ensuring the enforcement of intellectual property rights                                                                 |                                                 |
| Subject<br>3.50.15 Intellectual property, copyright<br>7.30.30.10 Action against counterfeiting<br>7.40.04 Judicial cooperation in criminal matters |                                                 |

| Key players                                           |                                                |                                             |            |
|-------------------------------------------------------|------------------------------------------------|---------------------------------------------|------------|
| European Parliament                                   | Committee responsible                          | Rapporteur                                  | Appointed  |
|                                                       | <b>JURI</b> Legal Affairs                      |                                             | 15/09/2005 |
|                                                       |                                                | PSE <a href="#">ZINGARETTI Nicola</a>       |            |
|                                                       | Committee for opinion                          | Rapporteur for opinion                      | Appointed  |
| <b>ITRE</b> Industry, Research and Energy             |                                                | 05/10/2005                                  |            |
|                                                       |                                                | Verts/ALE <a href="#">HAMMERSTEIN David</a> |            |
| <b>IMCO</b> Internal Market and Consumer Protection   | The committee decided not to give an opinion.  |                                             |            |
| <b>LIBE</b> Civil Liberties, Justice and Home Affairs |                                                |                                             | 13/10/2005 |
|                                                       |                                                | PPE-DE <a href="#">WIELAND Rainer</a>       |            |
| Council of the European Union                         | Council configuration                          | Meeting                                     | Date       |
|                                                       | <a href="#">Justice and Home Affairs (JHA)</a> | <a href="#">2752</a>                        | 05/10/2006 |
| European Commission                                   | Commission DG                                  | Commissioner                                |            |
|                                                       | <a href="#">Justice and Consumers</a>          | REDING Viviane                              |            |

| Key events |                                                         |                               |         |
|------------|---------------------------------------------------------|-------------------------------|---------|
| 12/07/2005 | Initial legislative proposal published                  | <a href="#">COM(2005)0276</a> | Summary |
| 06/09/2005 | Committee referral announced in Parliament, 1st reading |                               |         |
| 26/04/2006 | Legislative proposal published                          | COM(2006)0168                 | Summary |
| 05/10/2006 | Debate in Council                                       | <a href="#">2752</a>          | Summary |
| 20/03/2007 | Vote in committee, 1st reading                          |                               | Summary |
| 23/03/2007 | Committee report tabled for plenary, 1st                | <a href="#">A6-0073/2007</a>  |         |

|            |                                     |                                                                                     |         |
|------------|-------------------------------------|-------------------------------------------------------------------------------------|---------|
|            | reading                             |                                                                                     |         |
| 23/04/2007 | Debate in Parliament                |   |         |
| 25/04/2007 | Results of vote in Parliament       |  |         |
| 25/04/2007 | Decision by Parliament, 1st reading | <a href="#">T6-0145/2007</a>                                                        | Summary |
| 18/09/2010 | Proposal withdrawn by Commission    |                                                                                     | Summary |

### Technical information

|                            |                                                                                                  |
|----------------------------|--------------------------------------------------------------------------------------------------|
| Procedure reference        | 2005/0127(COD)                                                                                   |
| Procedure type             | COD - Ordinary legislative procedure (ex-codecision procedure)                                   |
| Procedure subtype          | Legislation                                                                                      |
| Legislative instrument     | Directive                                                                                        |
| Legal basis                | Treaty on the Functioning of the EU TFEU 083-p2; Treaty on the Functioning of the EU TFEU 118-p1 |
| Stage reached in procedure | Procedure lapsed or withdrawn                                                                    |
| Committee dossier          | JURI/6/29654                                                                                     |

### Documentation gateway

|                                                                 |             |                               |            |     |         |
|-----------------------------------------------------------------|-------------|-------------------------------|------------|-----|---------|
| Initial legislative proposal                                    |             | <a href="#">COM(2005)0276</a> | 12/07/2005 | EC  | Summary |
| Document attached to the procedure                              |             | <a href="#">SEC(2005)0848</a> | 12/07/2005 | EC  | Summary |
| Legislative proposal                                            |             | COM(2006)0168                 | 26/04/2006 | EC  | Summary |
| Committee draft report                                          |             | <a href="#">PE378.855</a>     | 07/11/2006 | EP  |         |
| Committee opinion                                               | <b>ITRE</b> | <a href="#">PE378.715</a>     | 29/11/2006 | EP  |         |
| Committee opinion                                               | <b>LIBE</b> | <a href="#">PE380.583</a>     | 12/12/2006 | EP  |         |
| Amendments tabled in committee                                  |             | <a href="#">PE382.372</a>     | 09/01/2007 | EP  |         |
| Committee report tabled for plenary, 1st reading/single reading |             | <a href="#">A6-0073/2007</a>  | 23/03/2007 | EP  |         |
| Text adopted by Parliament, 1st reading/single reading          |             | <a href="#">T6-0145/2007</a>  | 25/04/2007 | EP  | Summary |
| Commission response to text adopted in plenary                  |             | SP(2007)2625/2                | 31/05/2007 | EC  |         |
| Economic and Social Committee: opinion, report                  |             | <a href="#">CES0981/2007</a>  | 12/07/2007 | ESC |         |

### Additional information

|                      |                         |
|----------------------|-------------------------|
| National parliaments | <a href="#">IPEX</a>    |
| European Commission  | <a href="#">EUR-Lex</a> |

## Criminal measures aimed at ensuring the enforcement of intellectual property rights

PURPOSE: introduction of measures aimed at ensuring the enforcement of intellectual property rights.

PROPOSED ACT: Directive of the European Parliament and of the Council.

CONTENT: Counterfeiting and piracy, and infringements of intellectual property in general, are a constantly growing phenomenon which nowadays has an international dimension, since they are a serious threat to national economies and governments. The disparities between the national systems of penalties, apart from hampering the proper functioning of the internal market, make it difficult to combat counterfeiting and piracy effectively. In addition to the economic and social consequences, counterfeiting and piracy also pose problems for consumer protection, particularly when health and safety are at stake. Increasing use of the Internet enables pirated products to be distributed instantly around the globe. Lastly, this phenomenon appears to be increasingly linked to organised crime. Combating this phenomenon is therefore of vital importance for the Community. Counterfeiting and pirating have become lucrative activities in the same way as other large-scale criminal activities such as drug trafficking. There are high potential profits to be made without risk of serious legal penalties. Additional provisions to strengthen and improve the fight against counterfeiting and piracy are therefore necessary to supplement Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights. In addition to the civil and administrative measures, procedures and remedies provided for in Directive 2004/48/EC, criminal penalties also constitute, in appropriate cases, a means of enforcing intellectual property rights.

A start was made on harmonisation with the entry into force of the TRIPS agreement which lays down minimum provisions on means of enforcing trade-related intellectual property rights. These include the implementation of criminal procedures and criminal penalties, but there are still major disparities in the legal situation in the Community which do not allow the holders of intellectual property rights to benefit from an equivalent level of protection throughout the Community. As regards criminal penalties, there are considerable differences, particularly as regards the level of punishment laid down by national legislation.

As regards impact on fundamental rights, it should be emphasised that the direct objective of this initiative is to implement Article 17(2) of the Charter of Fundamental Rights which states that 'Intellectual property shall be protected'; it does this by approximation of legislation while respecting the different legal traditions and systems of the Member States as well as other fundamental rights and principles recognised by the Charter. The level of sentences has been chosen pursuant to the seriousness of the different forms of wrongful conduct, in accordance with Article 49(3) of the Charter to the effect that sentences should not be disproportionate to the offence.

Since this objective may be better achieved at Community level, the Community may take measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty.

A framework decision is required to supplement existing provisions as regards matters which fall under Title VI of the TEU (see procedure 2005/0128(CNS)).

## Criminal measures aimed at ensuring the enforcement of intellectual property rights

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The Commission has decided, in application of Article 250 paragraph 2 TEC, to amend the proposed Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights. It puts into effect the Communication from the Commission of 23.11.2005 (COM(2005)583 final) on the implications of the Court's judgment of 13.09.2005 (Case C 176/03 Commission v Council). It was held in that judgment that provisions of criminal law required for the effective implementation of Community law come under the EC Treaty. The Commission states in its Communication that it will make the necessary changes to pending proposals as and when required. It specifically mentions the proposal for a Parliament and Council Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights and the proposal for a Council Framework Decision to strengthen the criminal law framework to combat intellectual property offences (CNS/2005/0128). Consequently, the proposal for a Framework Decision has been withdrawn and a proposal drawn up amending the proposal for a Directive on criminal measures.

The provisions in the proposal for a Framework Decision relating to penalties and extended powers of confiscation have now been incorporated in the new proposal for a Directive.

The provisions that have not been taken over are those relating to jurisdiction and the coordination of proceedings, contained in Article 5 of the proposal for a Framework Decision. The Commission plans to take a horizontal approach to this subject under its Green Paper on conflicts of jurisdiction and the principle of ne bis in idem in criminal proceedings, adopted on 23 December 2005. It does not consider it essential to lay down specific arrangements for the protection of intellectual property.

## Criminal measures aimed at ensuring the enforcement of intellectual property rights

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The Council discussed specific questions relating to a proposal for a Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights.

The Council focused its debate on the need for criminal measures in the field of intellectual property rights, on whether and to what extent the Community has competence to adopt criminal law measures in the field of intellectual property rights on the basis of Article 95 of the Treaty establishing the European Community, and on the scope of the Directive (the list of rights which should be included in the Directive: only those harmonised at Community level or also the possibility of including national rights).

The Council broadly agreed with the following:

- 1) the protection of intellectual property rights is of utmost importance. Bearing in mind the principle of subsidiarity and the fact that the use of criminal law is considered as a means of last resort, further scrutiny is needed regarding the need for criminal measures at EU level in order to protect intellectual property rights;
- 2) noting further that the current evaluation of Directive 2004/48/EC should provide information on the efficacy of EU provisions on civil and administrative measures to protect intellectual property rights, and that fundamental questions concerning Community competence in adopting criminal law measures can better be addressed after the Court of Justice has given its judgment in case C-440/05, discussions should nonetheless be continued at Working Party level on the substantive provisions of the proposed instrument;
- 3) these substantive provisions of the proposed instrument should be discussed on the basis of a limitation of its scope to intellectual property rights harmonised in Community legislation, in line with the principles stated in the conclusions of the informal JHA meeting in Vienna on 13 and 14 January 2006.

By judgment of 13 September 2005, the European Court of Justice annulled Framework Decision 2003/80/JHA on the protection of the environment through criminal law (C-176/03 Commission v. Council). The European Court was of the view that Article 175 TEC, which refers to Community measures intended to protect the environment, gave the Community competence to adopt measures relating to the criminal law of the Member States. On this basis, the European Court ruled that the framework decision encroached on Community competence, and did not respect Article 47 TEU.

The Commission submitted a communication to the Council and the Parliament on the consequences of the Court's judgment (COM(2005) 583 final). The proposal which was examined by the Council was issued in line with that communication.

## Criminal measures aimed at ensuring the enforcement of intellectual property rights

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The committee adopted the report by Nicola ZINGARETTI (PES, IT) amending - under the 1st reading of the codecision procedure - the proposed directive on criminal measures aimed at ensuring the enforcement of intellectual property rights. The key amendments were as follows:

- the scope of the directive should be defined more precisely so as to focus expressly on counterfeiting and piracy;
- commercial rights under a patent should be excluded from the scope of the directive;
- the directive should not apply to any infringement of an intellectual property right related to: patents, utility models and supplementary protection certificated; and parallel importation of original goods, which have been marketed with the agreement of the right-holder in a third country;
- the committee introduced a number of definitions: "intellectual property rights" (this would include copyright and related rights, sui generis right of a database maker, rights of the creator of the topographies of a semiconductor product, trademark rights, "in so far as extending to them the protection of criminal law is not inimical to free market rules and research activities", design rights, geographical indications and trade names); "infringements on a commercial scale", "intentional infringements of an intellectual property right" and "legal person";
- Member States should ensure that the "fair use" of a protected work, including for such purposes as criticism, comment, news reporting and teaching, does not constitute a criminal offence;
- to make penalties effective and dissuasive, national courts should take into account repeated offences committed in Member States other than the offender's country of origin, when determining the level of penalty to be imposed;
- a new Article 6a stipulated that Member States should ensure that the misuse of threats of criminal sanctions is prohibited and made subject to penalties. Member States should prohibit "procedural misuse, especially where criminal measures are employed for the enforcement of the requirements of civil law";
- a new Article 6b required Member States to ensure that the rights of defendants are duly protected and guaranteed;
- Member States should ensure that the holders of intellectual property rights cooperate with joint investigation teams;
- lastly, a new article 7a provided for right-holders to be entitled to receive information from law enforcement agencies, for example where they have obtained evidence of infringement, so that such evidence can be made available for use in pending or contemplated civil proceedings brought by the right-holder against the alleged infringer.

## Criminal measures aimed at ensuring the enforcement of intellectual property rights

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The European Parliament adopted a resolution drafted by Nicola ZINGARETTI (PES, IT) amending the proposed directive on criminal measures aimed at ensuring the enforcement of intellectual property rights, by 374 votes in favour to 278 against with 17 abstentions. Parliament sought to reduce the directive's scope. Its amendments clarify that it should only apply to counterfeiting and piracy. Industrial property rights under a patent will be excluded from the provisions of this Directive. In particular, the Directive does not apply to any infringement of an intellectual property right related to patent rights, utility models and plant variety rights, including rights derived from supplementary protection certificates; and parallel importation of original goods from a third country which have been allowed by the rightholder. Accordingly, criminal sanctions shall not be applied in cases of parallel importation of original goods from a third country which have been allowed by the rightholder. The fair use of a protected work, including such use by reproduction in copies or audio or by any other means, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship or research, does not constitute a criminal offence.

The remaining amendments were as follows:

Parliament introduced a number of definitions: "intellectual property rights" (this would include copyright and related rights, sui generis right of a database maker, rights of the creator of the topographies of a semiconductor product, trademark rights, "in so far as extending to them the protection of criminal law is not inimical to free market rules and research activities", design rights, geographical indications and trade names); "infringements on a commercial scale", and "intentional infringements of an intellectual property right";

- penalties will include criminal fines for natural persons and criminal or non-criminal fines for legal persons. These include an order requiring the infringer to pay the costs of keeping seized good;
- repeated offences committed by natural and legal persons in a Member State other than their country of origin or domicile must be taken into account when determining the level of penalty;
- Member States should ensure that the misuse of threats of criminal sanctions is prohibited and made subject to penalties. Member States should prohibit "procedural misuse, especially where criminal measures are employed for the enforcement of the requirements of civil law";

- Member States shall ensure that the rights of defendants are duly protected and guaranteed;
- with regard to joint investigation teams, Member States must put in place adequate safeguards to ensure that such cooperation does not compromise the rights of the accused person, for example by affecting the accuracy, integrity or impartiality of evidence;
- Article 8 of the Charter of Fundamental Rights of the European Union, which concerns the protection of personal data, and Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data must be fully respected in the course of investigations and judicial proceedings;
- lastly, a new article 10 provides that, where law enforcement authorities seize infringing items or obtain other evidence of infringement, the authorities must make such evidence available for use in pending or contemplated civil proceedings against the alleged infringer brought by the right-holder before a court of competent jurisdiction within the European Union. Where practicable, those authorities must inform the right-holder concerned that they are in possession of such items or evidence. Member States may require that any such provision of evidence to the right-holder be made subject to reasonable access, security or other requirements so as to ensure the integrity of the evidence and to avoid prejudice to any criminal proceedings that may ensue.

## Criminal measures aimed at ensuring the enforcement of intellectual property rights

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As announced in Official Journal C 252 of 18 September 2010, the Commission decided to withdraw this proposal, which had become obsolete.